

**Remarks and Q&A by the Director of National Intelligence  
Mr. Mike McConnell**

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MR. JEFFREY K. HARRIS (Corporate Vice President and Managing Director, Situational Awareness, Lockheed Martin Corp.): We next move to the Director of National Intelligence. The Honorable J. Michael McConnell serves as the country's second Director of National Intelligence. He joins us this morning to enlighten us with his perspectives.

I had the opportunity to work closely with Mike on a daily and weekly basis several times during my career. This is a guy that gets it from about every single perspective. He was the guy front and center on TV in Desert Storm helping the country understand exactly how the country went to war in the first real-time space-driven GEOINT-enabled war with precision-guided munitions. He grew up to understand how all of these pieces came together from the perspective of the National Security Agency where he was director – the wartime responsibilities as the J-2. He's gone out to private sector. He now comes back where he continues to give to the country he loves so much.

In a recent interaction I had with the director, I said, Mike, what time did you get home last night? He said, I got to bed about 11:30. What time did the car pick you up this morning? About 4:30. So here's a guy who just doesn't know how to say no, who gives and gives and gives from the foxhole through the President of the United States.

It's my great pleasure to introduce the Honorable Mike McConnell.

(Applause.)

DIRECTOR MIKE McCONNELL: Good to see you. Good to see you. Thank you. Jeff, thank you so much for that very, very kind introduction. The first comment I would make is you save the last to last, so I hope I can live up to that billing.

One of my great pleasures in speaking to a new audience is I only have two stories. And you're a new audience, and I apologize to a few of you who may have heard these below but I get to tell my old stories one more time. Jeff made reference to a previous period in my life called Desert Shield/Desert Storm, which was quite exciting for a young Navy captain and quite fast ride.

Now, at the end of that, I had the great privilege of being chosen to serve as the director of the National Security Agency. I had a pretty good relation with the Chairman of the Joint Chiefs,

and I was ready to get the Chairman to come out and visit my new agency to give a talk to the workforce, and I thought this is a piece of cake. I just call up General Powell, say, sir, this is Mike; I need you to come out. He said, Mike, don't you understand? I said, what's that, sir? He said, I only get about 45 of these requests a week so I'm a really busy guy. It's hard for me to make time. And I said, well, sir, but we're the National Security Agency. I understand that. I know what it is; I know how it works, but it's difficult for me to be able to break off the time. So I said, all right, sir; we'll work it later; we'll keep working it.

And so I kept looking for angles and ways, and so on. And finally I started to reflect on what I learned about Desert Shield, but more importantly Desert Storm. Army guys are only happy if they're cold, wet, and hungry, somewhere in proximity to troops, and they love to shoot guns. So I said, hmm, I noticed who wore "expert marksman" on his lapel. So one day I said, hmm, we'll try this. So I call him, said, General, I checked the records; you haven't qualified recently and we've got a pistol range. He said, okay, you're on; I'll do it.

(Laughter, applause.)

So I went down to pick him up, and the Chairman moved around. He had a special driver. His name was Otis – big black limousine. So we jump in the car and we head for NSA. So we're moving along. And for those of you who don't know General Powell, he likes speed. And so we're moving along and the general says to Otis, Otis, faster. And Otis made the car go a little faster. And the chairman said, Otis, faster. He said Mr. Chairman, you know, last time we did this, I got my third ticket. I can't go any faster. And the chairman said, Otis, pulled over.

So Otis pulled over, and we're on the BW Parkway headed out for NSA. So Otis got in the back seat with me. (Laughter.) General Powell got in the front seat. So away we go; we're headed off for NSA. Now, you can just – I know you're thinking ahead; you already got this figured out. We go from the parkway to the base. The speed limit goes from 55 to 25. And we go onto the base, and we're doing a little bit more than 25. And Specialist Smith is ready – at the ready, blue lights – pull us over. He walks out and he walks up to the car and – give me a license. So the chairman hands him his license. He looks and says, hold; wait a minute.

So he went back to his car, and I rolled down the window so I could hear. He said, Sarge, I've got a real problem here. (Laughter.) There sergeant said, well, what is the problem? He said, I got a car doing 45 miles an hour in a 25-mile zone. And I could hear the sarge on the radio say, not a problem; give him a ticket. He said, sir, you don't understand who's in that car. He said, well, I don't care who's in that car; just give them a ticket. He said, sir, no, it's really somebody important in that car. He said, well, who is it? Well, I don't know who it is. He said, well, how do you know he's important? He said, I don't know who it is, but General Colin Powell is his driver. (Laughter, applause.)

Now, since coming back to government, I got one more story that I'll share with you. (Laughter.) People often ask what's it like briefing the President every day, and it's pretty exciting. And we gather right outside the Oval Office and get ready to go in. The Vice President joins us. And he was smiling one morning. And he doesn't always come in smiling so I just said, Mr. Vice President, you got a smile. What's happened?

He said, well, I had a great event. And I said, what's that? He said, well, you know, I wasn't feeling well. I said, oh, I'm sorry to hear that. He said, well, I wasn't feeling well, so I got up on Sunday morning and it was a beautiful day. And I have these pajamas that are very dark colored, and I have a robe that's very dark colored. My wife was out on the patio, so I put on sunglasses to go out and have coffee with her. So when I came out I startled her a little bit and she looked up and said, oh, Dick, you look like Darth Vader. And he smiled and said, that's the nicest thing she's ever said about me. (Laughter.)

All right, the last thing I'll share with you. (Laughter.) I had a chance to go to the War College, and I sat next to a GAO guy. And that's probably one of the most beneficial things I ever did. And he said, look, Mike, let me tell you how to take a government briefing. I said, what do you mean? He said, just remember this: No matter what government briefing you ever hear, you're going to hear three things – nothing new, nothing outside of three things. First, this is very, very hard to do; second, we're doing it better than those other guys; third, with more resources, we can do it even better.

Now, I would remind you as you listen to briefs over the years, just think about that. This is really hard, we're doing better than the other guys, but give us more resources and we can do it a little bit better.

Now, what I'm going to share with you this morning – I have actually some prepared remarks I want to share with you, and I have to be very careful. I'm a little worried about what the headline might say tomorrow – DNI says. But I want to share some things with you and we'll talk about the community, some changes, and some challenges.

And excuse me just a moment; I apologize for doing this, but we all got one of these and – hello, Mike McConnell. Yes, sir. Yes, sir, Mr. President. Yes, sir, I'll pass it on. Thank you very much. Not to be dropping names but the President wanted to make sure you enjoyed the conference, and he wanted to make sure I was giving a reasonable speech.

And now as I was saying, I'm going to get back into some changes here and how we prepared ourselves to go forward for this conflict, but, now, you're not going to believe this, but my phone is ringing again.

Mike McConnell. Yes, sir, Mr. Vice President. Yes, sir, I did say Darth Vader. (Laughter.) No, sir, I'm not going to tell the Freddy Krueger story. No, sir. (Laughter.) I think I better put that away and maybe turn it off here for a few minutes.

Now, this community – a little different focus from what you heard before – this community was created in the 1947 National Security Act. How many times do you think this community has been studied, not starting in 1947 but actually starting in 1946? Now, there are a lot of guesses and to save you time, I'll tell you: over 40 times. Every 18 months, the community that I currently have the pleasure – privilege of representing has been studied by some panel to look in depth at what it does and how it does it and what the issues are and what the problems are.

Now, I had a historian and a very smart consultant sit down and look at all of those studies, and I said, is there some consistency? And you would be amazed at the consistency, not in every one of them but almost all of them – said about five or six things. First of all, you must have better integration and collaboration. You’ve got to fix the culture across the boundaries, first point. Second point: Information sharing. You sub-optimize if you don’t share information across boundaries; therefore, you must share it across boundaries – always the proverbial improved collection and analysis. This group is largely focused on collection activity and the analytical output from that.

The next point is improve the acquisition process. Improve the acquisition process. We were saying this back in the late ’40s and throughout the ’50s. We’re still saying it. Al Munson spoke to you a moment ago about some of our current thinking. Using modern business practices, like a simple accounting of how you spend your money, doing an audit that would stand commercial standards, that needs to be made a part of this community. And then the last one was always clarify and align authorities, because there’s always the question of who is in charge.

Now, one thing that those studies and one thing that the most recent act did not do, it did not create a Department of Intelligence, it created a Director of National Intelligence. And when I was asked to consider nomination for this job, I wasn’t sure that was exactly the right decision for the nation. So I agreed that I would accept the nomination and give it my best efforts to see if we could make some adjustments, whatever they might be.

Today we are 16 agencies, and we are organized across six different departments. So think of the challenge and the task of a coordinator across government, cabinet rank but not a cabinet official having a discussion with a cabinet officer about internal management of his intelligence organization’s – his or her intelligence organizations. It can present just a little bit of a challenge.

Today we’re 100,000 people, and as you saw most recently in the news, last year’s budget was right at \$47 billion. I would note it wasn’t quite that high because of Stu Shea’s video that was used to introduce this conference. (Laughter.) But we’ll add some features for it next year.

Now, here’s probably the biggest challenge that this community faces: We do our work in secret and we cannot defend in public. You hear a lot of commentary about what this community is and what it should be, and I try to conjure up a mental image, and the only thing that comes to mind – it’s a little bit like directing someone to mechanically correct an airplane that is flying and the mechanic has never seen the airplane or understands its internal functions. So this is a very complex engine, and it is organized in a way that it is achieving some pretty significant results.

Now, we often get to defend the community to clear members and staff on the Hill, but as you well know, that debate frequently turns to politics or policy debate as opposed to effectiveness of the community. So we have our challenges.

Let me give you a few bottom lines: We have not received – we have not seen a repeat of 9/11, although there have been repeated plans and attempts to repeat 9/11. We have been successful as

a community – your community, to include not only CIA and NSA and NGA and how we coordinate, but also the FBI. The FBI has stepped up to the mission, is a vital partner, and we have been successful in numerous occasions of shutting down and preventing follow-on attacks on the United States.

Let me switch to Iraq, al Qaeda and Iraq. Since January 2007, the leadership and the rank and file of al Qaeda in Iraq has been reduced about 80 percent, somewhere between 65 and 80 percent – incredible accomplishment. Now, the surge would put more ground forces on the ground – absolutely essential – but how did we enable those forces to be more successful? Quite simply, it was GEOINT's stare – a lot of what this audience represents and what you focus on – GEOINT in the context we've known in the past, but also the ability to stare for long periods of time.

Second, SIGINT – in seconds, not hours – and HUMINT capability that we have enjoyed for years and years and years – combine that all together and we have been successful in reducing al Qaeda in Iraq somewhere on the order of 65 to 80 percent. I would also mention al Qaeda's network globally, it's still very lethal, but its leadership and many of its forces have been repeatedly disrupted and set back.

Now, usually when I have a chance to speak to a group, they ask some question about what it's like to brief the President every day. My comment – a little bit like a motorcycle ride through the art gallery – it moves very fast, a lot of topics, a lot of issues. And if you have the stamina, getting, oh, maybe four hours – maybe five hours on a good day for sleep, and when you're age 65 it's pretty exciting. So I feel privileged to do it. I was a little bit challenged with stamina at the beginning.

Let me also comment, before going to my prepared remarks, about transition. What are we doing, how does it work. People are very focused on this, very interested in it. What we proposed to the administration is give us the opportunity to tee up intelligence substance to the leading candidates before the conventions. We came up with 13 topics. If you made a list, you'd probably get 11 or 12 of the 13. It's the nominal things you would expect. We made those available to the campaigns.

Our proposal beyond campaigns was we would like to brief the candidates at every opportunity at the time and place of their choosing. We have done so. Most of the focus has been on terrorism and a few related topical issues. The third part of it is once we have a President-elect next Tuesday, we will be there for the full PDB to include not only intelligent substance but all the background and operational and detail material that goes with it.

So that's the game plan. It's been pretty exciting to sit across the table with the two candidates and have dialogue, and we're looking forward to starting – my guess next Wednesday to have the detailed conversation about substance, operational activity, and the organization and contributions of this community and what we do and how we do it.

Now, the three topics that I want to discuss with you this morning are the rise of a more globalized, more multi-polar system for the entire world, the changing dynamics of population

demographics, competition for natural resources, and predictions for climate change. And then thirdly, the increasing potential for conflict over the next 20 to 30 years.

The first observation is that the international system we have known since the mid-'40s, the one we all grew up with, is being fundamentally transformed, is being transformed by the rise of emerging powers, an increasingly globalized – means shrinking globe – and the historic transfer of relative wealth and economic power from West to East. Let me repeat that last part just for emphasis: the transfer for economic power and wealth from West to East, something that we haven't experienced in our lifetimes, not in your parents' lifetimes, or even your grandparents' lifetimes.

We're also witnessing the growing influence of non-state actors. They can be businesses, they can be stateless terrorist groups, or they can be criminal organization. Their power is expanded, enhanced by technology change.

In addition to economic and demographic shifts, this transformation is being accelerated by the current global financial crisis. Already there are calls to establish a new economic framework to replace the one that was set up in 1944. I recall at Bretton Woods – the conference that was held in New England. You will recall that the conference was hosted by President Roosevelt with the leaders of the allied powers before World War II concluded but when the end was in sight. Many today are already claiming that Bretton Woods tilted the playing field in favor of America, and that the rest of the world has not enjoyed equal opportunity, therefore the claims for change.

By 2025, if not before, our Intelligence Community futurists believe there will be a global multi-polar international system with emphasis on the multi-polar part. We judge these sweeping changes will not trigger a complete breakdown of the current international system, but the next 20 years of transition to a new system are fraught with risks and many, many challenges.

Strategic rivalries are most likely to revolve around trade, demographics, access to natural resources, investments and technological innovation. There will be a struggle to acquire technology advantage as the key enabler for dominance. We witness that today in the cyber attacks on the United States systems, in government, and those of you who run systems for the private sector, but also including the academic sector of our nation, particularly those involved in basic research or research and development.

A 19th century scenario like – a 19th-century-like scenario of territorial expansion or military rivalries like that era we're not predicting as likely but that also cannot be ruled out in the timeframe of which I'm speaking 20 to 30 years.

In terms of size, speed, and directional flow, the transfer of global wealth and economic power, now underway, as noted from West to East is without precedent in modern history. The shift derives from two sources. First the dramatic increases in the last few years in oil and commodity prices that have generated windfall profits for the Gulf states and for Russia. It remains to be seen what the impact of the most recent price changes over the last few weeks will mean for the long term.

Secondly, the lower cost combined with government policies have shifted the locus of manufacturing and even some service industries to Asia and to some extent to South America. Growth projections for Brazil, Russia, China, and India, the so-called BRIC countries, indicate that they will collectively match the original G-7's share of global domestic product by 2040. China is poised to have more impact on the world over the next 20 years than any other country.

If the current trends persist, by 2025, China will have the world's second-largest economy and be in route to becoming the world's largest economy. China will also start becoming a major military power by 2025. In addition, China will likely be the world's largest importer of natural resources and the largest contributor to pollution of the entire globe.

Despite inflationary pressures, we believe India will continue to enjoy rapid economic growth and they will do that in route to becoming either the third- or the second-largest economy in the future. India will also strive for a more multi-polar world in which New Delhi is one of the significant polls in this new world. China and India will decide to what extent each is willing to – willing and capable of playing an increasing global role in how they will relate one to the other.

Russia, a country we have all focused on at one time or another, has the potential to be richer, more powerful, and more self-assured in 2025. However, to do so, Russia must invest in human capital, expand and diversify its economy, and integrate with global markets. It could boast a gross domestic product approaching that of the United Kingdom or France during the timeframe of my comments – 2025, but to do so, they would have to become more integrated in the global economy, open up to the outside world, address their demographic trends, which are very negative, address the health issues and the lack of capital investment. If Russia fails to do that, it will condemn them to a lesser status with nuclear weapons, a loud voice, but overall less relevance.

For the most part, Russia and China are not following the Western liberal model for self-development. Instead, they are using a very different model. I'll refer to it as state capitalism. What I mean by state capitalism, it's loosely a term to describe a system of economic management that gives a more prominent role to the state. Other rising powers of which you're all aware – South Korea, Taiwan, Singapore – have used state capitalism in the early development of their economies.

However, the impact of China and Russia following this path is potentially much greater owing to their size and their approach to democracy. We remain optimistic about the long-term prospects for greater democracy but advances are likely to slow and be impacted by globalization as these countries are subjected to the many pressures in increasing social and economic pressures from this globalized future.

A second topic I'll touch on is the changing dynamics of population demographics and the natural competition for resources and climate change. Both economic and population growth will put increasing pressure on a number of highly strategic resources. These include not only energy but also basic food and of course water. Demand is projected to outstrip the easily available supplies over the next decade. Oil and gas production of many traditional energy

producers is already declining. Countries capable of significantly expanding production will see oil supplies dwindle and oil and gas production will be concentrated in unstable areas.

Given the decline in petroleum production, the primary ingredient that fueled growth in the last century, the world will be in the midst of a fundamental economic transition away from oil, but surprisingly toward natural gas and coal unless technology moves us in a different direction. As a result of growing world population, rising affluence and the shift of Western – to Western dietary preferences by much, much larger middle class, the demand for food by 2030 will increase by 50 percent.

Over the next 20 years, the lack of access to safe, reliable supplies of water will reach unprecedented proportions. The problem will worsen because of the rapid urbanization that we'll experience worldwide and the roughly 1.2 billion people that will be added to the current 6.7 billion people on the globe. By 2025, over 1.4 billion people in 36 countries will likely be faced with a scarcity of water, scarcity of water for the basic needs of drinking fresh water and for agricultural purposes. Now, just think about it: 1.4 billion people without these basic necessities will create significant tensions on the globe, tensions that world bodies and larger states will have to contend.

Based on the many estimates, climate change is expected to exacerbate these resource scarcities. Although the impact of climate change is widely debated and there's not full agreement, if the United Nations-sponsored studies on this subject are correct, the changes will be significant but will vary by region impacting many regions much more severely.

A number of these regions will begin to suffer harmful effects, particularly the water scarcity that I mentioned, and the loss of agricultural production. Agricultural losses are expected to mount over time with substantial impacts during the period of my forecast. Decreased agricultural output will be devastating for many of the countries because agricultural accounts for a large share of their economies and many of these citizens live close to the subsistence level.

New technologies and innovations could again provide solutions such as viable alternatives to fossil fuels or means to overcome food and water constraints; however, all current technologies are inadequate for replacing the traditional energy architecture on the large scale in which it's needed. New energy technologies probably will not be commercially viable and wide spread by 2025; therefore, the pace of technology innovation will be key, but even with favorable policy and the right kind of funding and the ability to have clean fuels, biofuels, clean coal or hydrogen, the transition to these new fuels will be slow. Most technologies historically have had an adoption lag. We looked at a recent study to just get a feel for this. It takes an average of 25 years for a new technology – for energy new technology to become widely adopted.

Where does this leave us? What am I predicting for the future? What I'm suggesting – there's an increased potential for conflict. During the period of this assessment, out to 2025, the probability for conflict between nations and within nation-state entities will be greater. Given the confluence of factors from a new global international system, increasing tension over natural resources, weapons proliferation, things of this nature, we predict an increased likelihood for conflict.



Now, I know there is a journalist or two here in the audience. And I am asking you – and I hope I don't read tomorrow morning the United States DNI predicts mass casualty conflicts in our future. That is not what I am attempting to say. I am making the point that the conditions for conflict between nations and for large casualty terrorist attacks using chemical, biological, or less likely, nuclear materials will increase between now and 2025. This is true as technology diffuses and nuclear power and possibly even nuclear weapons – those programs expand. The practical and psychological consequences of such attacks will intensify in an increasingly globalized and shrinking world, where one can communicate across the globe in seconds and move across the globe in hours.

Terrorism is unlikely to disappear by 2025. Absent economic and political opportunities in the Middle East and in other areas, conditions will be right for growing radicalism and recruitment of youths into terrorist groups. In 2025, terrorist groups will likely be a combination of descendents of long-established groups. And these groups will inherit organizational structures, the command-and-control processes and the training procedures necessary to conduct sophisticated attacks.

As I noted just a bit earlier, the expansion of technologies and scientific knowledge by 2025 will place some of the world's most dangerous capabilities within the reach of terrorist organizations, whatever their cause. One of our greatest concerns continues to be that a terrorist group or a dangerous group – some other dangerous group might acquire and employ biological agents or less likely a radiological device to create casualties greater than 9/11. There are some of these groups today that will plan and seek these capabilities to inflict harm on the country. Types of conflict that we have not seen for a while such as over resources could emerge by 2025. Perceptions of energy scarcity will drive countries to take actions to assure their future access to these energy supplies. And the worst case, this could result in conflicts between states or even inside states.

If government leaders deem assured access to energy resources is essentially for maintaining their domestic stability and in some cases, even survival of their regime, they will likely initiate the necessary conflict. Even actions short of war will have potential important geopolitical consequences. Maritime-security concerns are providing a rationale for naval buildups and for modernization efforts, such as China and India development of blue-water capabilities. The buildup of regional naval capabilities could lead to increased tension, rivalries and counterbalancing moves. Conversely on the positive side, if they did this in partnership with other nations, it could make our seaways safer and more secure.

Although Iran's acquisition of nuclear weapons has not been achieved, other countries worrying about a nuclear-armed Iran could lead states in the region to develop new security arrangements with external powers. This would also acquire – they would also acquire additional weapons systems and some will consider pursuing their own nuclear ambitions. If Iran acquires nuclear weapons, it is unlikely that the type of stable deterrent relationship that existed between the great powers of the Cold War would emerge naturally in the Middle East. This region would once again sow the seeds of instability and potential conflict on a greater scale that could impact the entire globe.

These concerns are what fuel the Intelligence Community's worries about the possibility of a nuclear-armed Iran. As a result of several converging trends that I have mentioned, the risk of nuclear-weapons use over the next 20 to 30 years – although we expect is very low – that possibility is grayer in the future than it is today. And the spread of nuclear technology and expertise is generating concerns about the potential emergence of new nuclear-weapon states in the acquisition of nuclear weapons by terrorist groups. The possibility of future disruptive regime change or collapse occurring in a nuclear-weapon state, such as North Korea, also raises the question regarding the ability of weaker states to control and secure their nuclear arsenals.

Now, from this short review of the global trends out of the next 25 to 30 years, there should be one conclusion on which everybody in this room can agree. Next Tuesday after the new President-elect's excitement subsides after winning the election, it is going to be dampened somewhat when he begins to focus on the realities of the myriad of changes and challenges we are going to face in the future. Like it was a mistake to predict the end of history at the close of the Cold War, the future world is full of tensions that could spawn conflict. I hope this brief description of global challenges highlights the complexity of what we face, not only today but in the very near future.

While I have discussed some likely trends, I would also point out there is always surprise. There is a surprise always just over the horizon. The trends that I have mentioned and the unforeseen surprises that will come will pose significant challenges.

I think I want to close today by just mentioning this community is 100,000 people of dedicated professionals making every effort to serve the nation's need. I like to compare the community to the United States military – apolitical, professional, responsive to the Commander-in-Chief, based on a belief in our system, our core values and our laws, responsive to congressional oversight, swearing an allegiance to a constitution, not a person or a government, to preserve our way of life. We have made remarkable progress – most of it in secret – over the last few years. We have a united community. We are very focused on integration, collaboration, information and data sharing in a collective way.

I asked the community leadership to come together as an Executive Committee for us to wrestle with the difficult problems across the community. And I am delighted to report to you that the leadership of the community has embraced that idea in a very robust way. We meet twice a month. We wrestle with hard problems. We actually have these leaders talking about taking some of their resources to invest in what we need to do broadly across the community. So we are on the right vector.

I hope you will agree that we have done some hard things to embrace change. We are not perfect. We have got a lot of things left to do. But we are on a path to address them. And I look forward to your questions. Thank you very much.

(Applause.)

MR. HARRIS: As you assumed your position and the reality of the responsibilities all came together, you wrote a 500 Day Plan. Could you briefly status what that was and maybe what you wished you had known coming into the job?

DIRECTOR McCONNELL: The reason I chose to do a 500 Day Plan – actually, it was a two step. We did a 100 Day Plan just to test the idea and then a 500 Day Plan that was based on experience in industry. Having been a product of the government, it is very easy to be a good guy and be cooperative and push off the hard decisions. And it is very difficult to have metrics. So how do you know if you achieve what you set out to achieve?

If you are in industry, and many of the people here in the room are from industry, and you compete for a contract, you spend a lot of the company's resources and you have got a team and you win – the hard part is winning, and then the more difficult part is delivering. The delivery process is a system of periodic program reviews, measurement against milestones, measurement against metrics and a set of deliverables. So what I decided to do was having had that industry experience is how can we shape something like that in government?

And I guess the most pleasant surprise was to – we tested it with 100 days – is to have seniors in the community see a list of objectives measured against time and nothing more complex than red, yellow, or green – and many of the leaders had greens and some had reds – had put incredible pressure on the system to keep pushing to get things that we needed to do done. It also gave me a way of measuring. We all agreed to do this. Where are we in this particular product or this particular deliverable?

Some of those things we had to adjust a bit as we went along. But I have been very pleased. Now, as you might expect, the agencies who now are measured by this – I would say they didn't warmly embrace it immediately because it puts it up where you can see it. And you can measure it and you can talk about it. But I would also report that looking back on what some of the agencies have done is they are not calling it a 500 Day Plan, but they are adopting a similar process. So it has turned out to be pretty useful as a way to what are you going to agree to do? What are you doing? How do you measure it? What are the shortcomings? And how are you going to get to closure? So it has been successful for us.

MR. HARRIS: As a country, we have looked to you to use the skills of the community to accurately predict the future. Judging from the questions we have received, the audience is very attuned to your remarks about the challenges we face between now and 2025. As you discuss with the current administration and the incoming administration, how do you get your arms around sort of the prioritization of the threat to the tasks, to the right balancing of the Intelligence Community?

DIRECTOR McCONNELL: I would say the period of most vulnerability for the United States is the first year of a new President. One of the reasons that I argue that this community should be like the military – professional, apolitical, transition across administrations – is that is where the resident knowledge is located. So what we have struggled to do – Jeff, as you know in our past, we often had an attempt to prioritize. And often, we would get it exactly wrong. And if we prioritized one, two, three, four, five and five, we are not going to do because it is less important,

guess what we did in those countries that were number five? (Chuckles.) We kept showing up with guns and people shooting at us.

So what we try to do is create a process we call the NIPF, the National Intelligence Priorities Framework. And we try to make it very dynamic. We force the Cabinet around the White House Situation Room table to look at what are the priorities. Do these reflect what you want us to do? And oh, by the way, if you are going to move something up to number one, you have got to take something off and move it down. So that puts pressure on the system.

We still weren't quite satisfied with that, so one of our youngsters sat down and tried to figure out a new way. And what we came up with is tracking the PCC, the Policy Coordinating Committee, the DC – deputies and the PC – principals. Every issue they look at, every issue they are focused on, we examine it, look at it, take it apart. And now it is a part of our process. What we get the President to do is sign it out a minimum twice a year to say here are our priorities. So it has become more dynamic. It is more give and take.

We also have two intel officials normally sitting at the table, Mike Hayden, Mike McConnell. So it gives us the chance to have the dialogue. We have worked many issues together, so it is a very close-knit group. Now, the future, the next President. My counsel to the next set of players is before you make dramatic change, fully understand where we are and what we are doing. And look at the success and let us have this discussion and a fulsome description with top-secret, limited-distribution, covert action, all the kinds of things that we can't talk about publicly and would not be known to even those on the Hill, except perhaps those on the intelligence oversight committees. So that is how I am trying to approach this is let's have this discussion.

What I highlight is the first attack on the World Trade Center was attacked in the first year of President Clinton. And the second attack was in the first year of President Bush. So those who wish us harm realize this is a period for us when we are still adjusting to making decisions and understanding and so on. So that is where I would caution.

MR. HARRIS: As you come through that prioritization for collection, does it move to the programmatic of it in terms of – as you look at the challenge that we face, we really do have hard decisions in what is the emerging threat and then an even harder decision sometimes in what do we do about it.

DIRECTOR McCONNELL: The Cabinet does not focus so much on acquisition buys or resources in that context. That tends to be more of a discussion between secretary of defense and with me – our community. So my current view is some of the decisions taken in the period of transition and change didn't come out exactly right in the interest of the nation, not the Intelligence Community, not DoD, but the nation because we have things like split funding and co-shared decision-making. And that causes us not to be crisp in our decisions.

So those of us who came back new with sort of the second term, we had some big ideas about change and we made some pretty dramatic change. We didn't fully anticipate the consequences of those changes or the follow-up decisions that had to be made and delivered. And so we have learned from that. Secretary Gates and I have sat down and discussed this. We have signed

some Memorandums of Understanding. And we are trying to get tightened up, so we can make these very difficult choices more crisply, so we get on with it, as opposed to delay, delay, delay.

MR. HARRIS: You know this well, but I think it helps the audience to understand as you execute your mission, you have a bunch of standing groups – National Counterterrorism Center – that form a part of our staff. And then you have a part of your staff that is a staff function. Can you help elaborate how you use the team in order to drive the larger group?

DIRECTOR McCONNELL: Sure. Thank you for the question. It gives me a chance to talk about this a bit. Let me just describe – will you consider a nomination? Yes, sir, I will. Come down, let's talk about it. So landed in Dallas and there were four tornadoes between me and Waco – probably at 80 miles an hour.

MR. HARRIS: And you didn't have Colin Powell as the driver?

DIRECTOR McCONNELL: Didn't have Colin as the driver, no airplane. And I kept thinking, can I be late for the President of the United States? So I go screaming down there. And when I got there, this is a little scary. The sky has parted, the sun came out, the birds started singing. And I am walking up now – and I had met the President before. And he said come on in. What are you going to do about that bloated bureaucracy? Whoa. (Chuckles.) Afternoon, Mr. President, how are you doing? (Laughter.)

So as I sampled around on the Hill – it didn't matter – House or the Senate – a lot of opinion. What is that bloated bureaucracy that you created? Well, I started to think about this. Well, wait a minute, let's think about this for a second. The law created a National Counterterrorism Center. That is 500-plus doing a great job, the only place in the United States government you get all the information. And they are adding great value.

The WMD Commission created a national counterproliferation effort. We co-share counterintelligence between the FBI domestically and CIA in a foreign context. So somebody worries about integration and coordination and the National Counterintelligence Executive. And you go on with – (inaudible) – parts. There is a group that worries about security of our embassies. We are building lots of new embassies. How do we keep people from being able to penetrate them? That is a group of people that do that.

So a lot of these functions wound up on my staff, counting on my numbers. So I – very simple – I said, look, the Joint Chiefs of Staff is capped by law. I am going to achieve a similar cap for the DNI staff. Everything else beyond the Joint Chiefs – the Army, the Navy, the Combatant Commands – that will expand or contract consistent with mission. So what I am attempting to do and, in fact, we have made a decision to do is I have got a top number for my staff. It won't be the size of the joint staff. It will be about half that. And then we will focus on policy, oversight, budget, integration, coordination, collaboration, community affairs, policy, non-operational. And then the agencies will conduct their operations and report accordingly.

These unique things have been created. We will call them MSA's, Mission and Support Activities. If you have military experience, that is an echelon-two command. But it is outside

the staff. They have a function and they grow or contract depending on need. So if we get all this done – and I think we will – and we take it to the Hill, what I would argue, this is a small staff capped by a decision to do so. And we are focused on what we need to focus on. And we have got agencies doing missions and we have got elements doing functions, which the Congress directed.

MR. HARRIS: Very helpful. Mike, I have known you well enough to know you spend a lot of time mentoring. You did it throughout your career at the – I am going to read a question verbatim and allow you to give a mentoring moment.

DIRECTOR McCONNELL: Okay.

MR. HARRIS: You have provided outstanding strategic leadership for the Intelligence Community. At the unit level, we are using the collaborative tools you have provided through ICES. There are still a great number of middle managers and professionals at the 10 to 15 year point in their career who are resisting distributed problem solving. What recommendations will you give your replacement to help stay the course and avoid a return to the compartmentalized intelligence system?

DIRECTOR McCONNELL: Well, let me start by saying stovepipe is a pejorative term; a cylinder of excellence is a good term. (Laughter.)

Now, if you think – I am familiar with the codebreaking side because I had the privilege of serving there. And if you need world-class mathematicians who are at the leading edge of math for codebreaking purposes, you probably want that cylinder of excellence. The challenge is what comes out of that cylinder of excellence. How do you share it broadly across the community because knowledge is power. The bureaucratic tendency is to hold. So we look back on lessons learned across the experience of government.

Where did we see a model that caused collaboration, integration, coordination in a very dramatic way? And it is quite simply the United States military. Goldwater-Nichols Act passed in 1986. We had a little dustup called Desert Shield/Desert Storm. We came out of the end of that. And unitary-service-driven operations were a thing of the past. Services now raise, train, equip – raise, train, equip, provide. That is all. The area Combatant Commanders do the fight. And the chain of command goes from the President to the Secretary of Defense to the area commander to the taskforce commander – four people. That is all.

So what we decided to do is it is always very difficult, even if you get your leadership agreeing to go to your point is that middle group. By the way, it is very easy at the bottom. If you go to Kabul or Balad or Bagram or Baghdad, a room about the size of this stage, it is filled with people. You don't know one from the other – FBI, CIA, NSA, NGA. And they are all moving and grooving. They have an expectation of sharing. They have an expectation of having access. And they are doing an incredible job. I mentioned earlier – reduction of AQI is largely a function of those people very focused on mission. It is that middle group that is – well, you know, this transformation is really great if we don't have to change. (Laughter.)

So how do we do this? The idea we came up with is basically Goldwater-Nichols joint duty. What it says is if you aspire to a position of leadership in this community, you will not be promoted to a senior level until you have served outside your parent organization. Now, Ambassador Negroponte started that. It took us two years. And quite frankly, we would not have come to closure without Secretary Gates. Secretary Gates, I can't say enough for the partnership we have enjoyed, but the advantage I have is he used to have this job. (Chuckles.) So he understands the business. He knows what it requires in terms of professionalization and the details for understanding and so on.

And so we made the argument to him, even though if you look at it from a service secretary's prerogative, particularly if you take it to his general counsel and start talking about the DNI as someone outside the department making decisions to impact the promotion of his people. At one point, the general counsel was arguing it is illegal, Mr. Secretary, for you to give up your prerogatives, you cannot do that. So we argued the case – community. Secretary Gates agreed; that influenced the other five. We closed, and so that is where we are now.

The question I am wrestling with now – in Goldwater-Nichols, there was an enforcement mechanism. And so what I am looking at is how do I now enforce to guarantee that we get the cultural change? We are all really talking about culture. We need excellence, but we need sharing. And that is the balancing act. That is what we are attempting to do and I think with some success.

I would highlight one other thing for you. People in this room follow this community very closely. Go to the White House website and download Executive Order 12333 – one, two, three, three, three. It was signed on the 30th of July by President Bush. It was signed previously in 1981, by President Reagan. It was a Cold War document. It served us very, very well. And it was my opinion because the world has changed so dramatically – my comments and Cold War is over and new organizations – we had to change it. There was a very strong resistance to changing it because the bureaucracy will look at the roles and missions as codified in writing. And if I examine it, I may lose authority. That is what made it so difficult.

It took us a full year. The President was incredibly helpful. He basically got the Cabinet together and said, look, we have to do this. I don't want your staffs to be worried about protecting your prerogatives. We need an integrated community. We need to have somebody that can carry that out for us. The President's engagement in that, Bob Gates, and Secretary Rice and others, we were able to get it done.

So where we are now, it is done. And there are some hard things left to capture and codify. We have about 15 – what we used to refer to as DCIDs, now we call them ICDs. We are working those off one at a time. And I hope to have as many of them done before the 20th of January as possible.

MR. HARRIS: So the outlook for our young analysts is a fruitful career, where you can move through the blockers in the middle.

DIRECTOR McCONNELL: The one thing that has changed so much since I came back, the grade levels are significantly higher and the opportunities to move and to move quickly are like they have never been – at least in my career. And you have a chance to sample it all. You can be a HUMINTer and engaged in that activity. You get to sample SIGINT. You can go to the imagery side. You can be operationally deployed forward. You could be analytically engaged in some long-term project or some tactical issue.

I guess the change that I would capture – and I know we are running over and I apologize for that – is this community has never been more relevant strategically, operationally, or tactically. When I say tactically, I am taking seconds with people shooting at each other. And when I say strategically, we do a thing with the President. We call it a Deep Dive. I took three analysts in his office. Today is – what is today? Thursday? Okay, yesterday. Sorry, kind of rusts together. Three analysts in his office yesterday. They had 80 years of collective experience on the subject – 80 years.

So we sat down. They had written a little paper for the President. He said well, I found this very interesting. What about? And they now had a discussion that was phenomenal in terms of its depth and its insight and its perspective. So great opportunities for this community right now and I am very excited about the changes. And we have got some hard things left to do, but we are going in the right direction.

MR. HARRIS: So on behalf of the United States Geospatial Intelligence Foundation, although we did not have a shooting range for you to come requalify, we know you have a busy schedule. We thank you for joining us. While you were talking, Terry did call. And she said that she is now screening your phone calls and not allowing you to answer them, once again, to serve your country.

DIRECTOR McCONNELL: Thank you, sir. (Chuckles.) Thank you very much.

(Applause.)

(END)