

**NOMINATION OF VICE ADMIRAL WILLIAM O. STU-
DEMAN TO BE DEPUTY DIRECTOR OF CENTRAL
INTELLIGENCE**

HEARINGS

BEFORE THE

SELECT COMMITTEE ON INTELLIGENCE

OF THE

UNITED STATES SENATE

ONE HUNDRED SECOND CONGRESS

SECOND SESSION

ON

NOMINATION OF VICE ADMIRAL WILLIAM O. STUDEMAN TO BE
DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE

TUESDAY, MARCH 10, WEDNESDAY, APRIL 1, 1992

Printed for the use of the Select Committee on Intelligence



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CONTENTS

Hearing held in Washington, DC:	Page
March 10, 1992.....	1
April 1, 1992.....	59

TUESDAY, MARCH 10, 1992

Statement of:	
Boren, Hon. David L., a U.S. Senator from the State of Oklahoma.....	1
D'Amato, Hon. Alfonse, a U.S. Senator from the State of New York.....	40
Murkowski, Hon. Frank H., a U.S. Senator from the State of Alaska.....	33
Testimony of:	
Studeman, William O., Vice Admiral, nominee to be Deputy Director of Central Intelligence.....	34
Supplemental materials, letters, etc.:	
Financial disclosure statement of nominee.....	24
Potts, Steven D., Director of the Office of Government Ethics, letter to Senator David L. Boren, dated February 24, 1992.....	23
Questionnaire for completion by Presidential nominees.....	4
Townsend, H. Walter, president and chief executive officer of the Baltimore Washington Corridor Chamber of Commerce, letter to Senator David L. Boren, dated March 3, 1992.....	30

MONDAY, APRIL 1, 1992

Statement of:	
Boren, Hon. David L., a U.S. Senator from the State of Oklahoma.....	59

NOMINATION OF VICE ADM. WILLIAM O. STUDEMAN TO BE DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE

TUESDAY, MARCH 10, 1992

U.S. SENATE,
SELECT COMMITTEE ON INTELLIGENCE,
Washington, DC.

The Select Committee met, pursuant to notice, at 3:10 p.m., in room SH-216, Hart Senate Office Building, the Honorable David L. Boren (Chairman of the Committee) presiding.

Present: Senators Boren, Murkowski, D'Amato and Chafee.

Also Present: George Tenet, Staff Director; John Moseman, Minority Staff Director; Britt Snider, Chief Counsel; and Kathleen McGhee, Chief Clerk.

PROCEEDINGS

CHAIRMAN BOREN. The Committee meets this afternoon to consider the nomination of Vice Admiral William Oliver Studeman to be the Deputy Director of Central Intelligence, one of the three positions in the Intelligence Community which requires confirmation by the Senate. After the open session today, if there are questions of a classified nature that need to be asked that cannot be asked in writing the Committee may move to our secure hearing room to provide an opportunity for additional questions. We will simply see how the proceedings unfold.

By order of the Senate, dated February 25, 1992, this nomination was jointly referred to this Committee and the Committee on Armed Services. This Committee considers the nomination in terms of evaluating the nominee's fitness for service as the Deputy Director of Central Intelligence. The Armed Services Committee will consider the nomination in terms of the nominee's promotion to the rank of Admiral while serving in this position.

Indeed, we are very fortunate, I believe, that the President has nominated a military officer who is a career intelligence professional as well for this position. To my mind, the need to forge a stronger link between our civilian and military intelligence structures is clear, and what better way to do this than by putting a senior military officer into the Deputy's position. Indeed, that is a position and an argument that this Committee has made for some time. I'm certainly pleased to see this appointment, not only because of the caliber of the individual named, but also because of the way in which it will bring together these two elements of the Intelligence Community.

Admiral Studeman is already well known to our Committee. We begin with a very high regard for his past service, his competence, and his dedication. He has spent close to thirty years in military intelligence. His most recent assignments have been as the Director of the National Security Agency and as Director of Naval Intelligence. In these positions, Admiral Studeman played key roles in

providing intelligence support to operation Desert Shield/Desert Storm in the Persian Gulf, and to operation Just Cause in Panama. He is a leader tested by crisis, and understands, perhaps as well as anyone, the role which intelligence can and must play to support our military commanders in the field. Intelligence must act as a force multiplier. That role becomes even more important in the changing circumstances of our world in which we will have fewer and fewer of our forces forward positioned around the globe. The proper use of intelligence, the right kind of warning becomes critically important as well as intelligence once hostilities actually commence.

It is my hope that we'll be able to use this occasion to address the nominee's views of the intelligence field—how it must change to take account of the dramatic changes which have taken place in the world, whether resources cuts are possible, and if so, where we should look for such cuts. I also want to explore how the nominee perceives his new role as Deputy DCI. What is his relationship with the Director, and what does he understand his responsibilities to be. Will he take, for example, a more active role in the execution of the DCI's Community's responsibilities to harmonize, to make more cost effective intelligence operations throughout the Community—not just at the CIA.

In the past, the nominee has been a manager, and by all accounts a very successful one. We've had enough experience in our own Committee with this nominee as a witness and as a coworker in the intelligence field to know of his ability. As Deputy, DCI, his role will be somewhat different representing what should be the objective, unvarnished views of the CIA to policymakers on a wide variety of substantive issues. As a member of the Deputies Committee at the National Security Council, he will also take a leading role in the deliberations involving future covert action programs. In this regard, it is particularly important to know his views on Congressional oversight, and his understanding of the legal requirements to provide notice to Congress.

In short, I do not view this hearing as a pro forma one, even though I would misstate the facts if I didn't say that we begin with a strong level of support for this nominee based upon the experience that all of us have had with him. But it is also an opportunity for the Committee to raise issues of concern and to understand the nominee's perspectives.

Before turning to Admiral Studeman and also to the Vice Chairman, who will present him formally to the Committee, I would, without objection, place several documents into the hearing record.

First, the nominee's answers to the Committee's questionnaire, dated February 4, 1992; second, a letter from Steven D. Potts, Director of the Office of Government Ethics, dated February 24, 1992, transmitting the financial disclosure statement of the nominee, and conveying his assessment that the nominee is in complete compliance with the applicable laws and regulations governing conflicts of interest; and finally, a letter, dated March 3, 1992, from H. Walter Townshend, President and Chief Executive Officer of the Baltimore-Washington corridor Chamber of Commerce, endorsing Admiral Studeman's nomination. I want to read a paragraph from that letter, and while it does not bear directly upon the Admiral's

professional qualifications, I think it is illuminating in terms of his management style, and I'm going to quote now from Mr. Townshend's letter:

Under Admiral Studeman's leadership, the business community has been made to feel it was a partner with the National Security Agency. Admiral Studeman took it upon himself to change decades of "no comment," and led the way to an agency which realized it was a member of a community and acted as if it were. I am not an expert in national security, signals intelligence, or any of the other acronyms which seem to be a large part of the Intelligence Community. I can only relate what I and thousands of other business people in the corridor community see in Bill Studeman: a man of integrity, vision, leadership, and possessor of a genuine understanding of what is vital to our nation's best interests.

[The documents follow:]

SELECT COMMITTEE ON INTELLIGENCE

UNITED STATES SENATE



QUESTIONNAIRE FOR COMPLETION BY
PRESIDENTIAL NOMINEES

EFFECTIVE JANUARY 1986

SELECT COMMITTEE ON INTELLIGENCE
UNITED STATES SENATE

QUESTIONNAIRE FOR COMPLETION BY PRESIDENTIAL NOMINEES

PART A - BIOGRAPHICAL INFORMATION

1. NAME: William Oliver Studeman
2. DATE AND PLACE OF BIRTH: 16 Jan 1940, Brownsville, Texas
3. MARITAL STATUS: Married
4. SPOUSE'S NAME: Gloria Diane Studeman
5. SPOUSE'S MAIDEN NAME IF APPLICABLE: Gloria Diane Jeans
6. NAMES AND AGES OF CHILDREN:

Name	Age
<u>Kimberley Diane Studeman</u>	<u>26</u>
<u>Michael William Studeman</u>	<u>25</u>
<u>Kathryn Suzanne Studeman</u>	<u>20</u>

7. EDUCATION SINCE HIGH SCHOOL:

INSTITUTION	DATES ATTENDED	DEGREE RECEIVED	DATE OF DEGREE
<u>University of the South, Sewanee, TN</u>	<u>1958-1962</u>	<u>BA (History)</u>	<u>Jun 1962</u>
<u>George Washington University, Washington, DC</u>	<u>1973</u>	<u>MA (Public & Internatl Affairs)</u>	<u>Jun 1973</u>
<u>Naval War College, Newport, RI</u>	<u>1972-1973</u>	<u>Distinguished Graduate</u>	<u>Jun 1973</u>
<u>National War College, Washington, DC</u>	<u>1981-1981</u>	<u>Distinguished Graduate</u>	<u>Jun 1981</u>
<u>Defense Intelligence College, Washington, DC</u>	<u>1966-1967</u>	<u>Distinguished Graduate and Honorary Doctorate (Strategic Intell.)</u>	<u>Jul 1967</u>

-2-

8. **EMPLOYMENT RECORD (LIST ALL POSITIONS HELD SINCE COLLEGE, INCLUDING MILITARY SERVICE. INDICATE NAME OF EMPLOYER, POSITION TITLE OR DESCRIPTION, LOCATION, AND DATES OF EMPLOYMENT):**

<u>EMPLOYER</u>	<u>POSITION/TITLE</u>	<u>LOCATION</u>	<u>DATES OF EMPLOYMENT</u>
Pan-American-Grace (Panagra) Airways	Ticket Agent	Panama City	Jun 58-Aug 59
Belcher Oil Co.	Deck Hand/Cook	Miami, FL	Jun 59-Aug 59
Pan-American Airways	Ticket Agent	London, UK	Jun 60-Aug 60
Pan-American Airways	Ticket Agent	London, UK	Jun 61-Aug 61
Pan American Airways	Ticket Agent	London, UK	Jun 62-Oct 62
US Navy	OCS, Student	Newport, RI	Oct 62-Mar 63
US Navy	Preflt/NFO School, Student	Pensacola, FL	Apr 63-Jul 63
US Navy	Intel School, Pacific	Alameda, CA	Jul 63-Oct 63
US Navy	VS-23 Air Intel Officer	San Diego, CA (USS YORKTOWN)	Oct 63-Jul 66
US Navy	Defense Intel Sch, Student	Wash., DC	Jul 66-Jun 67
US Navy	Amphibious Grp 1 Operational Intel (numerous ships) Officer	San Diego	Jul 67-Jun 69
US Navy	COMASWFORSIXTH FLT Operational Intel Officer	Naples, IT	Jul 69-Jun 72
US Navy	Naval War College, Student	Newport, RI	Jul 72-Jun 73
US Navy	Naval Intel Cmd Collection Officer	Wash., DC	Jun 73-Jun 74
US Navy	Navy S&T Ctr Special Intel Navy Analysis	Wash., DC	Jun 74-Oct 75
US Navy	OPNAV(CNO), EA to Director of Naval Intel	Wash., DC	Oct 75-Jun 76
US Navy	Fleet Ocean Surveillance Info Ctr, Ofcr In Charge	Norfolk, VA	Jun 76-Jun 78
US Navy	COMSIXTHFLT Staff, Asst Ch of Staff, Intel	Gaeta, IT	Jun 78-Jun 80
US Navy	Natl War College, Student	Wash., DC	Aug 80-Jun 81

<u>EMPLOYER</u>	<u>POSITION/TITLE</u>	<u>LOCATION</u>	<u>DATES OF EMPLOYMENT</u>
US Navy	OPNAV (CNO), Ex Asst to Vice CNO	Wash., DC	Jun 81-Jun 82
US Navy	Navy Operational Intel Ctr Commanding Officer	Wash., DC	Jul 82-Oct 84
US Navy	OPNAV (CNO), Director, Long Range Planning	Wash., DC	Oct 84-Jun 85
US Navy	OPNAV (CNO), Director of Naval Intelligence	Wash., DC	Jul 85-Jul 88
US Navy	National Security Agency, Director	Ft Meade, MD	Aug 88-present

9. GOVERNMENT EXPERIENCE (INDICATE EXPERIENCE IN OR ASSOCIATION WITH FEDERAL, STATE OR LOCAL GOVERNMENTS, INCLUDING ADVISORY, CONSULTATIVE, HONORARY OR OTHER PART-TIME SERVICE OR POSITION. DO NOT REPEAT INFORMATION ALREADY PROVIDED IN ANSWER TO QUESTION 8):

See Item 8.

10. HONORS AND AWARDS (PROVIDE INFORMATION ON SCHOLARSHIPS, FELLOWSHIPS, HONORARY DEGREES, MILITARY DECORATIONS, CIVILIAN SERVICE CITATIONS, OR ANY OTHER SPECIAL RECOGNITION FOR OUTSTANDING PERFORMANCE OR ACHIEVEMENT):

Distinguished Service Medal (Navy), Legion of Merit (with two Gold Stars), Meritorious Service Medal, Navy Commendation Medal, Navy Achievement Medal, Combat Action Ribbon, Navy Unit Commendation, Meritorious Unit Commendation, National Defense Service Medal, Vietnam Service Medal (with 2 Silver Stars, 1 Bronze Star), SEA Service Deployment Ribbon, Republic of Vietnam Gallantry Cross with Palm Unit Citation, Republic of Vietnam Campaign Ribbon

Foreign Awards: France, Brazil, Republic of Korea, American Legion Medal

Honorary Doctorate: Defense Intelligence College - Strategic Intelligence; Honorary Doctorate voted by University of the South, Sewanee, Tennessee (to be formally awarded in the fall of 1992).

11. ORGANIZATIONAL AFFILIATIONS (LIST MEMBERSHIPS IN AND OFFICES HELD WITHIN THE LAST TEN YEARS IN ANY PROFESSIONAL, CIVIC, FRATERNAL, BUSINESS, SCHOLARLY, CULTURAL, CHARITABLE OR OTHER SIMILAR ORGANIZATIONS):

<u>ORGANIZATION</u>	<u>OFFICE HELD</u>	<u>DATES</u>
Armed Forces Comms and Electronics Assn (AFCEA)	Member	1984-
Assn of Former Intelligence Officers (AFIO)	Member	1985-
Naval Intelligence Professionals Assn (NIP)	Member	1984-
Security Affairs Assn (SASA)	Member (Board of Directors 1990-91)	1984-
Council on Foreign Relations (CFR)	Member	1989-
National Historical Intelligence Museum	Member	1989-
Veteran of Foreign Wars	Member	1991-
AARP	Member	1990-
Arundel Yacht Club	Member	1988-
Boat/U.S.	Member	1980-
ATO	Fraternity Alumni	1958-

12. PUBLISHED WRITINGS AND SPEECHES (LIST THE TITLES, PUBLISHERS, AND PUBLICATION DATES OF ANY BOOKS, ARTICLES, REPORTS OR OTHER PUBLISHED MATERIALS YOU HAVE AUTHORED. ALSO LIST THE TITLES OF ANY PUBLIC SPEECHES YOU HAVE MADE WITHIN THE LAST 10 YEARS FOR WHICH THERE IS A TEXT OR TRANSCRIPT. TO THE EXTENT POSSIBLE, PLEASE PROVIDE A COPY OF EACH SUCH PUBLICATION, TEXT OR TRANSCRIPT:

None with transcripts (most in restricted Intelligence/C3I professional forums); mostly classified.

PART B - QUALIFICATIONS AND REFERENCES

13. QUALIFICATIONS (DESCRIBE WHY YOU BELIEVE YOU ARE QUALIFIED TO SERVE IN THE POSITION FOR WHICH YOU HAVE BEEN NOMINATED):

Background/Experience -

- Twenty nine years as a Professional Intelligence Officer at the Navy Fleet, theater and national level, including command positions in large line intel organizations, and Intelligence Community leadership positions (Director of Naval Intelligence and Director, National Security Agency). Member of DCI National Foreign Intelligence Board (NFIB) and Council (NFIC) for past six years; member of DIA Military Intelligence Board (MIB); member of OSD C3/I Defense Policy Board, participant in numerous national security crises - most recently DESERT

SHIELD/STORM (Persian Gulf, 1990/91), JUST CAUSE (Panama, 1989), Libya (1986), Cold War and many other crises.

- Intelligence Community - I have devoted significant emphasis over the years to jointness and the concept of Community. Our future lies in more emphasis on community, drawing strength from the various cultures that constitute the Community and using these strengths to overcome or offset weaknesses. If properly managed with a strong community focus by senior managers with strong philosophies and breadth, real Community economies and efficiencies can be realized in order to spread the resources across the wider spectrum of customer requirements which NSR-29 will dictate. I am a most ardent supporter of "Community" as a priority and leverage DCI strategy of management imperative approach for the future.

14. REFERENCES (PROVIDE THE NAMES AND BUSINESS ADDRESSES AND TELEPHONE NUMBERS OF FIVE INDIVIDUALS WHOM YOU BELIEVE ARE IN A POSITION TO COMMENT ON YOUR QUALIFICATIONS TO SERVE IN THE POSITION FOR WHICH YOU HAVE BEEN NOMINATED. INCLUDE THREE INDIVIDUALS WHO HAVE KNOWN YOU FOR AT LEAST FIVE YEARS):

NAME	BUSINESS ADDRESS	BUSINESS TELEPHONE	YEARS KNOWN
Mr. Richard J. Kerr	Deputy Director of Central Intelligence Washington, DC 20505	703-482-6464	10
Mr. Richard L. Haver	Asst to SECDEF (Intel Policy) Room 2C252, Pentagon Washington, DC 20301	703-693-6323	18
Admiral James D. Watkins	Secretary of Energy 1000 Independence Ave SW Washington, DC 20585	202-586-6210	12
Admiral Bobby R. Inman	9442 Capitol of Texas Highway North Plaza One, Suite 685 Austin, Texas 78759	512-343-2200	17
Judge William H. Webster	Milbank, Tweed, Hadley and McCloy, 1825 Eye St NW (Suite 900, Washington, DC 20006	202-835-7550	3

PART C - POLITICAL AND FOREIGN AFFILIATIONS

15. POLITICAL ACTIVITIES (LIST ANY MEMBERSHIPS OR OFFICES HELD IN OR FINANCIAL CONTRIBUTIONS OR SERVICES RENDERED TO, ANY POLITICAL PARTY, ELECTION COMMITTEE, POLITICAL ACTION COMMITTEE, OR INDIVIDUAL CANDIDATE DURING THE LAST TEN YEARS:

None.

16. CANDIDACY FOR PUBLIC OFFICE (FURNISH DETAILS OF ANY CANDIDACY FOR ELECTIVE PUBLIC OFFICE):

None.

17. FOREIGN AFFILIATIONS

NOTE: QUESTIONS 17 A AND B ARE NOT LIMITED TO RELATIONSHIPS REQUIRING REGISTRATION UNDER THE FOREIGN AGENTS REGISTRATION ACT. QUESTIONS 17 A, B AND C DO NOT CALL FOR A POSITIVE RESPONSE IF THE REPRESENTATION OR TRANSACTION WAS AUTHORIZED BY THE UNITED STATES GOVERNMENT IN CONNECTION WITH YOUR OR YOUR SPOUSE'S EMPLOYMENT IN GOVERNMENT SERVICE.

- A. HAVE YOU OR YOUR SPOUSE EVER REPRESENTED IN ANY CAPACITY (E.G., EMPLOYEE, ATTORNEY, BUSINESS, OR POLITICAL ADVISER OR CONSULTANT), WITH OR WITHOUT COMPENSATION, A FOREIGN GOVERNMENT OR AN ENTITY CONTROLLED BY A FOREIGN GOVERNMENT? IF SO, PLEASE FULLY DESCRIBE SUCH RELATIONSHIP.

No.

- B. IF YOU OR YOUR SPOUSE HAS EVER BEEN FORMALLY ASSOCIATED WITH A LAW, ACCOUNTING, PUBLIC RELATIONS FIRM OR OTHER SERVICE ORGANIZATION, HAVE ANY OF YOUR OR YOUR SPOUSE'S ASSOCIATES REPRESENTED, IN ANY CAPACITY, WITH OR WITHOUT COMPENSATION, A FOREIGN GOVERNMENT OR AN ENTITY CONTROLLED BY A FOREIGN GOVERNMENT? IF SO, PLEASE FULLY DESCRIBE SUCH RELATIONSHIP.

No.

- C. DURING THE PAST TEN YEARS HAVE YOU OR YOUR SPOUSE RECEIVED ANY COMPENSATION FROM OR BEEN INVOLVED IN ANY FINANCIAL OR BUSINESS TRANSACTIONS WITH, A FOREIGN

-7-

GOVERNMENT OR AN ENTITY CONTROLLED BY A FOREIGN GOVERNMENT? IF SO, PLEASE FURNISH DETAILS.

No.

- D. HAVE YOU OR YOUR SPOUSE EVER REGISTERED UNDER THE FOREIGN AGENTS REGISTRATION ACT? IF SO, PLEASE FURNISH DETAILS.

No.

18. DESCRIBE ANY LOBBYING ACTIVITY DURING THE PAST TEN YEARS, OTHER THAN IN AN OFFICIAL U.S. GOVERNMENT CAPACITY, IN WHICH YOU OR YOUR SPOUSE HAVE ENGAGED FOR THE PURPOSE OF DIRECTLY OR INDIRECTLY INFLUENCING THE PASSAGE, DEFEAT OR MODIFICATION OF LEGISLATION AT THE NATIONAL LEVEL OF GOVERNMENT, OR FOR THE PURPOSE OF AFFECTING THE ADMINISTRATION AND EXECUTION OF NATIONAL LAW OR PUBLIC POLICY.

None.

PART D - FINANCIAL DISCLOSURE AND CONFLICT OF INTEREST

19. DESCRIBE ANY EMPLOYMENT, BUSINESS RELATIONSHIP, FINANCIAL TRANSACTION, INVESTMENT, ASSOCIATION OR ACTIVITY (INCLUDING, BUT NOT LIMITED TO, DEALINGS WITH THE FEDERAL GOVERNMENT ON YOUR OWN BEHALF OR ON BEHALF OF A CLIENT), WHICH COULD CREATE, OR APPEAR TO CREATE, A CONFLICT OF INTEREST IN THE POSITION TO WHICH YOU HAVE BEEN NOMINATED.

None.

20. DO YOU INTEND TO SEVER ALL BUSINESS CONNECTIONS WITH YOUR PRESENT EMPLOYERS, FIRMS, BUSINESS ASSOCIATES AND/OR PARTNERSHIPS OR OTHER ORGANIZATIONS IN THE EVENT THAT YOU ARE CONFIRMED BY THE SENATE? IF NOT, PLEASE EXPLAIN.

Not applicable.

21. DESCRIBE THE FINANCIAL ARRANGEMENTS YOU HAVE MADE OR PLAN TO MAKE, IF YOU ARE CONFIRMED, IN CONNECTION WITH SEVERANCE FROM YOUR CURRENT POSITION. PLEASE INCLUDE SEVERANCE PAY, PENSION RIGHTS, STOCK OPTIONS, DEFERRED INCOME ARRANGEMENTS, AND ANY AND ALL COMPENSATION THAT WILL OR MIGHT BE RECEIVED IN THE FUTURE AS A RESULT OF YOUR CURRENT BUSINESS OR PROFESSIONAL RELATIONSHIPS.

Not applicable.

22. DO YOU HAVE ANY PLANS, COMMITMENTS OR AGREEMENTS TO PURSUE OUTSIDE EMPLOYMENT, WITH OR WITHOUT COMPENSATION, DURING YOUR SERVICE WITH THE GOVERNMENT? IF SO, PLEASE FURNISH DETAILS.

No.

23. AS FAR AS CAN BE FORESEEN, STATE YOUR PLANS AFTER COMPLETING GOVERNMENT SERVICE. PLEASE SPECIFICALLY DESCRIBE ANY AGREEMENTS OR UNDERSTANDINGS, WRITTEN OR UNWRITTEN, CONCERNING EMPLOYMENT AFTER LEAVING GOVERNMENT SERVICE. IN PARTICULAR, DESCRIBE ANY AGREEMENTS, UNDERSTANDINGS OR OPTIONS TO RETURN TO YOUR CURRENT POSITION.

- When appropriate, I will retire in accordance with standard Executive Branch and Department of Defense procedures and regulations. Returning to my present position will not be an option.

- I have no plans related to financial arrangements other than those reflected in this questionnaire.

24. IF YOU ARE PRESENTLY IN GOVERNMENT SERVICE, DURING THE PAST FIVE YEARS OF SUCH SERVICE, HAVE YOU RECEIVED FROM A PERSON OUTSIDE OF GOVERNMENT AN OFFER OR EXPRESSION OF INTEREST TO EMPLOY YOUR SERVICES AFTER YOU LEAVE GOVERNMENT SERVICE?

None.

25. IS YOUR SPOUSE EMPLOYED? IF THE NATURE OF THIS EMPLOYMENT IS RELATED IN ANY WAY TO THE POSITION FOR WHICH YOU ARE SEEKING CONFIRMATION, PLEASE INDICATE YOUR SPOUSE'S EMPLOYER, THE POSITION AND THE LENGTH OF TIME THE POSITION HAS BEEN HELD. IF YOUR SPOUSE'S EMPLOYMENT IS NOT RELATED TO THE POSITION TO WHICH YOU HAVE BEEN NOMINATED, PLEASE SO STATE.

Wife is employed. No relationship to position for which I have been nominated; employer is Federal National Mortgage Association (FNMA), secretary to the Chairman, employed at FNMA for seven years, four years in present position.

26. LIST BELOW ALL CORPORATIONS, PARTNERSHIPS, FOUNDATIONS, TRUSTS, OR OTHER ENTITIES TOWARD WHICH YOU OR YOUR SPOUSE HAVE FIDUCIARY OBLIGATIONS OR IN WHICH YOU OR YOUR SPOUSE

-9-

HAVE HELD DIRECTORSHIPS OR OTHER POSITIONS OF TRUST DURING THE PAST FIVE YEARS.

None.

27. LIST ALL GIFTS EXCEEDING \$500 IN VALUE RECEIVED DURING THE PAST FIVE YEARS BY YOU, YOUR SPOUSE, OR YOUR DEPENDENTS. GIFTS RECEIVED FROM RELATIVES AND GIFTS GIVEN TO A SPOUSE OR DEPENDENT TOTALLY INDEPENDENT OF THEIR RELATIONSHIP TO YOU NEED NOT BE INCLUDED.

None.

28. LIST ALL SECURITIES, REAL PROPERTY, PARTNERSHIP INTERESTS, OR OTHER INVESTMENTS OR RECEIVABLES WITH A CURRENT MARKET VALUE (OR, IF MARKET VALUE IS NOT ASCERTAINABLE, ESTIMATED CURRENT FAIR VALUE) IN EXCESS OF \$1,000. (NOTE: THE INFORMATION PROVIDED IN RESPONSE TO SCHEDULE A OF THE DISCLOSURE FORMS OF THE OFFICE OF GOVERNMENT ETHICS MAY BE INCORPORATED BY REFERENCE, PROVIDED THAT CURRENT VALUATIONS ARE USED.)

<u>DESCRIPTION OF PROPERTY</u>	<u>VALUE</u>	<u>METHOD OF VALUATION</u>
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SF-278, Executive Branch Public Financial Disclosure Report, dated 31 January 1992, is attached.

29. LIST ALL LOANS, MORTGAGES, OR OTHER INDEBTEDNESS (INCLUDING ANY CONTINGENT LIABILITIES) IN EXCESS OF \$10,000. (NOTE: THE INFORMATION PROVIDED IN RESPONSE TO SCHEDULE D OF THE DISCLOSURE FORM OF THE OFFICE OF GOVERNMENT ETHICS MAY BE INCORPORATED BY REFERENCE, PROVIDED THAT CONTINGENT LIABILITIES ARE ALSO INCLUDED.)

<u>NATURE OF OBLIGATION</u>	<u>NAME OF OBLIGEE</u>	<u>AMOUNT</u>
-----------------------------	------------------------	---------------

SF-278, Executive Branch Public Financial Disclosure Report, dated 31 January 1992, is attached.

30. ARE YOU OR YOUR SPOUSE NOW IN DEFAULT ON ANY LOAN, DEBT OR OTHER FINANCIAL OBLIGATION? HAVE YOU OR YOUR SPOUSE BEEN IN DEFAULT ON ANY LOAN, DEBT OR OTHER FINANCIAL OBLIGATION IN THE PAST TEN YEARS? IF THE ANSWER TO EITHER QUESTION IS YES, PLEASE PROVIDE DETAILS.

No.

-10-

31. LIST SOURCES AND AMOUNTS OF ALL INCOME RECEIVED DURING THE LAST FIVE YEARS, INCLUDING ALL SALARIES, FEES, DIVIDENDS, INTEREST, GIFTS, RENTS, ROYALTIES, PATENTS, HONORARIA, AND OTHER ITEMS EXCEEDING \$500. (IF YOU PREFER TO DO SO, COPIES OF U.S. INCOME TAX RETURNS FOR THESE YEARS MAY BE SUBSTITUTED HERE, BUT THEIR SUBMISSION IS NOT REQUIRED.)

	1986	1987	1988	1989	1990
Salary	90,817	96,588	101,714	117,980	111,685
Fees, royalties	-	-	-	-	-
Dividends	138	36	72	431	1,456
Interest	100	182	667	373	127
Gifts	-	-	-	-	-
Rents	(13,441)	(9,269)	(26,033)	(15,388)	(12,397)
Other-exceeding \$500	-	-	-	-	* 5,133
					*(Capitol gains gains on stocks)
Total	77,614	87,537	76,420	103,396	106,004

32. IF ASKED, WOULD YOU PROVIDE THE COMMITTEE WITH COPIES OF YOUR AND YOUR SPOUSE'S FEDERAL INCOME TAX RETURNS FOR THE PAST THREE YEARS?

Yes.

33. HAVE YOUR FEDERAL OR STATE TAX RETURNS BEEN THE SUBJECT OF ANY AUDIT, INVESTIGATION OR INQUIRY AT ANY TIME? IF SO, PLEASE PROVIDE DETAILS, INCLUDING THE RESULT OF ANY SUCH PROCEEDING.

No.

34. ATTACH A SCHEDULE ITEMIZING EACH INDIVIDUAL SOURCE OF INCOME WHICH EXCEEDS \$500. IF YOU ARE AN ATTORNEY, ACCOUNTANT, OR OTHER PROFESSIONAL, ALSO ATTACH A SCHEDULE LISTING ALL CLIENTS AND CUSTOMERS WHOM YOU BILLED MORE THAN \$500 WORTH OF SERVICES DURING THE PAST FIVE YEARS.

See Attached.

35. DO YOU INTEND TO PLACE YOUR FINANCIAL HOLDINGS AND THOSE OF YOUR SPOUSE AND DEPENDENT MEMBERS OF YOUR IMMEDIATE HOUSEHOLD IN A BLIND TRUST? IF YES, PLEASE FURNISH DETAILS.

No.

-11-

36. EXPLAIN HOW YOU WILL RESOLVE ANY ACTUAL OR POTENTIAL CONFLICTS OF INTEREST THAT MAY BE INDICATED BY YOUR RESPONSE TO THE QUESTIONS IN THIS PART OR IN PART C (QUESTIONS 15 THRU 35).

No conflict of interest envisioned.

PART E. - ETHICAL MATTERS

37. HAVE YOU EVER BEEN DISCIPLINED OR CITED FOR A BREACH OF ETHICS FOR UNPROFESSIONAL CONDUCT BY, OR BEEN THE SUBJECT OF A COMPLAINT TO, ANY COURT, ADMINISTRATIVE AGENCY, PROFESSIONAL ASSOCIATION, DISCIPLINARY COMMITTEE OR OTHER PROFESSIONAL GROUP? IF SO, PROVIDE DETAILS.

No.

38. HAVE YOU EVER BEEN INVESTIGATED, HELD, ARRESTED, OR CHARGED BY ANY FEDERAL, STATE, OR OTHER LAW ENFORCEMENT AUTHORITY FOR VIOLATION OF ANY FEDERAL, STATE, COUNTY, OR MUNICIPAL LAW, REGULATION, OR ORDINANCE, OTHER THAN A MINOR TRAFFIC OFFENSE, OR NAMED EITHER AS A DEFENDANT OR OTHERWISE IN ANY INDICTMENT OR INFORMATION RELATING TO SUCH VIOLATION? IF SO, PROVIDE DETAILS.

No.

39. HAVE YOU EVER BEEN CONVICTED OR OR ENTERED A PLEA OF GUILTY OR NOLO CONTENDERE TO ANY CRIMINAL VIOLATION OTHER THAN A MINOR TRAFFIC OFFENSE? IF SO, PROVIDE DETAILS.

No.

40. ARE YOU PRESENTLY OR HAVE YOU EVER BEEN A PART IN INTEREST IN ANY ADMINISTRATIVE AGENCY PROCEEDING OR CIVIL LITIGATION? IF SO, PROVIDE DETAILS.

No.

41. HAVE YOU BEEN INTERVIEWED OR ASKED TO SUPPLY ANY INFORMATION AS A WITNESS OR OTHERWISE IN CONNECTION WITH ANY CONGRESSIONAL INVESTIGATION, FEDERAL OR STATE AGENCY PROCEEDING, GRAND JURY INVESTIGATION, OR CRIMINAL OR CIVIL LITIGATION IN THE PAST TEN YEARS? IF SO, PROVIDE DETAILS.

I have been interviewed on several occasions by House Appropriations Committee surveys and investigations teams reviewing various aspects of the Office of Naval Intelligence and

-12-

National Security Agency. These matters included, for example, the Navy special program, NSA counter-narcotics support, and NSA future direction.

On 21 February 1989 I appeared in a closed session of the Senate Select Committee on Intelligence to respond to questions related to the protection of intelligence sources and methods in the prosecution of Oliver North.

As the Director of Naval Intelligence and as the Director of the National Security Agency I have submitted numerous declarations that were used to protect intelligence sources and methods in criminal and civil litigation. For example, I forwarded declarations to the Department of Justice to support the Attorney General's motion under the Classified Information Procedures Act (CIPA) in U.S. v. North and U.S. v. Fernandez. I executed similar declarations in several espionage prosecutions (U.S. v. Nesbitt, U.S. v. Yildirim, U.S. v. John Walker, U.S. v. Michael Walker, and U.S. v. Whitworth) as part of the CIPA process. Similar declarations asserting a claim of privilege to protect classified information were submitted under Military Rules of Evidence in a number of espionage related courts-martial (e.g., U.S. v. Carney, U.S. v. Hall, U.S. v. Proe, U.S. v. Roller, and U.S. v. Shelander).

Finally, in Clift v. United States, a suit challenging a patent secrecy order, I executed a declaration that was relied upon by the Secretary of Defense to assert the state secret's privilege concerning certain classified information.

42. HAS ANY BUSINESS OF WHICH YOU ARE OR WERE AN OFFICER, DIRECTOR OR PARTNER BEEN A PARTY TO ANY ADMINISTRATIVE AGENCY PROCEEDING OR CRIMINAL OR CIVIL LITIGATION RELEVANT TO THE POSITION TO WHICH YOU HAVE BEEN NOMINATED? IF SO PROVIDE DETAILS. (WITH RESPECT TO A BUSINESS OF WHICH YOU ARE OR WERE AN OFFICER, YOU NEED ONLY CONSIDER PROCEEDINGS AND LITIGATION THAT OCCURRED WHILE YOU WERE AN OFFICER OF THAT BUSINESS.)

I am not now, nor have I ever been an officer, director, or partner in any business.

PART F - ADDITIONAL INFORMATION

43. DESCRIBE IN YOUR OWN WORDS THE CONCEPT OF CONGRESSIONAL OVERSIGHT OF U.S. INTELLIGENCE ACTIVITIES. IN PARTICULAR, CHARACTERIZE WHAT YOU BELIEVE TO BE THE OBLIGATIONS OF THE

-13-

DIRECTOR OF CENTRAL INTELLIGENCE, THE DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE, AND THE INTELLIGENCE COMMITTEES OF THE CONGRESS RESPECTIVELY IN THIS PROCESS.

Beyond the oversight responsibilities called out by the National Security Act, various other oversight references¹ and the budget process, the term "oversight" simply, but elegantly, means responsible care and watchfulness. In my view, the Congress executes its oversight responsibilities in two categories. In the first instance, the Congress provides funds for intelligence activities/programs based on requests made by Executive Branch as modified by the Congressional authorizing and appropriating process. Congress tracks funds expenditures (including notification provisions associated with certain fund transfers) and oversees that the Executive Branch focuses appropriate levels of Inspection and Audit in budget executions. Congress may also specify areas where funds may be denied, or impose other types of conditions on fund expenditures. The second category of oversight relates to legality, propriety and procedures. In this instance, the explicit provisions of the National Security Act cite specific Executive Branch obligations to keep the Congressional Intelligence Committees fully and currently informed of all intelligence activities, including covert actions; timely reporting of illegal or failed activities and corrective actions; to consult on procedures related to House and Senate rules to protect against unauthorized Congressional disclosure of classified information and information related to sources and methods; to the extent consistent with security, to keep the Intelligence committees fully and currently informed of all intelligence activities and to furnish requested information or material on these intelligence activities. A key area of Congressional concern relates to specific provisions associated with Presidential approval and reporting of sensitive activities such as covert operations.

My experience with the oversight process has been totally positive. It is a give and take, cooperative process which,

¹Compilation of Intelligence Laws and Related Laws and Executive Orders of Interest to the National Intelligence Community dtd Sep 90 (prepared for HPSCI) is an excellent reference.

when operated on a non-partisan basis in an environment of good communication and sensitivity on both sides, can achieve powerful intelligence results for the country. The Congressional record on unauthorized disclosures is vastly superior to that of the Executive Branch. The overall interactive product of the Executive/Legislative give and take process, whether on budget, programmatic or policy, has resulted in the fielding of the most impressive national intelligence capabilities in the history of mankind (even given some of its weaknesses and failings).

We are faced today with a radically changing and changed world. Much of our existing intelligence structure is easily adaptable to this new world, while other parts need modification. With declining budgets and increasingly diverse intelligence requirements, the Intelligence Community must work closely with the Congress to shape effective and efficient future Community intelligence capabilities which are in tune with the times. This is an important challenge and will require even more elegant give and take interaction and thoughtful oversight for the future. The intelligence business today is complex organizationally, fiscally, technically and operationally. The members of Congress faced with intelligence oversight responsibilities should make every attempt to broaden their knowledge of the Community since we are all enriched by this interaction.

My background is restricted mostly to the conduct of defense intelligence activities. I have a great deal to learn about the management and oversight of sensitive CIA HUMINT and covert action programs, but I will be an avid student of this area where critical oversight issues are so needed and have so predominated. In the final analysis, oversight is about mutual trust and accountability we jointly have between the Executive and the Legislative, and ultimately between those of us in government and the people we serve.

44. DEFINE IN YOUR OWN WORDS THE DUTIES OF THE POSITION TO WHICH YOU HAVE BEEN NOMINATED.

I have been nominated to serve as the Deputy Director of Central Intelligence, a statutory position whose duties are to "act for, and exercise the powers of, the Director (of Central Intelligence) during his absence or disability." Beyond that formal statement of responsibilities, the inherent role of a "deputy" is to assist the Director in all aspects of his job, both as the leader of the Intelligence Community and as head of the CIA.

-15-

I reiterate what I stated at the time of my nomination, that I look forward to working closely with the DCI and the professionals of the Intelligence Community, and to a continuing long and productive association with the many committees of the Congress, as well as the continuing interaction with the Executive and Judicial Branches.

I have discussed my forthcoming job with the DCI, and we have agreed to continue with the integrated activities we inherited from our predecessors. I have insisted, and the DCI has agreed, that the DDCI will be involved in all activities of the Intelligence Community and the CIA. Because of a special interest I have in the Community concept, I will personally try to focus on improving the integration of the Community as a whole, and in developing a truly strong Community mechanism for support of the wide range of DCI/DDCI activities to be performed.

The DCI has recognized the change in the Community (discussed in Question 43, above). He has commissioned a great breadth of task force activities to address areas of major concern for change in both DCI Community support and within CIA. The momentum for thoughtful change and implementation will continue for the near term, but the foundations for this change were laid in earlier times, growing appropriately out of Intelligence Community and Congressional interaction. It will ultimately be the responsibility of the DCI/DDCI, working with the Administration and the Congress, to architect a new and integrated Intelligence Community suitable for the post-Cold War environment where the new priorities will focus on the restructuring of the former Soviet state, regional conflicts, religious and ethnic strife, development and proliferation of sensitive and often deadly technologies, arms control issues, transnational issues such as narcotics and terrorism, the nature and character of economic competition in an increasingly trilateral world and other new and diverse intelligence priorities reflected in NSR 29 and the vast array of other customer requirements.

45. PLEASE ADVISE THE COMMITTEE OF ANY ADDITIONAL INFORMATION, FAVORABLE OR UNFAVORABLE, WHICH YOU FEEL SHOULD BE CONSIDERED IN CONNECTION WITH YOUR NOMINATION.

The following favorable attributes are submitted for consideration. Nominee has:

- Been a career military intelligence officer in the Department of Defense for about 30 years.
- Held senior positions in the Intelligence Community for the

-16-

past six years, first as Director of Naval Intelligence and then as Director of the National Security Agency - the Nation's largest and most productive intelligence activity.

- Managed large and complex intelligence organizations, the annual net operating cost to the taxpayer of which is measured in billions of dollars per year.

- Been a member of the National Foreign Intelligence Council and Board which supports the DCI decisions on resource, policy and substantive intelligence activities.

- Interacted and testified before Intelligence, Armed Services, Appropriations and other committees of both Houses of Congress related to wide range of issues, programs and substance.

- Strongly supported both internal and external oversight of the Intelligence Community, seeking to educate others and strengthen the oversight process, particularly in ONI and NSA, by the establishment of formal internal Oversight Boards chartered to deal with the most sensitive programs and leading edge legal issues.

- Managed the provision of intelligence support to numerous crises during this period, including Naval operation against Libya, JUST CAUSE in Panama and DESERT SHIELD/STORM, to cite a few.

As a senior intelligence professional, I have had the opportunity to measure the strengths and weaknesses of national, theater and tactical intelligence, both in the context of positive intelligence as well as the areas of counterintelligence and security. I have witnessed where good intelligence can make a difference and where poor intelligence is a liability or worse. I have developed specific philosophies and principles related to the conduct of American intelligence which serve as the framework for my daily management of intelligence. While at NSA, I have tried to be a steward of the customers interests and the expectations of the American public that we will penetrate targets that count, work with our customers to understand and satisfy their needs, operate a spectrum of intelligence activities which are legal, proprietary, effective, efficient and highly adaptable. I have witnessed the end of the Cold War and the starting shift in new intelligence focus. I also witnessed the decline, in the late 1980's, of available national resources to support national intelligence structure. I would like to believe I had some part in intelligence successes which won the Cold War, and in preparing the existing and flexible Intelligence Community to continue reducing in size while at the same time, being restructured to

-17-

deal with the new realities of tomorrow. These are exacting and challenging times, and in the rush to change intelligence we must still be mindful of need for robust and professional full spectrum intelligence, well managed and led. We must be thoughtful about the limits of possible changes, change implementation, and the resulting impact on complex intelligence cultures and structures of this Nation. This ultimately translates to continuing to work closely with the Congress on critical resource, policy, structural and substantive issues.

AFFIDAVIT

I, WILLIAM OLIVER STUDEMAN, do swear that the answers I have provided to this questionnaire are, to the best of my knowledge, accurate and complete.

4 Feb 1992
(DATE)

William Oliver Studeman
(NAME)

Kay B. Brackney
(NOTARY)

KAY B. BRACKNEY
NOTARY PUBLIC STATE OF MARYLAND
My Commission Expires February 22, 1993



United States

Office of Government EthicsSuite 500, 1201 New York Avenue, N.W.
Washington, D.C. 20005-3919

February 24, 1992

The Honorable David L. Boren
Chairman
Committee on Intelligence
United States Senate
Washington, DC 20510-6475

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Mr. William O. Studeman, who has been nominated by President Bush to be the Deputy Director of Central Intelligence:

We have reviewed the report and have also obtained advice from the Central Intelligence Agency (CIA) concerning any possible conflict in light of its functions and the nominee's proposed duties. We note that Mr. Studeman has agreed to recuse himself from any matter that would affect his financial holdings unless and until he obtains a waiver of the conflict of interest restrictions from the CIA pursuant to 18 U.S.C. § 208(b)(1).

Based upon the foregoing, we believe that Mr. Studeman is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen D. Potts".

Stephen D. Potts
Director

Enclosure

Executive Branch PUBLIC FINANCIAL DISCLOSURE REPORT

Reporting Status (Check Appropriate Item)	<input type="checkbox"/> Incumbent	<input checked="" type="checkbox"/> New Entrant, Nominee, or Candidate	Date of Appointment, Reassignment, Election, or Reinstatement (Month, Day, Year)	<input type="checkbox"/> Termination Filer	Termination Date (If Applicable) (Month, Day, Year)	Agency Use Only
Reporting Individual's Name	Last Name STUDEMAN		First Name and Middle Initial WILLIAM O.		FEB 21 1992	
Position for Which Filing	Title of Position DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE		Department or Agency (If Applicable) CENTRAL INTELLIGENCE AGENCY			
Location of Present Office (or forwarding address)	Address (Number, Street, City, State, and ZIP Code) FORT GEORGE G. MEADE, MD 20755-6000			Telephone No. (Include Area Code) 301-688-7111		
Position(s) Held with the Federal Government During the Preceding 12 Months (If Not Same as Above)	Title of Position(s) and Date(s) Held DIRECTOR, NATIONAL SECURITY AGENCY 1 AUGUST 1988 TO PRESENT					
Presidential Nominee Subject to Senate Confirmation	Name of Government Committee Considering Nomination SENATE SELECT COMMITTEE ON INTELLIGENCE			Do You Intend to Create a Qualified Diversified Trust? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Certification	Signature of Reporting Individual <i>William O. Studeman</i>		Date (Month, Day, Year) 2/21/92			
Other Review (If desired by agency)	Signature of Other Reviewer		Date (Month, Day, Year)			
Agency Ethics Official's Opinion	Signature of Designated Agency Ethics Official/Reviewing Official <i>David R. Eilenberger</i>		Date (Month, Day, Year) 2/21/92			
Office of Government Ethics Use Only	Signature <i>Stephen D. Watts</i>		Date (Month, Day, Year) 2/24/92			
Comments of Reviewing Officials (If additional space is required, use the reverse side of this sheet) <i>pk - Information added by John Conroy of OGE per telecon w/ Kris Hoggans of CIA.</i>						

Fee for Late Filing
 Any individual who is required to file this report and does so more than 30 days after the date the report is required to be filed, or, if an extension is granted, more than 30 days after the last day of the filing extension period shall be subject to a \$200 fee.

Reporting Periods
Incumbents: The reporting period is the preceding calendar year except Part II of Schedule C and Part I of Schedule D where you must also include the filing year up to the date you file. Part II of Schedule D is not applicable.

Termination Filers: The reporting period begins at the end of the period covered by your previous filing and ends at the date of termination. Part II of Schedule D is not applicable.

Nominees, New Entrants and Candidates for President and Vice President:

Schedule A - The reporting period for income (BLOCK C) is the preceding calendar year and the current calendar year up to the date of filing. Value assets as of any date you choose that is within 31 days of the date of filing.

Schedule B - Not applicable.

Schedule C, Part I (Liabilities) - The reporting period is the preceding calendar year and the current calendar year up to any date you choose that is within 31 days of the date of filing.

Schedule C, Part II (Agreements or Arrangements) - Show any agreements or arrangements as of the date of filing.

Schedule D - The reporting period is the preceding two calendar years and the current calendar year up to the date of filing.

(Check box if comments are continued on the reverse side)

24

Reporting Individual's Name STUDEMAN, WILLIAM O.	SCHEDULE A	Page Number 2
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Assets and Income <small>BLOCK A</small>	Valuation of Assets at close of reporting period <small>BLOCK B</small>						Income: type and amount. If "None (or less than \$201)" is checked, no other entry is needed in Block C for that item. <small>BLOCK C</small>										
Identify each asset held for the production of income which had a fair market value exceeding \$1,000 at the close of the reporting period. Identify each asset or source of income which generated over \$200 in income during the reporting period. None <input type="checkbox"/>		None (or less than \$1,000)	\$15,000	\$50,000	\$100,000	Over \$1,000,000	Type					Amount					Date (Mo., Day, Yr.) Only if Howavio
		None (or less than \$1,000)	\$15,000	\$50,000	\$100,000	Over \$1,000,000											
		None (or less than \$1,000)	\$15,000	\$50,000	\$100,000	Over \$1,000,000	None (or less than \$201)	None (or less than \$201)	None (or less than \$201)	None (or less than \$201)	None (or less than \$201)	None (or less than \$201)	None (or less than \$201)	None (or less than \$201)	None (or less than \$201)	None (or less than \$201)	
8. Central Airlines Common 100 Ex. Due Jones & Smith, Hometown, USA 100 None Kempton Equity Fund 100 None Due Jones & Smith pension plan																	\$130,000
1 S FEDERAL NATIONAL MORTGAGE ASSN (STOCK)				X													
2 S SHEARSON LEHMAN AMERICAN EXPRESS (STOCK)																	
3 S IRA TEMPLETON <i>[Templeton World Fund] JK</i>		X											X				
4 RENTAL PROPERTY VA 10109 COLUMBINE GREAT FALLS, VA					X			X									
5 RENTAL PROPERTY VA 1054 GARDENIA RD VIRGINIA BEACH, VA									X								
6 EMPLOYMENT, SECRETARY TO THE CHAIRMAN, FEDERAL NATIONAL MORTGAGE ASSN (WIFE)																	SALARY

U.S. Office of Government Ethics

Reporting Individual's Name		SCHEDULE A										Page Number												
STUDEMAN, WILLIAM O.												3												
Assets and Income		Valuation of Assets at close of reporting period					Income: type and amount. If "None (or less than \$201)" is checked, no other entry is needed in Block C for that item.																	
BLOCK A		BLOCK B					BLOCK C																	
Identify each asset held for the production of income which had a fair market value exceeding \$1,000 at the close of the reporting period. Identify each asset or source of income which generated over \$200 in income during the reporting period. None <input type="checkbox"/>		None	\$1,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$250,000	\$250,001 - \$500,000	Over \$1,000,000	Type					Amount					Date (Mo., Day, Yr.) Only if Honorary					
									Rents and Royalties	Capital Gains	Dividends	Interest	Other	None	\$1 - \$100	\$101 - \$1,000	\$1,001 - \$2,500	\$2,501 - \$10,000		\$10,001 - \$100,000	Over \$100,000	Actual Amount		
5	Central Airlines Common																							
100	Ex-amp: Doe Jones & Smith, Hometown, USA																							
100	Example: Kemperone Equity Fund																							
100	Doe Jones & Smith pension plan																							
1	DIME SAVINGS BANK NY (CD)		X																					
2	IRA NAVY FEDERAL CREDIT UNION		X													X								
3	MCI (STOCK)		X																					
4																								
5																								
6																								

Reporting Individual's Name STUEMAN, WILLIAM O.	SCHEDULE B	New Entrant/Nominee/Candidate: Schedule Not Applicable <input checked="" type="checkbox"/>	Page Number 4
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Part I: Transactions

Report any purchase, sale, or exchange by you, your spouse, or dependent child during the reporting period of any real property, stocks, bonds, commodity futures, and other securities when the amount of the transaction exceeded \$1,000. Include transactions that resulted in a loss. Do not

report a transaction involving property used solely as your personal residence, or a transaction solely between you, your spouse, or dependent child. Check the "Certificate of divestiture" block to indicate sales made pursuant to a certificate of divestiture from OGE.

None

B, OC	or	Identification of Assets	Transaction Type (x)			Date (Mo., Day, Yr.)	Amount of Transaction (x)														
			Purchase	Sale	Exchange		\$1,001 - \$1,000	\$1,001 - \$1,000	\$1,001 - \$1,000	\$1,001 - \$1,000	\$1,001 - \$1,000	\$1,001 - \$1,000	\$1,001 - \$1,000	\$1,001 - \$1,000	\$1,001 - \$1,000	\$1,001 - \$1,000	\$1,001 - \$1,000	\$1,001 - \$1,000	\$1,001 - \$1,000	\$1,001 - \$1,000	
	Example	United Airlines Common	x			9/91															
1																					
2																					
3																					
4																					
5																					

Part II: Gifts, Reimbursements, and Travel Expenses

Report the source, a brief description (including travel, dates, and the nature of expenses provided), and the value of: (1) transportation, lodging, food, or entertainment received from one source totaling \$250 or more (unless received as personal hospitality at the donor's personal or family residence); (2) other gifts from one source totaling \$100 or more in value; and (3) cash reimbursements of \$250 or

more from one source. Exclude gifts, reimbursements and travel expenses from the U.S. Government, also exclude gifts from relatives, gifts of \$75 or less when aggregating gifts for the total from one source, and gifts and reimbursements received by your spouse or dependent child that were given totally independent of the relationship to you. See instructions for further exclusions.

None

B, OC	Source (Name and Address)	Brief Description	Value
	Example: Nat'l Assn. of Book Collectors, NY, NY	Airline ticket, hotel room & meals incident to national conference 9/15/91	\$500
	Nat'l Assn. of Book Collectors, NY, NY	Leather briefcase for raising president	\$125
1			
2			
3			
4			
5			

Reporting Individual's Name STUDEMAN, WILLIAM O.	SCHEDULE C	Page Number 5
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Part I: Liabilities

Report liabilities over \$10,000 owed to any one creditor at any time during the reporting period by you, your spouse, or dependent child. Check the highest amount owed during the reporting period. Exclude a mortgage on your personal residence unless it is rented out; loans secured by automo-

biles, household furniture or appliances; and liabilities owed to certain relatives listed in instructions. See instructions for revolving charge accounts.

None

Category of Amount or Value (s)

S.	DC	Creditors (Name and Address)	Type of Liability	Date Incurred	Interest Rate	Term if applicable	Category of Amount or Value (s)													
							100001 - 100010	100011 - 100020	100021 - 100030	100031 - 100040	100041 - 100050	100051 - 100060	100061 - 100070	100071 - 100080	100081 - 100090	100091 - 100100	Over 100000			
		<i>Examples</i> First District Bank, Washington, DC John Jones, 123 1/2 St., Washington, DC	Mortgage on rental property, Delaware Promissory note	1981 1980	12% 10%	25 yrs on demand														
1		FIRST UNION (PREVIOUSLY CAMERON-BROWN), RALEIGH, NC	MORTGAGE ON VIRGINIA BEACH, VA HOUSE PROPERTY	1976	8.5	30				X										
2		FIRST VIRGINIA (PREVIOUSLY ARLINGTON MORTGAGE), FALLS CHURCH, VA	MORTGAGE ON GREAT FALLS, VA HOUSE PROPERTY	1986	10	15						X								
3		NAVY FEDERAL CREDIT UNION, WASHINGTON D.C.	SECOND MORTGAGE ON VIRGINIA BEACH, VA HOUSE PROPERTY	1988	10.9	12				X										
4																				
5																				

Part II: Agreements or Arrangements

Report your agreements or arrangements for future employment, leaves of absence, continuation of payment by a former employer (including severance payments), or continuing participation in an

employee benefit plan. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

None

Status and Terms of any Agreement or Arrangement		Parties	Date
<i>Example:</i>	Pursuant to partnership agreement, will receive lump sum payment of capital account & partnership share calculated on service performed through 1/31 and retained pension benefits (independently managed, fully funded, defined contribution plan)	Doe Jones & Smith, Hometown, USA	7/85
1			
2			
3			
4			
5			
6			

Reporting Individual's Name STUDEMAN, WILLIAM O.	SCHEDULE D	Page Number 6
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Part I: Positions Held Outside U.S. Government
 Report any positions held during the applicable reporting period, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities and those solely of an honorary nature.

Organization (Name and Address)		Type of Organization	Position Held	From (Mo., Yr.)	To (Mo., Yr.)
Examples	Nat'l Assn. of Busk Collectors, NY, NY Doe Jones & Smith, Hometown, USA	Non-profit education Law firm	President Partner	6/82 1/85	Present 1/81
1					
2					
3					
4					
5					
6					

None

Part II: Compensation In Excess Of \$5,000 Paid by One Source
 Report sources of more than \$5,000 compensation received by you or your business affiliation for services provided directly by you during the reporting period. This includes the names of clients and customers of any corporation, firm, partnership, or other business enterprise, or any non-profit organization when you directly provided the services generating a fee or payment of more than \$5,000. You need not report the U.S. Government as a source.

Incumbent / Termination Filer / Candidate:
 Not Applicable
 None

Source (Name and Address)	Brief Description of Duties
Examples	Doe Jones & Smith, Hometown, USA Legal services Metro University (client of Doe Jones & Smith), Hometown, USA Legal services in connection with university construction
1	
2	
3	
4	
5	
6	

28



**BALTIMORE
WASHINGTON
CORRIDOR
CHAMBER**
LAUREL, MARYLAND, INC.

Phone: (301) 725-4000

Fax: (301) 725-0776

7901 SANDY SPRING ROAD, SUITE 501, LAUREL, MARYLAND 20707-3551

March 3, 1992

The Honorable David L. Boren
Chairman
Senate Select Committee on Intelligence
United States Senate
453 SROB
Washington, D.C. 20510-3601

In Re: **Confirmation Hearings
Vice Admiral William O. Studeman
Deputy Director, Central Intelligence Agency**

Dear Senator Boren:

It is with equal parts of pleasure and disappointment that I write concerning the impending confirmation hearings of Vice Admiral William O. Studeman, President Bush's nominee for Deputy Director, Central Intelligence Agency.

Those of us involved with the Corridor business community have seen a dramatic change in the perception of our region's greatest economic engine, the National Security Agency. For most of the Agency's history, it operated in a nearly totally autonomous fashion, taking--it was perceived--little interest in the affairs of the local communities which benefitted greatly by its presence and yet knew so little of the Agency's dramatic contributions to Maryland's economy.

Under Admiral Studeman's leadership, the business community has been made to feel it was a partner with the Agency. Even though we learned not one single "secret," we came to understand in a manner as never before just how important the Agency was to the economic, sociological and charitable health of our region. Admiral Studeman took it upon himself to help change decades of "No comment," and led the way to an Agency which realized it was a member of a community and acted as if it were!

To my knowledge, Admiral Studeman was the first Director of NSA who took the "risk" of appearing before a large gathering of business leaders to talk about the Agency and its role in the Corridor community. It was the largest turnout we've ever had at a Corridor Chamber program.

SERVING THE CORRIDOR SINCE 1947

Letter to Science Board
 House Select Committee on Intelligence
 March 3, 1992
 Page 2.

Admiral Studeman's support and encouragement has also led to the following:

◆ The Office of Corporate Representation has established a liaison with the Corridor Chamber, providing opportunities for dialogue and exchange that were never present before. Programs for the transfer of surplus science equipment to largely-minority middle schools have been instituted; opportunities for small and historically disadvantaged business have been developed and promoted; opportunities for conference and visitors bureaus of jurisdictions surrounding the Agency have been encouraged, all of which benefit businesses substantially;

◆ A member of the NSA community is now Vice-Chairman of our Corridor Transportation Corporation (CTC), which is a non-profit organization operating a regional bus system, which last year carried 200,000 passengers, some of them on a route which serves NSA and the Fort Meade community;

◆ A member of the Agency community is now a Director of another non-profit corporation, Corridor Information Centers, Inc., which operates the highway information centers on Interstate 95. In 1991 these facilities served 578,000 visitors to Maryland. Significantly, these centers also provide a great deal of information to existing and new members of the NSA family.

◆ The Agency took the unprecedented step of participating in Project Reach-Out, a program designed to provide mentors, tutors and other volunteer assistance in Maryland's schools. NSA employees this past year contributed many thousands of hours to this endeavor, and Admiral Studeman has for two years appeared on the televised program to share with the audience NSA's role in science and math education and other education programs. In communities throughout Maryland there was a greater understanding of the contributions made by NSA employees in the communities where they live.

There are many other examples of the leadership and initiatives provided by Admiral Studeman, all of which compel us, with great pleasure, to urge your Committee's confirmation of his nomination as Deputy Director of the CIA.

Our displeasure comes with the realization that what will be CIA's gain is NSA's--and the Corridor region's--loss. Indeed, Admiral Studeman has made a profound impact on our Baltimore/Washington Corridor and we will long remember his significant contributions.

I'm not an expert in national security, signals intelligence or any of the other acronyms which seem to be a large part of the intelligence community. I can

Letter to Senator Byrd
 Senate Select Committee on Intelligence
 March 2, 1978
 page 1.

only relate what I and thousands of other business people in the Corridor community see in Bill Studeman: a man of integrity, vision, leadership and possessor of a genuine understanding of what is vital to our Nation's best interests.

On behalf of the Board of Directors and membership of the Corridor Chamber, I respectfully and enthusiastically urge the confirmation of Vice Admiral William O. Studeman.

I trust you will share this information with the members of your Committee.

Very truly yours,



H. Walter Townshend
 President & Chief Executive Officer

HW:ks

cc: Richard Husted, Chairman of the Board
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Chairman BOREN. I think it's important that we have leaders at our intelligence agencies who not only understand their professions, but take the time to understand and deal with the concerns of the public and the communities in which they operate. And in this respect, this letter is certainly a very strong testament to the ability and disposition of the nominee. We've had recently announced new initiatives by the Director of Central Intelligence in the area of openness to try to make the Intelligence Community more understandable and more accountable to the American people. The release of historic documents will make it certain that our history will be written more accurately. I think that kind of accountability plays a very wholesome role in terms of those who now work in the Intelligence Community, because they will know as historic documents are now being released, often during the lifetimes of those who participated in those decisions, that they too will be held accountable in the future.

It is important to hear this perspective from a member of the business community sharing his own experience with Admiral Studeman. It is certainly consistent with the kind of leadership toward more openness and accountability, more involvement in the total community, especially in these changing times, by the Central Intelligence Agency and the other elements of the intelligence gathering and analyzing capabilities of our government.

At this point, since the nominee is being introduced today by the Vice Chairman, I will turn to him at this point to make the formal introduction to the Committee. Senator Murkowski.

**STATEMENT OF FRANK MURKOWSKI, A UNITED STATES
SENATOR FROM THE STATE OF ALASKA**

Senator MURKOWSKI. Thank you, Mr. Chairman.

I think that your remarks have covered a good deal of the background relative to our nominee, Vice Admiral William O. Studeman. And, the fact that the President has seen fit to indicate his confidence in nominating Admiral Studeman as the Deputy Director of Central Intelligence, I think meets with the approval of all Members of our Committee. As you pointed out, Admiral Studeman is no stranger to us, having appeared I'm told some seven years at least before this Committee.

Now, while the Admiral is a Texan by birth—that's a small state south of Alaska—

Chairman BOREN. Actually, a buffer that protects the state to the north from Gulf weather.

Senator MURKOWSKI. And I might add, Bill Studeman is a distinguished Naval intelligence officer by career choice. In his distinguished career he has served, among other assignments, as the Operational Intelligence Officer with the Seventh Fleet during four lengthy deployments to Vietnam/Southeast Asia; as Executive Assistant to the Vice Chief of Naval Operations; and later as Commander of Naval Operations Intelligence Center; and as Director of the Long-Range Planning Group under the Chief of Naval Operations.

I think you pointed out that in 1985, Mr. Chairman, he was named Director of Naval Intelligence. He served in that position

until 1988, when he became Director of the National Security Agency, and that is the job that he holds today.

Last year's hearings in this Committee on the nomination for a new DCI highlighted some of the areas of general agreement concerning the post of Deputy DCI. First, the DDCI should be a military officer because so many of the programs and so much of the manpower of the Intelligence Community are to be found within the Department of Defense. Secondly, that officer must be a man of extraordinary ability with the breadth of mind and creativity to deal effectively with the accelerating pace of change in the world around us. And he must be an officer who commands universal respect among his peers in the military service. Finally, he should also be someone who can adapt to a more open style of doing business than has been the norm for intelligence agencies during the past Cold War.

So, Mr. Chairman, I am pleased to present such an officer to the Committee. Admiral Studeman has mastered, as few have, the intricate and arcane world of signals intelligence. At the same time his open door style of leadership has prompted an unusual and enthusiastic letter of commendation from the leaders of the business community along the Baltimore-Washington Corridor. He enjoys an enviable reputation among those—both in military and civilian careers—who have dealt with him over a number of years. And, I think this Committee has found him to be unfailingly responsive and effective. He certainly believes in the oversight concept and supports it. And I know that he and DCI Gates will provide the necessary leadership for U.S. intelligence in the challenging days ahead. It gives me a great deal of pleasure and it is a privilege to formally present Admiral Studeman before our Committee today, Mr. Chairman.

Chairman BOREN. Thank you very much. I appreciate the comments of my colleague, the Vice Chairman.

Admiral Studeman since this is a confirmation hearing we will ask that you rise and be sworn before you begin your introductory comments. Would you please raise your right hand?

Do you swear that the testimony that you're about to give is the truth, the whole truth and nothing but the truth, so help you God?

Admiral STUDEMAN. I do.

Chairman BOREN. Thank you very much. You may be seated and we would welcome your opening comments at this time.

STATEMENT OF VICE ADM. WILLIAM O. STUDEMAN, NOMINEE TO BE DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE

Admiral STUDEMAN. Thank you very much Mr. Chairman, also Senator Murkowski for that kind introduction and testimonial.

Let me say that it's always a pleasure to appear before this distinguished Committee. In this case it is with great humility that I come before you as the President's nominee for this important position. At this point in my career, I am honored at the prospect of working closely together with Bob Gates and the intelligence professionals of this country, including on this Committee, as we face new and fascinating challenges and opportunities. We are all the product of our own experience. I spent virtually all of my adult life

as a naval officer and full-time professional intelligence specialist. During that time I have served in the field and at the national level in Naval and Defense intelligence positions. My time in the Navy and at the National level has left me with some powerful impressions about intelligence which I would like to share in general with you. I do this because these feelings shape the way I think about this fascinating and magical, yet, fragile profession.

The Cold War dominated my career focus. The burden was on the Allied military services to be prepared to fight a global war on any scale, including nuclear conflict, with center stage focused on the plains of Europe and the vulnerable maritime flanks of the former Soviet Union. The prospect of this conflict, particularly war in Europe, is behind us, and history has adjudicated the global historical experiment with Marxist Communism as a bankrupt dialectic.

The two World Wars, Communist Revolution and the subsequent Cold War dynamics dominated the scene to the extent that the traditional regional ethnic, religious, tribal and economic discontinuities and transnational instabilities which characterized the period before the early part of this century, were pushed into the background. These significant historical characteristics are now emerging and mixing together with the additional modern features of proliferating high technology threats, together with significant untoward ecological and environmental factors potentially at work in a world struggling to provide a decent living for its growing population. The current rate of global change is quite incredible, and U.S. intelligence will have a significant responsibility to continue to provide a wide range of intelligence support to policymakers, planners and operational customers for the future.

It is my understanding that the collation of future requirements from U.S. departments and agencies collected in response to the President's NSR-29 effort does, in fact, reflect a much broader set of national intelligence requirements, testifying to the global diversity and complexity of tomorrow's world. Even though these requirement sets are large and disparate, the U.S. national economic situation and downward budget trend dictate a leaner and more efficient national and defense intelligence support system.

In constant dollars, the phenomenal growth of the intelligence programs peaked in the late 1980's and has been declining ever since. The slope of the current and projected decline is potentially significant and, together with the diversity of emerging new requirements, dictates some new thinking and approaches to intelligence structure and program.

Both the Congress and Intelligence Community recognized this fact several years ago, and have been proceeding on parallel paths to think about future intelligence in new terms. The draft Intelligence Community Reorganization bills and the current hearings represent the Congressional activities ongoing, and the recent reorganization of Defense Intelligence, the DCI's Task Force activities, and ongoing internal discussions and changes in intelligence agencies represent the Executive actions.

The areas under review and solutions recommended by both the Executive and Legislative appear to have a high degree of rough correlation. As we converge on the issues, we have an opportunity

to think about intelligence in new and exciting ways as we work together on these structural, process and programmatic issues. But we also need to ensure that we do not damage the Community or put it in a substantially weakened or vulnerable position during the transition period.

Despite all the change in the world, it has not suddenly become a peaceful, reasoned, free and progressively enlightened place in which to live. Therefore, I am very concerned that the country be thoughtful about the degree and pace of building down its intelligence, security and defense capabilities, as well as their related industrial underpinnings. These important national security equities are competing less well today, not only in the resource areas, but also for policy and legal rationales based on the need for economic activity at any price, or for notions that contribute idealistically to the concept of a benign world.

As we go through the policy and resource debates associated with living in a changed world, it is important that we do this in a measured way, mindful of how quickly we should sacrifice national security leverage and strength against an uncertain future.

Permit me to be a cheerleader for a moment. This nation owes a great debt of gratitude in my view to intelligence for the role it played during the past 50 years. It was by no means a faultless performance. It had, and will continue to have, its setbacks and failures, some of which can be significant, but overall United States intelligence has consistently delivered a high level of important support to decisionmakers at all levels of the government, and particularly to the military. This achievement has been possible because of the continuing close interaction with the Congress, our discriminating customers, and a vast array of productive Allied partnerships that we've enjoyed around the world. Perhaps it is a uni-centric view, but pursuit of powerful intelligence capabilities is a unique and enlightened national ethic worthy of sustaining. Few countries make the investment and develop the skills and infrastructure required to achieve truly broad access to intelligence targets and even fewer attempt or achieve this on a global scale while sustaining appropriate levels of oversight.

We cannot meet all of our customers' demands, but we do impressively well overall, and perform brilliantly, both operationally and technically, in some areas, and we will always continue to encourage our customers to press us to new heights of betterment. It may be that the greatness of a nation is at least partially reflected in a combination of the success and sensitivity of its intelligence investments and performance.

Desert Storm, despite some of its weaknesses, demonstrated the flexibility, adaptability, responsiveness and vast technical achievement of modern U.S. intelligence. Even considering its flaws, Allies, adversaries and others stood in awe, not only of modern battlefield tempo and lethality, but also of the noble powers of contemporary collection, processing, and information handling means to support the modern battlefield. The former Soviet Union military, in a recent study of the War, gave recurring comment to the achievement of reconnaissance strike complexes and "noted that the conception of unification of automated control systems, communications, monitoring, reconnaissance and electronic combat assets

of varied nationality into a single whole and access to global operational control system was fully realized in practice.”

The long lists of positive achievements are often taken for granted and have often been obscured somewhat in this town where the accent and weight seems always given to the fewer and negative factors. These negative factors need addressal but they should not detract from what was a fundamentally spectacular intelligence performance consistent with the requirements of the modern complex high-technology battlefield.

Mr. Chairman, I wanted to impose on the Committee's indulgence for a brief moment to talk about the philosophy of intelligence. As a senior manager, I must constantly fall back on the basic principles of this business that I have so carefully collected over my career. These principles are important to me, and directly influence the way I do my job on a daily basis. They give me comfort in this confirmation environment, and they govern how I look at restructuring and the intelligence process. I offer them to you simply and in brief.

First, it is the immutable obligation of intelligence to penetrate targets that count. This includes the concepts of taking the long view, distinguishing important requirements, managing collection with great operational-technical skill, and prioritizing and carefully managing the details of analysis and reporting. Deep penetration implies not more collection and analysis, but better collection and analysis. Since you must also impute this first obligation of penetration to professional hostile intelligence services, there are direct counterintelligence and security countermeasure corollaries. If deep penetration or even shallow penetration is successful, the issue of competitive analysis becomes somewhat less critical because there is less need to argue over analytic interpretation in the face of real facts. Lack of penetration also gives rise to mirror-imaging and other types of experience-based analysis which may not be valid.

The second obligation, like total quality management and leadership, puts a premium on understanding—hopefully, deeply—the interests and needs of our customers. This doesn't just imply soliciting requirements and priorities from the customer, but rather continuously living, working and interacting with the customer on reporting and evaluation at all significant levels of policy, planning and evaluation. This degree of integration substantially exists in Defense and in some areas of national support such as Arms Control, but it may not exist satisfactorily across all levels of national intelligence.

The third major principle relates to something that tops the Congress's priority list and which you have already mentioned in your opening remarks, and that is oversight. Intelligence, in an American democracy, must conduct legal and rightful activities commensurate with our ideals and values. We must therefore willingly accept continuous scrutiny both from within our own ranks and from without, and from other parts of the Executive, the Judiciary and most especially, the Legislative. In this role, the Congress has the unique role of acting as the eyes, the ears and the voice of the American people who cannot be cleared for these sensitive activities. It is for our own well being that oversight needs do exist in

substantial measure and where oversight has failed or is yet undeveloped, we know we are vulnerable.

To me, the final main principle relates to the concept of community. Intelligence is made of disparate cultures and complex organizations which must work together in harmony. These organizations, people and related activities are part of a whole fabric which is matrixed together in countless ways. The concepts and objectives of true community have particular significance to me as we continue the dialogue of restructuring and look for ways to find economy and efficiency in a new and changed world while still retaining and even improving effectiveness.

There are other supporting principles which impose on today's professional intelligence officer the responsibility to pursue multidisciplinary fusion as the most enlightened form of analysis, to have a vision of the future battlefield—be it military or civilian—and to prepare that battlefield in advance; to be reasonable, yet sensitive to the difficult task of protecting sources and methods and information; to be thoughtful and sensitive about requesting and managing intelligence resources and technology, and to understand the complex architectures of this business. This latter area relates to knowledge of command, control, communications, and computers, information systems, and the phenomenal technical performance characteristics of collection, processing and dissemination systems.

Our world is made up of a great complexity of these systems; they're expensive and these information architectures dictate our success or failure on each day. These, and other principles, or rules and skills, are what make up the fabric of a community fighting a full-time war every day, principally against the negative forces the impact on our national interests. Lastly, it is our intelligence people that are our most valued commodity, and they deserve to be thoughtfully and professionally led, challenged, organized and resourced to perform their magic effectively.

Mr. Chairman, despite my lengthy career, I still have much to learn, and will need to add new philosophical, operational and ethical constructs along the way. Covert action and the details of national clandestine operations management will be virtually new to me. I hope to focus my continuing education early in these key areas, since they are preeminently oversight sensitive in both the Congress and in the Intelligence Community.

So to conclude, the new world is here, perhaps with potentially more moderate peak threats, but certainly our interests are now spread across a broader front of political, military, economic, sociological and technical issues. These are exciting and challenging times, as our country also looks for its own future domestic strengths. In this environment, the nation will need cost effective global intelligence access to serve its diverse interests and the interests of our friends. While I clearly have much to learn, I would be proud to try to do my part, and serve with a focused and dedicated community as Deputy Director of Central Intelligence.

Mr. Chairman, this concludes my statement. And I look forward to working constructively with this and other Committees of the Congress as I've done so often in the past. I'm unaccustomed to dis-

cussing intelligence matters in an open and public hearing but I would now be most happy to take your questions.

Chairman BOREN. Thank you very much Admiral Studeman.

Let me say that since the Vice Chairman and I made our opening comments, we have been joined by Senator D'Amato of New York, a valued member of this Committee. Before we begin our questioning, I wonder if Senator D'Amato has any comments that he would like to make.

Senator D'AMATO. Mr. Chairman, in the interest of time, I am just going to ask that my statement be incorporated into the record as if read in its entirety and welcome the Admiral.

Chairman BOREN. Thank you very much.

Without objection, your statement will be placed in the record.

[The statement of Senator D'Amato follows:]

10 Mar 92

Senator Alfonse D'Amato

Opening Statement

VADM William O. Studeman Nomination to be DDCI

SSCI Hearing

Mr. Chairman:

I want to begin by thanking you and our distinguished Vice Chairman for so promptly scheduling a hearing on Admiral Studeman's nomination to be Deputy Director of Central Intelligence. Since we are now debating a major reorganization of the U.S. Intelligence Community, it is important that we act on this nomination, so that a major leadership position is not vacant.

I want to join with you and the other Members of this Committee in welcoming Admiral Studeman as he comes before us today. He has had a long and varied career in U.S. intelligence, one in which he has held a succession of positions of ever-increasing importance and responsibility, and in which he has performed with distinction.

The President has now nominated Admiral Studeman to an even more important position. He will serve as second-in-command of U.S. intelligence, and assume duties of the Director in his absence. During the past two transitions in

the Directorship, we saw how important that role can be -- when Bob Gates was DDCI and served as Acting Director after William Casey's death, and when Dick Kerr was DDCI and served as Acting Director after Judge Webster's retirement and prior to Bob Gates' confirmation.

The DDCI has important day-to-day duties of his own in the management and direction of U.S. intelligence activities. Given Admiral Studeman's extensive high-level background in U.S. intelligence, I am confident that he will be able to perform those duties with the same degree of excellence he has brought to his entire career in intelligence to date.

I look forward to this opportunity to discuss with the Admiral his views on the changing world and the future of U.S. intelligence in that world.

Thank you, Mr. Chairman.

Chairman BOREN. Let me turn first to the question of oversight and the responsibility to the Oversight Committees. How do you understand the responsibility of the Executive branch as far as keeping the Congressional Intelligence Committee informed of covert operations and other, quote, "significant intelligence activities"?

Admiral STUDEMAN. I thought I would make an aside before answering that question directly. I told you in my opening remarks that this is a new area for me. In fact I was moved to create my own notebook which I will keep on my desk, entitled, "Oversight Rules on Timely Reporting of Covert Action Findings, Significant Anticipated or Changed Activities, Illegal or Improper Intelligence Activities and Errors in Testimony."

It provides essentially all the guidance which I believe that Bob Gates has shared with you over time and in which I fully concur and agree. Clearly, the Intelligence Community has a significant requirement to keep the Committee informed in accordance with this oversight—or the FY91 Intelligence Authorization Act of covert action and sensitive intelligence activities. As the President essentially drafts and signs the Findings that govern covert action, we have an obligation to provide the results of those Findings to the Committees, appropriate Committees before the implementation of those covert actions if possible. Clearly, if it is not possible because of the sensitive nature of some of the activities, potentially the life-threatening aspects of it, we have an obligation to provide those Findings to the Committee shortly thereafter. And I believe that Bob Gates has said that that will be generally within 48 hours of the time that such activities of that sensitive type commence, and I certainly am in agreement with that.

Clearly we have an obligation to notify the Committee of significant changes to those. We have equally an obligation to report illegal activities which we discover, certainly in my new role—discover in the CIA and to encourage the appropriate agency heads to report illegal activities that they have discovered in their own agencies, and as well, significant obligations to correct errors in testimony.

Chairman BOREN. Under the law the President may choose to withhold prior notice of covert actions from the Oversight Committees. This has been rarely done. There is also the procedure for the President to notify the so-called Gang of Eight—the Majority and Minority Leader, the Speaker and Minority Leader of the House and the Chair and Vice Chair of the two Intelligence Committees of the House and Senate. The only circumstance I can recall or know about where the notice was withheld for a significant period of time involved what has come to be called the Iran-Contra Affair. In that case a Finding, which authorized the shipment of weapons to Iran, and which was only retroactively entered into, would no longer be allowed under the law. Let us suppose you were in a situation where the President ordered you to continue to withhold, both from the Gang of Eight and from the total Membership of the Committees, notice of the existence of a Finding or an operation which should be under the law only conducted pursuant to a Presidential Finding. What would your reaction be?

Admiral STUDEMAM. Again, I would go back to the position taken by Bob Gates in which I fully concur—and we have in fact discussed this and Bob Gates has enjoined me to essentially be a second line of defense or a parallel line of defense in ensuring that our actions are consistent with this policy, which is that the DCI would clearly recommend strongly to the President against delaying any kind of notification and would repeatedly object to such a delay. If a delay were unwarranted or threatened the relationship of trust with the Congress, clearly some kind of stronger action including resignation, would in fact have to be contemplated.

Chairman BOREN. Are there to your knowledge, any covert action Findings authorized by the President which have not been reported to the Oversight Committees as of this time?

Admiral STUDEMAM. I am not aware of any. But I will tell you quite honestly, I am coming out of a part of the Intelligence Community that doesn't routinely get access to covert action Findings.

This Committee may find it very strange, but the principle of need to know does exist particularly inside the Department of Defense and the Intelligence Community. And in my experience as a professional intelligence officer, I have only ever actually seen parts of Findings, and I am not briefed by the Community on the full range of Findings that currently exist and have been disclosed to the Committee. So I am not sure I am in an authoritative position to directly answer your question about Findings that haven't been thus far reported to the Committee.

Chairman BOREN. But you will in your new position, if confirmed, then have access to all the Findings now in force?

Admiral STUDEMAM. Absolutely.

Chairman BOREN. And I assume at that point that you would conduct a review of them to make certain that all have been briefed to the Committees?

Admiral STUDEMAM. As a matter of first and substantial priority, I can assure you, sir.

Chairman BOREN. Do you believe it would be appropriate under any circumstances to intentionally deceive one of the Oversight Committees to protect national security interests of the country?

Admiral STUDEMAM. I never have in the past and I see really no reason in the future to find any rationale for deceiving the Committees.

Chairman BOREN. Let's suppose it is an area where the President has issued a Finding, but has given the admonition that it will not be yet briefed to the Committees or to the Gang of Eight; notice is withheld. And you are asked the question, Admiral Studemen, some of us that suspect that there has been a Presidential Finding or that there is a Presidential ordered covert action going on in relationship to X area of the world. Now, do you know whether or not such an action is going forward, or can you tell us that there has not been such an order issued? Suppose you were put in that position?

Admiral STUDEMAM. Well let me say again, go back to Bob Gates' guidance again which I fully concur in, which is in conditions where the Findings have not yet been briefed to the Committees or to the Gang of Eight. Clearly, Bob Gates sees only a very short period of time beyond which the covert action starts and the Com-

mittee should be briefed. And I believe he has spoken to the Committee about a time span that is roughly on the order of 48 hours. My sense is that clearly I would not like to be put in the position, and I would certainly urge the President to give me authority, or give Bob Gates the authority to answer such questions. But I hope the timeliness factors that we are now talking about in terms of these kind of notifications will obviate that kind of condition existing.

Chairman BOREN. Suppose you were just pressed. You know of certain things that you have been told not to brief the Committee. Someone on the Committee asks you, can you assure this Committee that there is not such a covert action going forward? How would you answer that question?

Admiral STUDEMAN. I think I would have to say that I wasn't at liberty essentially to brief it at that particular point. But I certainly would urge clearly that we come down at some point in time in the near term clearly and within the construct of this 48 hour period.

Chairman BOREN. Do you think the Intelligence Committees should have to ask the, quote, "right question" in order to obtain information that they are entitled to have? This has been one of the problems that we have had at times in the past. Even though you would know what information was being sought by a member of the Committee, you could still give an answer that is technically correct, technically truthful, but obviously doesn't impart the information that the Member is wanting to elicit.

Admiral STUDEMAN. Well, I've never been in this position before because I don't generally subscribe to the concept of having—at least, not in the years that I have been dealing with these Committees, to the concept of either providing what I would call half answers or having to respond to only the right question. I think it is important in the spirit of openness, considering that there are other governing conditions, to essentially be able to answer the question elaboratively, and if it was clearly the oblique intent of the question to get at an issue, then the issue should be explored.

Chairman BOREN. Obviously you have a great deal of confidence in the Director, and Members of this Committee voted to recommend his confirmation after very long study. According to comments I have heard from members of this Committee since then, he has made a very favorable impression in terms of the steps that he has taken, including some very substantial reforms, in the very brief time that he has been Director. So this is purely a hypothetical question. What if you found yourself in a situation in which you felt that the Director was not acting as he should, or that the Director were involved in a program that was either not authorized or that he was continuing to withhold notice, even on Presidential order, when you felt that notice should not be withheld. We had situations in hearings in which Mr. Gates testified that he took disturbing information to Director Casey, thinking that was the appropriate place to take it. There was even additional testimony that at some point in time they went together and met with Admiral Poindexter. Now we now know in retrospect, that there is at least arguably from the historical record some difference of opinion about the likelihood that Mr. Casey was involved in the operation

or had knowledge of the operation, so that he probably was not very surprised about the information or the troubling questions that Mr. Gates took to him. We know, from Admiral Poindexter's own testimony, that he certainly was aware of it. In both cases, the then-Deputy Director was sort of told, "You did the right thing to tell us and we'll take care of that," and that was that. How could you assure yourself that if something was going on that troubled you, that the Director himself might be involved, even though he would certainly try to give the contrary impression to you. How would you conduct yourself in a way that would protect you against that possibility, or indeed not just protect you, but more appropriately protect the interests of the American people and or democratic form of government?

Admiral STUDEMAN. I think that that's a relatively easy question for me to answer, and it has come out of a conversation which I have had with Bob Gates. He has clearly been I think significantly impacted by this experience, and he has given me full authority to essentially go around him. In fact, enjoined me, encouraged me, stated under the strongest possible terms that that should in fact occur if in fact it is my belief that he is not behaving in the proper manner as it relates to covert action, illegal activities or the other activities associated of the type that we are discussing.

Chairman BOREN. Now, to whom would you go around him?

Admiral STUDEMAN. Well, clearly you have to go essentially up to the level of the President, and then in my view the earlier conditions that we talked about—the situation with the President, enjoining him to release this information, and then obviously the threat of further action is obvious, including resignation.

Chairman BOREN. So if you felt that it was possible that the Director was acting inappropriately, you wouldn't hesitate to take that directly to the President himself and make the President aware?

Admiral STUDEMAN. Absolutely.

Chairman BOREN. And if you had any reason to believe that the President either condoned it or was a co-conspirator in it, then I assume from your actions you would seriously contemplate resignation if you couldn't bring about a change of conduct?

Admiral STUDEMAN. And I agree with that guidance and principle. I think it is fundamental to this process and will be fundamental to the position of anybody who occupies the DCI or DDCI position for the future.

Chairman BOREN. Have you discussed your duties with Mr. Gates in terms of how you may divide the labor within the Agency and within the Community? What roles do you expect to play? Where do you expect to devote most of your time and attention in terms of what you will do and what he will do?

Admiral STUDEMAN. Bob Gates and I have discussed it. We haven't discussed it at agonizing length, because as you can imagine, he is busy and we are involved in a lot of activities together. But we have clearly discussed it and I have already I think alluded to one aspect of it which is the back-up role that the Deputy will play. Clearly, the classic executive officer functions that I will have to undertake, running both the Agency and in the role in the Community. I also get a sense there is a need for what I would call per-

haps someone who is focusing outside. Bob Gates is clearly associated with policy matters with the White House and the NSC, I operate as a back-up for him. He is clearly working with the Committees, pursuing all the issues that were implicit in the task force activities, whether they are related directly to the CIA or whether they are related to the Intelligence Community. Clearly I think that he will be involved in things like being the lead agent for openness. His concern over customer evaluation, his concern over the quality of analysis will be areas where he will focus and I will have an interest in tracking.

My interest is clearly in areas as I have already discussed, Community affairs and how the Community will conduct itself for the future. I happen to believe that the future of management for the Community really revolves around a well structured Intelligence Community Staff, professionally organized and manned to operate the policy, resource and other issues related to the Community.

I am very interested in support to military operations. Clearly that is an area of background that I have. I am interested in technology, interested in improving intelligence related architectures. Bob Gates and I clearly share an interest in customer evaluation and in strengthening our ability to assess customer evaluation.

Beyond that clearly there are issues associated with strategic planning and other things which I think we could do a little more intently than the Community has engaged in in the past.

So those are the areas, I think, of rough emphasis. But we will have to be together for a while until it is clear how we are going to divide our time.

Chairman BOREN. We've been discussing in this Committee various options that might relate to imagery. There's been much more coordination on signals intelligence in which you've been very much involved as Director of the National Security Agency. Are there areas where we might have more effective coordination of our technical systems that you think, without pinning you down to any one solution, that we should at least look at? Are there any areas where you see that we can have a closer, more integrated relationship of military and civilian intelligence? Where might we be able to reduce some of the duplication and the costs?

Admiral STUDEMAN. Well, as you know, it is difficult for me to pre-empt Bob Gates in terms of his overall discussion of how the Executive branch is looking at how it wants to organize itself for the future. But as I said in my statement, there are clearly lines of convergence on macro areas that are reflected both in the Senate and the House versions of the reorganization bills for the Intelligence Community, and the kinds of things that we are talking about. You have already mentioned one. One relates to the establishment of vertical intelligence management activities associated with the principal disciplines of intelligence. Signals intelligence is organized along that kind of line, as some people would call it the signals intelligence monolith. We do not have a similar monolith for imagery. And to a degree the issues associated with human intelligence are also dispersed, both over CIA and the Defense intelligence organization. And so for the future there is a lot of focus and review going into taking a look at the benefits and liabilities of adopting a monolithic structure, if you will, along the lines of your

National Imaging Agency in the draft versions of your bill and the House bill, in order to get some focus on to management of various aspects, policy, resource, architecture, standards, both for the national and the tactical part of the imaging problem which as you know was an issue in Desert Storm, and was one of the principal areas of criticism.

Similarly, the HUMINT area is under review, and there are some tightening proposals in that particular to get focus.

And what I believe to be the fourth general area of interest is in how you would manage open source across the breadth and depth of the Community. Open source intelligence clearly is going to be a significant area of intelligence for the future, since this kind of information in a changed world is going to perhaps be more readily available. And the open source issues will probably end up being much more of a diversified, decentralized structure with some kind of—some kind of oversight and focus plan in terms of generally having standards and architectures, common practices and that sort of thing for dealing with the open source problem.

So yes, I think that there are—those are the aspects of economies and efficiencies which are being discussed.

But I think it is also important to recognize that the—that there is a bit of a danger in having these monoliths. They tend to view the world as solely revolving around that particular discipline, whether it is signals, imagery, human intelligence, or open source.

The higher more enlightened form of intelligence analysis and also collection management really relates to the fusion process, and so there has got to be a production element. You have organized it in your bill along the lines of a Deputy DCI for, I believe, Analysis and Estimates. There clearly resides in the Community already at the national level in the CIA the Directorate for Intelligence, which is the all source analysis branch, and within the Defense Intelligence context, in DIA, in the service intelligence organizations, in the scientific and technical intelligence centers, the production elements. And the nature of the fusion process that goes on there and the relationship of those analysts to the collectors and the full cycle of intelligence, in my view, is a very important issue in the outcome of how the Community should be structured.

Chairman BOREN. Thank you very much.

I will turn now to the Vice Chairman. We've been joined by Senator Chafee. We're glad you joined us for this process. I turn to the Vice Chairman for his questions and then to Senator Chafee and then I might return with one or two concluding questions.

Senator MURKOWSKI. Thank you, Mr. Chairman.

You recall, Admiral, in observing the confirmation of Mr. Gates, there was a good deal of discussion about the morale within the Agency and that brings us to issues of management style. You, sir, have had the benefit of a military environment during your career and you are going into an area where there is a large number of civilian professionals that obviously are not working in that kind of hierarchy. So I am curious to know how you propose to change not necessarily a methodology of management, but to recognize that there is a sensitivity associated with a military person coming in and managing civilians in a civilian environment. And I am sure Mr. Gates has been sensitive to that as well.

Admiral STUDEMAM. Managing civilians won't be anything new to me. When I was the Commanding Officer of the Navy Operational Intelligence Center at Suitland, still as a captain, the command was predominately civilians, two-thirds civilians. The Office of Naval Intelligence is very heavily populated by a civilian structure. And the National Security Agency is predominately a civilian structure. So I don't believe that I will encounter any leadership issues or management issues associated with the management of civilians that I haven't previously encountered.

Senator MURKOWSKI. So you would use one style of management whether it would be for the civilian group of professionals or the military that would serve with you?

Admiral STUDEMAM. We may have an image problem here about what the—how the military manager manages. I think that quite honestly most military managers these days that are managing both military and civilian organizations use management techniques which are very similar to line managing in industry. Of interest, for example, and I made again elusive reference to this in my statement, total quality management, total quality leadership, the concepts that Demming has written about and have now been implemented in the more progressive business establishments across this country, is essentially DOD policy for managing. It's a policy of the National Security Agency to apply this customer oriented technique, process action oriented technique, and so it's also, by the way, the policy in the Department of the Navy to utilize these modern management techniques. I don't think today's military managers tend to be dictatorial or have any difficulty managing civilians.

Senator MURKOWSKI. Well, I am inclined to agree. Obviously it is sometimes hard to see how we all fit in in the eyes of others but, I think it is important to have the sensitivity of recognizing that this is a concern, and that morale, of course, is an important and vital factor. But you have lived with morale issues during your entire military career.

Let me switch to one other area and this will be my last question. During the Persian Gulf War there was concern reported and attributed to General Schwarzkopf with regard to some of his intelligence being somewhat "mealy-mouthed," I think was the word that was coined either by him or by the media or both. Recognizing that intelligence gatherers have to make recommendations, weighted with as much information as possible, it is quite conceivable that a person in the field could interpret their efforts as mealy-mouthed, as opposed to professional saying this is my best estimate and I stake my reputation behind it. There is an element of doubt in analysis. How do you relate to that sometimes and to the problem that if you try and get too much information, too much time goes by, and you lose strategic advantage. I am just wondering how in a position such as yours, you would call a spade a spade, so to speak.

Admiral STUDEMAM. I don't think we have any difficulty calling a spade a spade if there is real solid intelligence on which to base such an assessment. I think if General Schwarzkopf felt that he wasn't well served by the Intelligence Community in terms of assessments, clearly as a customer he had a right to a better form of

support. I certainly hope that General Schwarzkopf made that known continuously or when the first indication of a problem or concern came up.

This really relates to interaction between customer and provider. And I think generally speaking my experience in the Navy certainly and in Defense Intelligence is that today's modern military senior is a very discriminating and demanding user of intelligence, and generally will pursue it in such detail that these kinds of assessment loose ends or mealy-mouthed kinds of responses won't stand. Generally speaking I find that mealy-mouth responses also came about as a result of lack of real strong solid information about what the facts are generally in the assessment area.

Bob Gates, I have got to say, since he has come back to the Community as the DCI has put a lot of energy into trying to sharpen and focus the nature of the national intelligence assessment process. And I think it is going to be a source of continuing interaction between ourselves and the military, that if they are dissatisfied with the kinds of responses that they get from intelligence, they will in fact challenge us. I hope that that will also be backstopped by a real meaningful evaluation process that will allow us to know how well we are doing both in terms of our internal customer activities and our external customer activities at the national level as well as at the defense level.

Senator MURKOWSKI. Thank you, Admiral. I want to commend you in your response not only to my questions but to the Chairman's questions as well.

I would yield to my colleague from Rhode Island, Senator Chafee, at this time and wish you a very good day, sir.

Senator CHAFEE. Thank you.

Admiral, greetings. Nice to see you.

Admiral STUDEMAM. Nice to see you, sir.

Senator CHAFEE. I must say you are the thriftiest man with a paragraph I have ever known. You have got nine and a quarter pages with only nine paragraphs. That makes for some very, very long paragraphs. The opening one lasted three pages.

Admiral STUDEMAM. Maybe it is the intelligence officer in me, sir.

Senator CHAFEE. I wouldn't consider you to be a wastrel if you tried to put a few more paragraphs in there. I like a paragraph because it gives you a chance to kind of recoup after a long deluge of information, and one can get one's bearings again.

I would like to ask you a couple of questions. I am interested in the budget situation and where we are going. By the way do you think—and if this question has been asked before, I apologize, Mr. Chairman, because I was not here. Do you think the overall intelligence budget should be made public?

Admiral STUDEMAM. Well, my view is that it probably has already been made public at least by allusion if nothing else. It certainly seems to be the approximately worst kept secret in town. I think that—

Senator CHAFEE. Well, I am not sure about that. I have heard figures kicked around, but I am not so sure they have been supported. But in any event—

Admiral STUDEMAM. I am not here to confirm the numbers. But I will tell you that my general assessment is that it really depends on where all of this is ultimately intended to lead. I think that the Intelligence Community, if it had a sense that what was to be made public was—and again I am speaking for myself now, I am not speaking for the Community—but I am saying that if what was to be disclosed was very high level kind of construct about budget and also about even structure, that may be acceptable. But if this is ultimately intended to what I call pull the string out to get to ultimately finer and finer levels of detailed discussions about programs that are in fact highly sensitive both to the Committee and to the Intelligence Community, I think there would be some definite concern about that.

Senator CHAFEE. I think you have got to recognize that many of us believe that one does inevitably follow the other, and that's the reason some of us—I can't speak for the Committee—but some of us have been unenthusiastic about revealing the size of the intelligence budget because it inevitably would lead to pulling the string that you discussed. If we are spending so much, well then, how much are we spending on imagery, for example, and how much for covert action or HUMINT?

You were mentioning the techniques of management earlier in the discussion with the Chairman and the Vice Chairman. I have been reading, as you have, of the tremendous effort by American companies to cut down on the overhead, to cut down on the layers of bureaucracy. There was an article yesterday about Jack Welch, the Chairman of General Electric—and I really think there is a lot to that. It seems to me that the companies that I have known that have been very successful seem to have accomplished the elimination of these excess layers. But I think in a government agency, there just isn't the pressure to get one's cost down as obviously there is in the private sector.

Perhaps you noted during the hearing with Bob Gates that one of the points that came up was this bureaucracy and the frustration that was felt by the analysts as to how many layers of review the analytical reports went through before they got to the top. Then they bounced back down through the steps with everybody making notations on them as they came back down through.

Do you have any thoughts on what might be done? As you look at the situation, do you see any chances of eliminating lots of these layers of bureaucracy? And by the way, I don't use the word "bureaucrat" in a denigrating fashion, because—well, one, I have spent most of my adult life in government service myself, so I have got to be careful about what I say about others. But I just wonder if we wouldn't be better off if we did eliminate some of the—what we might call the executives in there. Do you have any thoughts on that?

Admiral STUDEMAM. Yes, sir. Well, it seems to me you have asked two questions. One about layering and management in general in the Intelligence Community, and then the analysts.

Senator CHAFEE. Yes. Set aside the analysts reports for a minute.

Admiral STUDEMAM. I think—you have asked an extremely complex question. I have already talked about the implementation of total quality management. And total quality management, by the

way, is intended to get at some of that layering, pushing accountability and responsibility down to the lowest possible level, getting the senior managers essentially out of the position of micromanaging organizations and getting them back up to the level of doing strategic thinking and divining general directions for their organizations and that sort of thing. And as I said, that's a standard that has been imposed, certainly in the National Security Agency. In fact, we have adopted that policy wholesale, and we have over 200 process action teams going on inside NSA.

This Committee is aware that NSA did a study on layering in NSA several years ago, and it is, I would like to remind the Committee, several years old at this point in time, when we commissioned the study based on a sensitivity we had about declining budgets and the need to tighten up and make much more efficient the internal workings of NSA for the purposes of trying to recoup resources, to spread them across this new intelligence problem that we knew was coming, this problem that was going to be much more broadly based but with far fewer critical peaks. And we have proceeded very aggressively to try to allow our own directorate heads to pursue layering and more efficient management as well as process action activities inside the agency.

Senator CHAFFEE. This is at NSA?

Admiral STUDEMAM. At NSA.

I believe that there is a lot that has been learned out of this process that will be useful for the Community in terms of trying to develop activities that take some of these almost profit-making profit center kinds of concepts into account, even though it is within the government construct. And a lot of that will be driven, of course, by the budget. The budget is declining. The budget means fewer resources.

Senator CHAFFEE. Yes, but where does the pressure come budget-wise? Is it from the defense side of the house that says the more you absorb the less there is for them? Does it come from the Administration? You can hardly expect it to come from yourselves. In other words, it has been my experience that very few people volunteer to cut their own budgets.

Admiral STUDEMAM. No, no. the pressure comes from within the Defense Department, the pressure comes from within the Administration, and the pressure very definitely comes from the Hill, from up here in the Congress, a sense of budget levels that are appropriate for the activities at hand and the debate that comes out of the annual testimony that we enjoy on the Hill.

My view is that the interaction, by the way, between the Secretary of Defense and the DCI on issues related to budget has been—has been very good, continuous, and they have agreed in my view to protect, for the most part, the national intelligence investment, even in the face of substantial cuts against defense intelligence.

Senator CHAFFEE. Do you think you would be better off if you were out from under Defense budget-wise?

Admiral STUDEMAM. No, I don't. I have some fairly strong personal feeling about that. I believe that the National Foreign Intelligence Program should remain within the national security 050 account, and that there is a requirement for that interaction between the DCI and the SECDEF. Keep in mind, depending on how you

want to cut it, at least four-fifths of the national intelligence structure and the theater and tactical intelligence structure of the United States come from the Department of Defense.

Beyond that, we get a lot of what I would call free services out of the Department of Defense, and we clearly pay a bit of a price for that in terms of the degree to which fluctuations in the Department of Defense up or down may have a ripple effect into the resources of the Intelligence Community. But I feel very strongly that the benefits of keeping—and this is my personal feeling—the benefits of keeping the National Foreign Intelligence Program inside the Department of Defense budget far outweigh the liabilities associated with it. And if in fact that account was moved out and the Department of Defense started to pass along the cost of overhead services that they provide and other kinds of services, they may choose as a result of the intelligence budget being outside defense, to charge us for things that we never even imagined we would have to pay for in earlier years.

Senator CHAFEE. What about the layers of bureaucracy as far as the analysts are concerned?

Admiral STUDEMAM. Well, I think clearly Bob Gates was very sensitive to the analytical problem inside the CIA. And as you know, he commissioned a task force to take a look at that, and that task force has in fact reported out to Bob. I am not sure whether that report is available yet up at the level of the Committees, and I know Bob Gates would want to talk about that himself, and far be it from me, because I have never served in the Central Intelligence Agency, to second guess the analytical situation there.

I believe that in the new world, the world of tomorrow where we're going to have to spread these analysts across a greater breadth and depth of requirements in a declining budget period. That declining budget period clearly translates to personnel resources in the Intelligence Community coming out as well, so there will be fewer actual analysts in the business, given the rates of decline of the Defense budget and the intelligence budget, no matter how you cut it—we are all decrementing people in the Community—I think those people will have to be spread across essentially a wider set of requirements. So I don't think that there is a layering problem with analysts; I think the problem with analysts may fall in other areas.

Senator CHAFEE. Well, thank you very much. We look forward to working with you, Admiral, and I think it is splendid that you are willing to move over and take this job. I would think you would have found tremendous satisfaction in the job you had, but I think you will enjoy this one, too. Glad you're there.

Admiral STUDEMAM. Thank you, sir.

Senator CHAFEE. Thank you, Mr. Chairman.

Chairman BOREN. Thank you very much, Senator Chafee.

Just a couple of quick questions. Going back to the HUMINT situation, you were talking about as an area that deserved to be examined. I assume you were talking about the fact that now we don't have anyone who sits down and looks at the most cost effective way or appropriate way to collect human intelligence. With things changing the way they are, it may be that it is more appropriate, instead of having a clandestine operation, to have informa-

tion collected by a political officer at an embassy or an attache or DIA or someone else. Someone should sit down and make the decision, given the relationship to a country, the amount of material open to us, whether or not it is still appropriate for us to collect as we now do. Perhaps we ought to consider whether there are other less expensive options and more appropriate options given our relationship with these other countries. Do you have in mind, that we ought to be looking at how that should be evaluated, and where that responsibility for taking an overview should be placed?

Admiral STUDEMAN. We may have a crisis of terms here. As I tried to explain to you earlier, Bob has got task forces which are basically looking at HUMINT in the pure HUMINT context of overt and clandestine activities. I think the way that this entire process of open source is being thought about now, is it is being thought about not as overt HUMINT, but it is being thought about essentially as a separate almost disciplinary construct, if you will. And clearly there is a requirement there to have the part of the central activities, of requirements, priority management, collection management, and evaluation all converge over those disciplines, and at the analytical level there is a requirement to ensure that the classified information that comes out of the three line disciplines—HUMINT, imagery, and SIGINT—together with open source, get properly mixed together to tell whatever story the user wants to have told or needs to have told.

Chairman BOREN. Yes. I suppose it is in theory ultimately the DCI in terms of overarching budgetary authority over the whole Community, whether or not we need, let's say, any CIA personnel in country X, or whether we can get by with simply receiving reports from the political officer at the embassy or the commercial officer or the military attache or someone else, or whether we can, if you wanted to go to the extreme, simply pay for a clipping service out of the daily press in a certain country. I can't really think of any place we could quite rely simply on that at this point in time. Are we looking at that kind of question clearly enough given the changes in the relationships in the world? Obviously, for a long period of time in much of the world you had no choice. You had to have what was a more expensive and much more clandestine oriented collection—human collection of intelligence.

Admiral STUDEMAN. Well, perhaps it is not as obvious today and I think perhaps it is not unfair to describe the system as a little bit loose but not necessarily ineffective. The way it works today, clearly there is a lot of give and take between the National Intelligence Council and the way that they define problems and work you all the way down to the disciplinary managers and the production people and the interaction that occurs at that level, particularly at the fusion level. The fusion level is the first level where the analyst is supposed to see everything. And in today's environment it's more or less up to the analyst to interact with the collection manager to get collection satisfied, whether it is by open source or whether it is by imagery or some other form of intelligence.

For the future I think that the current discussions are going to put much more of a premium on formally inculcating that kind of process into the structures of what may be the Community and the National Intelligence Council working together. Clearly the Coun-

cil will see holes, areas where there is no intelligence, where more intelligence work needs to be done, and will be able to interact with the collection managers. And I think that the—in that vein, the whole process will be strengthened by the kinds of things that are under consideration now.

Chairman BOREN. We had a few days ago a very interesting open hearing with Mr. Abramowitz, Admiral Inman, and Professor May from Harvard. We talked about, given the change of the environment in the world, how we could better utilize resources, especially how we could draw people in from the outside. There could be circumstances in which we simply are not staffed internally, even anywhere in the government. There are many more circumstances where the greatest expert on a subject we really need to be focusing upon might be in the Commerce Department, might be in the State Department, or might be someplace else. There are probably more of those circumstances than previously when we were more focused upon the Soviet military threat and the threat from the Warsaw Pact. You had great in-house expertise in terms of people that understood languages, order of battle, military communications, unit structures and so on.

Now we we have a much more diverse situation, in many respects, with targets that will shift and trouble spots that will shift. It may well be there could be a circumstance where the greatest living authority on a certain subject on which the policymaker really needs advice, and needs it rather quickly, may not even be within any government agency. He or she may be a professor some place, a research scholar some place, maybe in the private sector with business experience in a certain field of technology, or a scientist. We have talked about the fact that to some degree as long as this analytical capability is housed solely within the Central Intelligence Agency, I would tell you that having listened to Mr. Schlesinger, having listened to General Odom as well as Admiral Inman and Professor May and Mr. Abramowitz, I have become convinced, at least to some degree, that it would probably be a mistake to totally separate the analytical function or a portion of the analytical function out of the CIA. There is some advantage to be gleaned from having people go back and forth to some degree between operations and analysis. I know that from my own personal experience that probably the best analysis I have ever received on what's going on in a particular country, has been from our operations officers in the CIA, coupled with maybe a commercial or a military attache or a political officer in an embassy. Listening to how the team there on the ground, including the operations officers, analyze the situation has been first rate analysis most of the time.

And so there is some advantage to be gained from going back and forth and not having it totally separated from the CIA as we have proposed in our original bill. When we introduced that bill, we introduced it as a launching pad. We have succeeded admirably in stirring up discussion. We have had no shortage of that. But we really did want to have the best thinking. We wanted to stimulate thought. We wanted to identify problem areas, put out a solution as we saw it, get a reaction to it and see if there is a better way to do it. I think there probably is a better way of doing it than we originally proposed. But I still am concerned about the problem,

building on the advantages of the current system, but build into our system some place where the broadest possible view can be had in terms of interdisciplinary interchange within the whole governmental structure. We need a place where it will not be difficult to attract people from the outside to come in. Maybe a three month stint by Professor X, who's the world's leading authority on some subject we're looking at, or someone out of the private sector, maybe even a foreign correspondent who has had particular time and expertise in a country.

Now, many of those people, at least in the atmosphere of the Cold War period, would have been very hesitant to have associated themselves directly with the Central Intelligence Agency. That might also overlap into covert activities and they didn't want to have their identities compromised by their professional colleagues, who would harbor the suspicion that they might be spies. They are not really journalists, they are not really professors, they are not really business leaders, but they are all mixed up with the CIA.

Now, in the new world we're going to have so much information coming from open sources, we're going to have such a diversity of targets and issues to discuss. Do you have any thoughts about what we can create within the government, while still building on the analytical strengths of the Community as we have had it in the past? Is there some sort of mechanism where we can draw in this talent and yet not have it directly identified with the CIA?

Admiral STUDEMAN. Well, first off, I think that in some cases it may be all right to directly identify it with the Intelligence Community. I think when we are taking a look at the issue of open source, implicit in that concept of open source is outside source. This is, having recourse to outside expertise which you may want to contract for, which you may want to put on a problem that you also have tasked inside the Community to get a countervailing view—

Chairman BOREN. So one way you suggest is enter into contracts with scholars spread out around the country, or think tanks.

Admiral STUDEMAN. I think there are a wide variety of options that don't necessarily put that person into the vortex of the CIA and the classified information base. There may be situations where you would want to ask any number of organizations that do this for a living to think about different parts of the situation in the former Soviet Union or anyplace else in the world and have them do it in the context of a straightforward level of effort based on their own access to open sources and whatever other expertise that they have, and then use that as part of the process, drawing that into the Agency to take a look at how that squares with the internal activity that you have undertaken analytically. It might be a fresh set of ideas, a new perspective, a set of sources.

So I think that there are a whole range of issues with regard to outside sources that could be tapped without necessarily having to get into this so-called unsavory relationship with something like the Intelligence Community.

I think the Intelligence Community, by the way, certainly from an analytical point of view, hopefully will be viewed less in that regard for the future. I have—you know, people need to recognize that the definition of intelligence in this country—and I hunted

around and pulled it out, because sometimes it is useful to go back. This is sort of derived from various sources. But it really is—intelligence is the simple product resulting from a cycle of collection, processing, integration, analysis, evaluation, interpretation, dissemination, and iteration of all available information concerning foreign countries or areas of interest to the policymakers or planners or operations people, or others in official positions requiring information support. It doesn't have to be classified. It doesn't have to be sensitive source information. And it doesn't have to come clearly from within the Community. It doesn't have to relate even necessarily to a threat. It can be something in the positive construct.

I view intelligence as an honorable profession—and I may make a distinction here between intelligence and covert action and special activities. I haven't been associated with that side of it, and it may also be a fairly honorable profession. But I will tell you that intelligence is a straightforward activity that is a legitimate information fusion collection and assessment activity for decisionmaking support across the board.

Chairman BOREN. Just so we don't get into discussion of the honorable nature or the lack of it of elected public office. We don't want to stray into all the fields.

I certainly understand what you are saying. I don't mean to imply that there is anything not honorable about service in the Intelligence Community.

Admiral STUDEMAN. Neither do I, sir.

Chairman BOREN. I do think we have to think about maybe a structural approach as well, not just contracting out and bringing people in. There are people that really want to be able to demonstrate an arms length, very clear separation. I think that is particularly true in the academic community, and probably in the journalistic profession as well. There may be cases where a foreign correspondent may be the best source you could have as a person that has been in an area of the world for a period of time.

It's very interesting that Professor May, Mr. Abramowitz and Admiral Inman, when we directed this question to them. I have asked them to come back to us with ideas and I hope it is something you will think about. I hope it is something that Director Gates will think about. It may have been Admiral Inman, talked about bringing back into being in some way the concept of the old Board of National Estimates. Perhaps reworking it, modernizing it and making it more contemporary in the way it would function, would draw some of these people into that process, and not just do a contract study. Not a contract for the CIA, or one element of the Intelligence Community, but perhaps work directly in some capacity as the Board of National Estimates, if we had such a body. It wouldn't have to be called the same thing as it was called before. But that entity, whether it is the National Intelligence Council, the National Board of Estimates or whatever we call it, looks at the final recommendation to the policymaker. It might even be very healthy to have these people sitting in at a certain point in time, not just doing contract work or research, but actually sitting there listening to the discussions and the debate between majority and minority views as to what an estimate might be. It might be very

healthy to have that foreign correspondent or that professor or that person who has been in business in that part of the world sitting there and saying, that just doesn't jibe with my experience of the mentality of certain leaders or the way they would react or the way business is done in this part of the world. A lot of time those intuitions might be very valuable, but again, you may need a mechanism where they can attach themselves in a closer working relationship than even an arms length research contract or something. Rather one that would not be explicitly identified as CIA or explicitly identified with an agency that not only analyzes information from all sources, but also collects things clandestinely. Obviously some people would want to have that arms length relationship. But I would just hope that this is something we can think about. I think that what we have been suggesting when we talk about world class think tank, or terms that those of us including the Chairman of the House Committee have used, are not necessarily thinking about tearing up the whole existing structure. But we are concerned that we marshal all the assets available to us across our whole society. This becomes more possible in a world where more and more of the data coming in will be from open sources as opposed to closed sources.

We got into the discussion, for example, as to whether or not you could bring people into the process at certain levels without even going through the background checks and the security clearances that would otherwise be required. Some talented people in our society are going to be hesitant for whatever reason, whether it is a matter of principle that they don't believe in that kind of process, polygraphing or background checks. And yet they might have an insight of critical importance to a policymaker. So it has been very difficult in the past, with much of our raw data coming through sensitive sources, to involve people really external to the whole system to some of our deliberations. That may shift again; who knows. We may end up with different kinds of superpower divisions in the world, different kinds of rivalries. Who would have thought five years ago that 1992 would look more like 1930 than it would look like 1980, but it does. So none of us can imagine what the year 2010 is going to look like in terms of what structures might be appropriate. But I think we should think about having structures that are flexible enough to react and having some entity which has known objectivity and distance to which people could really officially enter into relationships, either temporary or longer term.

I appreciate very much your answers today. There may be additional questions. One Member of the Committee has sent me a note who wishes to ask some questions and also wanted to know if you would be available to talk with him before we vote on the nomination. I have not had any classified questions that come to mind, but there might be some that other Members of the Committee would like to ask you. I see no reason to have a closed session today. If we do have classified questions, we will simply submit them to you for answers in writing. If any Members are not satisfied with those written answers, we will then feel free to reconvene in a closed session. I think we have been able to ask the important questions

here. We have been able to have you testify on issues of oversight and also how you see the Community moving.

So unless there is something that comes up that has not yet been brought to my attention, we will not plan a closed session.

Under the Rules of the Committee, the Committee cannot vote on any nomination any sooner than 14 days after the nomination is received. And we cannot vote any sooner than 48 hours after a transcript of the hearing is available. It has already been 14 days since the nomination was received by the Committee. And a transcript of this hearing will soon be available to Members of the Committee. I would mention to staff so that they make certain that Senators are notified that, perhaps as early as tomorrow, almost certainly by the following day, it would be my intention, barring any unforeseen development, to call for a vote on this nomination. There is a lot of work to be done, a lot of important internal studies going on, both in the Agency and in the Community, and I know there is a real need for you to be officially on board and commence your work there. So it is my hope that perhaps at certainly some point in time during next week that we will be able to convene and take the vote on this nomination and make a recommendation to the full Senate.

Again, Admiral Studeman, it is a pleasure to have you with us. As I indicated in my opening statement, we have had the opportunity to talk with you often, especially in closed session, and sometimes on some of the most sensitive programs of our government. We have always found you to be very candid and forthcoming. We have always found that you have upheld the highest standards of your profession in answering our questions and dealing with us, raising any possible concerns, and not waiting to have the right question asked. You have been intent on providing us with as much information as possible so that we can act intelligently in our decisions. We appreciate that very much.

And again, I want to congratulate you on this nomination. I congratulate the President for having made this nomination. We do plan to act expeditiously, and obviously if there are any questions put to you in writing, the sooner we receive answers the Committee will be able to proceed on formal action on the nomination.

We thank you again.

Admiral STUDEMAM. Thank your for your consideration, Senator. Chairman BOREN. We will stand in recess.

[Thereupon, at 4:45 o'clock p.m., the Committee was recessed.]

VOTE ON THE NOMINATION OF VICE ADM. WILLIAM O. STUDEMAN TO BE DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE

WEDNESDAY, APRIL 1, 1992

U.S. SENATE,
SELECT COMMITTEE ON INTELLIGENCE,
Washington, DC.

The Select Committee met, pursuant to notice, at 1:55 p.m., in room SH-216, Hart Senate Office Building, the Honorable David L. Boren (Chairman of the Committee) presiding.

Present: Senators Boren, Cranston, DeConcini, Metzenbaum, Glenn, Murkowski and Chafee.

Also Present: George Tenet, Staff Director; John Moseman, Minority Staff Director; Britt Snider, Chief Counsel; and Kathleen McGhee, Chief Clerk.

PROCEEDINGS

Chairman BOREN. The meeting of the Senate Committee will come to order. We are going to have a brief meeting of the Senate Committee before the Joint Committee convenes. And if there is no objection, we will constitute a rolling quorum on this matter as others join us, and allow the roll call to remain open both for the purposes of establishing the quorum and completing the vote.

The Senate Committee will now consider the vote on the nomination of Vice Admiral William Oliver Studeman to be Deputy Director of Central Intelligence, succeeding Richard J. Kerr. The nominee is a distinguished military officer who spent close to 30 years in military intelligence. His most recent assignments have been as Director of the National Security Agency and immediately before that he was Director of Naval Intelligence. In these positions, Admiral Studeman played key roles in providing intelligence support to Operation Desert Shield/Desert Storm in the Persian Gulf and to Operation Just Cause in Panama.

He appears to me to be qualified by both training and experience for the demands of the Deputy's position. In order to bring about a closer relationship between military and civilian intelligence and to stretch our budget dollars as far as they could go by ending the idea that we have two separate empires of intelligence, this Committee suggested it would be a very healthy thing for either the Director or the Deputy Director of the CIA to come from the uniformed services, and begin a process of bringing civilian and military intelligence more closely together so that we can, over time,

reduce the duplication, save the taxpayers money, have a more efficient operation, confront some of the problems brought to us by General Schwarzkopf and others in terms of failure of communication in times of crisis.

So Director Gates has, by naming Admiral Studeman, followed through on the spirit of this recommendation that the Deputy be a person from the uniformed service.

His nomination was formally received by the Senate on February 25, and was jointly referred to this Committee and the Committee on Armed Services. The nominee has filed his answers to the Committee's questionnaire and copies of his financial disclosure statement have been available to Members of the Committee since February 24.

The Committee held a public hearing on this nomination, as the Members will recall, in this room, in fact, on March 10, when we took testimony from the nominee. There were no requests by others to appear.

Subsequent to the hearing, the Committee sent the nominee a list of questions for the record and his responses were received on March 26. Members have now had several days to review these additional questions for the record as well as his financial statement.

We have thus come to the point where the Committee must decide whether or not to report this nomination to the full Senate. I wonder if any Members of the Committee have additional comments that they would like to make on this matter before the motion is put before us that the nominee should be confirmed.

Are there any additional comments? The Vice Chairman.

Senator MURKOWSKI. Mr. Chairman, let the record note that I have the proxy of Senator D'Amato and Senator Rudman to vote for the nominee.

Chairman BOREN. Thank you very much. Any other comments?

I see Senator Glenn is now joining us. Is there any objection to leaving the roll open for the purposes of establishing the quorum and of allowing Members not now present to vote? I would propose that we keep the roll open until the hour of 4:00 p.m., and Members will have an opportunity between now and then to appear and record their votes with the Clerk of the Committee.

Without objection, that then will be the order.

If there are no additional comments from Members, we will call the roll on the question, the question being shall the nomination of Admiral Studeman to be Deputy Director of Central Intelligence be favorably reported to the Senate.

The Clerk will call the roll.

Mrs. MCGHEE. Mr. Hollings.

Chairman. BOREN. Aye by proxy.

Mrs. MCGHEE. Mr. Bradley.

Mr. Cranston.

Senator CRANSTON. Aye.

Mrs. MCGHEE. Mr. DeConcini.

Senator DECONCINI. Aye.

Mrs. MCGHEE. Mr. Metzenbaum.

Senator METZENBAUM. Aye.

Mrs. MCGHEE. Mr. Glenn.

Senator GLENN. Aye.

Mrs. MCGHEE. Mr. Kerrey.

Mr. Warner.

Mr. D'Amato.

Senator MURKOWSKI. Aye by proxy.

Mrs. MCGHEE. Mr. Danforth.

Mr. Rudman.

Senator MURKOWSKI. Aye by proxy.

Mrs. MCGHEE. Mr. Gorton.

Mr. Chafee.

Senator CHAFEE. Aye.

Mrs. MCGHEE. Mr. Murkowski.

Senator MURKOWSKI. Aye.

Mrs. MCGHEE. Mr. Boren.

Chairman BOREN. Aye.

There are ten votes in favor of reporting the nomination favorably; there are four other Senators who will be able to record their votes, if they desire, before the roll is closed at 4:00 p.m. The ten being a sufficient majority of the Committee, the nomination will be favorably reported to the Senate forthwith.

We will stand in recess for just two or three minutes while our House colleagues join us. Then we will proceed with the Joint Hearing, which I might say to all of you will be, as far as I know, the first joint public hearing ever held by the House and Senate Intelligence Committees since they were created. So we look forward to this hearing and to the testimony of Director Gates.

We will stand in recess just briefly to await our colleagues from the House and also to prepare to welcome the Director to testify.

[Thereupon, at 2:01 o'clock p.m., the Committee was recessed.]

