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1995/12/07

STATEMENT OF THE DIRECTOR OF CENTRAL INTELLIGENCE
ON THE CLANDESTINE SERVICES AND
THE DAMAGE CAUSED BY ALDRICH AMES

7 December 1995

I. Introduction and Overview

From the earliest days of the Republic, the United States has recognized the compelling need to collect intelligence by clandestine means. For much of our history, this collection could only be done by human agents. Recent technological developments have, of course, vastly increased our ability to collect intelligence. The capacity of these technical systems is awesome and our achievements are astonishing. However, these technical means can never eliminate the need for human sources of information. Often, the more difficult the target is, the greater is the need for human agents.

Throughout our history, the contribution of the clandestine service of the United States has frequently been the difference between victory and defeat, success and failure. It has saved countless American lives.

In recent years, human agents have provided vital information on military and political developments in the Soviet Union, terrorist groups, narcotics trafficking, development of weapons of mass destruction and other grave threats to the United States. These agents often provided the key piece of information that formed the United States' understanding of a critical international situation.

For decades, information from human agents inside the Soviet Union gave us vital insights into the intentions and capabilities of the Soviets. Ames clearly dealt a crushing blow to those efforts. Nonetheless, I am convinced that when the full history of the Cold War is written, American intelligence--and human intelligence in particular--will be recognized as having played an important role in winning that war.

It must be remembered that for over forty years the United States faced a hostile state with enormous nuclear power. A misstep by either side could have destroyed the world. That nuclear war did not occur and that the Soviet Union ultimately collapsed is in no small part attributable to the brave, tireless and too often thankless efforts of the clandestine intelligence service of the United States. The DCI has a great responsibility to preserve and nurture this vital capability.

That said, it must be pointed out that while human agent operations have the potential for high gain, they also entail high risk. Human agent operations are almost always in violation of another country's laws. It is therefore imperative that they be subject to tight policy control and carried out entirely within the scope of American law. These operations must be carried out in secret, for secrecy is vital to success.

The American public is often troubled by activities that are done in secret. This is a natural and healthy instinct. It has served our democracy extremely well for over two hundred years. However, I believe the American people understand the need for secrecy in human agent operations. They agree with a letter written by George Washington when he was Commander-in-Chief of the Continental Army in the summer of 1777:

The necessity of procuring good Intelligence is apparent & need not be further urged -- All that remains for me to add is, that you keep the whole matter as secret as possible, For upon Secrecy, Success depends in Most Enterprizes of the kind, and for want of it, they are generally defeated, however well planned & promising a favorable issue.

The American people will accept secret intelligence activity only if four conditions are met. First, the acts must be consistent with announced policy goals. Second, they must be carefully controlled under U.S. law. Third, the operations should be consistent with basic American values and beliefs. And fourth, when American intelligence services make mistakes—as we have and will surely do again—we learn from those mistakes.

Because much of what the intelligence services do is secret, Congressional oversight is the key to providing the American people the confidence that their intelligence services are meeting these four conditions. Indeed Congressional oversight is the best way this confidence can be assured.

We must not quit simply because we have made errors, even serious ones. The need for effective intelligence is too important. We must constantly learn from our mistakes, make the necessary changes, and continue to take the risks necessary to collect vital intelligence so urgently needed by the President, the Congress, and other senior policymakers.

With this in mind, we have moved quickly to strengthen the capabilities of the clandestine service across a broad spectrum.

Counterintelligence programs have been significantly enhanced, tradecraft techniques are being tailored for the world in which we now live, and the technologies needed for the future are being rapidly developed. Underpinning these efforts has been a renewed emphasis on quality management that pays attention not only to what we do, but how we do it. All these initiatives, imbedded in a strategic plan developed by the clandestine service this past year, position the clandestine service to meet our future challenges.

II. The Actual Damage

On the 31st of October, I appeared before the House and Senate Intelligence Committees in closed sessions to describe the results of the Ames damage assessment commissioned by my predecessor, Jim Woolsey. Following that testimony, we have continued to review the report of the Damage Assessment Team (DAT) and to consult with both Committees, the Department of Defense, the Department of State and other interested agencies. Accordingly, I believe it is appropriate to report to you on our continuing review and our consultations with other agencies. I also believe it is important that additional information be

made available to the American public so that they can understand the nature and extent of the damage caused by Ames.¹

I have attached a copy of the public statement that I issued on the 31st of October. Let me add some details on the scope of the damage.

Aldrich Ames' espionage on behalf of the Soviet Union and Russia from April 1985 through February 1994 caused severe, wide-ranging and continuing damage to US national security interests. In addition to the points that I made in my public statement on 31 October, Ames did the following:

- In June 1985, he disclosed the identity of numerous U.S. clandestine agents in the Soviet Union, at least nine of whom were executed. These agents were at the heart of our effort to collect intelligence and counterintelligence against the Soviet Union. As a result, we lost opportunities to better understand what was going on in the Soviet Union at a crucial time in history.

¹ It should also be recalled that in the 1980's, the U.S. experienced a number of other espionage cases. Edward Lee Howard, an Agency officer, like Ames, caused considerable damage to US HUMINT Operations against the USSR. John Walker and Ronald Pelton caused immense damage to US interests. In Walker's case, vast amounts of information on our military capabilities and plans were exposed which could have had tragic consequences in the event of war.

- He disclosed, over the next decade, the identity of many US agents run against the Soviets, and later the Russians.
- He disclosed the techniques and methods of double agent operations, details of our clandestine trade craft, communication techniques and agent validation methods. He went to extraordinary length to learn about U.S. double agent operations and pass information on them to the Soviets.
- He disclosed details about US counterintelligence activities that not only devastated our efforts at the time, but also made us more vulnerable to KGB operations against us.
- He identified CIA and other intelligence community personnel. Ames contends that he disclosed personal information on, or the identities of, only a few American intelligence officials. We do not believe that assertion.
- He provided details of US Intelligence technical collection activities and analytic techniques.
- He provided finished intelligence reports, current intelligence reporting, arms control papers, and selected Department of State

and Department of Defense cables. For example, during one assignment, he gave the KGB a stack of documents estimated to be 15 to 20 feet high.

Taken as a whole, Ames' activities also facilitated the Soviet, and later the Russian, effort to engage in "perception management operations" by feeding carefully selected information to the United States through agents whom they were controlling without our knowledge. Although the extent and success of this effort cannot now be determined with certainty, we know that some of this information did reach senior decisionmakers of the United States.

As the Committee knows, one of the most disturbing findings of the DAT was that consumers of intelligence were not informed that some of the most sensitive human intelligence reporting they received came from agents known or suspected at the time to be under the control of the KGB, and later the SVR. This finding was substantiated by a detailed audit done by the CIA's Inspector General. Because this aspect of the assessment is so important and has generated so much public interest, I would like to discuss it in some detail.

In response to requests from the DAT, some consumers of sensitive human reporting identified just over 900 reports dating from

1985 to 1994 that they considered particularly significant. These consumers included CIA's Directorate of Intelligence, the Defense Intelligence Agency, the National Security Agency, the Military Services and other agencies. The DAT then reviewed the case files of the agents who were the source of just over half of these reports and concluded that a disturbingly high percentage of these agents were controlled by the KGB, and later the SVR, or that evidence exists suggesting that they were controlled.²

Although some of the reports from these sources were accompanied by warnings that the source might be suspect, many other reports did not include adequate warning. The IG was asked to review reporting from the sources that the DAT concluded were known or suspected to be controlled. They concluded that CIA did not provide adequate warning to consumers of 35 reports from agents whom we had good reason to believe at the time were controlled and 60 reports from agents about whom we had suspicions at the time. Of these 95 reports, at least three formed the basis of memoranda that went to the President; one of those reports was from a source who we had good reason to believe was controlled and two were from sources about whom we had

² The DAT intended to review the source for each of these reports but, for a variety of reasons, was not able to do so. For example, the filing system of the DO was incomplete and the sources for some reports could not be identified. To expedite the review, the DAT did not review the files of sources who produced only one or two reports. In the end, the Team examined and thoroughly reviewed the sources who produced roughly 55% of the reports cited by consumers as significant.

suspicious. While these and other reports could well have been reflected in other such analytic products, we have not identified them.

The fact that we can identify only a relatively few significant reports that were disseminated with inadequate warning does not mitigate the impact of Ames' treachery or excuse CIA's failure to adequately warn consumers. We believe that, whatever the numbers of such reports, the provision of information from controlled sources without adequate warning was a major intelligence failure that calls into doubt the professionalism of the clandestine service and the credibility of its most sensitive reporting.

This situation requires us to take two steps. First, and most importantly, we must ensure that such information does not reach senior policymakers in the future without adequate warning that the information comes from sources we know or suspect to be controlled. Second, we must examine certain important decisions taken by the United States to ensure that they were not influenced by these reports. If any decisions were influenced by faulty reports, we must determine what, if any, corrective measures should be taken.

With respect to the first step, I have established a new Customer Review Process under the National Intelligence Council. This process,

which will include appropriately cleared representatives of our customer agencies, will work with the Directorate of Operations to ensure that recipients of extremely sensitive human intelligence reports are adequately advised about our knowledge of the source of the reports. This does not mean that these representatives of other agencies will be told the identity of the source of the information. Rather, our goal is that recipients of especially sensitive information can adequately understand and evaluate the intelligence.

With respect to the second step—reviewing decisions that might have been made using controlled information— it is important to understand that our knowledge of the details of a Soviet perception management effort is limited, as is what can be said publicly about the subject. Also, it is not the job of the DCI to review decisions made by other agencies. However, it is very likely that the KGB, and later the SVR, sought to influence U.S. decisionmakers by providing controlled information designed to affect R&D and procurement decisions of the Department of Defense. The DAT believes one of the primary purposes of the perception management program was to convince us that the Soviets remained a superpower and that their military R&D program was robust.

In an effort to understand the impact of this Soviet/Russian program, the DAT reviewed intelligence reporting relevant to a limited number of acquisition decisions taken by the Department of Defense to determine whether any reports from controlled or suspect agents had an impact on the decisions. The reporting covered eight categories of weapons systems, including aircraft and related systems, ground force weapons, naval force weapons, air defense missiles and cruise missiles. The DAT concluded, in coordination with DIA and the intelligence components of the military departments, that the impact varied from program to program. In some cases the impact was negligible. In other cases, the impact was measurable, but only on the margin.

The dissemination of reports on Soviet/Russian military R&D and procurement programs from questionable sources had the potential to influence U.S. military R&D and procurement programs costing billions of dollars. The DAT surveyed a number of intelligence consumers in the Department of Defense. They found that consumers were often reluctant to state that this reporting had any significant impact. Determining damage always involves much speculation, but the team concluded that "clear cut damage" to intelligence analysis may have been limited to a "few cases.": They cited three in particular:

- A report in the late 80s that would have influenced debates on U.S. general purpose forces,
- Analyses of Soviet plans caused us to revise logistics support and basing plans in one overseas theater (see also above), and
- Studies of certain Soviet/Russian cruise missile and fighter aircraft R&D programs may have overestimated the pace of those programs.

In addition, the team reviewed intelligence reporting that supported decisions in a number of defense policy areas, including U.S. military strategy. The team found that reporting from controlled or suspect agents had a substantial role in framing the debate. The overall effect was to sustain our view of the USSR as a credible military and technological opponent. The DAT found that the impact of such information on actual decisions, however, was not significant. In some cases, our military posture was altered slightly. In one example, changes already underway to enhance the survivability and readiness of the basing structure in an overseas theater was justified by information received from a controlled source. However, before the changes could be fully carried out, the Soviet Union collapsed, obviating the need for the change.

The DAT also reviewed a handful of national security issues that were the most likely to have been impacted by Ames' actions. For example, Ames passed U.S. all-source analysis of Soviet motives and positions in arms control negotiations. His espionage assisted their efforts to feed us information that supported the Soviet positions. The DAT interviewed a limited number of officials with respect to arms control issues and related programs. The DAT found no major instance where Soviets maneuvered U.S. or NATO arms control negotiators into giving up a current or future military capability or agreeing to monitoring or verification provisions that otherwise would not have been adopted. This conclusion is buttressed by the fact that the Soviet's bargaining position grew increasingly weak as its economy deteriorated and Gorbachev struggled to maintain control.

After reviewing the DAT report, I believe it is incorrect to maintain that this reporting was completely irrelevant or completely determinate in U.S. weapon system decisions. The process by which U.S. weapons system development and acquisition decisions are made is complex and involves many considerations. These include technical feasibility, force modernization, life cycle cost, and industrial base considerations, as well as estimates of the near and long term threat. No single strand of

intelligence information ever serves as the full justification for undertaking a large program.

The kind of impact that intelligence does have is:

- Influencing the pace and timing of a development program to meet an anticipated threat. This is an influence at the margin of system acquisition.
- Shaping the thinking of the technical and contractor community on the threat envelope facing a system under development.
- Creating an Impression, in combination with other information, of the status and vitality of an adversary's military R&D and procurement activities.

All of this affects the context in which U.S. acquisition decisions are made. I believe the net effect of the Soviet/Russian "directed information" effort was that we overestimated their capability.³ Why the Soviet/Russian leadership thought this was desirable is speculative.

³ A DoD team, working at the direction of the Deputy Secretary of Defense, recently completed the Department's review of the impact of directed reporting on military policy, acquisition, and operations. That report has been briefed to the Secretary and Deputy Secretary of Defense and the Congress.

The combination of the loss of key human sources compromised by Ames, plus the directed information the KGB and SVR provided to the U.S. through controlled sources, had a serious impact on our ability to collect and analyze intelligence information. The DAT concluded that Ames' actions diminished our ability to understand:

- Internal Soviet development, particularly the views and actions of the hard liners with the respect to Gorbachev in the late 1980s.
- Soviet, and later Russian, foreign policy particularly Yeltsin's policies on nonproliferation and Russian involvement in the former CIS states.
- The extent of the decline of Soviet and Russian military technology and procurement programs.

The Ames case—and the other espionage cases of the '80s—remind us that other issues must be addressed. These include the serious lack of adequate counterintelligence during much of the 80's and early 90's. My predecessors, the Attorney General and the Director of the FBI have made great progress in repairing this extremely important function. We have continued to make progress, but much work remains

to be done. I detailed in my statement of 31 October a number of steps that are underway to correct these serious problems.

I look forward to working with the Committees to ensure the adequate implementation of these measures. I assure you that my colleagues in the Intelligence Community are fully committed to achieving these important reforms.

III. Conclusions

I regret that I cannot discuss in public more detail about the actual damage done by Aldridge Ames. To do so would compound that damage by confirming to the Russians the extent of the damage and permit them to evaluate the success and failures of their activities. That I cannot do.

However, it is extremely important that we not underestimate the terrible damage done by Ames' treachery. It is impossible to describe the anger and sense of betrayal felt by the Intelligence Community. It reverberates to this day and has given all of us renewed motivation to do our jobs. Across the board, in all areas of intelligence activities—from collection, to counterintelligence, to security, to analysis and production, to the administrative activities that support the Community effort—we must renew our efforts to ensure that our activities are conducted with integrity,

honesty, and the highest standards of professionalism. To do less is to fail.

I believe that the most important value the Intelligence Community must embrace is integrity--both personal and professional. We operate in a world of deception. It is our job to keep this nation's secrets safe and to obtain the secrets of other nations. We engage in deception to do our job and we confront deception undertaken by other nations.

But we must never let deception become a way of life. We must never deceive ourselves. Perhaps more than any other government agency, we in the CIA must have the highest standards of personal and professional integrity. We must be capable of engaging in deceptive activities directed toward other nations and groups while maintaining scrupulous honesty among ourselves and with our customers. We must not let the need for secrecy obscure the honest and accurate presentation of the intelligence we have collected or the analyses we have produced.

I believe we have approached the damage caused by Ames with honesty and integrity. We have made the hard calls. We may have to make more. We have taken the steps necessary to discipline those responsible, to reduce the likelihood of such damage recurring and to

begin to restore the confidence of our customers and the American people.

As I said at the beginning of this report, clandestine human operations remain vital to this country's security. They are often the most dangerous and difficult intelligence operations to conduct. But I want to assure the Congress and the American people that the American clandestine service will continue to conduct these operations and do so in the highest tradition of integrity, courage, independence and ingenuity that have made our service the best in the world.