Introduction

Thank you for the opportunity to speak on the subject of homeland security and the threat that terrorism poses for our country. I am aware that I am speaking in the wake of some very distinguished Americans who are indeed experts on counterterrorism -- Ambassador Dell Dailey; Mike Leiter, the Director of the National Counterterrorism Center; Treasury Assistant Secretary Pat O'Brien; and Juan Zarate, Deputy National Security Advisor for Counterterrorism. I am privileged to know these individuals and have great respect for their substantive expertise and leadership.

I bring, I regret to say, one attribute that the others do not have -- longevity. I have labored in the intelligence vineyards longer than your other speakers, over a number of decades. Having entered the Central Intelligence Agency when Allen Dulles was DCI and having worked for every subsequent DCI including the last DCI, Porter Goss, I have witnessed many changes within the Intelligence Community -- some good, and some not so good. Today, as DHS Under Secretary for Intelligence and Analysis, and as a member of DNI Mike McConnell's Executive Committee, I could easily spend this hour regaling you with endless "war stories" about the triumphs and failures of the Agency and the Intelligence Community. Even today, I feel personally seared by my failure and the Agency's failure to warn of the Middle East War of October 1973. The indicators were there, but we failed to act on what were painfully obvious indicators - which we saw clearly ex-post facto - that major conflict was about to erupt in the Middle East. But I will forego that impulse and speak to more contemporary matters.

Shift Away from State-Sponsored Terror

In the 1980s, the United States and the West faced principally state-powered terrorism, which still exists today in a number of states but overall as a reduced force. As the National Intelligence Officer for Counterterrorism from January 1985 until February 1988, I saw first-hand and remember vividly the brutal actions of state-sponsored groups that took place during that momentous period. The center of gravity lay with a variety of Palestinian groups and Lebanese Hizballah - which remains with us today. Few of us can ever forget the horror of the bombings of the U.S. Embassy in Beirut in April 1983 and of the U.S. and French military compounds in Lebanon in October of that year when so many American and French officials and soldiers were killed by Hizballah. Even then, Hizballah's terrorist wing was led by Imad Mughniyah. The April 1983 bombing was a particularly poignant time for those of us at the Agency. I remember waiting on the tarmac at Andrews Air Force Base for the C-141 to bring home the body of Robert Ames, CIA's National Intelligence Officer for Near East and South Asia, along with the bodies of almost every officer of CIA's Beirut Station.

None of us, moreover, can forget the hijacking by Hizballah of TWA 847 in June 1985 and the tense and dramatic days that followed and the horror of Navy diver Robert Stethem being dumped on the tarmac at Beirut International. I recall distinctly the unsatisfactory ending of this brutal hijacking of an American commercial airliner and how the Hizballah operatives escaped.

In the 1980s and into the 1990s, terrorism was driven principally by political ideology, whether it was Palestinian, Hizballah, or so-called indigenous European terrorism, such as the Red Army Faction in Germany or the Red Brigades in Italy. Political goals were at the forefront of these group's agendas, however unrealistic, whether it was destruction of the state of Israel or a desire to see the rise of Marxist-Lennist states in Western Europe. An exception here was the Lebanon-based Abu Nidal Organization, deadly and extraordinarily brutal; it accepted state-sponsored sanctuaries, but operated semi-autonomously and employed proprietaries, especially in Europe, to obtain funds for its operations.

Important structural changes were made in the US Government's counterterrorism community after the hijacking of TWA flight 847, changes that should not be forgotten because they are still relevant today. President Reagan established a National Commission for Combating Terrorism under the leadership of then Vice President George H. W. Bush. The Commission reported out in December 1985, and President Reagan approved over 40 plus
recommendations, some of which involved covert action and other intelligence-driven actions. One principal structural change that came from the Commission has had a lasting impact on the Intelligence Community. The President directed the formation of an "intelligence fusion center" to combat terrorism. This led to the formation of CIA's famous Counterterrorism Center or CTC, of which I became Deputy Chief for Intelligence. CTC, led by the legendary Dewey Clarridge, was staffed almost exclusively by CIA officers even though its concept of operations called for contingents of CT officers from other intelligence agencies. Although there were liaison representatives from other Intelligence Community agencies and the Joint Strategic Operations Command, CTC remained very much a CIA organization up to and through 11 September 2001. Although there were modest measures taken after the 7 August 1998 bombing of the US Embassies in Nairobi and Dar Es Salaam, including a greater exchange of information and officers between CIA and FBI. But the changes were surprisingly few, given the severity of the attack and the growing strength and reach of al Qaida. Further structural changes would have to await the 911 Commission Report in 2004, and the Intelligence Reform and Terrorism Prevention Act of 2004.

The more secular and politically driven Palestinian organizations began to decline in the latter 1980s and early 1990s, even though state-sponsored terrorism continued, included the destruction of Pan Am 103 in 1988 and UTA 772 in 1989, both attacks sponsored by the secular government of Colonel Qaddaffi. The Abu Nidal Organization by the late 1980s was under heavy attack by Western intelligence and security services. Its proprietaries in Europe were shut down and its operatives arrested or killed, with Abu Nidal eventually fleeing to Baghdad to the protection of Saddam Hussein only to be mentored under mysterious circumstances. More religiously motivated Sunni terrorist organizations began to rise to the fore, such as the Islamic Resistance Organization or HAMAS and the Palestinian Islamic Jihad or PIJ. During this time, Hizballah continued to strengthen as a religiously driven political and paramilitary organization that conducted attacks against Israel in southern Lebanon. Although originally Palestinian groups and Hizballah did not attempt to cause mass casualties in their attacks, the Intelligence Community grew increasingly concerned that these groups would attempt chemical, biological, radiological, and nuclear attacks against the United States and the West. For example, as the National Intelligence Officer for Counterterrorism, I coordinated an Interagency Intelligence Memorandum in 1986 that forecast a biological or chemical attack on the United States would likely occur against US interests within the next few years-an assessment that I am pleased to say proved incorrect.

**Twenty-First Century Terrorism**

Today, we are not only in a different century, but in a different world. Out of the vestiges of the Cold War and the collapse of the Soviet Union, we now face a violent, ideologically driven Islamic extremist movement that has metastasized across the world. Led by Osama bin Ladin and other mujahadeen leaders from the Afghan war against the Soviets, we now face an enemy unmatched by anything we saw or experienced among terrorist groups of the 20th Century. Al-Qaeda is a cult-like organization drawing to it youthful adherents from Muslim countries and communities around the world with the objective of restoring "the caliphate" which stretched at one time from southern Europe through Indonesia. Adherents of this cult see a "culture of secular humanism" emanating from the West and fear the encroachment of the West in the form of globalization. Al-Qaeda remains a guiding hand in this worldwide movement but draws on affiliated Sunni networks in the Middle East, North Africa, Southeast Asia, and South Asia itself. It also reaches out through radical Imams to the Islamic diaspora in Europe and North America. Despite abhorring many aspects of modernity, al Qaida has made significant and effective use of the internet to promote its unrelenting and violent ideology. Its immediate causes are many - Iraq, Afghanistan, Kashmir, and, increasingly, Palestine. Al-Qaeda employs the internet to transmit globally its messages and the numbers of such messages have increased exponentially over the last 18 months. They come not only from Bin Ladin, but in great number from Alyman al-Zawahiri and other top al Qaida lieutenants. The Intelligence Community counted 97 messages in 2007 from al Qaida's top leadership, an exponential increase in 2005 and 2006. Although the United States and other Western countries have counter radicalization initiatives underway, no Western state has effectively countered the al Qaida narrative.

Al-Qaeda, moreover, which was on "its back foot" in 2004 to 2007, has regained its equilibrium. It has a safehaven in the Federally Administered Tribal Areas (FATA); its top leadership is generally intact; it has able new lieutenants; it has new recruits to train; and it is training operatives who were born in the West or who have lived in the West. In addition, Al-Qaeda, has a number of Sunni affiliated terrorist networks in various stages of development in Iraq, North Africa, the Levant, and in East Asia. The American-led coalition has made enormous progress in decimating al Qaida in Iraq, which appears to have passed its high-water mark and to be in permanent decline.

As indicated earlier, Al-Qaeda's leadership has delivered over the past 12 months, an unprecedented number of audio and video messages and has increased its translation capability, diversity of subject matters, and media savvy to reach out to wider audiences globally. Its objective is to gain wide Muslim support, empathy, financing, and future recruits.

At the top of this sophisticated marketing machine, al Qaida leaders have carefully crafted and controlled their words. Al Sahab produces the audio or videotapes; the al-Fajr online media network plays the messages on numerous electronic platforms to include messages that download onto iPods and similar electronic devices. The Global Islamic Media Front then translates, re-packages, and re-disseminates these messages onto numerous - sometimes redundant - websites with the capacity to regenerate any website if a government or private entity attempts to bring it down.

I find it particularly alarming that al Qaida is improving its ability to translate its messages to target Europeans and
North Americans. A year ago, al Qaida leaders solicited for "English translators" and subsequently have ratcheted up the speed and accuracy of translated statements openly marketed to U.S. and other English-speaking audiences. Last month, Osama bin Ladin's Chief Deputy Ayman al-Zawahiri released English translations of a two-part online interview to address questions from both extremists and mainstream Muslims around the world. To help al Qaida target US citizens, several radical websites in the United States have re-packaged al Qaida statements with American vernacular and commentary intending to sway U.S. Muslims.

Al-Qaedan media themes throughout 2007 were consistent with previous messages of building unity in the Muslim community while instilling a sense of duty to support violence in defense of Islam. This consistent drumbeat of "Muslim unity" could potentially resonate with some Muslims in the homeland who may already be pre-disposed to support extremist causes, although they will not resonate with the overwhelming majority of the U.S. muslims because they are well integrated into U.S. society.

**Homeland Security Since 9/11 -- Progress and Challenges**

As I look back over the seven years since 9/11, I am struck by how the Department of Homeland Security has come together since 2003 to defend against the complex, borderless, and evolving threats we face today. We have worked tirelessly and innovatively to strengthen our nation's defenses against those who would seek to do us harm. We have vastly improved our ability to protect our homeland from terrorist threats.

We know, however, that the job is far from over. The fight against the terrorist threat in the 21st century is a fight against an ideology of extreme violent Islamic radicalism, which is not the same as Islam. It is a cult that seeks to use the language and the rhetoric of Islam to justify a violent world view that believes it will culminate in the domination of significant parts of the world -certainly in parts of the Middle East and South Asia, if not in other areas.

Last summer, my office published the inaugural Homeland Security Threat Assessment, sharing our best judgments on the full range of threats that affect the areas for which the Department of Homeland Security is responsible. We tailored the assessment for release to state and local government as part of DHS' information sharing efforts. On terrorism, we came to the same conclusion as the Intelligence Community's National Intelligence Estimate published in July 2007, namely that the threat from al Qaida remains high and that we are in a heightened state of sustained strategic warning.

The good news is the heightened security we have worked to implement is having a positive effect. Nonetheless, the extraordinary difficulty of penetrating individual cells means that we should not expect that we to have clear tactical warning of a forthcoming attack.

Let me share with you some of the Department of Homeland Security's accomplishments in the struggle against those who seek to harm our nation and then tell you about the vital contribution of DHS Intelligence makes to the Department and to information sharing with our state, local, tribal, and private partners. Secretary Chertoff categorizes the work of the Department of Homeland Security in five bands:

- Keeping dangerous people out of the country;
- Keeping dangerous materials out of the country;
- Protecting critical infrastructures;
- Building a capable response agency; and integrating the Department:

With regard to the dangerous people, we have made significant progress at all of our ports of entry: land, sea, and air. For example, US-VISIT with two-finger prints has become operational at all airports of entry. The Department, moreover, is moving to a 10-finger prints requirement overseas at consulates as well as at all U.S. airports. We have also strengthened documentation requirements at land borders, to include the Western Hemisphere Travel Initiative (WHTI) that is now being implemented. We also have beneficial agreements with the European Union, in particular, to give us a better idea of who is traveling to the United States through their airports -- the US-EU Passenger Name Record Agreement helps safeguard our country. There is no doubt about it, we have a far better handle on individuals we should let in, those we should scrutinize more carefully, and those we should keep out.

At our borders, we have strengthened surveillance and patrols, including even the use of unmanned aerial vehicles. With the Secretary's Secure Border Initiative, we have challenges in harnessing new technology to improve border security but our decisions are taken with the best interests of our citizens and the best use of our resources. Whether real or virtual fencing is involved, border security is steadily improving.

To keep out dangerous materials, we now scan for radiation almost 100 percent of the containers that come into the US. As part of this effort, we are making progress getting advance information on who is flying private planes into the country, and we are working on a small boat strategy in order to get better control of foreign registered boats under 300 tons.

To protect our infrastructure, we have begun to deal with some of the issues that have kept me awake at night for the past five years. Our new chemical plant regulations, for example, are helping us to work closely with the industry; chemical plants will have to submit security plans to us for our review and acceptance. Working with the rail industry, we have dramatically decreased the amount of time that toxic chemical are held in idle tank cars, reducing the chances they could be used as a "weapon" by violent extremists.
One of the most challenging threats that we must face, in my opinion, is cyber, that will take us to the next level in safeguarding federal information systems from hostile attacks - whether they are state-directed or the work of non-state actors. The recently signed President's directive represents a game-changing approach that will take advantage of the capabilities of our intelligence collectors to prevent or minimize disruptions to our critical information infrastructure, thereby protecting the public, the economy, government services, and our national security. DHS also is prepared to consult with the private sector to assist US corporations to protect their networks.

I want to emphasize that with regard to DHS’ response and recovery to a terrorist attack, FEMA is a completely different organization today, transforming itself from a part-time reserve system of disaster assistance employees to a corps of several thousand full-time employees with a vastly improved capability to track claims and maintain metrics. I cannot conceive of DHS functioning effectively without FEMA being a fully integrated component within the Department.

Speaking of integration, we have made significant progress planning and tracking our costs, accomplishments, and impacts so that we can begin to manage DHS as an integrated Department - not 22 different components. We are working hard and with increasing effectiveness to create integrated homeland security structures where the operating components and headquarter elements work together to achieve the Secretary's priorities.

**Homeland Security Intelligence as the Common Thread**

The common thread that ties together and supports all of these efforts is effective information collection, analysis, and sharing. Reliable, real-time information and intelligence allows us to identify and characterize threats, target our security measures, and achieve unity of effort in our response. Secretary Chertoff said it best on 14 July 2005 when he stated that “intelligence is at the heart of everything DHS does”.

Intelligence is not only about spies and satellites. It is about the thousands and thousands of routine, everyday observations and activities. Surveillance, interactions - each of which may be taken in isolation as not a particularly meaningful piece of information - but when fused together, gives us a sense of the patterns and the flow that really is at the core of what intelligence analysis is all about.

What you may not know is that we, at DHS, actually generate a great deal of intelligence. We are virtually an "information factory" producing data based on thousands of interactions every hour at the border, in airports, and with the US Coast Guard. To give you an idea of the scope of our activities, every single day:

- Customs and Border Protection processes over a million passengers and pedestrians, 70,000 containers, and over 300,000 air, sea, or land vehicles.
- Transportation Security Administration screens 2 million passengers and nearly as many pieces of checked luggage before they board commercial aircraft.
- Citizenship and Immigration Services naturalizes an average of 3200 new citizens, conducts an average 135,000 national security background checks, and adjudicates an average of 200 refugee applications.
- The US Coast Guard saves an average of 14 lives, 98 people in distress, and conducts 74 search and rescue operations.

And lest we lose sight of the threats to our country from dangerous people, think of the enforcement activities we carry out each day:

- Customs apprehends an average of 2400 people crossing illegally into the US. Some are individuals of special interest to the United States and our job is to ensure they are interviewed. We harvest the intelligence information they possess.
- Immigration and Customs Enforcement seizes over $700,000, makes 150 administrative arrests and 61 criminal arrests, removes some 760 aliens and participates in an average of 20 drug seizures.
- TSA intercepts nearly 18,000 prohibited items at checkpoints, including almost 3000 knives and 200 other dangerous items.
- The US Coast Guard interdicts an average of 17 illegal migrants at-sea, and seizes an average of 1000 pounds of illegal drugs worth $12.9 million.
- The US Secret Service seizes an average of more than $145,000 in counterfeit currency, seizes more than $50,000 in illegal profits, and conducts nearly 20 arrests.

These encounters generate a treasure trove of data that we are just now learning how to report, collate, and share. This means that DHS is a collector, producer, and consumer of intelligence, which makes my work that much more challenging.

**The DHS Intelligence Enterprise**

Let me share with you briefly the progress we have made in creating an integrated Intelligence Program and how we analyze, produce, disseminate, and share homeland security intelligence.

Very candidly, we are building a departmental intelligence organization out of nothing. We have had to recruit and train new cadres of intelligence officers, integrate existing intelligence functions, bring others up to standards recognized by the Intelligence Community, and fundamentally define the new realm of Homeland Security Intelligence.
For example, customs intelligence in the "old days" was no more than a tip or a lead. It had little to do with analysis, with context, with warning, with strategic information, with looking beyond the current to what is about to happen next. Its three intelligence elements -field, border, and headquarters -had no common budget, and did not often talk to one another.

I have focused on building intelligence architecture and developing analytic cadres that can respond to and prepare for the kind of products the Department and all its operating components need and at standards acceptable to the traditional Intelligence Community. I have organized DHS' Office of Intelligence and Analysis to take advantage of the work of the National Counterterrorism Center (NCTC) all-source, integrated assessments of terrorist threats. But - and this is a very important point - we look at threat information from NCTC, from the FBI, CIA and elsewhere in the Intelligence Community as well as from the DHS components through the prism of threats to the homeland writ large. This means my analysts and I take a broader view of threats than the organizations from which we draw our information.

I have structured our organization to align with the priorities the Secretary has set for the Department. My office supports not only DHS components, but also helps develop and feed intelligence back to the rest of the Intelligence Community.

- To keep out dangerous people, my analysts look at the full range of threats to our borders from terrorists, but they also track the threat from narcotraffickers, alien smugglers, and transnational gangs. They look at special interest aliens (SIAs) from countries that have weak counterterrorism programs and policies or are failed states.
  - My analysts also are concerned about dangerous people inside our borders, which equates to looking at those who are trying to recruit or engage in violent extremism. They work closely with the FBI, which is responsible for identifying and dismantling cells and networks. We focus primarily on the process of radicalization or phenomenology of how individuals who may have radical ideas but have not crossed that line to commit violence. I should add that we are not just concerned with Islamic extremists, but with white and black supremacists, anarchists, ecoterrorists and animal rights radicals. We do this analysis while carefully ensuring our citizens' rights to privacy, civil rights, and civil liberties are protected.
  - My analysts also look at demographic movements around the world and into this country to get a handle on dangerous people who might come to our borders. We do this while carefully ensuring that people coming into the U.S. on student and work visas wish to do our country no harm. Similarly, we look carefully at nationals from countries where we have waived the requirement for visas. Based on what I have seen, some of these people, in fact, wish to do us harm. Our demographic analysis is done in close cooperation with NCTC, FBI, and demographic experts at CIA, but we have the responsibility to connect what we know from overseas information with what we can learn from state and local officials here in the United States. Consider, for example, the significant movement of large segments of populations out of East Africa into US cities like Minneapolis. We can learn much from state and local officials, who are working issues on the ground, and we can help them understand how to deal with problems effectively. Think of the Midwest police force that had to deal with violent confrontations in public housing because they just did not know not to assign Serbs and Bosnians to adjoining units. To counter al Qaida's single narrative, DHS has underway a program to inform and support Government outreach programs. The lead within the Department rests with its Office of Civil Rights and Civil Liberties, which has reached out extensively to Muslim leaders and organizations. Led by Dan Sutherland, who is well known for his work in this area, his Office has held numerous meetings and round tables with Muslim leaders throughout the country.
  - To protect our nation against dangerous materials brought across the borders, I have established a Chemical, Biological, Nuclear, and Radiological Branch which looks at the threat in-bound, worldwide, and global. We also assess threats from pandemic diseases, like the avian influenza, and other biological threats like foot-and-mouth disease that could come across our borders and devastate our agricultural economy.
  - To protect our critical infrastructures, the Critical Infrastructure Threat Assessment Division follows the 18 private infrastructure sectors in this country. We assess the threats to each of the sectors in detailed assessments which helps the rest of the Department look at risk and vulnerability. For state and local governments who are competing for grants and other federal funds available for security assistance, these assessments support the grant process.

I firmly believe that this intelligence capability and the robust information that flows to support it are the glue that binds together the DHS as a single enterprise, binds DHS to the rest of the Intelligence Community, binds DHS to the broader community of law enforcement and state and local partners, and binds DHS to our foreign government partners. Let me share with you a few of the initiatives we have taken to cement these ties and working relationships;

- We have deployed dozens of officers-positions which we have eaten largely out of hide -to external organizations, including NCTC, to the El Paso Intelligence Center (EPIC), and to 22 of the 58 fusion centers, at the state and local level, across the country. We will have officers in 35 fusion centers by the end of this year,
- We are sending trained reports officers to DHS components to get the information gleaned from contacts at the borders to the rest of the Intelligence Community in the form of Homeland Intelligence Reports (HIRs). As a result, we have issued nearly 3,000 HIRs in the past year, sharing valuable information on transnational threats from the Caribbean and Latin America, sensitive information from ports of entry, data from people who are given secondary screening or people who are denied entry into the United States.
- We have raised our visibility with the Intelligence Community, sitting as a full participant in Intelligence...
Community forums and working hand-in-hand with our partners at the DNI, FBI, and NCTC.

- With the FBI and NCTC, we have formed an interagency threat and coordination group (ITACG) that is located in NCTC, under NCTC management, but with DHS and FBI senior officers leading it. ITACG officers monitor the sensitive databases each day to determine what can be sanitized and sent to our state and local partners.
- We contribute to the National Terrorism Bulletin and President's Daily Brief and put out joint advisories with the FBI, mostly at the For Official Use Only (FOUO) level to ensure maximum reach to our state, local, and private sector partners.
- We are establishing a National Applications Office that will work to use satellite imagery not only for civil applications, but to support homeland security efforts. This effort has yet to reach operational status. Let me assure you this is an area where we will ensure that the privacy and civil rights and civil liberties of all Americans are protected.

**Homeland Security’s Future Priorities**

We have done a lot, but we face limitations in terms of resources and in terms of time. Secretary Chertoff has acknowledged we cannot attempt to protect this nation from every conceivable risk by taking every conceivable protective measure. We, therefore, have adopted a risk management framework of national priorities, goals, and requirements to protect critical infrastructure and key resources. At the core of this framework of setting priorities based on risk is the quality of the intelligence we have upon which to make judgments. What is the nature of the threat? What are the vulnerabilities? What are the available countermeasures? These are part of the foundation for deciding where to invest our limited resources.

No one agency of the U.S. Government can protect the homeland on its own. Sharing information is not enough. We must work together - federal, state, local, tribal, and private sector - to recognize trends, anticipate changes, and plan for attacks that are coming, not those that have already occurred.

But we are facing a daunting network of adversaries who understand the power of information, and increasingly understand the power of the cyber realm. Soon it will be time for me to pass the baton to a new Under Secretary and a new administration. But, I am confident that Secretary Chertoff and DHS leaders and its dedicated personnel have established a firm base of protection for the homeland that will serve our successors, our citizens, and our country well.

Thank you for your interest and your attention.