

**Union Calendar No. 480**

105TH CONGRESS }  
2d Session

HOUSE OF REPRESENTATIVES

{ REPORT  
105-839

**SURVEY OF ACTIVITIES OF THE PERMANENT  
SELECT COMMITTEE ON INTELLIGENCE  
DURING THE 105TH CONGRESS**

---

**REPORT**

OF THE

**PERMANENT SELECT COMMITTEE ON  
INTELLIGENCE**



JANUARY 2, 1999.—Committed to the Committee of the Whole House on  
the State of the Union and ordered to be printed

---

U.S. GOVERNMENT PRINTING OFFICE

69-006

WASHINGTON : 1999



## LETTER OF TRANSMITTAL

---

HOUSE OF REPRESENTATIVES,  
PERMANENT SELECT COMMITTEE ON INTELLIGENCE,  
*Washington, DC, January 2, 1999.*

Hon. NEWT GINGRICH,  
*Speaker of the House,*  
*The Capitol, Washington, DC.*

DEAR MR. SPEAKER: Pursuant to the Rules of the House, I am pleased to transmit herewith an activity report of the Permanent Select Committee on Intelligence, titled "Committee Activity Report for the 105th Congress." The report includes a summary of oversight activities and findings of the Committee during the course of the 105th Congress.

Sincerely yours,

PORTER J. GOSS, *Chairman.*

## Union Calendar No. 480

105TH CONGRESS } 2d Session	HOUSE OF REPRESENTATIVES	{ REPORT 106-5/839
--------------------------------	--------------------------	-----------------------

---

---

### SURVEY OF ACTIVITIES OF THE PERMANENT SELECT COMMITTEE ON INTELLIGENCE DURING THE 105TH CONGRESS

---

JANUARY 2, 1999.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

---

Mr. GOSS, from the Permanent Select Committee on Intelligence, submitted the following

### REPORT

This report covers the activities of the House Permanent Select Committee on Intelligence during the One Hundred Fifth Congress. Porter J. Goss (Republican, Florida) served as Chairman; Norman D. Dicks (Democrat, Washington) served as the Ranking Democratic Member.

In carrying out its mandate from the House regarding oversight of U.S. intelligence and intelligence-related activities, the Committee created two subcommittees:

#### SUBCOMMITTEE ON HUMAN INTELLIGENCE, ANALYSIS, AND COUNTERINTELLIGENCE

Bill McCollum (R-Florida), Chairman	Julian Dixon (D-California), Ranking
Bud Shuster (R-Pennsylvania)	David E. Skaggs (D-Colorado)
Michael N. Castle (R-Delaware)	Nancy Pelosi (D-California)
Sherwood Boehlert (R-New York)	Sanford D. Bishop (D-Georgia)
Charles F. Bass (R-New Hampshire)	
Jim Gibbons (R-Nevada)	

## SUBCOMMITTEE ON TECHNICAL AND TACTICAL INTELLIGENCE

Jerry Lewis (R-California)	David E. Skaggs (D-Colorado), Ranking
C.W. Bill Young (R-Florida)	Norm D. Dicks (D-Washington)
Michael N. Castle (R-Delaware)	Jane Harman (D-California)
Sherwood Boehlert (R-New York)	Ike Skelton (D-Missouri)
Charles F. Bass (R-New Hampshire)	
Jim Gibbons (R-Nevada)	

The stated purpose of H. Res. 658 of the 95th Congress, which created the House Permanent Select Committee on Intelligence, was to establish a committee "to oversee and make continuing studies of the intelligence and intelligence-related activities and programs of the United States Government and to submit to the House appropriate proposals for legislation and report to the House concerning such intelligence and intelligence-related activities and programs."

H. Res. 658 also indicated that the Committee "shall make every effort to assure that the appropriate departments and agencies of the United States provide informed and timely intelligence necessary for the executive and legislative branches to make sound decisions affecting the security and vital interests of the Nation. It is further the purpose of this resolution to provide vigilant legislative oversight over the intelligence and intelligence-related activities of the United States to assure that such activities are in conformity with the Constitution and laws of the United States."

## SCOPE OF COMMITTEE REVIEW

U.S. intelligence and intelligence-related activities under the jurisdiction of the Committee include the National Foreign Intelligence Program (NFIP), the Joint Military Intelligence Program (JMIP) and the Department of Defense Tactical Intelligence and Related Activities (TIARA).

The National Foreign Intelligence Program consists of activities in the following departments, agencies or other intelligence elements of the government: (1) the Central Intelligence Agency (CIA); (2) the Department of Defense; (3) the Defense Intelligence Agency (DIA); (4) the National Security Agency (NSA); (5) the National Reconnaissance Office (NRO); (6) the Departments of the Army, Navy, and Air Force; (7) the Department of State; (8) the Department of Treasury; (9) the Department of Energy; (10) the Federal Bureau of Investigation (FBI); and (11) the National Imagery and Mapping Agency (NIMA).

The Joint Military Intelligence Program (JMIP) was established in 1995 to provide integrated program management of defense intelligence elements that support defense-wide or theater-level consumers. Included within JMIP are aggregations created for management efficiency and characterized by similarity, either in intelligence discipline (for example, Signals Intelligence, Imagery Intelligence) or function (for example, satellite support or aerial reconnaissance). The programs comprising JMIP also fall within the jurisdiction of the National Security Committee.

The Department of Defense Tactical Intelligence and Related Activities (TIARA) are a diverse array of reconnaissance and target acquisition programs that are a functional part of the basic military force structure and provide direct information support to military operations. TIARA, as defined by the Joint Chiefs of Staff and the Secretary of Defense, include those military intelligence activities outside the defense intelligence program that respond to requirements of military commanders for operational support information as well as to national command, control, and intelligence requirements. The programs comprising TIARA also fall within the jurisdiction of the National Security Committee.

#### OVERSIGHT ACTIVITIES

The House Permanent Select Committee on Intelligence (HPSCI), under the leadership of Chairman Porter Goss, has—

- Promoted the education of Members of Congress and the public on the several distinct roles intelligence plays in our country's national security;

- Worked to enlist the trust and cooperation of other committees in performing oversight for issues that cross committee jurisdiction, such as terrorism, narcotics, etc.;

- Worked diligently to promote the awareness of national security issues far more broad and diverse than those emphasized during the past 50 years;

- Worked with the Intelligence Community (IC) to enhance the notification process, resulting in more timely and accurate notification to the committee leadership;

- Spearheaded a community-wide study to assess current intelligence capabilities; and

- Focused on the strategic needs of the IC

The Committee has been specifically concerned that intelligence capabilities be able to meet the future needs of United States foreign and national security policies. The Committee has continued to reach out to the Administration, through the National Security Council (NSC), to ensure that planning for these capabilities is consistent. Unfortunately, dialogue between the Committee and the NSC on these issues is virtually non-existent, despite repeated attempts by the Committee's senior Members. Thus, the Committee has found a lack in focus and planning on national security issues by the NSC and the relationship between the NSC and this Committee is unsatisfactory.

The Committee identified five areas of concern and made several prescriptive recommendations in its two Intelligence Authorization bills. Those recommendations, which are currently in the process of being implemented by the IC include: steps to improved analytic capabilities; ensuring human intelligence (HUMINT) capabilities are equipped to fill intelligence gaps; promoting technological flexibility in meeting diverse intelligence needs; rebuilding and diversifying covert action capabilities; and developing an IC that is quick to respond in depth to a crisis, while maintaining its long term strategic focus.

The Committee has prudently endeavored to direct taxpayer investment in the programs and infrastructure that will sustain the IC well into the 21st century. The Committee took the initial steps

to address the overabundance of the unmet needs found throughout the IC; and urged the development of a leaner, more corporate, and increasingly efficient community.

#### INTELLIGENCE AUTHORIZATION ACTS FOR FISCAL YEARS 1998 AND 1999

During the 105th Congress, the Committee authorized funding and personnel levels for fiscal years 1998 and 1999. This activity was carried out at both the full committee and subcommittee levels.

The Committee conducted detailed and extensive reviews of the President's fiscal year 1998 and fiscal year 1999 budget requests for intelligence and intelligence-related activities. These reviews included substantive and programmatic hearings, Member briefings and numerous staff briefings. The Committee conducted hearings organized across functional lines within the IC rather than by agency. This permitted the Committee to take a broader view of each of the issues and analyze how the various intelligence functions relate to one another.

Testimony on the President's budget submission was taken from the Director of Central Intelligence (DCI); the Assistant Secretary of Defense for Command, Control, Communications and Intelligence (C<sup>3</sup>I); the Directors of the DIA, NSA, NIMA, NRO, the FBI; and other major intelligence program managers.

The Committee began its review of these budget submissions with the view that the recommended authorization levels for the past several years had been driven to some degree by political considerations as to an "acceptable" intelligence budget level. For the fiscal years 1998–1999, the Committee emphasized both current and future needs, believing firmly that the U.S. must start building now for the 21st century.

In the two budget authorization bills, enacted during the 105th Congress, the Committee invested in a recapitalization and modernization of US SIGINT capabilities; continued to invest in all-source analysis in establishing a "global," strategic outlook which will allow for proper indications and warnings for policymakers throughout the government; and funded the return of more intelligence officers. Additionally the Committee has sought to rebuild covert action capabilities, invest in advanced research and development programs, and addressed the risk aversion engendered by previous CIA management.

As a result of these findings and recommends, the Committee sought very modest increases for both fiscal years in order to reverse the decline of past years and to create the stability necessary for the IC so that intelligence program managers can formulate appropriate plans for the future.

The "Intelligence Authorization Act for Fiscal Year 1998" (P.L. 105–107) included a provision to bring cost-based accounting, specifically the Central Services Program (CSP), to certain operational activities of the Central Intelligence Agency. The CSP is anticipated to develop more efficient and cost-saving methods to provide administrative support for Agency activities. Additionally P.L. 105–107 included more funding for the Department of Defense Counterintelligence Programs that are responsible for force protection, counterterrorism programs, and general DOD counterintelligence

activities. As a result of the Committee's actions and interest in these programs, the DOD has taken action to provide a large increase in counterintelligence positions and has supported continued investment in a Defense Counterintelligence Information Management System. Finally, the fiscal year 1998 Intelligence Authorization bill included provisions that apply specific attention to the IC's satellite-based collection programs with particular emphasis on system cost and utility.

The "Intelligence Authorization Act for Fiscal Year 1999" (P.L. 105-272) included the "Intelligence Community Whistleblower Protection Act of 1998" (H.R. 3829) as Title VII of the bill. The bill also amended the Foreign Intelligence Surveillance Act to authorize court ordered access to common carrier records, pen registers, and trap and trace devices in the course of an authorized foreign counterintelligence and international counterterrorism investigation. Additionally, P.L. 105-272 amended title 18 U.S.C. §2518 to permit the use of multipoint wiretaps for criminal investigations where the criminal targets' actions have the effect of thwarting a traditional wiretap investigation.

#### AREAS OF SPECIAL INTEREST

The following issues were of special interest to the Committee during the 105th Congress:

##### *"Intelligence Community Whistleblower Protection Act of 1998"*

H.R. 3829 was included as Title VII of H.R. 3694 (P.L. 105-272) enacted provisions to protect and promote whistleblowers within the IC wishing to report serious problems with the House and Senate Intelligence Committees. Enactment of this legislation precluded a presidential veto of the bill H.R. 3694 "Intelligence Authorization Act for Fiscal Year 1999."

##### *Counternarcotics Efforts*

H.R. 4300 "*Western Hemisphere Drug Elimination Act (WHDEA)*" Chairman Goss and Human Intelligence and Analysis Subcommittee Chairman Bill McCollum worked closely with the Speaker and the Drug-Free America Task Force Chairman Dennis Hastert to pass this legislation in the House by a vote of 389-89. The bill authorizes \$2.34 billion during fiscal years 1999-2001 covering a range of new counternarcotics initiatives designed to reduce the global supply of coca and opium poppy; enhance counternarcotics efforts in the source countries of Bolivia, Peru and Colombia; and to improve US intelligence capabilities in the detection and interdiction of narcotics traffickers and money laundering. An amended version of the WHDEA was included as part of the Omnibus Appropriations bill, H.R. 4328 (P.L. 105-277).

##### *Encryption*

H.R. 695 "*Safety And Freedom through Encryption (SAFE) Act*" With near unanimity, the Committee reported to the Full House an amendment in the nature of a substitute to the Goodlatte version of the encryption bill. With the Committee's action on this issue, the legislative debate finally included debate on compelling public



safety and national security risks attendant to the complete and immediate deregulation of encryption exports.

#### *Iran/Bosnia*

On April 5, 1996, the Los Angeles Times published an article, "U.S. OK'd Iran Arms for Bosnia, Officials Say," alleging that, in 1994, the Clinton Administration gave a "green light" for Iranian arms shipments to Bosnia to transit Croatia. This decision came despite the United Nations arms embargo imposed on the former Yugoslavia that the United States had pledged to uphold and despite the Administration's policy of isolating Iran internationally. On April 23, 1996, the HPSCI initiated an investigation into "those aspects of the transfer of arms to Bosnia that fall within the committee's responsibilities to conduct oversight of the intelligence activities of the United States Government."

On October 9, 1998 the Committee issued committee report number 105-804, concluding its investigation of this matter. Among its findings were:

The "no instructions" instruction constituted a change in U.S. policy.

The Clinton Administration failed to inform Congress about its decision to allow Iranian arms to transit Croatia into Bosnia.

Policymakers did not keep their own senior intelligence officials informed of U.S. policy concerning these arms shipments.

When the U.S. ambassador in Croatia asked the Intelligence Community Representative in Croatia to pass on the U.S. position on these Iranian arms shipments, the ICR acted properly and responsibly in refusing to carry out this request and informing his superiors.

The Committee found that there was no unauthorized covert action to arm the Bosnian Muslims.

Based on the available evidence, the Committee cannot conclude that any U.S. official crossed the line into covert action. However, questions remain about whether any U.S. official exceeded the "no instructions" policy and actively facilitated a weapons shipment to Bosnia in September 1995.

#### *CIA Drug Trafficking Investigation*

In August 1996, the San Jose Mercury News published a series of articles regarding the introduction, financing, and distribution of crack cocaine into communities of Los Angeles. The articles alleged that one of the drug trafficking rings responsible for introducing crack cocaine to Los Angeles was operated by a Nicaraguan who used some of his drug profits to provide lethal and non-lethal assistance to the Contras. Furthermore the *Mercury News* articles implied that the CIA either backed, or at least condoned, the drug trafficking activity. In September 1996, the Committee began a formal investigation into these allegations. Separate investigations were also begun by the Inspectors General (IG) of the Department of Justice and the CIA.

The scope of the Committee's investigation focuses on the following questions:

Were any CIA operatives/assets involved in the supply or sale of drugs in the Los Angeles area?

If CIA operatives or assets were involved, did the CIA have knowledge of the supply or sales of drugs in the Los Angeles area by anyone associated with the Agency?

Did any other U.S. Government agency or employee within the Intelligence Community have knowledge of the supply or sale of drugs in the Los Angeles area between 1979–1996?

Were any CIA officers involved in the supply or sales of drugs in the Los Angeles area since 1979?

Did the Nicaraguan Contras receive any financial support, through the sale of drugs in the United States, during the period when the CIA was supporting the Contra effort? If so, were any CIA officials aware of this activity?

What is the validity of the allegations in the San Jose *Mercury News*?

Since the beginning of its investigation, the Committee has engaged in many activities to gather information, including: tasking the Congressional Research Service for background data related to the Iran-Contra investigations; tasking the IGs of the Department of Justice and CIA to provide access to all material that they compile in the course of their investigations, conducting several interviews in Washington, Los Angeles, and Nicaragua; and attending and participating in two “town hall” meetings in South Central Los Angeles. The Committee has also received and is reviewing the results of the CIA and Department of Justice IG investigations, as well as an investigation by the Los Angeles County Sheriff’s office.

The Committee’s investigation will continue during the 106th Congress, with much data reviewed and interviews conducted. The CIA IG identified over 6000 documents for Committee review. The Committee expects to complete its investigation in early 1999.

#### *U.S. Dual-Use Technology Transfers to China*

The Chairman and Ranking Democratic Member, along with selected staff, participated in the hearings, briefings, and other business meetings of the Select Committee on U.S. National Security and Military/Commercial Concerns with China, and they fully support the Committee’s findings. The Select Committee was initially mandated to investigate allegations that two U.S. companies, Hughes Aircraft and Space Systems Loral, illegally transferred dual-use technology to China that improved Beijing’s space launch vehicles and ballistic missiles. It concluded that the transfers in question did indeed take place and that Chinese capabilities were improved, but the extent to which both firms were knowingly complicit was not clearly established. The Select Committee expanded its investigation into other areas, such as the role of the space insurance industry in the Hughes and Loral cases, the issue of lax site security for U.S.-manufactured satellites being launched in China, trends in the U.S. export control regime, China’s acquisition of U.S. high performance computers, its illegal diversion of McDonnell-Douglas’ precision machine tools and of jet engines manufactured by Garrett Jet Engine Corporation, and Chinese espionage at U.S. Department of Energy facilities. The capabilities of China’s missile and space forces were assessed, as were Beijing’s

targeting techniques and other activities related to the acquisition of restricted technologies from U.S. sources. Numerous recommendations were made to improve America's regulatory and enforcement capabilities related to future technology transfers. In the 106th Congress the Intelligence Committee will follow up on several of the matters discussed in the Select Committee's final report.

#### COMMITTEE FACTFINDING

Hearings and briefings play an important role in advising the Committee, however, good oversight demands much more than simply taking what is given in the way it is packaged by the Executive Branch. On-site oversight, examination, and inspection are essential to delve into detail and develop unambiguous, firsthand knowledge of which IC activities are working well and which are not. That is the case even more since a significant portion of the IC—particularly its collection, operations, and military support elements—is located outside the Washington, D.C. area. Accordingly, in the 105th Congress, Committee Members and staff inspected over 50 intelligence and intelligence-related facilities within the U.S. as well as examined U.S. intelligence activities and intelligence-related issues in over thirty countries overseas.

In August 1997, Committee Members visited Pyongyang, Democratic People's Republic of Korea, where they engaged North Korean leadership on the perils and pitfalls of the DPRK's continued intransigence on security and humanitarian issues.

In December 1997, Committee Members traveled to the United Kingdom where they discussed oversight issues falling within the jurisdiction of the IC. These discussions included such topics as: encryption, NATO expansion, proliferation of weapons of mass destruction, Bosnia, and the role of British oversight committees in collection and production.

In late January early February 1998, Committee Chairman Goss and Human Intelligence and Analysis Subcommittee Chairman Bill McCollum traveled to Mexico City, Mexico and Panama City, Panama. Chairman Goss and Mr. McCollum participated in discussions with the Attorney General of Mexico, and various other officials of the Mexican Ministry of Foreign Affairs, during which the necessity of fighting the drug war on a bilateral basis was reinforced. The Members also had an opportunity to participate in an opium poppy eradication operation with the Mexican Military's 9th Brigade. In Panama, Chairman Goss and Mr. McCollum reviewed the national security and intelligence issues affected by the impending departure of the American military pursuant to the terms of the Panama Canal Treaty.