The White House Transition Project

The Moody Series on Bipartisan Leadership

In Conjunction with
The Texas Presidential Libraries
and
In Collaboration With
Rice University's
Baker Institute for Public Policy

The Clements Center for National Security;

The Robert S. Strauss Center for International Security and Law

Keynote Address by James Clapper,

Director of National Intelligence
Introductions by Stephen Slick, Director, University of Texas Intelligence Program;
Admiral William McRaven, University of Texas Chancellor

Following the Program a Discussion Led by
Moderator Mark Updegrove, Director
Lyndon B. Johnson Presidential Library,
Stephen Hadley, National Security Advisor, President George W. Bush;
Admiral Bob Inman, former director of the National Security Agency
and the deputy director of Central

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P R O C E E D I N G S

MR. STEPHEN SLICK: Good evening. Good evening and welcome. Thank you all for coming out for the Texas National Security Forum. I'm Steve Slick, the director of the university's Intelligence Studies Project, and if you're not yet familiar with it, this project is an ambitious undertaking of the Clements Center for National Security and the Strauss Center for International Security and Law. And so if you enjoy tonight's program and share our interest in intelligence and national security, I would encourage you to get involved and come out and participate in more of our programs.

I should also acknowledge up front that I am most certainly not the university provost. Dr. McInnis had hoped to be here this evening to welcome you, but she was called out of town at the last minute and she sends her regrets.

Now, for those of you who are only able to attend this evening's event, I want to explain briefly that we're at the midpoint of a two-day conference that's focused on the transition of national security responsibilities between presidential administrations. You may have heard that there's an election underway. And as a former intelligence officer, I'm able to assess with high confidence that there'll be a new president in January.

So as exhausting as this campaign may seem some days, this exercise of peacefully transferring power is, in fact, quite an exceptional event and should be a source of great national pride for us.

So earlier today, a distinguished roster of current and former government officials, military officers, and scholars inventoried and debated the most significant national security threats that are likely to face the next president in Asia, the Middle East, Europe, and from terrorists. And if there'd been enough time, we might have tried to identify dangers that are still lurking over the horizon and that no one is talking about today but may well demand much of the next president's time.

Tomorrow, right here in the LBJ Library, we'll consider and seek out the best practices in the process of transferring responsibility for our diplomatic, military, and intelligence activities as well as for policymaking in the White House.

This evening's keynote address by the leader of the U.S. intelligence community aims to connect these security challenges with the activities -- and in some cases these are activities that are already underway -- that will help prepare the next president to meet those challenges.

Following our keynote remarks, the LBJ Library director and our host this evening, Mark Updegrove, will lead a discussion with the DNI, former National Security Advisor Steve Hadley, and our UT colleague Admiral Bob Inman.

So with that, and to introduce our keynote speaker, I'll call on the UT system's superb chancellor, Admiral William McRaven. (Applause.)

ADMIRAL. WILLIAM MCRAVEN: Well, thanks very much, Steve. Steve touched on a couple things and I want to reinforce a few points. We really do have an exceptional group of distinguished conference speakers here tonight, and

frankly, I've had the privilege in my career to have worked with a number of them, both in the Bush administration and the Obama administration. So these leaders include our nation's first director of national intelligence and the former deputy secretary of state John Negroponte; the former deputy secretary of state and the former dean of the LBJ School, our own Jim Steinberg; my very good friend and the former supreme allied commander in Europe, General Phil Breedlove; a man who I shared an office with in the White House for two years and who is now the director of the National Counterterrorism Center, Nick Rasmussen; and many other luminaries, folks like Michael Green, Phil Zelikow, Jim Jeffrey, Kim Kagan, Kristen Silverberg, Farah Pandith, John McLaughlin, and many others.

But as Steve said, this conference is also an early manifestation of the Texas National Security Network. Remember those words: the Texas National Security Network. This network is one of the eight quantum leaps that I announced last year, and with it, we aim to make the University of Texas system the leading university system in the world for teaching and research on national security. In the coming months and years, through the network's efforts, you will see even more UT students preparing for careers in defense, intelligence, and diplomacy. There will be more UT scholars conducting cutting-edge research on topics like cybersecurity, intelligence, biosecurity, and national security. There will be more national security leaders like those here tonight convening in Texas to explore consequential matters of defense and statecraft.

This conference, as was said, is jointly convened by Clements, and that is Will Inboden, and Bobby Chesney at the Strauss Center for International Law and Security, and of course, your host tonight, the LBJ Presidential Library.

So let me say a few words about the conference. One of our nation's enduring strengths really is this concept of the peaceful transfer of power that takes place every four or eight years. So following our presidential elections, as Steve said, a new president is going to take the oath of office, and as the commander-in-chief, will assume control of the most powerful military in the world, the most effective intelligence community, and the most influential diplomatic corps.

We often take this peaceful transition for granted, but it is only possible because of the strength of our constitutional order, our democratic traditions, and the dedication and the integrity of our public servants. The American people don't have to worry about the losing presidential candidate trying to launch a coup. They don't have to worry that the outgoing president will refuse to step down. They don't have to worry that our men and women under arms, our intelligence professionals and diplomats will refuse to serve the new president.

Those that serve the president are all dedicated patriots, and every day -- every single day -- they live out their oath to support and defend the Constitution of the United States regardless of who occupies the White House.

Nor do the American people have to worry about our government ceasing to function during a presidential transition. The outgoing administration

takes great care to hand over to the incoming administration the control of ongoing combat operations, sensitive intelligence collection, covert operations, and the delicate diplomatic negotiations. And not only do the men and women of our military, intelligence community, and Foreign Service willingly serve the new president, they play an indispensable role in facilitating the transition itself. Even as we gather here tonight, they are preparing countless briefing papers, transition memos, and action plans for our next president and his or her team.

As a nation, we can take pride and take comfort in the fact that this is done with such incredible professionalism and patriotism. But as this conference is exploring, we want to learn how we can do this better and how the lessons from past transitions can be applied to the one that is currently underway.

Just consider what our next president will inherit when he or she takes the office on January 20th. American military forces in combat in places like Iraq and Syria against the Islamic State, and Afghanistan against the Taliban and al-Qaida. Special operations on sensitive missions in places whose names cannot be revealed but whose danger is certain. The ongoing hunt for terrorist leaders like al-Qaida's Ayman al-Zawahiri. Intelligence efforts to detect and disrupt terrorist plots against America and our allies. Changing diplomatic negotiations -- challenging diplomatic negotiations with Russia and China on a range of issues. And much, much more.

Likewise, consider the policy challenges that will confront our next president. A resurgent Russia -- aggression in Ukraine and Eastern Europe. A China disrupting the peaceful in the Asia Pacific area. Multiple civil wars and a collapsing state order in the Middle East. A North Korea expanding its nuclear arsenal and delivery systems. And Iran at crossroads as it weights its commitment to the nuclear deal.

And finally, consider some new challenges unique to our era, challenges such as the possibility of cyberwar, environmental degradation, and emerging technologies in biology, nanotechnology, and artificial intelligence. The next president will have to innovate in all these areas without much help from precedent or history.

In short, our next president will have a very full inbox on day one. And we here at the University of Texas want to do our part to support this transition and support the national security professionals who keep our nation safe, secure, and free. To begin this discussion tonight, we have a keynote address by the Director of National Intelligence Jim Clapper. That will be followed by a panel moderated by Mark Updegrove from the LBJ Library.

On stage for this panel will be the former national security advisor Steve Hadley. I had the great good fortune to work for Steve when he was the deputy national security advisor and often interacted with him when he was the national security advisor. I remember one day going into Steve's office in the West Wing -- it was a very small office -- and his inbox was about two feet high. Everything was of national or international importance. I never saw anyone work

harder or get more done during their time at the White House than Steve Hadley. And Steve, it is great to have you here tonight.

Joining Steve on the stage will be my favorite admiral and a UT legend in the field of national security, Admiral Bobby Inman. Admiral Inman is the former director of the National Security Agency and the deputy director of Central Intelligence. Admiral Inman has also been my mentor since arriving here at UT. I am incredibly honored to call him my friend.

But before we begin -- before we bring them all onstage, I've asked Jim Clapper to give us his thoughts on the transition of power and the challenges that lay ahead.

Now, by way of background, Jim is the longest-serving director of national intelligence since that new post was created more than a decade ago. Now, you can read his bio, and it is very impressive -- an incredible career in the Air Force, the director of the National Geospatial Agency, the under secretary of defense for intelligence, and of course, the Director of National Intelligence. But that's now what you need to know about Jim Clapper.

What you really need to know is that Jim Clapper is a good, good man and a great American. He is the kind of guy you can trust implicitly. He is a man of unquestionable integrity and he has served this nation like few men in its history. He transformed the role of DNI through his personal engagement and the trust that he built throughout the intelligence community. As an American, I can think of no single man who has done more to protect this nation than Jim Clapper.

Ladies and gentlemen, please join me in welcoming the Director of National Intelligence General Jim Clapper. (Applause.)

MR. JAMES CLAPPER: Well, thank you, Bill, for that very generous -- very generous introduction. I almost feel like I should quit while I'm ahead. And I do look forward just listening to the list of distinguished formers who are here and participating in this superb symposium, and I'm happy to say that in about 120 days, I hope to join the ranks of the formers.

It really is great to be back in Austin. Actually, any trip away from D.C. is great, particularly this particular season. But Austin has been one of my favorite recurring trips, and I try to make it out here at least once a year for the last two or three years.

So I think my task here tonight is to bridge today's discussion focus, the current threat picture, into tomorrow's focus, preparing the next president and his national -- his or her national security team so that they are as ready as they can be to address those threats immediately on January 20th -- which, by the way, is scheduled to be my last day and -- (laughter) -- actually, it's 119 days now, as the clock just turned over.

So I thought first I'd look through a historical lens at how we in the intelligence community have served presidents, and I tend to do that, at least partly, because I've lived through so much of that history. In fact, this week, someone on

my staff not so graciously pointed out that if you divide my 75 years on this Earth by our nation's 240 years, you'd find I've been around for about a third of all U.S. history. Thanks. Probably could -- that's one factoid I could have done without.

So I'm also looking through a historical lens because we're here in President Johnson's library. I was here a year ago exactly, last September, to participate in a historic event in which the CIA declassified 2,500 documents of the President's Daily Brief, and this ranged from President Johnson's administration and President Kennedy's. And the PDB, of course, is the absolute apex of intelligence reporting. It's the most -- among the most highly classified and sensitive documents in all of government.

And so declassifying PDBs is something the agency and we, as the intelligence community, had said we'd never do. But what other country would release something like this? The CIA's unprecedented declassification efforts go back to President Obama's first full day in office, when he called on the heads of executive departments to make government more open, and the CIA responded in a big way here in Austin last year.

And then just last month, the CIA declassified another 2,500 documents at President Nixon's library in Yorba Linda, California, and PDBs from his administration and from President Ford's.

Those 5,000 total PDB articles now housed at the two presidential libraries include more than 47,000 pages of the IC's daily dialogue with the president, in which we address global challenges and opportunities related to national security. But as John Brennan, my friend and colleague, the Director of the Central Intelligence Agency, said last September, it all started as a simple intelligence news bulletin for President Kennedy, who felt he was missing important intelligence because he didn't know when reports were arriving or when to expect updates.

So the CIA began bringing him a small packet, one that would fit in his shirt pocket, with intelligence highlights of the day. President Kennedy's short intelligence bulletin was called the President's Intelligence Check List, and of course, even then, our proclivity for acronyms, it was called "the pickle." It met -- it seemed to meet President Kennedy's needs, but when Lyndon Johnson succeeded JFK as President, the checklist didn't quite cut it for him. And when -- this was particularly evident when the CIA realized that he wasn't reading it.

So they developed the first President's Daily Briefing in somewhat the form you recognize it today, a bigger product which gave more in-depth analysis of world events. And they delivered it in the afternoon so that the president could read it in bed. They didn't know for sure that that was going to work till they got a note back from a senior White House aide that simply said, "The President likes this very much."

Because of the PDB, President Johnson felt better informed on the driving forces behind world events. And if you read the PDBs that were declassified here last fall, you'd see that world events included a lot more than what was

happening in Vietnam and Southeast Asia, where I spent two of my first few years in the intelligence business. Starting in 1969, President Nixon took a different tack, getting his PDBs after they were filtered through Secretary Kissinger as his gatekeeper. The CIA struggled at times to figure out the best way to serve President Nixon, but the agency persevered and adapted to changing requirements in the Nixon White House, which actually has been the history of the PDBs -- so we've always adjusted to each president's needs. But so they figured out how to continue delivering the intelligence picture to the president.

Of course, you can contrast that with Nixon's Vice President Gerald Ford, who, as a former member of the House Appropriations Intelligence Subcommittee, not only received his PDB directly from the CIA but also had it briefed to him by CIA officer David Patterson -- or David Peterson, excuse me. And much to the consternation of the White House gatekeepers, when Nixon left office President Ford continued to start his morning's with the CIA briefer. And that tradition of having an intelligence briefer deliver the PDB has continued through to today in various forms and versions.

Last month, while I was at President Nixon's library at Yorba Linda with John, just for personal interest, I pulled a sampling of his PDBs from June of 1970 to June of 1971, which corresponded to my second tour in Southeast Asia. And it was really fascinating for me to read now what the president was reading then, when I was working as a very small cog in the national intelligence apparatus. In fact, these two declassified PDB rollout events bookended my two tours in Southeast Asia, '65 to '66, and again in '70 and '71.

So both these events -- the one here and the one in Yorba Linda -- were actually quite meaningful to me personally. Of course, now and for a while longer, I read all of President Obama's PDBs. And every now and then, I get the question of how today's PDB differs from historic PDBs.

So I can answer, in general terms at least, I think today's PDB is a much richer product with intelligence from many, many more sources and accesses. The analysis is much more in-depth. The technical collection and quality of analysis, I believe, are way up, which are all great. But to me, the most significant difference is that we now include dissents from components in the intelligence community who may see the intelligence differently than the principal drafter of a given article. I think that's very healthy and it was -- and of course it wasn't possible for that to happen when only one agency was producing the report.

So the PDB that President Obama gets every morning is the most comprehensive and professional daily product ever given to a president or to anyone else.

The other question I often get about the PDB is what's in it. Well, even in a highly classified setting, I can't get into the details of what we talk about with the President, but I can say the PDB portrays over time what I see as the most diverse set of global threats that I have seen in my 53-plus years in intelligence. It

shows how we're now living in a world of what I call unpredictable instability, in which about two-thirds of the nations around the world are at some risk of instability in the next few years. Nearly everywhere in the world, the IC can point out the potential for states to fail or collapse. And we can't anticipate the specifics -- the when, where and how -- for our policymakers; it's unpredictable. But in sessions here throughout the day today, we looked at -- I know you've looked at security issues in Asia, the Mideast, Europe, and Russia. Well, let me just add some brief perspectives on Africa that demonstrate this unpredictable instability.

Africa, of course, is enormous -- over 11 million square miles with more than 1.1 billion people. And just between 2010 and 2015, 52 presidential elections were held, contributing to the constant political change and, to some extent, turmoil. There were more than 1,130 armed conflict events that occurred in Africa during this time span, resulting in conservatively over 50,000 fatalities.

These are just two factors -- there are two factors driving the scope and complexity of unrest which has spanned political, economic, security, cultural, and ethnic sectors, and the resulting clashes between varying factions, massive humanitarian crises, and perpetual regional instability. All that's led to interventions by the U.S. and others. And of course, Africa is just one region of the world.

This unpredictable instability has been a constant for the current administration and will be for the next one, too, no matter who our president is. So unpredictable instability is one factor to -- one major trend towards our threat picture which makes our lives more complicated.

The second big trend is that technology will continue to be disruptive. Technical areas like artificial intelligence, health care and agriculture, self-driving cars, 3D printing -- it goes on -- have the potential to revolutionize our lives for the better, or they could present vulnerabilities that are very hard to predict. Currently we're playing a lot of defense when it comes to the onrush of technology happening around the world.

My national counterintelligence executive, Bill Evanina, recently told me about a problem our security folks came across during a standard sweep of a new facility so that we could take possession and move in. They discovered several wireless signals transmitting out into the world, which, of course, is a little bothersome for us. So they located the sources and were relieved to discover the signals were not from foreign intelligence bugs placed in the facility. They came from vending machines trying to tell their distributor that they were empty. Apparently, vending machines phoning home for refills is a fairly common problem that we now know how to look for and mitigate.

And of course, that's just the tip of the famous internet of things we keep talking and hearing about. The internet of things has more than 10.3 billion endpoints, projected to grow to almost 30 billion by 2020, with a market of something like $1.7 trillion. And of course, this leads to several questions about how the internet of things affects us, particularly those of us in the intelligence community.

Where are weak points that we aren't thinking about, and how is our workforce going to be affected when even our clothes are connected, or when doctors regularly prescribe wireless monitors for health conditions?

Even now, I need a security waiver for my hearing aids, which have, believe it or not, Bluetooth connectivity. I don't do the Bluetooth thing; I get way too much data already.

We need to move past just defending ourselves, though, from drink machines and hearing aids to thinking about how the internet of things affects our work, our lives in the bigger picture because many of our adversaries are putting this globalized technology to work for them already.

So keeping all these challenges in mind, the upcoming presidential transition will happen at a particularly, I think, difficult time. In about six and a half weeks, we'll hopefully know who the next president is, and in four months, many of the faces and names at the top of the national security structure will change. So my sense is, at least in the Beltway, that the prospect of this makes people nervous, and that with an election cycle that's, how shall I say, been sportier than we're used to -- (laughter) -- we'll drop a new president with new national security leaders into this situation. And I know a lot of people have been feeling uncertainty about what will happen with this presidential transition. There's been a lot of, if I can coin the term, catastrophizing, particularly inside the Beltway and in the 24-hour news cycle and on social media.

So I'm here with a message, and the same message I conveyed recently to an intelligence industry trade group about two weeks, and it simply was: It'll be okay.

About a month ago, I participated in a meeting at the White House led by White House Chief of Staff Denis McDonough, which was the first formal meeting between the current administration and the two transition teams. And I have to tell you, I was struck by how sober and professional and courteous and civil the whole conversation was. It showed me there are people on all sides of this election who care about and are serious about national security. And because of our mission and our professionalism, today's IC will once again be a pillar of stability during this transition.

The people in the intelligence community, whether government, civilians, contractors, military, are a constant in U.S. national security, as they have been for a long time -- in fact, going all the way back to George Washington and his Culper Ring of spies. I remember it well. We have conducted intelligence to reduce uncertainty for our decision-makers, and that could be the president in the Oval Office or it can be a warfighter in an oval-shaped foxhole, to torture that metaphor.

We can't eliminate uncertainty for anyone, but we can provide insight and analysis to help their understanding and to make uncertainty at least manageable, so that our national security decision-makers can make educated decisions with an understanding of the risk involved. And that's why we've briefed the candidates, to

help reduce uncertainty for our next president, so when that person -- whoever it is -- steps into the Oval Office, he or she will have as good of an understanding of our complex and uncertain world as we can provide.

Our nation has a history of the orderly transition of power, and I believe the PDBs we declassified here and in Yorba Linda can help people comprehend what happens in the transition between presidential administrations. So that's why -- one of the reasons we declassified and released them to help public understanding. As John Brennan said last fall here, the release of these documents affirms that the world's greatest democracy doesn't keep secrets merely for secrets' sake. Whenever we can shed light on the work of our government without harming national security, we will do so. And that's true with those historical documents and it is true with discussion of things that we're doing now.

So today, considering the press of public interest in what the IC is doing during this presidential transition, which is like anything we've seen before, I thought I'd shed a little light on what we're doing. I talked about this a couple weeks ago at the same trade group summit and I feel it's worth repeating, particularly considering our theme for discussion tomorrow.

So first, to dispel a myth, we're not giving President Obama's PDB or any PDB product to candidates. In fact, the tradition of giving candidates classified briefings precedes the existence of the PDB. In 1962, President Truman offered the first candidate briefings to General Eisenhower and Governor Stevenson, and the newly-formed CIA conducted the briefings. Truman felt an obligation to do that because of his own experience and how woefully uninformed he felt on his first day in office. In fact, he hadn't known of the existence of the Manhattan Project until 12 days after he was sworn in as President, and he'd been Roosevelt's Vice President, of course. So he wanted his successor to be better prepared, so he asked for the two candidates to receive intelligence briefings based solely on their nominations to be president, not on any clearance they'd held, which is an issue that's come up recently.

That precedent -- but the precedent we have has carried over for every election since 1952. The CIA handled these briefings until 2008, when we, the Office of Director of National Intelligence, assumed this responsibility.

Secondly, just to be clear, one team produces and delivers the PDB to the president, and a completely separate team produces and coordinates the cross-agency effort to brief candidates. In fact, to make sure there's no political influence on the briefings, the candidate briefing team does not coordinate with the White House, and only career intelligence officers give the briefings, not any political appointees like me.

Similar to prior elections, we set ground rules months before the briefings started, and the White House concurred with them on June 22. Denis reached out to the two transition teams, and then we have been operating essentially independently since then. We have a list of topics we offer to each candidate. They can ask for briefings on any or all of them and can also ask for briefings on new

topics. If we give briefs on new topics, we'll make sure both candidates have the chance to get those same briefings. Otherwise, we don't tell either campaign or the public what happens in those briefings -- not what topics each candidate shows interest in or gets briefed on; not how either candidate reacts; not what questions get asked. So that's the candidate briefing process in brief.

On the day after the election, the briefing process I described changes, when the new president-elect receives his or her first President's Daily Briefing -- President Obama's PDB -- and later my office will also provide support to prepare the next DNI and next generation of IC leaders, including helping them through the confirmation process, which is, to be clear, something I will not regret leaving behind.

This whole process, though, is built on the precedent set by Truman back in 1952, and what a contribution he made for the future of the country. And I'm really glad that he made that generous decision to better prepare his successor.

Today, it's my belief, not surprisingly, that we have a stronger, more capable, more diverse and more integrated IC than ever before serving President Obama and preparing to support our next president and national security structure. That thought came home for me last week at a celebration my office held for the Air Force birthday, an event at which, basically, the airmen on my staff this year asked me to tell war stories for -- but only for about a half an hour, and how things were when the Air Force was in its teen years, and we talked about the progression of technology since then and how, for almost all of my career, we collected incredible intelligence but couldn't get it to the warfighters, particularly for days or weeks -- way too late to be useful; but how today, intelligence is at the operator's fingertips, and we talked about how our community has grown more diverse and more inclusive.

Here, we still have a lot of work to do, but we now have more women and minorities in the community and in positions of leadership than we have ever had before. That's not all. When I -- 1964, when I was an Air Force second lieutenant on my first assignment, I was forced to process out of the Air Force two model airmen, superb Russian linguists, because they'd been outed -- a word we didn't use back then -- as homosexual. The injustice and the waste of talent were simply astounding to me.

But 26 years later, I was then a two-star general and chief of Air Force intelligence, and I had a chance to maybe atone for my role in the injustice done to those two airmen a quarter century before. I restored the security clearance to a gay civilian employee following the sterling example set by none other than Admiral Inman when he served as director of NSA.

Now, in 2016, I can proudly say that for the first time, lesbian, gay, bisexual, and transgender IC professionals through the ranks of our government, contract, and military workforces can serve openly. I believe that's a huge step for the intelligence community because intelligence integration only works when we bring together different talents and points of view and give everyone a voice.

So I look back over my over-half century in the intel business and can

see the evolution of our intelligence community. We are better -- much better now -- than we were 53 years ago when I took my oath of office as a brand-new second lieutenant in the Air Force. We're better, more capable than we were 15 years ago, in September of 2001. And I believe we're better, more integrated than we were six years ago when Vice President Biden swore me in as DNI, although I'm going to leave it to someone else to grade my work.

The reason we keep evolving and getting better is because of the people in the intelligence community. This is a community like no other on Earth, and I couldn't be prouder to have served in it for as long as I have. I believe that in this time of change, when we don't know today who our next intel customer number one will be, what our national priorities will be or what challenges we'll face next, but I'm confident that our unique accesses and insight will continue to help our national leaders manage the inevitable uncertainty for a long time to come.

So, thanks for listening. Now I want to invite Mark Updegrove up to introduce Steven Hadley and Bobby Inman so that we can continue this conversation as a panel. Thanks very much. (Applause.)

MR. MARK UPDEGROVE: General, thank you for your remarks, and Admiral McRaven gave a marvelous introduction to both Bob Inman and Steven Hadley. I won't try to be redundant by introducing them myself, but just want to say to all of you how honored we are to have you on this stage.

And General, I'm going to start with the subject at hand: White House transitions. When we have a new president-elect in November and you go into that first transition meeting, what would you put on the top of the agenda.

MR. CLAPPER: I think the first thing I would do -- this is, by the way, becoming an FAQ, frequently asked question -- is to stress -- if I had one point to make to the president-elect, it's to stress the importance of the independence of the intelligence community -- that is, its objectivity and the institutional integrity of the intelligence community -- and to never let politics enter into the rendering of intelligence assessments and judgments.

MR. UPDEGROVE: Bob, you've seen a lot of transitions in your time in public service. What was the worst transition you witnessed and what did you learn from it?

MR. BOB INMAN: I ended up being very fond of President Reagan. He was a great person to work for. But the transition was not a smooth one. And one of the many lessons I learned from it was a lot of people want to influence the shaping of the new team and the thoughts of the incoming president. In this case, my encounter was with Richard Allen, who was to be the first national security advisor. I was still the director of the National Security Agency, and I was summoned to brief him. He opened the session by asking me where the Soviets would militarily test the Reagan administration in its first year. I said, "Well, it's an interesting question." They would certainly probe and challenge, but militarily test? I was skeptical that would occur. And he said, "We were told that's what you would

say." And so I asked for a little more detail. They had brought Count Demirage (ph), who was the head of the French Sûreté, (inaudible), to brief the governor, and Count Demirage had told him, "Within the first several months, you will be tested militarily by the Soviet Union and it will probably be in Central America."

So as they arrived to take office, they were already persuaded that what was going on -- Nicaragua, El Salvador, Honduras -- was Soviet-directed and that it would be done in a way to test militarily the process.

So what I learned was you have to early on knock down preconceptions that have been installed by people who have other motives in doing it.

MR. UPDEGROVE: Right. Steve, you briefed President Bush before he went into a meeting with President-elect Obama. What did that briefing look like? What did you talk about in terms of equipping President Obama for the office he was about to take on?

MR. HADLEY: Well, I was not actually in that meeting. It was the President and the President-elect, just the two of them, which is as it should be. The President asked me to come up with a list of what I thought he should talk about, and of course, in typical fashion, I came up with eight or nine points. And the President looked at the list and he said, "I don't like this list very much," and he put it down. And he wrote his own.

And it was interesting because, I think, there are sort of three categories of things that the outgoing president can usefully tell the incoming president. One is, I think, in the intelligence field, and General Clapper and I have had this conversation: I think it's very important that President Obama tell the incoming president, you know, we've been through now 10, 15 years of intelligence reform.

We have statutory reform. We now have -- the CIA has reorganized itself. Those are very controversial and there are going to be all kinds of people coming to you to tell you that they're a terrible mistake and we've destroyed the intelligence community and we've got to go back to the way it was. Don't do it. Wait nine months; see how it works. Get to understand the people. Get to understand the process. See how your own team works. And then, at some point, you're going to ask yourself: Can we do this process better? But don't go in and start turning over the tables until you really understand the organization. I think it's terribly important that that be conveyed.

Second thing, and this is something that President Bush did, you can talk to the new president about military or intelligence operations that are ongoing that the new president-elect needs to know and understand and needs to have the perspective of the president on. And so one of the things that President Bush did was he talked to President Obama about some things we had underway with respect to Iran and Iran's nuclear program.

And I think the third thing that the outgoing president can tell the new president is something about personalities. Personal relations do matter in foreign policy and national security, and I think the outgoing president can give the incoming

president who to be wary of, who he can or she can work effectively with, and how to approach President Xi Jinping or President Putin.

So I think those are sort of three baskets, and I think that conversation can be very important. President Bush, for example, said, I publicly talked to President Obama about the importance of Saudi Arabia and the importance of that relationship. So I think those three things. There ought to be a message about intelligence; there ought to be a message about our operations -- military, intelligence; and then there ought to be something about, on the diplomatic side, how the new president should approach these world leaders who are now the new president's (inaudible).

MR. CLAPPER: And I might add --

MR. UPDEGROVE: Please.

MR. CLAPPER: -- President Obama, from when we first began discussing transition planning, expressed his gratification and appreciation for the tremendous preparation that his administration got from the Bush administration, and resolved to even do better, and this administration has done a great deal to prepare for a transition.

So we have plans in the intervening 74 days between the election and Inauguration Day to run tabletop exercises -- what do you do when you have an Ebola crisis? What do you do when you have a homeland attack or something? -- to actually walk through how this administration approached things for the benefit of the next one. And the reason for that was because of what President Bush and you and others did to prepare the Obama administration.

MR. UPDEGROVE: Gentlemen, I want to ask you, it's been a few years since you've briefed presidents. What has changed most significantly in the intelligence community since you were in your functions in the security apparatus? Bob, let's start with you.

MR. INMAN: The explosion of information flow daily: the 24-hour news cycle, the -- there's such a vast flow. You may well find it very difficult to tell the president anything he hasn't already gotten in some -- you know? What you have to do is straighten out what's really valid as opposed to what he's heard in that flow. I didn't have that problem back earlier. We were usually first on the scene when something was breaking to tell the president. This is a much harder world.

MR. UPDEGROVE: Right. Steve, it's been almost eight years since you were briefing the president. What's changed most significantly in the time that you've been out of government service?

MR. STEPHEN HADLEY: Well, I think one thing that started under the Bush administration in the wake of the intelligence failures, or, as I call them, the imagination failures, associated with the weapons of mass destruction in Iraq is something General Clapper talked about, that the PDB is now drawn from across the intelligence community and it has pieces from all the various 16 intelligence agencies, and dissenting views are highlighted. That's a terribly important change.

Secondly, I think -- and we've talked about this -- it's not what is the intelligence the president needs every morning. It's really, in some sense, what is the information the president needs.

But I think, thirdly, precisely because there's so much information -- we have a plethora of information and a paucity of understanding. And I think one of the things the new intelligence community needs to think about is really what does the president need. Does it need the up-to-the-minute sort of breaking events, or does the president need more -- I think one of the most important things is context. If you do not understand context, you are going to make mistakes.

And so I think one of the real challenges for the new administration, and General Clapper will probably have some views about this, is what does the president really need? And maybe what the president really needs is this kind of in-depth understanding and context that can set the table for the president and allow the president to then begin to understand the facts and the data that's coming across the table and set the table for the president to make the policy judgments the president has to make.

MR. CLAPPER: Well, I think Steve's exactly right, and of course the dilemma -- this has always been a hardy perennial in intelligence -- is allowing ourselves to become consumed with the urgent and now as opposed to the more distant and important. And Steve is exactly right on the issue of context.

Every administration, I think, approaches assumption of power with a broad strategic view which gets shorter as each day goes by and as each crisis comes up, and it's very difficult to sustain the discipline. Yes, they must have the here-and-now: what's the crisis of the day? What are we going to do about it? But trying to keep that all in context and perspective is a challenge, and it has been for us and it will be for the next administration.

MR. UPDEGROVE: General, you -- we recently had a bombing in New York City, after which you said, "Regrettably, this will not be the last of such incidents in this country." So how do we effectively evaluate how our security apparatus is doing in preventing terrorist strikes on our soil?

MR. CLAPPER: Well, the issue here is how intrusive, how invasive do you want the intelligence and law enforcement apparatus to be. Whenever we've had some incident, some event here in the United States -- the Boston Marathon or the current ones -- we always do post-event critiques, and a lot of critiques are done to us by others, being the Congress. And it is interesting, as I've experienced this over the last six years, to watch that pendulum swing between you're being too invasive or, after an event, you weren't invasive enough. And I suspect we're going to go through this again.

So to me, that's the issue here, which bears a lot of public discussion. Just how intrusive or invasive should the intelligence community be?

A couple years ago, I meant it only half humorously when I said the intelligence community is expected to render current, accurate, relevant, and

anticipatory intelligence, and do it in such a way there's no risk, and do it in such a way that if it's discovered, no foreign government will get mad, do it in such a way there isn't even the scintilla of jeopardy to anyone's civil liberties or privacy, ours or other nations'. We call that immaculate collection.

And that kind of illustrates the dilemma that we find ourselves in. But to me, the root of your question, the importance of your question circles around that. To what -- if the bar is perfect, perfection, then that will necessitate a lot less freedom. And I don't think our -- the political attitude or societal attitude in this country will permit that, nor should it.

MR. UPDEGROVE: Gentlemen, let me bring you into this, if I may. So you've got a scale, as the General suggests. You've got on one side safety and security of the American populace; on the other side you have the privacy and civil liberties. Where do you draw the line? How do you make that assessment at any given time?

MR. INMAN: The reality is that finding their communications, who they're in contact with, is likely the only chance you have to prevent. And you look at the success the FBI has had in wiretaps on all the people who were planning to do bombing and all. You can give history after the fact and go back and reconstruct. I wonder in this current one, could we have learned more of what had gone on in Pakistan? Well, only if the Pakistanis wanted to collaborate and tell us what somebody is doing. Not likely in the process.

So in this tradeoff of privacy versus the rest, what's the national interest? And the national interest is to prevent if you can. If you can't, then try to pursue and bring to justice after the fact.

MR. UPDEGROVE: Steve, you were in the White House as deputy national security advisor after 9/11. How did you evaluate this equation at that time?

MR. HADLEY: It's very tough, and I will tell you the framework that I feel we had, and a lot of it will be controversial and a lot of people would say this is not true. But the guidance we had from the president was stay within the law. We were not in the business of doing things that took us outside the law. Stay within the law. But within that context, the guidance was do everything we can to protect the country consistent in a way that Americans will be comfortable and we will -- we won't have regret the day after.

And I will tell you after 9/11, where we were clearly behind on our knowledge of al-Qaida, when the intelligence community was saying this was the first of a wave of mass-casualty attacks that was coming, and some might involve weapons of mass destruction, we consciously shifted that balance within the law in favor of protecting the country and doing some things that Americans might not quite feel so good about, because we thought it was important to keep the country safe. And after a couple of years, when we felt we got ahead of that problem, we began to shift that balance back.

Now, that's a very controversial proposition. It was a very -- this

debate became very politicized at the time. And I think there may be opportunity now to have what I think we have not had, which is a really candid conversation about what it takes to protect this country and how do we do it consistent with our values and consistent with ongoing support from the American people. I don't think we've had a no-kidding conversation about that, and I think it's a real opportunity for institutions like yours to bring national security folks, bring some people from the human rights community, bring some people from Silicon Valley.

We've got to repair this breach between the government and the Silicon Valley force that they have a lot of the pipes, which is communications. And let's have a fairly sophisticated, lowered-voice conversation of what the tradeoffs are, and try to get some sense of in this point in time, what is the right balance, and see if we can provide in some sense some help from outside to the debate that's going to go on within the government and this new administration.

MR. CLAPPER: So I think where the intelligence community comes in here revolves around what has been the major takeaway, the major lesson for me as a result of the Snowden revelations, is the need for the intelligence community to be transparent.

So we've, as I mentioned in my remarks, declassified a lot of historical documents. We've also declassified thousands of pages of current governance, principally court renderings, FISA court -- the Intelligence Surveillance Act, Foreign Intelligence Surveillance Act court and its decisions.

We have recently published a principles of transparency for the intelligence community, which everyone is signed up to. We now have a transparency council representing all 17 components of the intelligence community. And its job is to look for ways whereby we can explain what we do and why we do it without compromising our core sources, methods, and tradecraft, and that in itself is a balance.

But to inform this dialogue, this discussion that has to take place, and frankly, to restore and sustain the trust, faith, and confidence of the American people and its intelligence community, we must be more transparent.

MR. UPDEGROVE: It seems like there would have to be a cultural shift in the intelligence community. Let's face it, transparency is anathema in some ways to somebody who is a security professional.

MR. CLAPPER: Yes.

MR. UPDEGROVE: So how do you do that? How do you change the culture?

MR. CLAPPER: Well, it's hard. I grew up in the intelligence business. My father was a signal intelligence officer in World War II and did it for 28 years, so I grew up in that environment and I've spent half a century in it. So for me, it's genetically antithetical to be transparent. But transparent we must be. And so I certainly understand that.

We've got a lot of younger people that are helping us with that -- the

younger generations that we're bringing on in the intelligence community, who are naturally that way, naturally collaborative, and they're going to drive that change beneath our feet. But I do understand the need to do it, but it is hard.

I mean, our culture, our instincts are secretiveness.

MR. UPDEGROVE: Right. It seems we are seeing more and more cyberattacks. General, you alluded to this in your remarks. They're greater in abundance and they're greater in consequence. How do we better safeguard our cyber communities?

MR. CLAPPER: Well, at, say, the corporate and personal level, we need to pay more attention to cyber hygiene. It's amazing how many, many people, many companies don't do the basics. It's an issue for us in the intelligence community. Those who have access to the internet -- and we have to have training drills on not opening suspicious attachments and things like this, so some of the basics.

More broadly, though, we have, I think, a challenge here in developing cyber deterrence, if you will. It's very hard to do that, to generate both the substance and the psychology of deterrence, whether it's for a nation-state, a non-nation-state entity, or even an individual. And it's going to be very difficult for us to do that unilaterally unless we can conjure up internationally a set of cyber norms.

In the meantime, we are clearly going to be on the defensive, I think, and for us in the intelligence community, our job, our responsibility is generating threat information and then sharing it as widely as we possibly can, both certainly within the government but outside the government.

MR. UPDEGROVE: General, when you consider briefing the president-elect, what do you consider the world's greatest trouble spot?

MR. CLAPPER: Ha, where do I start?

MR. INMAN: North Korea.

MR. CLAPPER: Well, in my testimony on the Hill, every year I have to -- or I've had; I'm all done now, happily -- (laughter) -- do a worldwide threat assessment. And for the last three years I've led that discussion with cyber and the potential both vulnerabilities we have and the threats that we're seeing. And we have two very proficient, very sophisticated adversaries in the form of Russia and China, and then lesser cases: Iran, North Korea, to name two, although their capabilities are improving.

And what's happening which I find of concern is sort of the expansion of the envelope, where attackers, whether hacktivists or nation-states, are getting bolder and doing more potential damage. And the next phase, which I believe the next administration will have to confront, is much more widespread data manipulation, which is really insidious because it casts doubt on the veracity and integrity of the data, whatever it is -- personal data or corporate data or government data.

So that's probably what I would stress.

MR. UPDEGROVE: I have the great good fortune of having a monthly lunch with Admiral Inman, and we eat bad food and he gives me good information. Bob -- and we haven't spoken in a while -- what is your view on that? What do you consider the world's greatest trouble spot?

MR. INMAN: I'll give you a different answer than I would have two weeks ago, and that's North Korea.

MR. UPDEGROVE: Yeah.

MR. INMAN: And it's because of the demonstrated, substantial, technical advancements in their missiles, and in the size of the nuclear explosion. They exaggerated what they'd done earlier; there are real advancements. That in itself wouldn't trouble me, but they've got a pathological young leader who could do something very precipitous to establish his great fame.

So my worry about a nuclear attack is up substantially over where it would have been what I would have said two weeks ago. I don't think he's there yet, but the target to me appears pretty clear.

MR. UPDEGROVE: Bob, is there pressure on Kim Jong-un to make a statement, to rattle his sabre?

MR. INMAN: If there is one, it's his own self-generated. Maybe it's an important part of maintaining his absolute control. But you look at the way he's executed an uncle, put his aunt in the insane asylum, killed other generals -- any sign of any opposition, he's ruthless at doing. But he's sustaining the support because he's advancing North Korea to be a major player in the nuclear arena.

Am I way off, Jim?

MR. CLAPPER: Well, no, I would just add to that -- and this principally, I have followed developments on the Korean Peninsula ever since I served in Korea 30 years ago as the director of intelligence for U.S. Forces Korea. And then I had the experience in November of '14 of going to Pyongyang and engaging with the North Koreans. The real purpose of the trip was to get two citizens out of hard labor, which we did. But it was interesting to me to engage with a couple of Korean senior generals who, it's very clear, they are under siege. Everywhere they look, there is an enemy. Even their erstwhile patron, China, doesn't look so good to them. They are deathly afraid of the United States military capability. I constantly heard a diatribe about B-52s and B-1s and all the B-2s.

So for them, a nuclear capability, a credible nuclear capability, is their ticket to survival, and that's why the single-minded focus on nuclear. So I would agree with Admiral Inman that the threat and the concern is certainly heightened over what it has been. I don't yet view it as critical yet, but it certainly could be.

And while I'm on this subject, I would also comment that regrettably, we don't exploit their real weakness, which is their fear of outside information. And it's heretical to suggest it, but I found myself thinking about this after I left Pyongyang. It's regrettable we don't have some presence there -- an interest section, much like we had in Havana -- because I think that would make a lot of difference. It

would be great for my business, but also the opportunity to disseminate information that North Korean people don't get.

MR. UPDEGROVE: Steve, North Korea has been trying to develop a nuclear weapon for over 20 years. There were negotiations in the mid-'90s during the Clinton administration to thwart a major nuclear project they had underway. What's different this time?

MR. HADLEY: Well, can I, if I might, just take a step back?

MR. UPDEGROVE: Please.

MR. HADLEY: I think the challenge of the new administration -- we can all come up with a list of challenges and horribles, and it's really long: cyber, Iran, North Korea, China, Russia, and all the rest. I think the challenge for this administration is going to be not treating each of these as a crisis and be constantly in crisis management mode, and take a step back, and what's really happening? Why all this chaos and disorder?

I would say the chaos and disorder is because we had after -- established after World War II what we call a liberal international order, a set of security and economic institutions that provided a remarkable set of -- degree of stability through the Cold War, and we thought at the end of the Cold War, with communism discredited, our model and that order was going to be the future. And it is now under siege and fraying, challenged by new players like terrorists; challenged by these rogue states -- North Korea and Iran; challenged by China and Russia, who have a very different model of how the world should look back then.

And I think the real challenge is how do you reconstruct some kind of order, some kind of set of framework and institutions that's going to begin to sort of calm this world down and put it in -- and begin to set in place some crises -- some policies that are going to begin to head off crises. Because if we get into just crisis management, all we're going to do is crisis management because we're just going to get more and more.

Now, how you operationalize that is very difficult, but I think one of the things the new president has to do is look at this national security structure -- and it's one of the things maybe we can talk about tomorrow -- which really has not changed since Henry Kissinger established it in the 1960s, and it does not have the bandwidth to deal with all of these crises if we do it in the kind of level of detail we're trying to do it out of the White House. And we're going to have to, I think, up policymaking so that the president and his senior advisors are talking about objectives and strategies and major principles, and then decentralize the execution and implementation and empower your cabinet secretaries, empower your intelligence officers, your military officers to do execution and implementation.

I just think we're going to have to do business differently because if you just -- I think we've already exceeded the bandwidth we have, and these folks would -- General Clapper would know better -- but I think we've exceeded our bandwidth to be able to manage all of these from a sort of crisis management standpoint

centralized in the White House.

So I really think we need to think fundamentally about how to do business differently in this new situation which we face.

MR. UPDEGROVE: Right. General, let me go back to trouble spots. Why do we need to be in Syria?

MR. CLAPPER: What was the question?

MR. UPDEGROVE: Why do we need to be in Syria? Just a light question.

MR. CLAPPER: Well, that's a policy question. (Laughter and applause.)

MR. UPDEGROVE: Can you give a sense --

MR. CLAPPER: No, I'm just down in the engine room shoveling until (inaudible). People on the bridge -- Admiral Inman, he'll appreciate this -- the people on the bridge get to drive the ship: how fast it goes, where it -- what direction it goes, and they get to arrange all the furniture. I'm just down in the engine room.

MR. UPDEGROVE: I will throw this up, then, to the panel, whether you're in the engine room or elsewhere on the ship. Why is it in our national interest to be in Syria? Is it in our national interest at this point?

MR. HADLEY: I think the answer is yes. The question is: What does it mean and how do you do it?

MR. UPDEGROVE: Yeah.

MR. HADLEY: But look, we are seeing a collapse of order in the Middle East that is not just a crisis in the Middle East; it is a crisis of the Middle East that is affecting the world. People say, well, we can -- it's not really our problem, it's a long way away, it's not really strategic for the United States' interest. Well, think about this: There are more -- from a humanitarian standpoint, there are more displaced people and refugees now than at any time since World War II, and Syria, which supposedly isn't strategic, has produced a refugee flow that I think directly contributed to Brexit, which threatens the future of the European Union, and has radicalized the politics in Europe, raising a real question of whether the European project of a Europe whole and free in peace is going to hold together. I don't know how much more strategic you can be than something that produces that kind of outcome.

And secondly, you have this presence of ISIS and al-Qaida and the possibility now they control territory, and they have -- the level of terrorist threats is, so far as I can tell from being outside, up considerably and looks more like it was in the years after 9/11. We don't want to go back there.

So I think there are people, certainly in Iraq and certainly in Syria, who want to throw ISIS out of the territory they control in Iraq and in Syria. I think it's very much in our interest that that happen, that we find a way to begin to wind down the civil wars, because you will not get rid of ISIS and al-Qaida unless you do, and you will not stem the flow of refugees unless you do.

And we have something to work with, and I think with a fairly modest increase in what we are doing in terms of air operations and intelligence and special forces, you can make progress. And I think we've seen that. President Obama, very reluctantly, has nonetheless done more, put more resources on the ground, and it's beginning to have an effect. And I think we just need to do some more, faster.

This is not Iraq 2003. This is not a major invasion. But it is in our interest to try to get the Middle East in a more positive trajectory, because I think it affects and threatens the strategic interest of the United States.

MR. INMAN: Mark, the -- Europe's got to deal with a million refugees who have already come there, but there are many million more in Lebanon, in Jordan, elsewhere. That's the breeding ground for the next generation of terrorists unless we make sure they believe there's some hope -- education for the kids who are in school. So there's a lot that can be done, ought to be being done, for the refugees that says there's hope -- hope that they can eventually go back to Syria. But how, in the interim, do you make sure that oncoming generation of children has some hope in the world and that we're not going to repeat the experience with the Palestinian refugee camps.

MR. UPDEGROVE: Right.

MR. CLAPPER: Well, I got to add to that, just I think Steve has it exactly right. I mean, there are so many implications of what is going on in Syria. This is Iran versus Saudi; it's Sunni versus Shia; it is the spillover effect in the neighboring countries, notably Israel, Jordan, et cetera. So not to mention the humanitarian disaster this is.

And this whole issue of terrorism, which I think we're going to be confronting and suppressing for some time. I mean, you think about it: by the time we get into this and intelligence with the military, it's too late. And what must be addressed in the Mideast are the fundamental conditions that give rise to this wave of extremism: strained economies, weak governance, places where -- which are awash in weapons, a large population bulge of frustrated young males. All these conditions have got to be addressed, otherwise there's going to be a wider conflagration in my view.

MR. HADLEY: And if you put these two things together, it shows, I think, what we have to do. In the short run, working with other countries in the region to end -- there are countries in the region now that are stepping up. Working with countries in the region, from the outside, we've got to address ISIS and al-Qaida. We've got to take the territory away from it, and we've got to begin to wind down these civil wars and the sectarianism and competition between Iran and Syria that -- Iran and Saudi that it encourages.

At the same time, we've got to now -- everybody says, oh, we don't want to do nation-building abroad, we have to do it at home. Well, if we do not help the people of the Middle East find a more secure and prosperous future, it will be a breeding ground for ISIS 2.0, 3.0, and 4.0. And that means working with countries in

the region -- and there are some of them who are making the right decisions, in the UAE, and now Saudi Arabia and this Saudi 2030 plan -- beginning to invest now in the kinds of things that offer the people of the region hope for the future: education, encouraging entrepreneurship, helping give these refugees skills so they can make a contribution to the societies where they're housed now and when they go back home and begin rebuilding these societies.

There's a whole series of things we can do without a major multi-billion-dollar program, but to be a catalyst for resources in the region to begin to make the investments now that are required if we're ever, over the next decade, going to get a more peaceful and stable and prosperous Middle East.

MR. UPDEGROVE: Eric Schmitt from *The New York Times*, who I believe is with us tonight, recently wrote an article in *The Times* with the headline, "Caliphate in Peril, More ISIS Fighters May Take Mayhem to Europe." Is the caliphate destined to disintegrate? Is that an inevitability?

MR. CLAPPER: Well, I don't know that it'll -- I think it's going to eventually dissipate in certainly its physical manifestations -- nation-state-like aspects. So clearly, the -- ISIS has lost territory a lot in Syria and Iraq. We've taken thousands of fighters off the battlefield. In fact, we just recently did a new estimate on the number of ISIL fighters, and it's lower than it's been in two years, since we started keeping records on this. Their finances are under stress. The flow of foreign fighters to Iraq and Syria has profoundly slowed.

So by the measures that the so-called -- the metricable aspects of this, we are making great progress and we'll continue to. The issue would be, though, what happens to what's left, the people that have gravitated. They're going to go someplace else. And of course, there are the eight provinces, so-called, of the caliphate in other countries. And if it isn't ISIS -- so ISIS itself could revert to its roots, which was al-Qaida in Iraq, and become a more classical insurgency -- not one that is trying to behave like a nation-state, because I think that is going to end.

Importantly, they're also having challenges with their media. *Dabiq*, their glossy magazine, has gone out of business. They just recently ended that. And that's an area that we really need to work because, in the end, it's the ideology and the very slick, sophisticated capabilities that ISIL displays on the internet, both for proselytizing, for recruiting, and for command-and-control.

So it will morph into another form that we will still have to contend with.

MR. INMAN: Mark, I think the biggest surprise to me -- and this is all I'll say -- is the skill they have demonstrated in using the internet for recruiting, for everything else. I simply did not anticipate they were going to be that sophisticated, that quick.

MR. UPDEGROVE: Yeah. Let me move on to Russia. Vladimir Putin has been, sometimes comically, a centerpiece in this presidential race. What kind of threat does Vladimir Putin and Russia pose to the United States?

MR. CLAPPER: Well, I think a substantial one. He is, in my opinion, a throwback not to the communist era but a throwback to the tsar era. He has this vision of a greater Russia. And that's why he had an opportunity -- I mean, Ukraine -- not having influence in Ukraine is simply -- for example, is unthinkable to him. And why he -- opportunistic as he was, to grab Crimea back, which, from his perspective, was simply correcting an injustice that had been done 80 years previously. So he sees and he is driven by the notion of Russia as a great global power on a par with us, and of course the manifestation of that is the -- our attempts to negotiate with him to cooperate with him in Syria. And what really under -- motivates them more than anything is to be seen as co-equal and as influential or more influential than we are in the Mideast.

Of concern to me also is the substantial effort both in technical competence and in resources that Russia is devoting to modernizing their nuclear capabilities. And in some respects, this is back to the future, with contending with the Soviet Union -- certainly not to that magnitude, but it is Soviet era-like. And Putin sees himself as the decision-maker, the savior, and the only one in all of Russia who can bring Russia to greatness as a global power.

MR. UPDEGROVE: Bob, how do you contend with a Vladimir Putin?

MR. INMAN: Today, I understand he has now, once again, recombined the internal and external intelligence services back into the KGB mode. This is getting ready for 2018. He's not going to have any internal riots, demonstrations. This is going to be a very smooth election guaranteeing his next six years in the process. It's all about power and control, and anything that gets in his way is going -- once he's got -- he's comfortable with that. He's still looking to expand. The imperialist aims of Vladimir Putin, Tsar Putin, are undiminished.

MR. UPDEGROVE: How do you keep a leader like that, who is so overtly ambitious, at bay? How do you neutralize a force like that, Steve?

MR. HADLEY: I think you've got to do two things. Look, what -- one, Putin is enjoying this election enormously. He's right at the center of the American presidential election. I mean, this is a great day. What would be even a better day for Vladimir Putin? A better day for Vladimir Putin would be if he woke up one day and the United States and Europe had split -- the EU had broken apart. In response to his undermining in the Baltics, he has showed that NATO is a dead -- and its Article 5 guarantee to -- you know, an attack on one is an attack on all -- is a dead letter, and Russia has kind of re-established a sphere of influence in the former Soviet Union and in Eastern Europe. That would be a fantastic day for Vladimir Putin.

We can prevent that. We are already taking the steps you need to do. You need to take that option off the table for him, which means we've got to help the Europeans pull together. We've got to increase our deployments in Central and Eastern Europe and in the Balkan area to put NATO troops and U.S. troops on the

ground, on a rotational basis, so that Putin knows that if he gets cute, he's going to run up against us.

So we can -- and then we need to help the countries of Central and Eastern Europe harden themselves to the kind of subversion that he does. This is all doable, and I think we can take that off the table in terms of Putin.

Secondly, in the Middle East, I think the problem is that we don't have enough skin in the game and we don't have enough leverage on the ground to convince the Iranians on the one hand and Putin on the other that this is going to be a stalemate and they're going to get their way, and the costs are only going to go up.

MR. UPDEGROVE: Right.

MR. HADLEY: And if we do that, you will then have a platform of what you may be able to actually negotiate something that will hold together. And in that process, Russia has dealt themselves in. They will be a full partner. They will have to be treated with respect. Their interests need to be in some extent taken into account. All that said.

But we have got to do more on the ground of the kind I described before to set the table if we're ever going to be able to wind that down. And I think Secretary Kerry, who is -- I admire his energy, but I think he is playing too weak a hand to get the result he needs. And if you do that, Putin, I think, will respect it and will respond. He's had a great day with a very modest investment in Syria. He's not in a quagmire. He's achieved his objectives. And he's sitting pretty for a modest cost. We've got to change his calculations.

So he's difficult to deal with, and -- but I think there are policies that can work in managing this situation. But this is the kind of thing we're going to be dealing with for a while.

MR. UPDEGROVE: Let me ask a last question of all of you. You are all clearly foreign policy sages and know far more about national security than laymen like your moderator. But I would ask you, what most concerns you that isn't on the front page of *The New York Times* or *The Washington Post*? What security issue are you -- gives you most consternation that we, as laypersons, are not aware of, or might not be aware of?

MR. INMAN: Mark, let me take a more optimistic slap in responding to this. With Russia I have great difficulty finding areas where we could collaborate. With China, because of the economies, the economic equation, there are a great many places where we can find to collaborate. So the challenge there: We will never be allies. We don't have to be enemies. And the issue is defining where can we collaborate, how do we do it, and where we can't, can you build fences to keep it from becoming more adversarial?

I would argue that making that relationship more stable for the long term -- we're going to have differences, but focusing on the areas where we can collaborate is probable our best game for dealing with Russia.

MR. UPDEGROVE: Right, right. Steve?

MR. HADLEY: So I go to the Middle East a fair amount, and I went in February, and I had some of our -- some leaders there of some of our close allies, who I've known for a long time, speak very candidly. And one of them said -- two of them actually said, "You know, I've got to hand it to you Americans. Who would have thought that you -- that we would come to a pass where Vladimir Putin and Russia are viewed in the region simultaneously as the most reliable party by, at the same time, your Israeli allies, your traditional Sunni allies, Iran, and Assad?"

So I think there are two things -- and that's an overstatement, but it tells you the state of mind of some of the folks. So I think the issue is about American leadership, and I think one of the prerequisites -- I think we need to take a more active role in the world in a different way than we did in the last century. I think to do that we're going to have to fix our politics and fix our economics. Our model, our democratic model of free markets doesn't look too good out there, and Putin's model and Xi Jinping's model is looking better and better, and they are on a campaign -- I'm going to sound a little paranoid here, but they are on a campaign both internally and internationally to discredit our democratic model.

I don't think Vladimir Putin wants to throw the election for either Secretary Clinton or Donald Trump. I think he wants to discredit our democratic processes in the world as a way of gaining broader acceptance for his. We're in a sort of a new ideological struggle in a different way, and our model isn't looking so good.

So I think we've got to work on our economy. This is the tough agenda for a new president: work on our economy, work on our politics, and get -- convince the American people once again that we need to be engaged in a smart way to protect our interests and lead our friends and allies, and it will be a better and safer world if we do. I think that's what we've got to do.

MR. CLAPPER: if I understood your question, it was what's not prominent on the front page --

MR. UPDEGROVE: Obscure, yeah.

MR. CLAPPER: -- of the newspaper that might be of concern in the future. And I guess I would maybe take a little different approach here, and I think the potential for technological challenges that we're going to have in the future. When you consider things like artificial intelligence, which some people regard with great fear, great concern if it's out of control -- the whole notion of genetic engineering and what that could mean; quantum computing. A huge challenge for us and what some thing is a race with the likes of Russia and China because that could have a huge impact on encryption and security.

So I -- in the context of your question, what isn't on the front pages prominently every day, it's things like that. And now, as always, whenever we've been confronted with technological advance, it's always a two-edged sword. Do we marshal it? Do we use it to our advantage? Or is it going to be used against us? And to me, that's something you don't see too much in the media, but I think is something the next administration and administrations after that need to think about.

MR. UPDEGROVE: My sanguine friend Bob Inman shifted the question to -- from the greatest obscure threat to the greatest opportunity. What is, in your view, General, our greatest opportunity on the security front?

MR. CLAPPER: On what?

MR. UPDEGROVE: On the security front, what is our --

MR. CLAPPER: Well, after six years of what we've gone through, I don't know. I guess if I picked one, I think it would be I do think there's great potential with partnering with China. Very different situation with China than Russia and/or the era of the Soviet Union and the United States, in that basically the economies were mutually exclusive. Not so with China. So we had our many motivations, many common interests, and I think a manifestation of this is the agreement that was struck last September on cyber -- cyber espionage for economic gain. And that seems to be working.

Now, that's not to say we don't have friction points with the Chinese. We certainly do in the South China Sea. I was there recently and I found a great confluence, convergence of views on North Korea.

So I think that, if I can pick one great opportunity, it would be enhancing, improving, strengthening the relationship with China.

MR. UPDEGROVE: Gentlemen, it's a testament to your sagacity that you could hear a pin drop in this audience as we hung on every word.

MR. CLAPPER: Go to sleep.

MR. UPDEGROVE: Although I think I heard a vending machine at some point. (Laughter.) I want to thank you not only for being here tonight but for all you have done to keep our nation safe. Thank you so much, gentlemen. (Applause.)

(Whereupon, the panel discussion was concluded.)

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