WASHINGTON, May 16 - A federal advisory committee says Congress should pass laws to protect the civil liberties of Americans when the government sifts through computer records and data files for information about terrorists.

"The Department of Defense should safeguard the privacy of U.S. persons when using data mining to fight terrorism," the panel says in a report to Defense Secretary Donald H. Rumsfeld. The report, expected to be issued in about two weeks, says privacy laws lag far behind advances in information and communications technology.

The eight-member panel, which includes former officials with decades of high-level government experience, found that the Defense Department and many other agencies were collecting and using "personally identifiable information on U.S. persons for national security and law enforcement purposes." Some of these activities, it said, resemble the Pentagon program initially known as Total Information Awareness, which was intended to catch terrorists before they struck, by monitoring e-mail messages and databases of financial, medical and travel information.

The Pentagon program, later renamed Terrorism Information Awareness, was flawed from the start, though its goal was worthwhile, the panel said. "Our nation should use information technology and the power to search digital data to fight terrorism, but should protect privacy while doing so," it concluded. "In developing and using data mining tools, the government can and must protect privacy."

Data mining is defined in the report to mean "searches of one or more electronic databases of information concerning U.S. persons, by or on behalf of an agency or employee of the government."

The panel, the Technology and Privacy Advisory Committee, said the Pentagon program was "not the tip of the iceberg, but rather one small specimen in a sea of icebergs."

Although the panel was created by Mr. Rumsfeld to scrutinize Pentagon programs, it offers sweeping recommendations for privacy safeguards throughout the government.

"The privacy issues presented by data mining cannot be resolved by the Department of Defense alone," the panel said. "Action by Congress, the president and the courts is necessary as well."

One of the panel's most important recommendations is to involve the courts in deciding when the government can search electronic databases.

In general, it said, the Defense Department and other federal agencies should be required to obtain approval from a special federal court "before engaging in data mining with personally identifiable information concerning U.S. persons."

To obtain such approval, the government would have to show that it needed the information to prevent or respond to terrorism. In an emergency, the government would not have to get approval in advance, but would need to seek a court order within 48 hours of beginning the search.

Lawyers who work with the panel said its report was sent to the printer earlier this month and would probably be issued within two weeks. A copy was obtained by The New York Times.
Senator Ron Wyden, the Oregon Democrat who led opposition to the Pentagon program, said Sunday that he had not seen the report but that it sounded like "a very constructive step."

"This confirms what I've been saying as a member of the Senate Intelligence Committee," Mr. Wyden said. "It's possible to fight terrorism ferociously without gutting civil liberties. The challenge in striking that balance is to have ground rules. I've introduced a bill to set rules for data mining by the federal government. I suspect that federal agencies are doing an immense amount of data mining."

The panel said existing laws on information privacy were so disjointed and out of date that they threatened "efforts to fight terrorism and the constitutionally protected rights of U.S. persons," defined as citizens and permanent resident aliens.

"Government access to personal data can threaten individual liberty and invade constitutionally protected informational privacy rights," the panel said, and these risks will grow as the government amasses data on United States citizens who have done nothing to warrant suspicion.

Under the panel's recommendations, a federal agency could search an electronic database of publicly available information without a court order. But the head of the agency would still have to certify in writing that the data mining was necessary and appropriate for a lawful purpose. This requirement would apply to electronic databases of "information that is routinely available without charge or subscription to the public - on the Internet, in telephone directories or in public records."

The panel, headed by Newton N. Minow, a former chairman of the Federal Communications Commission, acknowledged that its proposals would "impose additional burdens on government officials." But, it said, the requirements would enhance personal privacy and national security by clarifying the rules.

"Good privacy protection in the context of data mining is often consistent with more efficient investigation," the panel said.

The greatest risk of data mining by the government is that it "chills individual behavior," so people become more likely to follow social norms and less likely to dissent, the panel said. The report traces the tension between security and liberty to the earliest days of the Republic. "Those who trade liberty for safety all too often achieve neither," it says, echoing Benjamin Franklin.

One member of the panel, William T. Coleman Jr., who was transportation secretary in the Ford administration, filed a lengthy dissent, asserting that the proposed restrictions could cripple the fight against terrorism. The proposals, he said, go far beyond what is required by the Constitution, federal laws or Supreme Court decisions.

But the panel insisted its proposals would not interfere with searches based on "particularized suspicion about a specific individual, including searches to identify or locate a suspected terrorist." Federal agents could still review passenger lists for airlines and cruise ships without new regulatory requirements.

Mr. Rumsfeld appointed the panel in February 2003 to quell a political uproar over the Pentagon data mining program, headed by John M. Poindexter, a retired rear admiral. Congress cut off money for the program in September 2003, with certain exceptions described in a "classified annex" to the 2004 military spending law.

Members of the panel, besides Mr. Minow and Mr. Coleman, were Floyd Abrams, a leading First Amendment lawyer; Zoë Baird, president of the Markle Foundation, which focuses on information technology; Griffin B. Bell, who was attorney general under President Jimmy Carter; Gerhard Casper, former president of Stanford University; Lloyd N. Cutler, who was White House counsel under Mr. Carter and President Bill Clinton; and John O. Marsh Jr., an aide to President Gerald R. Ford who later served as secretary of the Army.