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**The Role of Intelligence in Economic
and Other Crises
Randall M. Fort**

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The Role of Intelligence in Economic and Other Crises

Randall M. Fort

Randall M. Fort is Deputy Assistant Secretary for Functional Analysis and Research, Bureau of Intelligence and Research, at the Department of State, a position he has held since August 1989. His previous positions include: Special Assistant to the Secretary for National Security at the Department of Treasury; Representative of the Treasury Department on the National Foreign Intelligence Board, maintaining liaisons with all the elements of the intelligence community; Assistant Director and Deputy Executive Director of the President's Foreign Intelligence Advisory Board; Research Assistant to a member of Japanese Parliament; campaign staff, legislative assistant, and District Representative in the Congressman's Cincinnati district office for Rep. Bill Gradison (R-Ohio). Mr. Fort has a BA with Distinction from George Washington University in Public Affairs, where he earned Phi Beta Kappa honors. He also studied Japanese at Ohio State University.

Oettinger: It's a special pleasure to introduce Randy Fort. I won't go over the details of his biography, as you have all seen it, but the reason it's an unusual pleasure is that he also happens to be a good friend. So it's nice to welcome him here. In our conversations before he came, we discussed the format and he has some informal remarks beginning with some on an issue that we share an interest in — economic intelligence — and also another topic, and then he's open right from the beginning to questions and discussions. So saying, it's all yours, Randy.

Fort: Thank you very much, Tony. It's a pleasure to be here. If you have my biography already then I can skip some of that background. I was just going to say by way of introduction that unlike a lot of people in the intelligence business, I have been fortunate to have had positions that have given me a number of different perspectives about intelligence. I spent several years at the White House working with an advisory board, but also sitting on the same floor with the National Security Council staff and watching a lot of that process unfold. I spent a couple of years at the Treasury Department, where I ran the intelligence organization and had a lot of

involvement in the issues of economic intelligence and support to economic policymakers. Up until midnight on the 19th of January of 1993, I was Deputy Assistant Secretary in the Bureau of Intelligence and Research (INR) of the State Department, where I had a directorate of 100 plus people working on all kinds of what we called functional issues — things like arms control and proliferation, terrorism, narcotics, economics, and so forth.

In that 10-and-a-half year plus period of time, I have worked at one time or another, in some cases very closely, with just about every agency in the U.S. intelligence community. I have done analytic work in a lot of different areas, pretty much everything from Albania to Zimbabwe, at one time or another. I've had some experience in counterintelligence and counterespionage. I've done work with the overhead collection systems, covert action, management of intelligence community resources, foreign liaison, and a lot of other things which your questions may trigger.

I thought I might comment by way of giving some perspective about what I've seen the intelligence community go through in the last year or so, since the end of the Cold War, the collapse of Communism. I think that unlike a lot of parts of our

government, the intelligence community is the one section of the government that has actually made a good-faith effort to undertake a serious amount of self-scrutiny and review, to make some decisions, and actually undertake some reforms to change the way they do business from the Cold War days. Almost all of this has been self-generated, and I think former DCI Bob Gates deserves a tremendous amount of credit for having initiated a lot of that.

Oettinger: Excuse me, but wasn't there a certain amount of pressure from the Select Committees that oversee intelligence?

Fort: Frankly, I think that's overrated. I think the community was already starting. I think both committees came up with two versions of what was off-the-mark proposed legislation, which only demonstrated that they fundamentally do not understand or have any idea about what intelligence is and what it should do. All Gates was waiting for was the opportunity to become DCI to do a lot of these things and it became largely a matter of doing what needed to be done and what should have been done.

There has been a sizable redistribution of resources away from the old Soviet target and clearly, that was the previous focus of the preponderant effort. They were our main enemy as we were theirs. There has been a focus on a lot of new issues that have come along in the last couple of years and I would count proliferation as being one of the real major issues.

Crisis management has been a challenge. We've faced a string of crises, starting with the Iraq situation and the former Yugoslavia and Somalia — a lot of these things going on kind of all at the same time. We've explored new areas of intelligence work, open source being one of the principal areas. There was an effort to try to turn that into a new "INT" — our new intelligence discipline, to be coequal with signals intelligence, human intelligence, imagery intelligence, and so forth. There would be an open source INT and we would make that into a separate discipline given the explosion of information and data we're dealing with now. There are a lot of new technologies for dissemination that have been explored. Director Gates was looking at trying to put a terminal on the desk of senior policymakers, one of these sort of stupid-proof things where all you have to do would be to touch the screen and instead of having to read your analysis, read your intelligence product in hard copy, you could get the stuff on the screen and you would be moving at the speed of light rather than

waiting for the next courier. Congress decided to kill that particular initiative, although it won't be dead for long, I think.

Some new management structures were put in place. A new community management staff was established at CIA — a kind of executive committee process was put into place in which the senior leadership of the community would meet to discuss resource issues and really deal with questions of organization, management, resources, and structure and things like that in a true community way rather than in the sort of piecemeal, indirect way that those issues have been dealt with previously.

Oettinger: Is that working?

Fort: Yes, I think it is. Gates had about a year to undertake that, and a lot of decisions were made. When you get the principals together, the trade-offs and the decisions can be made at the table and there was a lot better prospect that they would be made to stick, especially when you're looking at cuts and tough decisions had to be made about killing off programs — some of the major satellite programs being the ones in immediate evidence.

Student: Does that relate to the national intelligence estimates?

Fort: Joe Nye is the chairman of the National Intelligence Council, which is the community group that prepares and coordinates all the national intelligence estimates, which are sort of the community analytic product. So it's really a separate function.

Among other things, the community has also spent a lot of time looking at some of the nuts and bolts, kind of boring things, which nobody outside the intelligence business really appreciates or understands — things like requirements, warning, human intelligence tasking. We did a review of the national intelligence estimate process. They were just some of the basic things that Abe Shulsky or anybody else is never going to write a book about, but really are part of the day-to-day fundamental activities that the intelligence community works on. I think all of those endeavors are indicative of a strong intelligence community effort to try to face what they recognize to be very fundamentally changed world circumstances, and clearly, with the new administration in place and new leadership, there will be additional changes. Resources probably will continue to diminish and new trade-offs are going to have to be made, but I think a good start was made in that direction; again, unlike most other areas of government.

Oettinger: Just a word while you're catching your breath. You said a moment ago, "all the things that Shulsky will not write a book about." Since, presumably, you've all handed in your Shulsky critiques, I won't bias you by making a gloss on that term. We were talking about that on the way over. What's curious to my mind about the Shulsky book* is that although it's one of the best of its genre, in its concentration on, number one, CIA, and number two, the covert part of CIA, it sort of deals in fact with a small fraction of the world of intelligence and that in an extremely abstract and bloodless sort of way. There's hardly a mention of the National Security Agency, hardly a mention of the military and military intelligence. So when Randy was saying "a discussion of all of those things that Shulsky wouldn't write about," that's a discussion of most of what, to my mind, matters in the world of intelligence, whereas the public discussion, and any "scholarly" writing, tends to be about a not unimportant but small, modest part of the iceberg, and I think we agree on that. I want to give you a chance to disagree if you wish.

Fort: No, I think that's fair, and if I read one more intelligence book about the CIA having overthrown somebody in Guatemala or this or that in the 1950s, I'm going to puke, because if it was ever relevant it certainly isn't now. It hasn't been for a long period of time, and what is usually remiss or what is implied in all those accounts is that somehow CIA is this independent actor and rogue elephant or whatever out there making and executing foreign policy on its own, and the one thing in 10-and-one-half years that has never failed to impress me is that it's the exact opposite of that. You don't have to spend too much time at CIA to know that, they put their pants on one leg at a time like everybody else and . . .

Oettinger: . . . they missed something.

Fort: Yes, they miss more often than they would care to admit, but they're very good at explaining when they do miss or why it wasn't really a miss. The fundamental things that really drive the community are usually not as interesting and sexy and don't, therefore, get that kind of treatment either in the literature or among our oversight committees.

One of the things that this changing intelligence structure and this changed world has focused attention on is the issue of economic intelligence,

and that's one of the issues I want to talk about today. In the area of economic intelligence, it has been suggested that the community needs to search for a new "cash cow," you know, "now that the old Soviet account is dead, how do we justify our existence in this issue of economic competitiveness?" It's all rather vague. No one really understands it because there probably aren't 10 people outside the intelligence community who understand what economic intelligence is or what it does. Terms like "economic espionage," "industrial espionage," and "commercial spying," and so on and so forth get thrown around, and if you see the words "economic" and "intelligence" on the same page, then somehow the headline will become "industrial spying" or "economic spying" or something like that. Why? It's a good headline and the journalists are as stupid as the rest of the people out there, and so it goes along like that.

I think it's useful to talk a little bit about what economic intelligence is and what it has been because there has been an economic intelligence function for lo these many years, as long as there's been a CIA and before that the other elements, in particular, the State Department, did economic intelligence work. That is, they would look at the economic environment of different countries around the world. We would look at situations regarding bilateral and multilateral trade negotiations, and attempt to assess the viewpoints and perspectives and strategies and so forth of those countries, and to inform policymakers accordingly. The economic intelligence function would also attempt to integrate some of the vast amounts of data that can be so overwhelming when looked at in the aggregate: to take raw, voluminous economic statistics and mate them together with some political insight and try to achieve some sort of a synthesized product that would give an answer to questions relating to issues affecting international stability of one sort or another. A good current example would be the status of Russian economic reform. Are they going to succeed or not? What is the latest assessment? That's a very difficult situation to assess because the statistics aren't necessarily very reliable and the situation is very muddy, but at least you can get a fairly coherent disciplined answer on a subject like that from the intelligence community.

Also, the community has helped to explain the so-called "rules of the game" as played by other countries. What are the levels of subsidies that foreign countries are using — either hidden or more open? What are the lobbying practices of foreign

*A. N. Shulsky, *Silent Warfare: Understanding the World of Intelligence*. McLean, VA: Brassey's, 1991.

governments or foreign companies? What sort of government deals are being undertaken that may impact on American interests? What is the prevalence of bribery or other illegal activity in the course of economic activity — import restraints and so on and so forth? Intelligence analysts could look at all those things and suggest answers to questions the policymakers may have that would be relevant to policy prescriptions they would be considering. Again, that was done for many years. Also, we were looking at things like the energy picture in trying to assess the availability of oil and other forms of energy, pricing, the cartels, etc. The community was also pretty good at monitoring trends and technology that might affect national security. The computer developments in foreign countries, semiconductors, telecommunications — all these things are vital to our own national interest, depending on what was going on.

Student: What gives us reason for assuming that the intelligence community can do this as well or any better than, let's say, academics with training in economics or other disciplines?

Fort: We may not be able to do it any better, but we have access to sources of information that the academic community doesn't have, or anybody else does.

Student: Do you think your economic analysis then, or the community's analysis, has been historically better?

Fort: When I was at Treasury Department, my favorite saying was, "you can take all the economists in the world and put them end to end and they won't reach a conclusion." That's sort of my attitude about the whole economic area. I'm not sure that you can say one group is better than the other. Economics is one of those areas which is very difficult for government in general and for the intelligence community in particular, because there are so many sources of information that do not depend on classified information, sensitive sources and methods. What the intelligence community could do, if it were doing its job properly, would be to look at those discrete issues for which policymakers had a particular concern and apply intelligence sources and methods to those issues to bring about a value added that you could not find by reading the *Wall Street Journal*, *The Financial Times*, or any of a thousand different newsletters. And so, my experience overall was that you may not have the next financial genius who's going to make

a billion dollars out in the world sitting in the CIA, counting out his economic analysis. On the other hand, he was probably at least very good, and could synthesize these things and look at the classified element and put that in with all the other information and produce something that was going to be unique and different from what you could find in the open marketplace.

Oettinger: May I just come at it differently in a way, because I think this is a very important point in terms of what are missions and roles. I don't think it's part of anybody's charter in the private sector to worry about the total economic well-being of Iraq, let's say, and whether sanctions are working. And so, it seems to me that part of what is critical here is to sort out those elements of economic analysis that are necessary for government to do because nobody else will do it well or even poorly, and then it's a question of whether you get into an argument or those guys will get sort of pushed aside wherever a university is doing it right. But there are some things that the private sector won't touch and at the very least, it seems to me that that's a core of things the government needs to address.

Fort: Or the private sector comes at those issues and says something like, "100,000 Iraqi children have died in the last six months because of economic sanctions," or something like that, which is utterly preposterous. Yet, without having something out there to give the government some confidence in that they have data — evidence, analysis, whatever — to the contrary, then that becomes a political problem in its own right. But Tony's right, the government policymakers, starting with the President right on down, are asking questions that are not being answered anywhere else. What the community does poorly is to try to do the sorts of things that you can get out of the *Wall Street Journal* or *The Economist* or *The Financial Times* or something like that. What they do best is to attack the issues that no one else has the wherewithal or the resources to be able to get at.

A third area of economic intelligence, that I define as legitimate, is what has come to be called the economic counterintelligence function, which is when there is evidence that foreign countries or foreign companies are undertaking hostile action toward American companies. There were the instances a couple of years ago that got so much notoriety, when the French intelligence service was doing black-bag jobs against a couple of American companies — Texas Instruments and IBM, I think

were the two that were cited. By that I mean breaking into hotel rooms, stealing briefcases, photographing documents, tapping telephones and telexes. The state airline was involved in this, the hotels — it was just your typical nice French job. They undertook this and it became clear that this was going on and once we as the U.S. government became aware of it, I think it was a perfectly appropriate function for the U.S. government to alert the American executives in those companies that they were being attacked that way. That's an extension of counterintelligence activities that are traditional and grounded in all sorts of legal and ethical rules of what is and what isn't appropriate. So I think that when those situations arise, that is an appropriate function for the government to undertake. Now I think you've got to be careful about that, because those kinds of cases get thrown around and they get overblown and the fact of the matter is that, to the best knowledge of the U.S. intelligence community, there weren't that many instances that we can point to with great confidence, other than the French and the Israelis, where governments have used their intelligence services to go out and steal American technology, American commercial secrets, and that sort of thing, although the Israelis certainly were doing more than that.

Oettinger: There was an earlier set of examples, which are documented in reports by Nelson Rockefeller and the Ford Administration on Soviet activities.

Fort: Yes, and when I'm referring to that behavior, I'm setting those aside. I guess I should have stated that. The Soviet bloc were clearly making considerable efforts for various kinds of technology acquisition, but not for commercial purposes as we understand it. I mean, they weren't trying to build a better mousetrap or to build a better microwave or something. They were trying to build a better missile. I'm talking in terms of G-7 type partners or West Europeans or other nominal "allies" undertaking that kind of activity for strictly commercial purposes and not for military or strategic advantage. But a fat lot of good it did the Russians and ultimately we might have sped things up if we'd let them have a little bit more. Who knows?

The one thing, however, when we talk about economic intelligence, that it most certainly is not, and should not be, is this area of industrial espionage, or economic espionage, or commercial spying, or whatever euphemism you care to use. That's the idea that the United States intelligence community

or the CIA or whoever should be out spying on foreign companies, taking the information that they find and then turning it over to "American companies" for the purposes of making the American economy more competitive, more profitable, or whatever. This is one of these things that at the outset sounds great when you say, "Well, gee, you know, we've got American companies, and they could make more money, and beat foreign competition. Wouldn't that be great?" I admit it has some superficial appeal, but it's one of these things that I think appeals more to amateurs than it does to the professionals. Once it's looked at carefully, the flaws of such an idea become overwhelming and, indeed, it has been studied exhaustively within the intelligence community and I've participated in some of those studies. What has been found after going through all this is that for any kind of program you care to define, the costs of undertaking the activity are extraordinarily high, but the benefits are, at best, uncertain, and probably they're nonexistent. If you've got that kind of analysis going in, and you ask yourself, "Why do I want to do this?" I think a reasonable person concludes that you really don't want to do that.

I tried to look at this thing from the viewpoint of asking some commonsense questions. To whom are you going to tell these secrets? Define a U.S. company for me in this day and age, especially in the areas that we're talking about — the high technology, high impact, technical kinds of things. What is a purely American company? What is a foreign company? Do you count American subsidiaries of foreign companies? Are they foreign or are they American, even if they're fully staffed by Americans? What about foreign subsidiaries of American companies, even if they're fully staffed by foreigners? How do you handle a company that is American in all but name; that is, they may have anywhere from hundreds to thousands of American employees working there. Do you help an American company that may be involved in a particular line of technology whose plant is overseas to hurt a foreign company that is making the same product by employing American citizens in the United States? With the flow of international trade and investment at this particular point in time, I think it becomes very, very complicated to try to answer that question.

Oettinger: Just a footnote on that particular question because the current Secretary of Labor, who is a well-known faculty alumnus of this school,

wrote two papers for the *Harvard Business Review*, one called "Who is Us?" and the other called "Who is Them?" that addressed the point that Randy has raised in some more detail. So any of you who do not happen to be familiar with Bobby Reich's papers on that subject, should read them.

Fort: I was going to reference those because those papers had a lot of impact when we were going through this work. He sometimes tends to give 18 examples where one would do just swell, but I guess that's academia for you and not uncreative government types.

But one of the recent examples that I think makes this dilemma very acute is, perhaps you read a couple of weeks ago about this new portable or personal communication device that they're talking about. I think the *Wall Street Journal* had a front-page piece, and there was also an item in the *Washington Post* a couple of weeks ago on a Sunday. It will be like a notepad. It will be a fax. It will be a Rolodex, a calendar, it will have a phone. It will be sort of a whole package. It will all be about as big as a ream of paper and you can sort of doodle on it and send messages. Nobody's quite sure how this thing is going to work out or if it's really needed, but anyway, five years from now we'll probably all have them and it will be worth \$20 billion a year or something. According to this article, there is now a consortium that has been formed to work on this particular issue and the consortium includes AT&T, Motorola, Apple, Sony, Matsushita, and Phillips NV. If this is an example of high, leading technology with lots of value added in the very sexy kind of stuff we're talking about here, whom do you spy on and whom do you give stuff to, and whom are you helping here? If you've got that kind of a mix, with Dutch and Japanese and American and probably workers all over the globe working on this sort of thing, who is going to play King Solomon and make that decision? I have never met anybody in the U.S. government, in my years there, who had the wit or the wisdom to make that kind of decision, and I would be very surprised if that individual exists in the private sector either. So that becomes a problem.

Student: How would activities like this impact the State Department in the point of relations with other countries?

Fort: I'll get to that. It's another one of my issues here. There's also a question when you start talking about the who, and that is, which sectors do you help? There's high technology, but then maybe the

farmers scream and then what about manufacturing? What about R&D? Picking whom you would help would also become politically charged and then if you get Congressmen and Senators involved, in terms of who is located where, well, you can imagine the political problems that that would engender.

There was also the question of what would you tell somebody? What would be the kind of information that you would actually be providing? Would it be the tactical, microeconomic, kind of specific contractual data on a particular deal, or would it be a more strategic, estimative kind of thing? The problem is if it's too vague and too devoid of detail, then it's not going to be of very much value to the people you would ostensibly be passing it to, but if it's too specific, then it's probably too sensitive and you couldn't pass it to them anyway. So you run up against that.

Then there's the intelligence community concern that enters into almost any issue — sensitive sources and methods. Information is collected and processed and disseminated from sources, which in some cases may depend on somebody's life, and in other cases may depend on technology that costs billions of your taxpayer dollars to create and maintain. To take the information that was gathered from those sources and put it into what would be a very unstable and very insecure environment — the private sector — where security controls would be nonexistent, would be very dangerous to those sources and methods. So, if you're out there running those agents or operating those receivers, you have to wonder, in the first instance, might somebody get killed if that information were to leak out, or at the very least, would some harm come to them or would the collection technology that all this money has been spent on be rendered ineffective.

You have to consider public and foreign reactions to the evidence of this sort of activity going on, and clearly, you couldn't undertake this sort of activity and hope that it would be kept secret. It would be secret for about one nanosecond after the program started, and then it would be on the front page of every newspaper. I don't think you can use "what is sauce for the goose is sauce for the gander" as an argument here. Just because the French were doing it does not mean that it is appropriate or right for us to be doing it. What the French were doing was so noteworthy because it was so reprehensible, not because it was such a great idea.

We also have to remember that we are the biggest kids on the block. All the political rhetoric notwith-

standing about "failing America," the United States economy dominates and the United States is still the preeminent country in the world. We are the only superpower and just because other people are doing those kinds of activities does not mean that we have the green light to do them. I think it's in our own best interest to establish standards of behavior that are not necessarily what the mob would prefer.

Just in our own immediate self-interest, we have to remember that I don't think we'd be very good at this sort of thing, number one, and number two, there would be a lot of other countries out there that would be much better at it than we were. If you want to be the U.S. businessman who suddenly has to go into these countries and be harassed and surveilled and bugged and pressured — and God knows what kind of pressure is brought to bear on you — there are a lot of other countries that would be a whole lot more hard-nosed about that sort of behavior than we are. We would not have very much leverage to complain about that kind of activity and treatment of our nationals if we were seen to be doing the exact same thing. So, American businessmen might find out that in the aggregate this was not such a very good idea.

Clearly, undertaking this sort of thing would have impact on foreign relations. The work of American diplomats, in terms of the reporting responsibilities they have, which is a significant part of their work — to collect information and to report it overtly, the activity of defense attachés and so forth, or of anybody affiliated with the U.S. government, might be defined instantly as spying if he was asking about anything at all that had to do with economics. One of the fundamental sources of information that the government has is the economic reporting that is done by government representatives overseas on the overt side. To have that process be confused with this other kind of behavior means you would end up losing that economic reporting information, which is very important.

There's also a question of practicality. Is the U.S. intelligence community set up or able to even undertake this kind of thing? I think the answer is no. I don't think you could expect that we would be very good at it, especially when we're in an era of declining resources, there are fewer people, fewer dollars to do the things that are on the books now to undertake. You have to ask yourself, to whom in the government — which government secretary or subcabinet or deputy assistant secretary, or whatever — are you going to say, "Sorry, we're no longer taking care of you because we've got to help

General Motors out this week. We can't help you on that. You've got your negotiation coming up? Tough luck. Those resources have gone somewhere else." Let us remember, the reason there is an intelligence community is because it's there to serve the policymakers of the U.S. government, not the U.S. private sector. You can make the argument, and I think it's appropriate by extension, that the U.S. private sector is aided to the degree that government policymakers make the correct decisions about things and formulate policy that is coherent and wise and so forth. Intelligence contributes to that, but in a direct sense, a program of direct support would involve some very real costs to the other activities that the intelligence community is responsible for.

Then, you get into the legal end of things, and it is truly a lawyer's nightmare (or maybe a lawyer's paradise, depending which side of the lawsuit you're on) to try to design a program and undertake it so that you would not run afoul of Constitutional amendments. Go back and look at your Fifth Amendment. There's something in there called the "taking clause"; that is, the government is not allowed to take things from you without just compensation. Then you get into defining what is a U.S. person. If you're a foreigner in this country legitimately undertaking business, you have rights just like everybody else and if I'm the CIA, I'm not necessarily allowed to come along and take your information or your property without some form of compensation. There are possible violations of the Communications Act, the Trade Secrets Act, or executive orders on the secure and appropriate dissemination of intelligence. The possibilities of civil litigation and litigation against the U.S. government in both U.S. and foreign courts are endless. There's something called the "Tort and Misappropriation of Trade Secrets." Lawyers would be salivating over that one, I'm sure. There's the increased vulnerability of the government to the Freedom of Information (FOI) requests, because if you're shoveling the stuff in one direction, it's very difficult to tell somebody who comes in with a FOI request that they can't have it in another channel. There are various treaties on commerce and trade, which we have negotiated with a host of countries, that incorporate language regarding national treatment and transparency of rules, and national treatment usually calls for treating foreign countries as we would ourselves like to be treated. You can't expect to go out and spy on somebody and then expect them not to do the same to you.

Interestingly, for all the discussion that there has been on this, I think the silence has been deafening from the U.S. business community in terms of their interest in getting this support. I've seen almost nothing credible where people have come out and said, "Gee, this is really a great idea. This is the sort of thing we want," because I think they understand how complex this issue is.

Oettinger: Why does it keep coming back?

Fort: It keeps coming back because, I think, there are those on the Hill and those in sort of the "think-tank crowd" who think that there's something to this, and you have other so-called "experts" like Stansfield Turner who write an article in *Foreign Affairs* and say that this is a good idea, and so it sort of develops a cachet.

Whenever I have the opportunity, I've checked out companies that are in the aerospace, or telecommunications, or high technology areas, just to get them to talk about it and get their views. One guy said, "Look, any company that needs the CIA to tell them what's going on in their area of business is in Chapter 11 bankruptcy already." So, that was about as pithy an articulation of the issue as I've heard. As I've thought about this, another aspect that has struck me is that when you look at it, espionage by a government, on behalf of its companies — again, if you could conceive of getting through all the obstacles — is really just another form of protectionism. It's another barrier to trade that a government is erecting. It's a form of protectionism on behalf of its own companies and, therefore, like any other form of protectionism, it is economically inefficient and disrupts the effective and efficient functioning of the market. So, ultimately you're not really going to accomplish anything by doing that anyway.

There is another thing, which strikes me when you look at the history of the recent past and Congress' proclivity to launch investigations of fantasies like the "October Surprise" and spend millions of your taxpayer dollars and thousands of man-hours of not just their own staff, but people like me having to go back and search through files for documents that do not exist, but nonetheless, to make a full and thorough search because failure to undertake the full and thorough search might, by itself, be a felony. They're so anxious to undertake these investigations of things that are not even real. And yet, here is an instance where you know going in that you've got a raft of lawyers who have just told you the 15 different ways that this is illegal, and then you're the

guy at CIA who's now going to go out there now and do this? I think I would probably want a joint resolution of the Congress, an Executive Order signed by the President, and maybe a holy writ from God telling me that I would not be on the wrong side of that investigating committee, and I would not be spending a million of my dollars defending myself for the rest of my life over something where, when the tide turns and suddenly what was a very popular topic becomes unpopular, you are now the victim instead of the hero in this particular matter. And I think when anybody makes an argument for this sort of thing, the full onus is on them to explain why this can be done in a fully legal manner and is consistent with all the other rules and regulations that we have to deal with. I basically think you can't get there from here, so that's why I characterize this as a dumb idea.

Oettinger: Just one remark. On your point about government knowing more about your business than you do, I can't resist interjecting a personal note into that relating back to what General O'Shaughnessy was telling us a while back about the part of the Air Force that looks at foreign technology, et cetera. Again, this happens in a military context, which others might not necessarily give a damn about. But by and large, when I've observed the government getting this kind of information, they've tended to go to the private sector for help because that's where the knowledge is. It is awfully hard for somebody to understand any kind of business, any kind of activity, without being a practitioner. So, reliable knowledge that does not come from practitioners is an oxymoron by and large because people don't understand. And the notion, therefore, of any intelligence agency becoming expert in every possible business is absurd. So, aside from all the other arguments, the practical argument, I think, is a very serious one.

Fort: I don't mean to imply that today there is a Grand Canyon-type gap between the private sector and government and there is no interchange. Clearly there is on a host of matters, both formal and informal, especially when we're talking about the areas of militarily significant technology. There is a dialogue. If the Air Force is trying to develop a missile to counter a particular, say former Soviet, radar or something, they are going to talk to the missile manufacturers and tell them what the capabilities, the bandwidth, the power, the pulse, and so forth of the radar are so that they can design the counter to that. And that involves sharing the

information that has probably been acquired from intelligence sources and the methods to collect such data, but that is all done within sort of the classified realm and it's national security in its nature. We're not talking about going up against Sony or something for the next generation television set; we're talking about a missile system, clearly military-related sorts of things. In addition, with the transfer back and forth of people between government and the private sector, as I'm now endeavoring to do, clearly there are things that are inside your head by virtue of that experience and an informal way that they do get transferred, but the problem comes about when you try to talk about this in terms of a program or give it a code word, a formal designation in some sense. When you get beyond the sort of vague and informal and amorphous kinds of contacts, which have taken place just as a matter of the democratic process, and make the process something that's more sort of stand-alone and formal, that's where you run into all these problems that we've talked about.

The other thing that I wanted to talk about today is an evolution that is taking place in intelligence. I think it is kind of interesting, and it's been going on for just the last couple of years but I don't think it's been sort of pinpointed in any specific way, and I don't see a lot of discussion about it. It's what I call the internationalization of intelligence. It sounds like a great title for an article, which I may get around to writing at some point, but you heard it here first.

The idea is that intelligence, traditionally the U.S. intelligence community, existed to serve the United States government — U.S. policymakers, and sometimes, by extension, close allies — but principally its *raison d'être* is taking care of the President and the other national security decision makers. For the last couple of years, we've seen a lot of changes in that. I think the Gulf War was kind of a watershed in that regard. With the imposition of the economic sanctions against Iraq, the United States took the lead in enforcing those sanctions and I played a role for the State Department in executing that activity. It really came down to taking the information that was collected by U.S. intelligence and being able to take key aspects of that information, get it sanitized for use with other foreign governments, and developing diplomatic *démarches* to go out and to notify, warn, or alert those governments that companies within their jurisdiction were undertaking activities that would violate or might violate the sanctions against Iraq and to get them to stop. Over the course

of Desert Shield and Desert Storm and for the last two-and-a-half years, more than a thousand of those diplomatic *démarches* (*démarches* are diplomatic representations made by a U.S. diplomat to a foreign government) have been made and have been the principal mechanism to enforce the sanctions against Iraq.

With that experience, there were increasing demands by policymakers, since that worked so well, to break out intelligence information that otherwise would have just stayed in U.S. channels and to use that information in other sorts of international arenas and for other purposes. For example, when debates were taking place in the UN Security Council and various resolutions were proposed, be it against Iraq or Yugoslavia or anywhere else, it could be used to give our U.S. representatives to the UN evidence, ammunition to fight, to make the case that a particular policy prescription that we wish to see implemented needed to be made. One of the ways to do that was to give them information that was based on intelligence sources and methods so they could assert with confidence that things were taking place that we thought had to be sanctioned, or whatever the case might be. During the Gulf War, we shared a considerable amount of intelligence material with some of our coalition partners. Senegal obviously got less than France or Britain, but still there was a lot of information that was shared. There are a host of UN peacekeeping missions going on around the world right now and we are extending intelligence support to their various activities, not all, but many of them, for example to the UNTAC mission in Cambodia to let them know what the Khmer Rouge or some of the other groups might be doing, and the status of forces, and that sort of thing.

We also are being much more active in our bilateral diplomacy in taking intelligence materials and pulling them into those bilateral exchanges to help bolster our case. Intelligence also serves to make some of the public diplomacy efforts a little more robust and a little more acute. The watchword has become "actionability" — that intelligence must be usable beyond just informing a policymaker who has to be able to do something about it. If you tell a policymaker that there is a shipment on the Danube that's getting ready to deliver X number of tons of oil or whatever to Serbia, they don't just want to know that, they want to be able to do something about it. Once you've told them, and if the reason you know that is because it's based on some intelligence sources and methods, you have to be able to

take that information and do something with it. That is a process which is a growing activity.

Student: What system do you have in place to provide the intelligence to, say, a UN peacekeeping mission? Do you have a group of people in the UN to whom you send it?

Fort: There is no one single mechanism or channel at this point. It's done sort of case-by-case. As things go now, there is a particular mechanism that was put in place to support the mission in Cambodia, and one particular agency was given cognizance and the lead in regard to supporting the UN inspections of Iraq. A separate process has been put in place there. Each one of these things has been designed separately. Part of the problem is that the UN bureaucracy is so badly managed and badly organized that they have, I don't know, 10,000 people sitting in Paris with UNESCO doing nothing, and then they've got 20 people in New York managing worldwide peacekeeping forces. So you have this terrible imbalance and where to make the inputs is kind of difficult. They're not coherently organized, and so it's difficult sometimes to deal with them. But I don't think the intelligence community, at this point, is comfortable dealing with these things generically. It has to be on a case-by-case basis because, depending on who the cast and characters are you're going to be sharing the information with, that will determine in any given instance how forthcoming the community can afford to be.

What I think the community is going to have to face, and what I was lobbying for and arguing before I left government, is that the way we go about collecting information, the way we go about analyzing and disseminating information, is going to have to take this into account. There's going to have to be more of a column A, column B, kind of approach, which sometimes is referred to as a "tear-line." The information conveyed above the line would contain all the great detail and juicy stuff; below the line is a sort of homogenized, generic, "vanilla" version of that information, but with enough detail and fact that one hopes will not reveal sources and methods, but will help make the case and provide an information input that will be useful in whatever endeavor it's being used in, either military or diplomatic or in some other area. That is something that the community is grappling with now, but it is going to have to do more, I think, as time goes along because the demands are simply increasing and policymakers are increasingly

impatient with the argument made by the intelligence community that "it is too sensitive, we can't release this."

I used to be in INR. I defined myself as occupying the space "between the rock and the hard place" because policymakers would be beating up on me at one end — you know, this is the latest CIA report, I want to use this today in my discussion with the German ambassador or something because this German company is getting ready to do something terrible and we don't want to do that — and then on the other hand I've got agency XYZ, which collected the information, saying, "Oh my God, somebody's going to die. We're going to lose this. It's going to go away. You can't do that!" I was the broker who says, "Okay, we take a little bit here and you're going to have to give a little over there," and then you reach these compromises. But it was on a case-by-case basis and it became very wearying to say the least, because when you're catching it from both sides on a routine basis, nobody loves you and of course you know that's not so much fun. But it is a growing area and I think the community is simply going to have to recognize that fact and accommodate itself to it and change the way it does business in order to deal with that and that's something we're going to be seeing a lot more of.

That concludes what I wanted to say. We still have about an hour and I'd be glad to answer any questions you all may have.

Oettinger: Before we go on, a footnote to that topic before you end it — two footnotes. One, agreeing and just adding the observation that the other day a friend of mine told me he'd been approached by folks who are interested in collaborating with the Russians, who are professing an interest in collaborating on early warning. This question of one day friends, one day enemies, friends for this, enemies for that, parallels a problem that's probably increasing in the private sector and also echoes back to the point Randy made about all those funny folks collaborating on the vaporware of the portable whatever thing. Who are they and what is domestic and what is foreign? There is this issue in the private sector of "your customer may be your competitor," and so as a customer, you tell him everything, you pay him the most attention, but as a competitor, how much do you tell him? This amount of puzzlement is endemic in the structure of the world today. Any number of folks in the private sector will tell you that in the conduct of their business, they don't know from one day to another how to treat so-and-so that they're talking to,

because as a customer, they'd want to tell him everything, but as a competitor they'd want to cut his throat. Some industries, some companies, are more sophisticated about that than others because they've lived for a long time in an environment where you develop processes for that. You live with it because you know that the same folks may be both your customers and your competitors and you kind of accommodate.

This leads me to the second point, about the rock and the hard place thing. You'll find in the proceedings of the seminar, particularly in a couple of sessions with Bob Inman,* some rather thorough discussions of this problem. Can you really sort of sanitize things so that you get out useful information and still protect sources and methods? In other words, you may not be liked by anybody, but can you do the job at all? And Inman's conclusion on the whole is that he'd say yes, by and large you could always find ways, and that's corroborated by the fact that people in business do live with the tension between dealing with competitors and customers also. So it's a solvable, or at least addressable, problem if you put your mind to it but the zealotry of "we've got to tell them everything" at one extreme and "you can't touch our sources and methods" at the other tends to blur that, and so I'm glad that you made that particular issue explicit. It's a very important one, not only in the intelligence world, but also in the private sector in these days of sort of global blah, blah, blah.

Student: To follow up directly what he just said, if you can imagine a scenario of the UN force or whatever where the United States might actually be under the command of different nationals, would you feel uncomfortable at all with U.S. forces operating under column B intelligence or maybe a second best option?

Fort: I don't think that would ever happen. First of all, I am not sure we would ever allow it (well, in the new Administration, who knows what's going to happen), but at least historically, we have been very reluctant to allow sizable U.S. forces to operate under foreign command. Now, I think even if that were to happen, some channel would be established whereby the U.S. forces would still have benefit. I

just can't conceive of a Commander in Chief sending his forces into harm's way and not giving them full advantage in the information that we know, even if it was informal and off-line and unacknowledged and secret and all that. I can't conceive of that happening.

Oettinger: Although you'll see in the discussion of FMFMI some discussion of incidents where the question came up of whether the guy on the scene knew something and somebody above knew something else. On this issue of what intelligence is available at what level and to whom, and therefore whether it makes sense to have communication between higher echelons and lower echelons, you'll see a number of incidents, and I've annotated those because it is more complicated than what comes out on the page, which is why I wanted to make the point here.

Subordinates tend to look at a superior mucking around with what they are doing as interference, and so there are things you want to cut from the lines of communication. But one way that this interference is not interference is if the guy up above has access to information or intelligence that the lower guy can't have and therefore he may give an order that is in fact better informed, but he'll know the guy at ground zero thinks he has better information. So that is a complicating factor in this matter of who knows what and what do you tell, this matter of COMSEC, operational security versus information security, and then the question of who has what kind of authority over the guy. I don't know if you want to elaborate on that a bit more, but I think you touched on a critical subject.

Student: I've got a comment on that, and that is if U.S. forces who work with a combined operation of forces of other countries, are very adept at having special systems in their possession to provide them with exclusion areas to get the information out.

Fort: I only raised the question because we are moving closer to the point where we might actually be under the command of somebody other than a U.S. national.

Oettinger: And I am making the point that the issue is not a new one under those circumstances, with U.S. forces commanded by someone from another service or even within one hierarchy. The question of how far and to whom you make what information available is not a new issue.

Student: I don't think that's a good analogy with the interservice command.

*Bobby R. Inman, "Managing Intelligence for Effective Use," *Seminar on Command, Control and Communications, Guest Presentations, Spring 1980*; "Issues in Intelligence," *Seminar on Command, Control and Communications, Guest Presentations, Spring 1981*; and "Technological Innovation and the Cost of Change," *Seminar on Command, Control and Communications, Guest Presentations, Spring 1986*. Program on Information Resources Policy, Harvard University, Cambridge, MA.

Oettinger: Oh, yes.

Fort: There shouldn't be.

Oettinger: Yeah, but there is. There is.

Fort: The other thing is that sometimes we don't necessarily have the best data. There may be a case, as these things develop, where the UN force, whatever that is, may have better sources of information than the U.S. government has. That was the case a good part of the time when we were looking at violations of the Bosnian no-fly zone: the mechanisms that the UN had put into place (staffed by Americans in many cases), with a reporting channel going back to New York was superior. There was very little value added that the U.S. intelligence community could bring to trying to determine whether or not there were violations of the no-fly zone. So, it is conceivable that UN forces may have their own intelligence sources to which the national systems could bring only marginal additional inputs. But the fundamental thing is, I think, somehow, one way or the other, as one of you has said, ways will be determined to get the information there.

Student: There might be an analogy in the arrangements made for various NATO forces on both superior commanders.

Oettinger: I don't remember how the argument came out. That was several years ago: a major debate among historians on the question of whether Winston Churchill withheld intelligence about the oncoming attack on Coventry in order to protect intelligence sources. My recollection is that this went on for a couple of years and then somebody decided it was all a bogus story, then it was not. But I cannot, for the life of me, now recall which way it came out.

Fort: I think R. V. Jones came out in *The Wizard War* and made the case that it was bogus.

Oettinger: Yes, and then was that case demolished or does it stand?

Fort: It was, but for those who haven't read that account it's still kind of one of those chestnuts that keeps popping up.

Oettinger: But it got demolished?

Fort: Yes.

Student: That was certainly a problem, not only in that case, but in many other cases. Maybe people found a way around it, but it was a real concern.

Student: With the new missions that we're being asked to take on, do you see the political people asking for different kinds of information? For example, are they asking questions on how well are people being fed in Somalia or in Bosnia, how the water supply is doing and things like that — kind of nontraditional, military-type of intelligence? How well-equipped do you think our current intelligence structure is to deal with providing political people with that kind of information necessary for the critical objectives of our efforts?

Fort: I think the community has always been pretty flexible, besides doing the things that it had to do — counting Soviet missile silos and monitoring various arms control kinds of things. There was always a lot of flexibility because there was sort of an underlying basis of expertise and there were sufficient reserves of people and resources to be able to surge into different areas as various crises erupted. So when somebody suddenly becomes interested in the caloric intake of the average Somali or something like that, CIA had maybe 1.2 people working on Somalia. At State INR, there was a guy who worked Somalia and five other countries in that part of the world, but there were enough flexibility and resources there that you could surge people in there to get answers to those kinds of questions.

I don't know that the questions are changing all that much. Every situation, every crisis that comes up, has its own discrete set of issues and questions that get raised, none of which anybody could foresee ahead of time. There is no quiet area of the world. I mean, pick the most God-forsaken, ridiculous, and unheard-of place that anybody could ever imagine and that's probably where the next crisis is going to take place. I've heard an apocryphal story that back in the late 1970s, somebody was very tired of urban living and dealing with inflation and all this stuff and decided he was going to check out. He picked the furthest place he could conceivably go and it was the Falkland Islands. You just never know, and you can't cover everything all the time, so you hope to have a kind of warm base and have a lot of generalists who can do a lot of different things and then when the need arrives you move them in and you deal with those questions as they come up.

The old requirements system was what they called the FIRCAP or something and that stands for Foreign Intelligence Requirements Capabilities Program. Anyway, every country in the world from Albania to Zimbabwe was in there and it asked for every conceivable permutation and combination of

information. There was a little value number, in terms of immediacy: if it was a one, it was, you know, "threat of war tomorrow." If it was a seven, it was a "don't call us, we'll call you," kind of thing. But it was all laid out and then, of course, no one ever paid any attention to that. People just sort of did what they did anyway. But it's awfully tough to try to figure out all these things in advance. It isn't really until you have a crisis that all these questions start getting asked and then you just have to start responding as quickly as you can.

Oettinger: You know, it's almost an axiom of information systems that information that is not used in daily activities and so forth is worthless if not at the moment it's collected, then at the next moment. That's kind of unfortunate, but it's a truth, because if you don't have some immediate need for it, the odds of its being vetted, the odds of its being meaningful, the odds of its being up-to-date, are vanishingly slim. In spite of a continuing quest, it's a Holy Grail. It's one of those things that people keep wishing for but it has very good reasons . . .

Fort: The one thing you hope is up-to-date at all times are your maps, and that's something that can be very tricky. The world is constantly being charted and data points are being added or changed. You're constantly trying to get better maps and hopefully have a database where if somebody picks a country and says, "Bangladesh," boom, you push the button and you get good quality maps out on what's going on. But the political, economic analysis, whatever it is, is probably going to be a couple of years old and, as Tony says, not worth very much.

Oettinger: Some of those issues that were just stated were very eloquently discussed in a recent *Foreign Affairs* issue on America and the World 1992/93* called "The New Interventionists," by Stephen John Stedman, and I just happened to attach a copy of it to your term paper. You'll find many of the issues that you want to seem to pursue very eloquently discussed in there.

Student: I also have a question. At the outset you mentioned all the new missions, and I'm wondering, does the intelligence community have any kind of long-term kind of strategy that points them in a direction with certain objectives? Is there the London parallel or something like U.S. national security strategy or any kind of reactive mode where

you have to meet all those rising and questioning policymakers? Or are they just too tough to try to settle on it instead of objectives if you want to focus on something? Because I know that whenever something happens, whether it's in Brunei or whether it's in Canada, that if people don't have the information they need, it's automatically the failure of the intelligence system or gaping holes that say we need to restructure everything and relook at it. It must be difficult. Do you have any kind of direction to go or direction from that?

Fort: It's gotten tougher, because in the Cold War you sort of knew what your base capabilities had to be. There were certain targets that had to be covered all the time in the Soviet bloc and military and strategic and stuff like that and now a lot of that's gone away, but not completely, because you've still got to look at those Russian silos and the ones in Ukraine every so often and make sure that they haven't been overrun by one ethnic group or another, and they're unscrewing the lids and wandering off with the warheads. So those are still targets but not in the same sort of sense where we're afraid there will be a bolt out of the blue nuclear strike, that sort of thing. So defining what those base requirements are, I think, has become a little bit tougher. We would try to do that, but since so much of what happens is kind of crisis driven or a surprise kind of thing, unexpected, it largely comes down to maintaining a kind of core capability in these various areas with a lot of flexibility to address the unforeseen event that comes along. I think there's a way of kind of going through and listing out each year, starting with the President, what the key priorities or the key requirements are. You know that as long as U.S. forces are standing across the 49th Parallel from the North Koreans, that's got to be a problem because there's a potential of war there, and China remains a major concern because of their size and they've not yet thrown the Communists out, and a few others — watching the Russian strategic stockpile and so forth. Proliferation has become a key thing — looking at countries that aid and abet proliferation. So you're able to do that, but I think it's become a lot more diffuse.

I think you can say it's for the good because we'll cut back and save money and there won't be as many resources, but it's also for ill. I think that as the cutbacks are coming and will continue to come, the intelligence community will probably be reduced by something in the 10 to 25 percent range in the next couple of years. It's just got to happen. The Bush Administration had outlined some cuts that

*Vol. 72, No. 1.

were along the lines of about 15 percent, that's in parallel as the Defense budget shrinks, and the intelligence was a component of that, so the intelligence side cannot remain immune and will have to take some additional cuts. What that means is that we're going to lose that margin in some of the reserve capability that they have and have enjoyed and been able to surge as crises have come up, and it just will become a lot more tight.

I remember at the State Department, around the summer of 1990, we said there couldn't be any more crises in the world because we didn't have anymore crisis rooms on our seventh floor to manage them. We had Liberia going, and then there was the situation with Kuwait, and there was something else going on at the time as well, and all our crisis rooms were full. So, that was all the traffic could bear.

Well, the world doesn't necessarily cooperate with you quite so easily but that will take a lot of flexible management and people who can adapt, maybe more generalists than specialists. That's dangerous too, because you hope to have somebody who's got deep, professional, and thorough knowledge of an area because you have to have somebody there answering the questions about Somali clans and who's who and what's what when you suddenly go in. You don't have the luxury of time to learn all that stuff from square one when the troops are getting ready to go ashore. So those are trade-offs that are going to have to be made and it's going to become a lot tougher because the issues are not as clear-cut as they once were.

Oettinger: It's not as bad as it sounds, because in a flexible democracy there are countervailing things. There's an account, which will be published shortly with the 1991 proceedings of the seminar, by General Paul Schwartz, who was the liaison between the U.S. and Saudi forces in Desert Storm.* He was commanding an Army unit out in Fort Lewis, Washington, when things happened in July, or whenever it was, and he put in a call simultaneously with the Deputy Army Chief of Staff putting in a call to him, saying "Hey, do you need me?" And within a day he was on his way to Saudi Arabia. Now, you might say, you know, why does that pop into his head? Well, because three years before the time when he was out in Fort Lewis, he was the U.S. liaison to the Saudi national guard,

which is their security forces. So he knew everybody on a first-name basis and so there he was. And that wasn't part of any plan. Nobody had the vaguest idea that that was what would be needed. But two guys who mattered thought to pick up the phone at roughly the same time and got him going.

There's a large literature on indications and warnings and on strategic surprise and so on. Folks like Richard Betts have written on it, and there are in the seminar accounts, some discussions with David McManis, who at one point was the national intelligence officer for warning, on these issues.* But the bottom line is that yes, there are some obvious things you watch, but there's always that next surprise, which is another reason why in this FMFM1 dealing with flexibility and alert minds is so critical because it sounds like motherhood. But in a situation where you cannot possibly have enough chips, then the ability of various people on their own initiative to have some thoughts about something and put things in motion becomes absolutely critical.

Fort: I'm sorry, I didn't hear your question.

Student: On that Gleason Act. You probably have increasing reliance on multilateral trade and information basically to hedge your bets on world trading of information.

Fort: Well, there's not much trading of information now, certainly not on a daily basis with anybody but the Brits. And that's of a long-standing, historical nature, but even that tends to be limited. We share a lot of collection responsibilities, but in terms of shared analysis and things like that, that tends to be more formalized in terms of semiannual, quarterly, or annual intelligence exchanges, that kind of thing where you sit around a conference table like this, have an agenda, and talk about, okay, whither Gorbachev, whither Yeltsin, whither this, whither that, and here's our view, here's our response, and you go onto the next subject. I think it will be a long time coming before we would have any sort of useful exchange on a routine basis with foreign governments, even perhaps with the Brits, just because the security problems and things you would get into there would be too difficult to overcome. We exchange papers among some of the allies and

*Paul R. Schwartz, "Coalition Command and Control in Desert Shield/Desert Storm," *Seminar on Command, Control and Communications, Guest Presentations, Spring 1991*. Program on Information Resources Policy, Harvard University, Cambridge, MA, February 1993.

*Richard K. Betts, "Analysis, War and Decision: Why Intelligence Failures Are Inevitable," *World Politics*, Vol. 31, No. 1, October 1978, pp. 61-89; David Y. McManis, "Technology, Intelligence and Command," *Seminar on Command, Control and Communications, Guest Presentations, Spring 1991*. Program on Information Resources Policy, Harvard University, Cambridge, MA, February 1993.

some analysts talk to each other more frequently, but that's all kind of informal, and they're much smaller than we are and they're not exactly in clover either when it comes to resources. So no matter how badly we cut, we'll still be ten times bigger than anybody else. Bob?

Bob: Yes, how does a person from a State Department intelligence arm deal with a situation that rises in Russia, for example, where some intelligence arm in the United States finds that Russia secretly sold arms to Serbia now or Iran recently? On the one hand, of course, you want to deter that action; on the other hand, you don't favor it very much. A case in point would be if the Soviet Union wanted to get public support on these things through Congress and they certainly would be inclined to based on what we find out about this information, specifically when might you think that perhaps this order is not coming from Yeltsin or it was pressured on him? And then also the issue of arms control, disarmament, and verification, if it's even worth our while to sign more disarmament agreements or can we guarantee them, can we verify that sort of thing?

Fort: If you want to treat this as strictly hypothetical, let's say for the sake of argument that there's a Russian arms transfer to Serbia in violation of UN sanctions, and further hypothetically state that Yeltsin or some other Russian government person in authority and responsibility has knowledge of that act. If that information has been collected clandestinely by some intelligence agency via some intelligence source and method, that information, depending on the sensitivity of the source — if it's hypothetically that Yeltsin's personal secretary is an agent of the U.S. government — then that might be in a channel that would be so restricted that only the President and the Secretary of State and a tiny handful of other people outside of the people who acquire that information would be aware of it.

But let's say it's not so tightly restricted as to be in that channel, but it is in a wider distributed channel such that it could be published within the intelligence community, in publications like the *National Intelligence Daily* (NID) or the Secretary of State's *Morning Summary* (SMS), which have wider distribution to policymakers. I hate to put that many sort of hypotheticals and build this case, but to answer your question, I think you have to sort of break out because it always sort of depends on all these different factors. If information like that were to come out, the first thing would be a race between CIA and DIA and State INR to see who could get it

out the fastest. I mean, there are the *New York Times* and the *Wall Street Journal* and the *Washington Post* on a daily basis and there is the *National Intelligence Daily*. They also do the PDB, the *President's Daily Brief*, but that goes to a very restricted audience, so I set that aside. The Secretary of State's *Morning Summary*, the SMS, and the intelligence summary published by DIA — we are all competing. It's who can get it out first, and everybody reads everybody else's publication. "Ah, we scooped them today. Look at that, we beat them by a day." The INR SMS publishes Sunday. Nobody else does, so we can get stuff out on Sunday; we beat everybody by definition, and they're picking it up on Monday. Or you do something and you get some analytic insight and you count the days until somebody else finally comes in kind of halfheartedly and sheepishly, reporting the same thing that you reported days before, or you're reading it and saying, "Damn, how did they get this?" Well, sometimes CIA doesn't release reports until certain hours of the day when they know that no one else in the community can react to it, and only the NID will get it in the next day, and so you have all these kinds of things going on.

But anyway, there is this tremendous competition that exists among these different agencies to get the story out, and that's not to be discounted, number one. Number two, assuming it's a piece of intelligence that's going to be reasonably well disseminated, that's not something that can ever be covered up or hidden because no matter what, the State Department would want to consider that. There are too many other channels where that information is going to pop up, so there's no way you can control that. It's going to get out and people are going to be aware of it.

Number three, in INR, as the State Department intelligence arm, our principle and our guiding ethic was we would do the best job of reporting the intelligence as we saw fit and we didn't care what the policy was. If we came up with analysis or came across a bit of information that would completely screw up relations with anybody, I had a sworn obligation and the people who worked for me had their obligations to report that as fairly and as impartially as we could. In fact, some of our analysts used to write and publish things quite gleefully that they knew for a fact were going to impact policy one way or another because it was a chance to show that they were being impartial. So even if it's something that the President or the Secretary of State wants to do, you come in and you may have to

be the "skunk at the picnic," or whatever metaphor you like, and say, "This isn't going to work, and here's the reason why, because we have evidence to suggest the contrary is happening."

If it's a situation where somebody in the Russian government is undertaking an action that is reprehensible and that obvious, then it may make the people in the European bureau who are managing the Russian account very unhappy, because this just means that they're going to have to work late that night and start drafting cables and instructions, and figure out the new policy tactic to handle that and so on and so forth. But I don't think anybody in their right mind would suggest that you could pull your punch on that or ignore it, because somebody would publish it and Congress would see it, and then they'd start asking questions and it would get very messy very fast. So, what would happen would be a lot of gnashing of teeth — sometimes they blame the messenger, you know, how come you had to say this? But the more sophisticated understand that we're just doing our job, thank you for alerting us to this, hopefully the shipment hasn't yet taken place, or it's en route, it hasn't arrived yet, we can get it stopped, turned around, interdicted, or something and very quickly try to turn that around and then chastise, criticize, punish, whatever the case may be, the government or the individuals involved for having undertaken that activity. And if it were theoretically Yeltsin — yes, he signed the document and said do this, then that may have a very profound impact on relations with him. That could be a turning point in terms of how he was being dealt with if that was part of a pattern of activity or if it was something that was so egregious that a decision might be made that we would have to change relations accordingly. I've seen intelligence reports — single, human agent reports, single pieces of other kinds of intelligence — turn policy in one direction or another. Everything was going along swimmingly, and boom, you get something that says a country is doing something really bad, and all of a sudden relations change as a result of that. It happens . . . and more often than people would think.

One of the things that surprised me a lot in going to State was how much impact intelligence had on the agenda. You're not just telling people the road they were going, but telling them, "Hey, there's a big hole in the road up ahead and you've got to be aware of that." It happens.

Oettinger: Let me kind of just add a little to that because the ethical point made and the policy point made are unimpeachable, but I'd say there are a lot

more situations where the issue is not what you do but whether you know it in the first place. I mean, one of your hypotheses was: this is a known fact, a reliable fact. Far more prevalent, it would seem to me, would be a situation where the fact is not so clear, and granting everything you said and Randy said, the real problem is do we believe this or do we not believe it? And given that we only partially believe it, and maybe our hypotheses in making an analysis are different from the ones at State or at CIA or at Defense, what do we report and do we want to get better evidence, and that's a far more uncomfortable, and far more prevalent kind of a situation than a lot of the disputes over "have they reported, have they screwed around, and so on?" You take the long-running one between CIA and Defense over the size of the Soviet military budget. You know, one can argue about knaves and so on but. . . . What?

Fort: And they both were wrong.

Oettinger: I mean, that's a much more prevalent and nasty thing.

Fort: That's a very good point, Tony. All too often what you get is a report that something has happened and "is it true?" or "is it not?" Do you have confirmation from another source? Do you have anything in diplomatic reporting on this? Do you have anything in imagery? Do you have anything from any other source? No, you've got a report, and especially if it's a HUMINT source, it's untested and what does this mean? So you go back and you keep looking, but that's all there is. If it's really a major issue, are you going to do a 180- or a 90-degree turn on U.S. foreign policy based on a single report? Probably not.

Oettinger: Which may be disinformation?

Fort: Possibly, or a misunderstanding, or one guy fabricating to make an impact or make some money or something. It's very difficult. Usually, the bigger issues are going to demand more evidence and more credibility but, on the other hand, if it's a report on something that's sort of life or death or very time-urgent or something, sometimes it's better safe than sorry and you may undertake an activity to try to head it off if it's true. It's a case-by-case kind of situation.

Oettinger: There is a long-term debate over the last 30 years over this, for instance, because it also affects how a decision maker, whether it's the President or anybody else, uses intelligence. There's

a tendency among decision makers to want to be connected to the source, but the source may be one of these things and the decision maker may be the last person in the world to have any coherent understanding of where it fits versus relying on the apparatus, which is ponderous, has its disagreements, and then comes out with "on the one hand . . . , but on the other hand. . . ." This is at the heart of the relationships between the customers and the suppliers of intelligence.

Student: In posing the question, does the State Department's intelligence differ from the others in how they get their information? I mean, do they use open source diplomatic sources, human sources, more than, say, the Defense Department here would, or is the source of information roughly the same across the intelligence community?

Fort: I think that on the key issues, everybody plays from pretty much the same deck of cards. We all get the same distribution on things. The rest of the community gets State diplomatic reporting. We get the clandestine reporting from CIA, the reporting from NSA, defense attaché reporting from DIA, and so on and so forth. Everybody operates from the same basis of information. Now there are some occasions where the source of information is so very, very sensitive, for whatever reason, that the distribution of that information may be extremely small and so some analysts in some places may have access, where other analysts in other places don't have access. You have to sort of finesse those issues when they come along. I was sometimes the sole person other than the Secretary of State and my boss, the assistant secretary, in the entire Department of State to know a particular set of facts, and then I would be the guy who would be the State Department voice or perspective or whatever on a particular issue. But for the most part, on the day-in, day-out kinds of issues, I think everybody operates from pretty much the same basis.

Now different agencies have different biases in terms of what they put more confidence in. In fact, the reporting CIA analyst may think that HUMINT reporting is more viable because it's collected by CIA, but I don't even frankly see that that much, where State analysts would value diplomatic reporting more than something else. I think a good analyst would look at all the different sources of information, and some are clearly more valuable than others. Sometimes you just don't have coverage in a certain area on a certain issue with one of the INTs, and so that's kind of a nonfactor. I think

everybody was pretty much using the same basis of information and then it just got down to levels of expertise, and some analysts are better than others.

Student: Give me a few words on what you think about congressional oversight and the Senate Select Committee on Intelligence (SSCI).

Fort: I think the congressional oversight process has been ineffective. I think it's a misnomer to call it oversight. Too often it's hindsight. They do not use intelligence prospectively or proactively. They use it after the fact and in a historical sense. Since there have been 12 years of Republican administrations, when Congress wanted to attack the administration for failures, real or perceived, they went back in the record and found a DOD or CIA report or little item from the NID that was one sentence long that said something was going to happen or might happen, and it was ignored. Two years later it happened and, therefore, the administration is guilty of malfeasance or some terrible criminal act because it didn't pay attention to the intelligence. And that use of intelligence, I think, is reprehensible. It is destructive.

A very senior State Department person put it to us in INR one time when we were fighting this fight with a particular Congressman who was making demands that a bunch of the secret information that had been reported on Iraq before the war be released. He said, "You know, there are times when this stuff becomes a liability." Now when you have one of the most senior foreign policymakers in the United States government look over and tell you that your fundamental reason for existence, your product, your life's work, is a liability, when your whole point is to try to be the illumination, to be the guide, to tell them what's over the next hill, and to avoid problems and to facilitate the making of good policy and so forth, that is a shocking statement. And yet, after the umpteenth congressional hearing over "who lost Iraq," or what happened, or this or that, it becomes very acute, especially when these policymakers have to continue to take their time away from their real work and to answer the stuff that is purely politically driven in the first place by the Congress.

You have the Honorable Henry Gonzalez of Texas taking classified information, copied by one of his senior staff from intelligence community documents,* fully and totally and appropriately

*This refers to the revelations in 1992 about the dealings of the BNL in connection with exporting arms to Iraq.

classified information, putting that in speeches, going on the floor of the House of Representatives and spilling that information to the world and suffering absolutely no punishment from his peers. We talked about Congress and whether or not they can be trusted. The answer is, "No, ultimately Congress cannot be trusted." Where is the proof? The proof is Henry Gonzalez. Henry Gonzalez has violated classification rules, regulations, procedures repeatedly and nothing, absolutely nothing has happened to him as a result. So what that tells me is that any time a Congressman wants to get on his high horse and go on a crusade and violate all those rules, he can do it and they can get away with it and nothing happens, whereas if you or I or anybody else who is in the intelligence business did, we would be in jail before the end of the day. All the stuff about Congress keeping secrets really means they keep them if they want to. If they don't want to, if they want to go on the floor of House or Senate, they're perfectly free to do that. And in Gonzalez's case, he's held up by *60 Minutes* and everybody else as being this great beacon of whatever, and leading the way on BNL (Banco Nazionale del Lavoro). As somebody who had to spend hundreds of hours of my time and my staff's time going back and searching documents for this guy to release like that, I was offended! As a citizen, as a professional, as whatever you want to name it, it was really offensive to me, and nothing has ever happened to him for his transgressions. Instead, he is deified.

Now, another interesting thing about Congress is they don't fully understand the intelligence process, or what the real requirements are. Why? Because they're legislators. They are not executives. They are not making policy, they're not trying to see what's going on down the road, they're not trying to use this stuff to make better policy or to implement policy, all they're doing is going back after the fact and looking at things and frequently using that information to criticize.

You have instances such as when Bob Gates gave a speech recently. We talked about it last year, the appropriations process. He had the head of every NFIB agency sitting there at the table with the Senate Intelligence Committee; all the generals, the directors, everybody else were all sitting there talking about the budget. The committee chairman was there and one or two members, and within 15 minutes all the members had cleared the room, and it was just the chairman with this very-high powered, very-high priced group, the best voice you

could have on the issues of resources and budget that are going to drive this whole business and this important endeavor until the end of the century, right? You've got one guy sitting there and a couple of staffers. A couple of days later, they're going to talk about covert action. Less than one percent of the intelligence budget in resources — a fraction of one percent — goes into covert action. Every single member is there, every single staffer is there, to hear about covert action. Why? Well, because it has some cachet, and it's sexy, and it's fun, and everything, but is it relevant? I mean, covert action in this day and age is so far on the margin of everything that goes on that it is laughable. And yet this is what Congress deems to be important, not the fundamental nuts and bolts of what drives the intelligence process.

So, all that is my way of saying that the congressional committees, both of them, have not been as effective as they should be. Many members do not take the issues seriously enough. It has become very much a staff-driven responsibility, which again, as a citizen, I find inappropriate. Depending on if there's any value to be added at all, it should be from the elected members not from staffers who think they know more than the intelligence community professionals. Yet these are the people who are making decisions about very, very important things.

Student: Thank you.

Student: That does answer it, but what about the leak in the press . . . you said that the different intelligence services rush every morning to get things for the press?

Oettinger: No, no, he didn't say the press, he said for the President.

Fort: The president, not to the press.

Student: The President then is the actual . . .

Student: Not the *New York Times*?

Student: He's comparing it to that.

Student: Aren't there . . . ?

Fort: Just let me clarify that. I think you misunderstood. There are morning intelligence publications, which are produced by the different agencies for the government audience and disseminated and handled within cleared channels so that the President and the Secretary of State, and the Secretary of Defense, and so on and so forth, get these things in sealed envelopes and read them in secure circumstances. But

this is not for the press. It is for this very limited audience. And within that audience there is competition among the different agencies to get their story out first, not unlike the *New York Times* or the *Washington Post*, or whatever.

Oettinger: But within a closed world.

Fort: It's within that closed loop. It's not for the outside world. Those things do get leaked, yes, but that's not of the way it's supposed to be.

Oettinger: But let me take off on that a little bit because I don't disagree with what Randy has said, but I'm not sure that that's limited to the Legislative Branch. For every leak or action that he described, I think one can find similar instances out of the Executive Branch.

Fort: That's true. That's true, but in the Executive Branch, we are sanctionable, potentially at least, for our actions. I have signed so many secrecy agreements, Tony, that until the day I die, I am covered. I can get in trouble for leaking. A Congressman doesn't.

Oettinger: Well, now, that's true, but neither does the National Security Advisor nor the President of the United States. And, historically, some of the most egregious leaks have been committed at that level.

Fort: The President has statutory authority. He is the ultimate classifying authority. By speaking, he can declassify or classify at his whim.

Oettinger: Yes, I understand, but there, when a Congressman or a Senator pulls this, you still are dealing with a high order constitutional issue over who is doing what, because the question of the relationship between the Congress and the Executive on this goes back to the bad blood . . . it essentially goes back to the post-Vietnam Watergate, Church Committee, et cetera, era. As a further footnote, you were talking about this wonderful cooperation among the various agencies, you know, it wasn't always thus. I'm delighted to hear you say that, but I got into the act at a time when some of the problems were that these sons-of-bitches wouldn't talk to one another, and the competition took the form not of rushing to press to get it to the President, but of trying to make sure you kept your cards and got the credit and didn't talk to anybody else. And so, in a sense, what Randy is describing describes a certain amount of progress in getting the Executive Branch's act in order over a decade or so, in terms of rivalries that before were absolutely

engrossing. It's healthy to have competition to get to the boss first. It is not healthy to use classification and compartmentation grounds for "keeping the information close to your chest" so that you get the credit, your agency gets the credit, and you don't tell the guy down the street. You treat him worse than if he were a Soviet, which is where it was in the bad old days among some portions of the community.

It should also be added that quite aside from the sort of Church Committee period and those bad old days, that there was a protracted period, starting with the Carter Administration, where essentially, the Executive Branch lost control and lost interest in the intelligence community, and the Congress kind of continued supervising it by default because there wasn't anybody in the Executive Branch who gave a damn. So to look at the congressional role and accurately portray the situation of historically why it got that way, or where it's likely to go, I think, requires a little more of a look at the relationship between the Executive Branch and the Legislative Branch on the management of the intelligence community and who has control over what and when is a leak a breach of the law and when is it an act of high policy, which I think is the subject perhaps of a little more debate than . . .

Fort: I'm drawing with broad strokes here, admittedly, and this is the first time I've been asked this question since I've been out of government, so I don't have to pull punches anymore when I talk about Congress. It just strikes me that no matter how you want to cut it, the Legislative and the Executive approach intelligence from two different perspectives. And in particular, given the ideological bias of a number of the members of the majority party of the Congress when it comes to intelligence, with many of those people never having had any Executive-level experience, they simply don't understand the role and the function of intelligence. They tend to dwell on the marginal kinds of things — covert action — versus the real nuts and bolts things of budgeting and so forth.

Sometimes there's also a very superficial approach to things, even when there are problems or there are crises. I remember one time I was on the PFIAB (President's Foreign Intelligence Advisory Board) staff, reviewing the Edward Lee Howard case. I spent six months working on that case. I talked to an SSCI staffer and she said, "Oh, yes, we looked at that." I said, "Well, what did you do?" "Well, we got a briefing for three-and-a-half hours out at the agency." And that was it. She thought she

was an expert by virtue of the three-and-a-half hours! I spent six months on that case and I only really scratched an inch or so below the surface, but I knew a hell of a lot more about it than the entire SSCI did, when all was said and done. You know, there is that kind of jumping around and yet, by virtue of that one three-and-a-half-hour briefing, there was sort of this myopia that we do know something about this. "No, sadly you don't!" You should be self-aware enough to know that you don't, and then not go out and start taking a lot of actions based on this very superficial knowledge. That was one of the things that disturbed me.

Oettinger: But again, you know, you happen to have been spoiled, I think, by serving under a President who had some competency in this area. Many of his predecessors would have fit the same description that you gave of the Congress.

Fort: Well, the President maybe, but institutionally, I think the Executive Branch has the organization and the structure to consume and to use and to understand intelligence that the Congress is simply physiologically, constitutionally, structurally, organizationally, unable to accommodate. That's just what I just see. It's just that they are two fundamentally different creatures and yet, the Congress will not acknowledge those differences and still professes to have some sort of understanding, so they start looking at the requirements process, for example. Then they try to dictate a requirements process that should respond to the needs and the demands of policymakers, not legislators who don't have the faintest idea what that policy process is involved with. Maybe it's kind of healthy that the Democrats are back for four years. Some of those people will go into the Executive Branch and they will learn for the first time in 12 years what the policy process is all about, and then go back and not say so many irrelevant things.

Oettinger: I think that the issue of congressional micromanagement, which is what you're addressing now, is a somewhat different one from the issue of leakage.

Fort: It's many things. It's not just leakage. I cite the Gonzalez leaks as one of the most outrageous things, but when Congress gets on its soapbox and says, "We can be trusted," my point is, this is just one of my criticisms. It's not the only one, clearly, by what I've said, but it is a fundamental one, which is ultimately, no, you cannot trust Congress. So if you're a foreign liaison service out there, and you're

going to share something with the Americans, is Congressman Gonzalez or somebody else going to take it that they have the responsibility to tell the world about it? I don't know. If you're the foreign liaison guy, you will have to make up your mind whether or not you want to share that information.

Student: Then take that further, to the point that Director Gates made, just the fact that . . . of that speech was that the intelligence committees, by default, are failing which I agree with you on your broad strokes. What about the concept of them being more engaged? In other words, instead of select committees where they rotate in and out under staffers — the 30 staffers, the ones that think they understand the intelligence process by virtue of a three-hour briefing — to have a Senator Nunn, in other words, a Senator who's sitting on it, who remains on it, or a House member who sits on it and remains on it and builds some expertise, and builds some understanding. So, instead of its pulling away, in fact, then engaging them more?

Fort: I think, under the appropriate structure, and genuine oversight, that would probably be appropriate. Instead of kind of going along on these episodes, a committee like that could really get in and sit down and take advantage of the situation where Gates was there with all the senior leadership and talking about budgets for now and for the out years and so forth and the directions, and the trends, and the strategies and so forth. Yes, okay, you're the elected members. Let's bring your perspectives and the value added you have by virtue of being representatives of the voice of the people and so forth, and let's get your inputs into this sort of situation. Exercise oversight, that's fine. I don't think I have any problem with that. When there are genuine screwups and mistakes and that sort of thing, it is appropriate that the community should have to answer for those, both internally as well as to the Legislature because they are the ones who are funding these various activities. One expects these things to be carried out appropriately. I would personally favor a joint committee — a slightly smaller committee — instead of having two separate ones, and maybe terms that are longer than the four years or something that you get in the House, and six or whatever on the Senate side. I'm not sure what the numbers are in either, except that it's a fairly limited duration. Maybe one should make it 10 years, or something like that, where it's long enough to develop some expertise but not so long that you become a fixture and you tune it all out.

Oettinger: It's worse than that. But one of the reasons for the creation of the committees and the rotation was that the former regime was one where a couple of Senators and Representatives essentially got in bed with the community and, in fact, worked with them against the executive because both of them had longer life than the executive and essentially did anything . . . they just went right along. There was no supervision at all.

Student: Again, that is the same thing as the Church Commission — the rogue elephant . . . you know, that's 20 years old. No one does that anymore. No one is afraid of a Senator being captured by the CIA? Oh, give me a break! No one believes that anymore. The *New York Times* has more control over the CIA than Senator so-and-so.

Oettinger: I understand, but the point is that going back in the direction of longer tenure and so forth raises some issues of swinging back in a direction that had its own problems. I agree with you. Today that's not the way it is, but one of the reasons it is the way it is today is as a reaction against excessive coziness between congressional folk and intelligence, not just the CIA.

Fort: But you could also make the case, though, that as long as the Senators or the House members who were being cozy were duly elected representatives of the people, then the process was working. The failure was on the part of those individuals.

Oettinger: I mean, it was not exactly representative either.

Fort: Theoretically, they were representatives of the people who elected them and they held the positions they held by virtue of being elected to leadership and so on and so forth. So, I understand what you're saying. In reality, no, there was not effective oversight, but at least on paper there was.

Oettinger: We'll not resolve this fundamental issue in this classroom, but we are awfully grateful to you, Randy, for raising it and for all the rest of the splendid discussion.



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