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**The Evolution of the U.S. Intelligence  
System in the Post-Soviet Era  
Richard J. Kerr**

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## The Evolution of the U.S. Intelligence System in the Post-Soviet Era

Richard J. Kerr

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*Mr. Kerr was sworn in as Deputy Director of Central Intelligence in 1989. He joined the CIA in 1960 as an analyst, and subsequently served as the representative of the CIA to the Commander-in-Chief of the Pacific in Honolulu. He also served as Executive Officer for the Intelligence Community Staff and Vice Chairman of the Committee on Imagery Requirements and Exploitation. From 1976 to 1982, Mr. Kerr served as the director or deputy director of offices responsible for regional and political analysis worldwide, intelligence analysis of East Asia, and production of current intelligence. In July 1982, Mr. Kerr was selected to serve as Associate Deputy Director for Intelligence. In 1986, he was appointed Deputy Director for Administration, responsible for supporting those Intelligence Community components under the jurisdiction of the DCI. In 1986, he was appointed the Deputy Director of Intelligence, directing the CIA component that conducts analysis and production of finished intelligence.*

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**Oettinger:** I won't make a prolonged introduction; you have our speaker's biography in front of you. We are delighted to have him with us. He's a man with a lifelong experience in the field of intelligence. He has agreed to be interruptible for questions as he goes along, so fire away when the spirit moves you. I know from our lunchtime conversation that he can take care of himself in terms of sitting on you if the questions get tough.

**Kerr:** Let me just spend a few minutes and lay out some thoughts about past and present and future and then some things that I find are important for intelligence in the future.

I think intelligence, at least from my perspective, is in as much a revolution as the former Soviet Union; essentially, we have lost the enemy that the structure was built or designed for; we have lost the simplicity of purpose and cohesion that essentially has driven not only intelligence, but has driven this country for 40-plus years. I mentioned the other day in talking to a group that we started intelligence at the end of World War II. Before that, it did not exist as we think of it today: a cohesive network of overseas and clandestine activities, a major commitment in open-source areas, an enormous commitment in the signals intelligence area, an enormous

commitment in overhead imagery and in other systems — technical sensor systems. A connection between industry and government, and military that is extraordinary. It really is a military-industrial complex out there committed to intelligence. As I told the group earlier, that is part of this military intelligence network. I believe that group did it for motives that are far more than merely the profit motive. They did it with a commitment for country, a commitment and an understanding as they saw it, against the threat posed by the Soviet Union. It was truly remarkable. They built an impressive system that ties together government, industry, the military, and academia.

**Oettinger:** It seems to me that the fact that no nuclear shot has been fired in anger between the United States and the Soviet Union is one historical fact. And second, that ultimately the Soviet Union collapsed is in my mind a consequence of what you just described.

**Kerr:** I have to believe that because I've spent 20 to 30 years committed to that and I do believe that we really did make a difference and that we did provide the government with a basic knowledge and understanding that allowed them to make day in and day

out, week in and week out, judgments based on understanding and assessments of threat and assessments of contingents that were fundamentally sound. It's a little hard to prove that nuclear weapons, despite the fact that we've never used them in the struggle with the Soviet Union, made any difference, but I believe that and I think that one can assume that. I think it's been an enormous success in the strategic area. We've had problems over the years; we have both underestimated and overestimated threats. Fundamentally, we provided a base of knowledge that allowed the policymakers to systematically assess certain Soviet threats and our ability to deal with them. So I think it's been extraordinarily successful. The Soviet Union failure can be traced in large part to U.S. strength, allied strength, and Western strength and commitment to "stay the game." Now you can argue that in any number of ways but I think it was fundamental to where we ended up.

The intelligence system that we developed was possible because we had consensus, because there was agreement at nearly every level even across party politics. We had agreement about the threat posed by the Soviet Union. While we bickered and argued, I don't think there was ever a question about that. Very seldom was there a question during this period of "should we spend money," "should we build more," to make sure that we understood the Soviet threat, understood what they were doing and how they were doing it, who their allies were. Very seldom did we argue about the fundamental premise. We argued about how best to solve the problem, how to deal with the problem, where best to put the money, but very seldom did we face fundamentally the argument of "I think this is all a phoney threat. You're doing all the wrong things." It just did not happen. I would assert that these questions are going to become much more commonplace because it is not at all certain that there is consensus about the future, about the threat, if there is a threat, and what the nature of threats are to this country. I think you also at this point in time can make a very serious argument that says, "While there are threats out there: regional instability, nationalism, and on and on — crises, the Middle East, on and on — you can identify areas that are potential problems like China, South Africa, North Korea." I think none of those, either individually or collectively, can be seen as life-threatening to this country; they don't jeopardize its very existence. And there's disagreement about each of those. I don't think there is consensus even on the individual issue, China, as an

example. There's a great deal of disagreement within the academic community and within the intelligence community as to what the future holds for China. Is it a China that's going to explode into a vast Tiananmen Square upheaval, or is it a China that's working its way through a transition with an older leadership being replaced by a slightly younger leadership (only in terms of a year or two younger, but slightly younger) but gradually making Beijing increasingly irrelevant compared to the areas of growth along the coast? Are these independent groups going to be allowed to do what they want as long as they don't challenge Beijing's sovereignty? Where's the threat to the U.S.? The threat right now to the U.S. is that we buy more from them than we sell to them. That's hardly a justification for military forces or for an intelligence system built as to prepare for the strategic threat of the USSR. There are only a few areas in the world that seem to have real potential for military crises, such as North Korea, a country that's moving potentially to nuclear weapons, even though they're talking in the South about solving all their problems. As an old intelligence officer, I'll speak out, "I'll believe it when I see it." I think that's a country that is clearly in a state of transition, moving from one leadership — an old leader that created the revolution (President Kim Il Sung) — to his son (Kim Jong Il). I don't think we've had a good transition — through families of Communist leadership recently — if ever. I can't remember a good one. Romania didn't work well.

I think Cuba is potentially another area of crisis. The three major lobbies in this country are the Israeli lobby, very effective; the Gray Panthers, the older generation, which is very effective; and the Cuban American lobby, primarily based in Florida. The latter is very effective politically and able to mobilize people to act. I think that events in Cuba could well trigger some things that could completely get out of control . . . boat lifts — if you remember the Mariel departures from Cuba — that could cause people like the Cuban-Americans to react, to help get the United States Navy or Coast Guard caught in between people trying to rescue people and people trying to be rescued. This is a political problem. We have to still be very careful of Castro, like Kim Il Sung, but I can't think of anybody else who created a revolution and is still in power. I think they are the two remaining. Maybe in some nationalist African country there are still a few hanging around, but those are rather different. They're certainly the only two of the Communist world who are still there. I

can't see Castro waking up some morning and saying, "I think I had better change my views, open up the country, and let capitalism flourish." I can't see him abandoning 30 years of revolution, his life. It doesn't make sense to me.

**McLaughlin:** Dick, don't you think there are people in Cuba and North Korea who are waiting for the time when their leader doesn't wake up in the morning and they get to rejoin the world?

**Kerr:** I think we know a little more about Cuba than North Korea, although we don't know a lot about either. First of all, I think there is an underclass in Cuba that still looks to Castro and says, "My God, it may not be great here; we may not have groceries, but he brought schools; he created medical systems; he gave me and my fellows (primarily blacks) a better life than we had before under Batista". So I would not assume that he does not have some support. Nearly all the middle and upper classes have left Cuba and are living in Miami. The military, I think, is a question. Castro did rather well. I think you can say that. He recently purged a military hero and three or four others on charges of corruption and drug trafficking and got away with it without so much, as best we can tell, of a ripple in the Cuban military. Now I'm sure there were ripples — people looking over their shoulders saying "Who's next?" In my judgment, I think the intelligence community found he did that for a couple of reasons. First of all, you have a guy who is getting increasingly popular and could be a challenger. And I think it was a little like a Mao Tse-tung purging the country and getting back to basics. But, nevertheless there are people who are discontented and the people who certainly would be happy to see change even though they might not cause it.

Korea — others know more about North Korea than I do. But my sense of North Korea is a country that has been so systematized and organized and you can only listen to North Korean radio; you only can buy a radio that can listen to North Korean radio. Their information flow is so limited, although it has increased recently. So I think you have to be careful about assuming that somehow there is a way to communicate or that there is even the desire to communicate. It's a system that was created out of fear, as best I understand, in North Korea there is a system where systematic elimination of those not associated with the Communist regime or exclusion of them from any places of influence is so dominant and systematic over the years that it is really a tough system to break through. I've talked regularly in the

past several years to South Koreans about this, and I'm not sure that anybody understands the nature of that society and its reaction to its president or to change. We just don't have enough information.

**McLaughlin:** I didn't want to get you off track.

**Kerr:** I don't think that there's a whole group of people waiting to kind of march into the streets. I wouldn't assume that. I wouldn't also assume that there aren't people who would like to march in the street but I don't think they're all hanging onto the doorknobs, waiting to get out and do it. I think that would be an assumption you wouldn't want to make.

I'm struck by how little information I can get since I've left CIA — on anything. The press tells me nothing. CNN tells me nothing. The radio tells me nothing. I feel really deprived. In part, not because I can't get some information, but I don't get information on things that I'm interested in and I'm kind of eclectic in my interests and I'm interested in all those things that I just mentioned, plus South Africa. The stories that I get out of South Africa say it's all changed, now that they've had the vote. What you have, according to the press, is the whites have signed up to sharing power with blacks. I think that's baloney. Anybody who has read the referendum knows it says, "We agree not to stop a process." They didn't talk about power sharing, one man vote or anything. They talked about "process" of reform. That's quite different. There's a long way to go between those two judgments and I think there's a likelihood of violence and significant violence — including tribal violence.

Beyond those, the countries that I'm interested in are the Vietnams, the Angolas, and the countries that are in change and in transition. But I think there are some other forces that are impressive, too — nationalism, as seen, or tribalism (ethnicity) — whether it's in the Soviet Union or Yugoslavia, in Africa or in South Africa. The problem in South Africa is tribal as well as political. I think in terms of nationalism, Yugoslavia perhaps is the best example we have recently of the breaking up of a country. I think that is a phenomenon that we are seeing that is very worrisome. I personally believe, having listened to our own analysts before I left, that the likelihood of a breakup in Czechoslovakia is very real, very likely. It will be a different kind of breakup than in Yugoslavia because both sides will agree to it, but it will split another country in half. I think the likelihood of that happening elsewhere, based on tribal or ethnic lines or nationalism, is

increasing and presents some very disturbing problems in terms of stability.

**Oettinger:** Let me stop you right there for a second. Why is it a problem? It seems to me that in the 20th century for these folks to revert to their microscopic entities is either totally unstable and they will recombine rather quickly, though we've seen them disintegrate, but seems to reflect an assumption that even though they are, on their face, not economically viable, they will, in fact, count on some kind of world order where, you know, borders will be respected and trade will go on and economic something or other will go on, even though each of them wants to become Monaco. It's like saying that since Monaco has seceded from France, it's been stable. Why? Because it's not in Caroline's interest or the French government's to muck around with the border. Unless somebody comes around who wants to force them together again. Why isn't that stable, especially in a world where, you know, it's proved that the U.S. is the one super power, and peaceful coexistence is assured by virtue of the fact that everybody else is kind of impotent.

**Kerr:** I think that's a fair question. I'd say, first of all, we believe it's destabilizing so, therefore, that has something to do with it. Also, it's one thing if you could divide along ethnic lines like you can in Czechoslovakia, essentially where there's the Slovak population on one side and a Czech population on the other side, and the overlapping area is very insignificant. Try to do that in Africa. Try to draw tribal lines in Africa. Try to draw where the Zulu's homelands are. Try to draw a tribal line in South Africa or in any other part of Africa and you cannot do it. Try to draw a tribal line in Yugoslavia. You have Bosnia and Herzegovina right now and the reason you have that problem is you cannot separate the nationalities. That's the problem in Croatia and Slovenia. The lines are such that you have to carve out little pieces. So, what you end up with is a very destabilizing, political border. I agree with your point in some areas. For instance, right now Scotland is thinking of seriously having a vote. In fact, there is kind of a vote today on whether Scotland should be independent because you're going to vote for a local representative. Does it make any difference?

**Oettinger:** And all the little Protestant and Catholic villages in Germany and France, along the Rhineland and now . . .

**Kerr:** In Ireland.

**Oettinger:** Those have simmered down. The Irish have not. It takes a long time.

**Student:** On the other hand, don't forget if the Scots want to take the oil fields with them, there may be some serious disputes going on.

**Student:** We have a funny problem because the Shetland and Orkney Islands don't want to secede. On the one hand, they argue that they should have self-determination but on the other hand, they argue that they should not be allowed to secede.

**Kerr:** Well, I'm getting diverted from my own thoughts as I go down through this litany of problems that I see, but whether it's nationalism or religion, (Islam is an important one in terms of potential for conflict), I don't think these individual things that I've just described, running all the way from the Cubans to nationalism, constitute a coherent threat in the same way that the Soviet Union has for 45 years. Therefore, policy interest, policy commitment, continuity, if you will, ability to bring budgets and to keep together an intelligence system that can even deal with the things that I've just described, is going to be extremely difficult. I think it's going to be much harder to mobilize Congress and others to support an intelligence system and the changes that are required in not only intelligence but in this whole industry — government, military, academic connections — to support these in the future. As a result, I think the likelihood is that intelligence is going to wither a bit. It's going to lose some of its very important capability. I find that worrisome, not because I don't think intelligence should be done more cheaply and should be reoriented to think about cost and look at new issues, but many of the things that we do best today, we do because we layered them on the justification caused by the Soviet Union threat. The reason we have all this vast mechanism that I described earlier, and the reason we could do so well in Iraq was because we understood and had all those capabilities ready for us to apply against an Iraq. I'll give you an example: there wasn't a single weapon system in Iraq, of importance, that we essentially did not have in our hands because all of them were Soviet and we had worked for 45 years to acquire them. If we didn't have them in our hands, we knew enough about them to deal with them very well. So there were no weapons that suddenly popped up causing us to say, "Oh my God, what do we do about this?" This was not the case. We had built a level of understanding. We were able to track their military,

track their deployments and we were able to do that because of 45 years of work. And we were justifying all that work under the basis of Soviet threat. I think the problems we face now are, in some ways, more complex, more difficult, with fewer blacks and whites, more grays, and therefore are going to require more intelligence. But I think our ability to maintain the system and the capability to deal with those problems is going to be very severely strained. The military, I think, is a good example of the problem that I'm trying to explain. It faces the same problem and is the problem itself. First of all, I think Desert Storm is not a model for the future. The likelihood of our fighting another Iraq in that form, with five months of preparation and a unity of agreement across the West — more than the West — a unity of nearly total agreement. You have to think of who was on Iraq's side — Mauritania and Yemen — not the kind of people you really want to side in a big conflict. A few others, here and there, but not a very impressive alliance. Even the neutrals were not very impressive; there weren't very many. But that's not going to happen again. And, in my judgment the military always builds to the last war, so we're now looking at it as a model of how we should get ourselves ready. Instead, I think, what the military is faced with to some degree, is an uncertain enemy, in an uncertain place, at an uncertain time, and for an uncertain reason. That is the worst of all possible challenges for intelligence. We don't know what it is, but we've got to be ready for everything. And what that does to intelligence, from my perspective, it says that you need to know everything all the time, which you cannot afford, and we're not going to do. So you have a very severe challenge. In fact, I think the most likely thing the military is going to do in the future, are things that are not Desert Storm but more likely things such as providing food, evacuating embassies, working drug problems. That's quite a different set of requirements. Yes?

**Student:** Is it that you are arguing that we need more human intelligence resources?

**Kerr:** Sure, I would always argue that.

**Student:** I mean, you read articles that say we've gotten away from it.

**Kerr:** You see, I don't believe that. I don't think we've gotten away from it. The most inefficient thing you can do is try to do things clandestinely; it's expensive and dangerous, politically dangerous. I think you need some human resources. But I think

that you have to be very careful about your assumptions: how much you want to do, why you want to do it, and what is truly threatening. If the military had its way, it would have human resources in every country in the world looking at the potential for U.S. military involvement. It really would. It would have people who could tell us how long every airfield is, what bridges, how much weight a bridge can carry. The military is insatiable in terms of its need for information. In my judgment, the smaller the force involved, the more information you need. It's an inverse relationship between information and force. If you have the 82nd airborne, you don't need any information. You just go in and you kill people. They make their own intelligence as they go by getting things out of the way through force, but if you have one guy trying to land on some beach, he needs to know how deep the sand is, where the rocks are, where the doorknob is, and there's no end to the information one person needs. It is interesting, the smaller the force, the more you need. I think, quite honestly, we're going to be in small force interventions, for saving U.S. citizens and evacuating people, and doing things that are quite different than getting ready to fight the Warsaw Pact. Our information needs are fundamentally different for that. Yes?

**Student:** Just a comment — and some background. Our agency is assisting General Sullivan with a study on bureaucratic survival basically, focused on the demobilizing and rebuilding of the army from 1945 through 1950. General Sullivan hopes through his interest in history to show there were a lot of mistakes in the past that hopefully in the future we won't make again. So we've come full circle, because we're being cut below a basic level using no more task forces.

**Kerr:** Clearly, although I've been involved heavily in the intelligence community, my primary life has been at CIA. I would make a couple of assertions. First of all, I see CIA as an instrument aimed at the problems that I described in the new world as well as, in fact, having to work the old problems. Its commitment right now to the former Soviet Union, for instance, and has been over the past several years, is down around 14 or 15 percent of its resources. So, over the past 10 years or so, it has moved to what I consider to be a readjustment of its focus on a set of problems for the future. Now I believe you're going to need intelligence — political, economic, social, demographic information on the world and I look at the main problems that the



policy-making faces as very complex issues involving analytic judgments. What preparation do we need, for instance, to deal with the Cubans in transition and Castro leaving. What are the implications of that? What are the scenarios that could transpire? What are the forces that could intervene? What is the likelihood of a Mariel-type exodus out of Cuba? What do you do about it? What are the implications of that? I look at those kinds of questions as grist for CIA. CIA's already pretty-well postured, although I think it's going to have to reduce its military analysis because I don't think doing the level of analysis that it did on the Soviet Union makes any sense. I think its emphasis on ICBMs and on strategic weapons needs to be changed as I do the intelligence community as a whole. I think it's a waste of money and time to continue to put that level of effort into it. I think you want your forces work to change fundamentally. I wouldn't do forces work at the level we did on the Warsaw Pact. I would do forces work that is much more like how we handled forces in China — it doesn't make any difference how big a regiment is in China. What makes a difference is political use of the military, Vietnam and China on the border, and other smaller subsets of problems. So, I see us reorienting away from the larger Soviet target and the intensity of that work, probably reducing overall, I think you're going to have to do that. Looking at other intelligence organizations — NSA and DIA — I think we need fundamentally to change and reduce resources there. Quite simply, I would take resources away from those organizations to keep the CIA focused on what I think are the problems of the future, whether you call it the CIA or call it whatever you want. I think we're going to have to change our focus. I don't think you can justify a 100,000 man intelligence community. I don't think you can find a threat to justify it. We are still thinking in terms of growth. I found that true within CIA — people keep saying, "Boy, we need more people to do this and that. We've got a real problem here and I need more people." I say, "You really don't understand. There are no more people. We're going to reduce. We're going to reduce whether you like it or not." Somehow we've got to find a way to focus that in the right way and reorder, in my judgment, the entire intelligence community toward that and that's very hard — a lot of rice bowls and a lot of turf is going to be walked on and a lot of rice bowls are going to be broken, but it's going to happen, in my judgment. I think we're slow to realize it. We need to reconfigure the intelligence

community just like we're going to have to reconfigure the military and I know you're doing that, you're in the process of doing that. I think it's much more fundamental than we've allowed ourselves to make it out to be.

**Student:** Would India and Pakistan be on your list of explosive places?

**Kerr:** I'm sorry, I would put India and Pakistan and the possibility of conflict between the two very high. I look at these two countries as potential for the first nuclear war. Whether they do or not, I would argue they do have nuclear weapons with the capability of delivering the nuclear weapons on each other. I think it is more likely that there would be an exchange of nuclear weapons between those two countries than any other area in the world. There's a lot of hate, hostility, and very poor communications. So I think the potential, the danger here, is very real and, therefore, the danger for stability in the world is real.

**Student:** On the one hand there is this kind of sharply focused interest in North Korea or India/Pakistan, etc., on the older kind of more traditional intelligence — you get to know their weapons, their capabilities, their intentions. That's one end. The other end I hear you saying is there's the rest of the world — where there is more or less normal commercial relations, but some nut or sect may cause problems and we'll have to rescue people or it's a good refuge for narcotics peddlers, and that may flare up almost anywhere but in a context that's sort of nonclassical because most of the days there's no concentrated military force to think of and they're people, undergoing more or less normal commercial relations. So I hear you talking about not only a fragmented world, but two very different kinds of situations and then on your main point was the need to restructure. Can you move on to relate what you see as useful structures that deal with these two categories?

**Kerr:** Well, first of all, I think some of the things we've spent 30 years developing for the Soviet Union are going to have to go by the wayside. They are not relevant, even to the continuing problems. I think the U.S. military, as an example, is going to have to find a way to differentiate between what they need in peace and what they need in war. And today, they will tell you, to a considerable degree, that what I need in war I need in peace because I need to practice to keep the peace. ELINT is a good example — these are very expensive electronics that

essentially look at systems, active sensors or emitters, to try to figure out in wartime where things are located near defense systems, radar, anything that emits a signal. I don't see anyway in the world we can afford the complexity of that system — either the collection system or the processing system or any other part of it — in a world of diminishing resources. And I think there are a set of other things, sensors that essentially are aimed at looking at a constant enemy that was life-threatening. None of these problems I've described are truly life-threatening to the United States. They're destabilizing, destructive forces that we're going to have to react to, but I don't think you can commit all those resources to. Following ships worldwide — for the Navy. You've got to be kidding! Why? It's interesting. One day you may need it, you know. I don't think with that you can justify that kind of chase, that kind of sophistication and intelligence for the kind of complexities and diversities I'm talking about. My own view is not subscribed to by anybody that I know of right now. The worst thing that could happen, in my judgment, is to take a little bit off every organization. You cut NSA, you cut military intelligence, you cut CIA, you cut everybody by a third, then you have 15 ineffective organizations. And I think, sooner or later, somebody is going to have to come to the conclusion that you need some consolidation and you need to pull some things together in a line way to make them more efficient. No one wants to do that. No one wants to even say they want to do that, because we've always had in this country a fear of a single, very strong intelligence organization. You call it CIA, the National Intelligence Agency, or whatever you want to call it. We have an aversion, and for good reason, to a single intelligence organization with line responsibilities. It needs to be civilian for obvious reasons; my biases are obvious, but I don't think you want commanders making judgments about how effective their campaigns are. I think you need an independent capability to assess the world and I've always believed the primary objective of intelligence is to try to figure out how to help the President stop a war, not how to prosecute it. So, I have a fundamental view about this . . .

**Oettinger:** But, that view is intrinsic, you know, just as we have two national nuclear laboratories — Los Alamos and Livermore — in a kind of deliberate competition. At the very least the efficiency arguments stop with that argument that we all had a distinct civilian-oriented arm of the presidency that

has this strategic and almost auditing function. And then you need a military arm, which is an operational arm. That's bound to be duplicative.

**Kerr:** There's going to be an overlap. I think you have to reduce it because I don't think we can afford the overlap we have today, but you will have some overlap, just by necessity.

**Student:** You mentioned issues of affordability. To what extent does command and control and, for that matter, intelligence need to change in order to help to change affordability now?

**Kerr:** I think you need some significant changes. The most striking examples I've seen have been actually in Desert Storm where you had four services acting relatively independent, in terms of their own command and control systems and the ability to move information down to those lines. When you took national intelligence and tried to move it down to a commander you had a real problem. I think that's key, I think, . . . You're going to have to put some money into that, but we've never been successful. For 30 years, people have been directed to develop joint, common communication systems that would move information and imagery and other things. And I know of relatively few that exist today.

**Student:** Where do you think the breakdown in the intelligence pipeline was if you have generals and colonels complaining about not having information brought to them?

**Kerr:** I think moving out of Washington into the field has always been a classic problem of moving information. I still think the major problem is moving it inside the field, not from Washington to Riyadh, but from Riyadh to people who needed it. The problem is they need different things at different times and different components need different things. No one builds a system today, to my knowledge (a technical collection system) and designs the system from the space vehicle to an ultimate user for diverse set of uses. No one builds the whole thing. First of all, we're afraid to tell anybody how much it costs. We want to say, "We can get this for you on the cheap." Now what we don't tell you is it's going to cost a lot more to move it from here to there and get it from here to there, you know, kind of spread it out and get it to the person who needs it. So we essentially fake it and then we say to people, "Now that we've gotten this thing, you want us to get it out there, don't you? It's going to cost you a



little more." It's like buying a car without people telling you that it just doesn't come with wheels. And to some degree, that's the way we've done it because we're in the sales business.

**Oettinger:** Back in the 50s, as someone in AFOSR (Air Force Office of Scientific Research) put it, "We sold them the sizzle, not the steak." And, then they got the steak and said, "Now are you going to give me the plate? What about a knife and fork?"

You heard, when Wayne Perras participated in the class, he gave us his account of the difference between what he had on-shore and off-shore, on the ship. That can't be laid on the doorstep of the Central Intelligence Agency or whatever. It was a judgment the Navy made. They didn't want communications from a ship and he expressed his frustration right here around this table at the difference between what he could get when he was sitting on shore and doing work on three or four jobs and then finding himself on-board ship. If you have a service that doesn't design capillaries to be able to accept arterial flow — arterial flow isn't going to reach it.

**Kerr:** I think we did much better in Desert Storm than we've ever done before for a whole variety of very complex reasons. I don't think there's ever been a time when more information was available to a person in the field quicker and more comprehensively. And there are a lot of complaints about it but, my view about those complaints is that they are on the margin and they are greatly overshadowed by the capabilities. But, at the same time, I would argue . . . I don't think the commander in this case had the slightest idea about how to use intelligence. I don't think he was an intelligence user. Schwarzkopf, in my judgment, was not a good user. He went to Saudi Arabia with relatively few intelligence officers, and he ended up with a hundred times more people than he brought with him, at a conservative estimate. I don't think he had any idea of how to use national intelligence or how to bring all this to bear. He found out, rather quickly, how much was available and, I think, for the first time a commander realized how important all that information that they used to ignore, really was. They never had to use it before except in very specific, unusual circumstances. They never had to fight a war using overhead systems, but they had no alternatives this time. And besides, to be blunt about it, I think the services are the worst buyers of intelligence. If services had their choice, there would be no intelligence. There would be no satellites. There's no question about it in my mind. They wouldn't have

anything. They'd still be out there walking along the routes.

**Student:** Why do you say that?

**Kerr:** Because they will not invest in intelligence. They will not put big money . . . never have been willing. The only reason we have satellite systems is because people outside the military, independent budgets bought them, built them, and fielded them. That was the only reason.

**Student:** I would disagree with that.

**Kerr:** Name one — that's a national intelligence system that you would buy.

**Student:** Give me a chance. Many times, I know, the Navy has needed a satellite but someone said, "You can buy it, you can even launch it, but as soon as you do, it belongs to somebody else." They disagree with that. I mean, I'm going to buy it, I'm going to put it out there, but I can't use it, and I can't control it? Well, the answer is, "No." I agree with you, but I'm not sure that the reason is because we want people out there walking.

**Kerr:** I think there is an element of truth in what you say. The Navy would operate it, and not share it, or run it yourself. There's one example of a system which you do have, which you operate, very expensive, a single-purpose design that has relatively little application throughout the services. That's the point. Services buy their stuff but they're not good at sharing. The Air Force, in my judgment, won't buy anything without a pilot in it — unless you put up a satellite that the pilot can fly around. I'm overstating this, but having gone through an experience just before I left the agency, trying to get a joint military-civilian system — technical collection system — to be accepted, I'm convinced by that experience, if no other experience, of the frustration of trying to get services to give up money, because in effect they have to give up money. It comes from somewhere, you know, there's only so much money and someone's going to take it and they know they're going to give it up. They, today, will not buy intelligence in terms of massive, major capabilities, such as a national system that serves more than their own parochial interests. I would assert that. There's also an argument for their position. If they don't control it . . . a commander who doesn't control his resources is not very enthused about letting other people control it. Those are all good reasons. They've got a good point but these systems are so expensive that you really cannot have service-

specific systems or it will end up along the lines we have now with command and control where we don't have systems that talk across service lines. I think we're going to have enormous trouble buying new collection programs in the future. I don't think we're going to find any unity of agreement.

**Oettinger:** I agree with your observation. It's always been so: any joint anything, any national-level anything has required, even in days of plenty, cramming it down somebody's throat, because the constituencies are all for this stovepipe or that. So, the fact that you have to do this now on a smaller budget means it becomes a little bit more acrimonious. But do you see a fundamental change there?

**Kerr:** No, I don't. I mean we have bought systems in hard times in the past for the greater good. I'll put it that way. And I think we did it generally pretty wisely. I'm not sure we're going to buy it in the future.

**Oettinger:** But no one bought anything for the greater good in the past, except at gunpoint. And it seems to me, also in a very fundamental way, that it would be bad if we did. Go back to one of your reasons because you, yourself, . . .

**Kerr:** No one said I was going to be consistent.

**Oettinger:** I'm trying to leverage your statements in making some points that are valuable points for these guys to carry away from the course. A moment ago, you indicated agreement with the notion that it is critical to have dual intelligence, for checks and balances and a whole bunch of other excellent reasons. Well for the same reasons, you know, you have to have different services and the minute you say that that's good, then the problem you describe of having to knock heads between parochial entities and the common good is a problem and it seems to me that, you know, "Which way do you push this time?" Granted you are going to have these battles. I come back to the notion that on the one hand some continuation of more or less traditional focus and some not so traditional things will require different kinds of ways of going at them. Reallocations of resources, etc. Banging the people around with two-by-fours and so on. But what's the vision? If the balance today is off, where would you move? What's your wish list like? Then we can worry about whose heads need to be knocked.

**Kerr:** I think you're going to have to go toward a more centralized civilian side of that, for no other reason than an economic one. I don't think you can

sustain the bulk of these organizations without some consolidation. I think you're going to find that you need less specialized and probably less departmental and more integrated analysis because the problems that you face tend to be more complex. They are not as simplistic. They are not as forces driven and as easy to work on as in the past. I think both the civilian side and the military side are going to have to decrease significantly. If I were on the Hill, for instance, I know what I would do rather than what Senator Boren and others are doing: reorganizing the intel community, which is a poorly thought through, reckless exercise. They don't understand it all that well in my judgment. I would say, "I've got an idea for you. You have 30 percent less resources right now. I'm going to give you a path for the future." That's how I'd do it. "You organize yourself anyway you wish." And it would force us into a much more structured consolidated approach. I think the military is going to have to find a way to live without the current view that they need everything all the time in terms of information. I think their requirements are insatiable and I think they're going to have to have a different approach to requirements, as the intelligence community as a whole is. Today our requirements are what we would like to have if we had unlimited resources. That's very unrealistic.

**Oettinger:** One of the implications is a significant political one, namely, that you would expect in many areas that reactions would have to be delayed rather than immediate, and we've gotten used to, you know, sort of trigger-happy or immediate things as in the Iraqi situation. One would say, "Well, you know, Kuwait is going to be swallowed up but no big deal, and we'll do with a little less oil, and if the Saudis get eaten up . . ." whatever, and the whole American public may take six months to a year to sort of psyche up this one.

**Kerr:** I'm not sure any of those actions were that sensitive to intelligence, once the political decision was made. I would argue that if you look at the crises we've had over the past four or five years — whether it's in Grenada or Panama or evacuations of embassies or Desert Storm — the action was not all that sensitive ultimately to the intelligence. So I'm not sure you would delay reactions to that kind of action. The base thing may not be as good.

**Student:** Just to be a little glib in pulling the tiger's tail, a moment ago we were talking about service rivalries between the Army, the Air Force, and the

Navy and then now we've moved on to discussing how the intelligence community as a whole will have to take a 30 percent hit. And then you threw out a phrase that you need some more civilian and more centralized intelligence, it sounds like more CIA. Within the intelligence community, who's going to have to give up what? Where within the CIA are the cuts going to come?

**Kerr:** That's a good question.

**Student:** This is the butter on my own bread I'm asking about.

**Kerr:** A group like this, a group that you're experienced with, might actually have some direct input. I'll give you an example. One of the major conflicts in Desert Storm was the disagreement over bomb damage estimates. First of all, I will assert that ultimately you'll find that the bomb damage assessment that was done in Washington was much more accurate than the bomb damage assessment done in the field. I think that the conservative estimate that was done primarily from strategic and national systems ultimately will turn out to be more accurate assessments than that provided on the day-to-day run through using aircraft and pilot reports and all of that. So, accept that just for a second before you jump all over me. There's a very important kind of philosophical problem that I think we're going to have to address. The CIA, and to some degree DIA, but primarily CIA, decided early on in the war that it was absolutely critical that it have an independent assessment of the commander in the field about the status and damage done to Iraqi forces. And I will admit to being a party to that conclusion because my view of CIA's role was you need an independent view when military forces are engaged, U.S. forces, you need somebody who does not have to prove how well they're doing, that can go to the President and say, "Here is our assessment of where we are and what's happening." Because we thought, at the beginning of that war, that at some point in time, we might well get that question. Remember, Schwarzkopf was saying, "When Iraqi forces are attrited, when we've destroyed this much of them [I forget the precise number — 40 percent of something. Anyway, when we're down to a particular number], we will feel we are in a position to engage them with our own forces." We thought at the beginning that at some point in time, somebody is going to come to us and say, "What's your assessment of the damage to Iraqi forces?" We felt very obligated to do that, but we didn't understand a couple of things — in hindsight. One is that that was

not a relevant issue because this war was going to go fast. I thought it would be done in a little over a week but I didn't expect it to be done in three days or whatever it was. So we didn't understand fully that that judgment was not going to be an important one to make. Nor did we understand how undesirable that judgment was in terms of being politically undesirable because what it raised was a spectre of opponents to the war saying, "Schwarzkopf is lying, the military is lying. They're saying that this much damage is done and the CIA believes that only this much and, therefore, somebody's lying." You know, it got the worst possible interpretation. I don't think we understood how quickly that would develop. We'd been involved in that kind of debate for years and years so it's not a new one. But we did not understand that fully enough. That's an important question of what the role of the CIA or of a civilian organization is. Is it to provide another view on a full range of issues? Or are we going to change that kind of calculus and say, "No, that's not a necessary ingredient." My own instincts are not to change them. You want an independent organization that has a view that is not driven by policy-makers or driven by the military, or are driven by anybody to come up with the right answers. And having been through this for 30 years, I've had people from every place in the government call me and say, "Not that you're disloyal, but do you realize what you are doing to the President's policy? Do you realize how you're undermining this particular policy? Do you realize what you've done in saying this?" I've had senior government officials outside of intelligence policy call me on an issue and shake me around on that. Over the years it's been fairly consistent — not daily, but on very important issues where people feel that your independent judgment is undermining policy. My reaction to that is, "You don't understand my job. If I were betraying policy, I would be doing it by not giving you what I consider to be the right answer, and my obligation is to the President." Somebody else is going to have to talk to me, like the President, and still I'm going to have a problem. The CIA can get away with that and I believe will get away with it, not because of me as an individual, but because as an institution we've been able to talk about what our job and our obligations were. Sometimes we're wrong, sometimes we're right, hopefully we're right, more often than not. But that's an important issue for the future, I think, because it's a resource issue. Do you want the CIA to do all these things, or a military organization to do it?

**Student:** In Vietnam, CIA and Defense had varying results, and it caused a lot of problems. Are you willing to go through that again?

**Kerr:** It still happens. It happened then, clearly because of the administration and for a lot of complex reasons, it just had to present an image of movement and direction toward victory. It could not say, until the end, "We can't win this war." I'll tell you a good example that's very complex. In the Nicaragua conflict, U.S. policy was to support the Contras and, as you know, the CIA was involved in providing the conduit for that support. The analytic side of CIA, throughout this period, was consistently saying, "The Contras are not going to win. They're not fish in the sea. They do not have the support of the majority of the population. They are not going to be like the Sandinistas and this is not going to end by the Contras marching into the city." That was not a very happy conclusion to keep passing out during this period, but we did it nevertheless and no one else, in my judgment, no other organization could have made that judgment and survived.

**Oettinger:** I completely agree with you. I think the historical record of the CIA serving in this function, sometimes right, sometimes wrong on the facts, but being scrupulous about providing some alternative to military judgments is there. One of the central problems in analysis is: When's enough analysis? How many contending views? There was a period of the tail end of the Ford administration on having different teams look at the same problem. A team, B team exercises are on public record, stretching that notion even further by having not only CIA as an alternative, but within CIA or somewhere in government having two teams looking at the same problem.

In every civilian organization that I'm familiar with, the same tug of war appears. You have situations where there's top management wanting alternative views from staff and then when he gets them, saying, "One of you is disloyal; one of you is stupid or one of you is an embarrassment because I'm already committed this way and here you are telling me that I'm wrong or making a public jerk of me. I want to suppress it." Three years later, he makes some egregious error and calls in the staff and says, "Where were you when I committed this stupidity and how come you failed to tell me that I had alternatives?" So, what Dick is talking about is a very fundamental organizational problem, a very fundamental problem of relationship between staff

and line and the question is, how many different opinions can you afford? How independent are they?

**Kerr:** The worst thing in the world is trying to call elections. It is, in my judgment, something I've always tried to avoid. Let me tell you what we did, though, which is more important than calling the election . . . We did say, "Let us give you the implication of the Chamorro victory and a Sandinistas victory." And what we wrote about the election of the president was, "Here's what will happen if the Sandinistas win and here's what will happen if Chamorro wins." In my point of view, that is absolutely sound. That's the right thing to do, not "Are they going to win or not?" I've gotten a lot of static and harassment over the years from my own oversighted committee saying, "Oh, you missed this election." My reaction to that is, "Tell me who's going to be the Democratic nominee for the President of the United States? You guys are in the center. You're the politicians, you've got more intelligence than I have on anything in the world. Now who's the victor?" It's just too difficult a process. But what I can do, or what they should be able to do is say, "What are the implications of a Brown victory?" Now that's an interesting intelligence problem and I think that's quite legitimate.

**McLaughlin:** But I guess I am asking that out of context. If policy-makers had listened to the analysts two years earlier and decided that the Contras were a hopeless cause, would you have a play?

**Kerr:** No. I think, in fact, the Contras forced the government toward an election. No, you're right in the sense I think that regardless of the fact that they could or could not win, the Reagan administration actually believed that they could win and that they could march into the city and take over, as the Sandanistas did.

**Student:** What is the role of the DCI in providing information to the President?

**Kerr:** The DCI is a senior intelligence advisor to the President. Bill Casey was a cabinet member. Bob Gates is not now a cabinet member but he represents, at the cabinet level, the intelligence judgments of the government as a whole. That's true at a deputy's level. When I was involved, the groups I represented were the following: CIA, NSA, DIA, INR (from State), the elements of Energy, Treasury and Commerce that have intelligence elements, and then in the sense of the FBI, counterintelligence —

those elements plus the Services. Headquarters elements in the services intelligence are represented by the national committee. His authority, though, is rather specific. He has a budgetary responsibility. Now he submits the budget to the National Foreign Intelligence Program. All of those elements — DIA, CIA, NSA, state, special intelligence, special activities of sensitive collections — are all in that budget. So he presents that budget. He, in theory, and to some degree in fact, can make trade-offs in that budget. He can say, "I'm not going to recommend that this be funded. I am going to recommend that this be funded." He can do that. In practice, however, he runs to a considerable degree an organization that has to have some consensus in it. And he ends up having to get the consensus, the agreement of the Secretary of Defense because the Secretary of Defense has responsibility for the management of NSA and the management of other special activities even though the budget is outside of his direct responsibility. He also in fact has some clout over the budget because the intelligence budget is buried inside the defense budget. Today, what the DCI cannot do is say, "I'm going to take x number of dollars from NSA and I'm going to move them to the CIA tomorrow. He cannot do that. In my judgment, he should be able to do that, but he can't today. He has to go to the NSA and get NSA's agreement, then he's got to go to the Secretary of Defense, or else he would get a horrible big battle.

**Student:** I understand that, but what I really am trying to get out of this is how important is the information the DCI gives to the President, compared with that of the Secretary of Defense or Secretary of State?

**Kerr:** It is very dependent on the people and it's also very dependent on the issue. If you go in on an issue like Desert Storm, once engaged in Desert Storm, there is no doubt in my mind that the dominant person who is going to make the judgment, is going to have the influence, is the Secretary of Defense. And the Chairman of Joint Chiefs. Intelligence will have a position or an argument, but this President and most Presidents, if told by the Secretary of Defense, "I need this to do the following. Here's what I think is going to happen, and I want U.S. forces involved." There's no question that the Secretary of Defense is the dominant one. On foreign policy, if you go in and talk about recognition of Yugoslavia, which I've done over the last year or so, and my view of it was that the U.S. should not follow behind the E.C. and wait for the

E.C. to take the lead, that there were larger issues involved in this and that was, "Who is going to take the role in Europe?" Do you want the U.S. to essentially walk away from its responsibilities as the leader in Europe and trail behind the Germans? That's one of my views . . . but intelligence, in effect, was arguing that we better damn well get in and play the game with Yugoslavia and have some influence directly. But I'll tell you who won on that is the Secretary of State. And until a few days ago, we didn't recognize them. So on those issues, the operational issues, intelligence is very advisory — in some cases it has impact.

I think an area where it had major impact was the Soviet coup. We went in the day after and, in effect, had a meeting with the President and the Deputies. The Deputies in this government are the current decision-making element for the formulation of policy. It was chaired by Bob Gates and then included Bob Kummitt (State), now Paul Wolfowitz (Defense), Dave Jeremiah (the vice chairman JCS) and usually specialists from State. The President sat in on the Deputies meeting on the coup and, I think, our intelligence judgments about the coup made a fundamental difference in how the President treated and responded to that coup. We, in fact, said we thought this was an aborted coup that wasn't going to work. It did not have the people following it. Essentially it was a coup that looked like it was carried out by amateurs and people who really did not have the support. Intelligence made a difference. So, it's uneven and if I can give you another example, because I think it's an important one for other reasons, I think intelligence did a very good job on the invasion of Kuwait by Iraq. As good as could have been done. I've gone back very systematically and looked at every piece of intelligence prior to the invasion — back for a year. Even in hindsight, I can find no reason to have changed intelligence judgments about that and those judgments, essentially, began about the second week of June to say that it appears to us that the forces being built up along the border of Iraq are far more than are required to threaten the Kuwaitis to cut back oil production. And by the third week of July, we were saying, "We believe there's a very strong possibility that they will attack. Kuwait will be invaded." We didn't know how far, we thought it would be to the North to the oil fields. But we also said it could also go all the way to the South because there is nobody who could stop them. I think we were very much on the mark on that. Our judgment was not taken as seriously as it should have been taken. There are a



variety of reasons. One is it's not clear to me that anybody knew what to do about it if our judgments were right. Other than going and talking to them, what are we going to do? We had no forces in the area; we had nothing that could stop them. There was nothing in the area that could have done that. All the Middle Eastern countries, I think all of them without exception, said that the Iraqis would not invade, including the Israelis. I know the Egyptians and everybody actually reassured us — even Kuwait reassured us that they were convinced that the Iraqis would not do that. I think our government, in looking at that group of neighbors, said, "These guys don't think that they're going to do it and they're the recipients of the Iraqi aggression." So how do we believe that? One of the questions that I've had is "Was that a fault, did we do something wrong? Did we not present it in a way that was as persuasive as we should have?" I don't know the answer to that. I look back at all this and I thought we did a pretty good job and I don't know how I would have done it differently. And, in fact, I'm convinced, maybe it's just a rationalization, but I'm convinced that it took the drama of that act to get everybody together. You would have never gotten the Saudis to agree to station U.S. forces as a deterrent, never in a hundred years. So it was the act itself that caused a response. What does that tell you about intelligence? I mean it tells you something interesting. I'm not quite sure how to interpret it, but . . .

**Oettinger:** Still, it tells you that your staff is not lying. You know, as I was listening to you, there were a couple of statements where, on the one hand, you took pride in having even-handedly described things: intelligence the painstaking craft. And then at other times, among these last statements, you talked about calling the right shot and having it believed, and having it acted upon, which is not the staff role, but "geeze I've won this line argument. And, in fact, you know this ambiguity is inherent in any staff function. In discussing the relationship of the Director of Central Intelligence to others. First of all, the Director said, "Well, no matter how you slice it, it's a staff function." The Secretary of State and Secretary of Defense are line executives. Now within the staff side, there's an element of complication that the Director of Central Intelligence is also the Director of the Central Intelligence Agency, and you can pursue that point that it has some strange implications. It's unresolvable, they're up in the air again with current arguments in the organization.

What makes him trustworthy when he is, in fact, also the head of one agency? But if he's not the head of the agency, he may be trustworthy but he's impotent. He won't know anything except what he gets from all these other guys and those soldiers and, therefore, he's merely a lackey, pulling together consensus but has no way of performing that check and balance function. So what happens is, as you look at the arguments over the last 40 years and some of the stuff you read for today, and you see it reopened again. Have we got the right balance? Does this guy have enough clout so that his opinions have an independent basis, that check and balance function. And also, you know, if he doesn't do the pulling together, and this happens periodically, somebody sets himself up in the National Security Council Staff in the White House as looking at what the DCI should be doing, namely taking the opinions of the Director of the CIA and pulling it together with everybody else, and then you get another layer of staff.

**Kerr:** I agree with you. I have one point that I would make and again it shows my biases, but they're not because I think less of the organization and the intelligence community. I think the NSA has an extraordinarily important and very valuable role. I think DIA has a very valuable role. I think the others do. But I do draw distinctions. First of all, the CIA, as a central organization, has the responsibility and analytic capability for most things that many other organizations do not. NSA is primarily a collector and a processor; it does not do all sorts of analytic functions. Services do analysis and do it well but, essentially, they do it very much focused on particular objectives. The State Department essentially has a very difficult time, I believe, in being independent of its policy judgment. Try going into the Secretary of State if you're in the State Department and tell him that you think his policy is a disaster based on the following intelligence observations and you've got problems. I could do that with Secretary Baker and he might ignore me, but I could do it. They can't do it. So, there is a difference and I think there is a difference in capability — no, not in capability because that implies skill, but in breadth and in diversity of analytic skills and the integration of information. I would argue that the other organizations do not have that capability and, therefore, are less competitive. All the national intelligence estimates are done by the National Intelligence Council. I'll tell you who drafts them all; with few exceptions, it's the CIA.

We have, in my judgment, developed a kind of phony community that has an equality about it, in terms of analytic input as opposed to a community that has integrity in terms of functions performed. And I think we confuse ourselves by it. Now, obviously, NSA doesn't like to be told that they're not equal to CIA. I don't mean to say that. What I mean to say, again, NSA doesn't perform the same function and in the process of analysis is not an equal member of the analytic process. It is a collector and processor. So I think we have confused ourselves over the years. In some ways I believe DCI has because they are stuck in the role that they want to be fair but, in my judgment, if they were truly fair, they would say, "Here are some functions that we're going to perform centrally; here are some other functions. All of these are important and I'm not going to make decisions on resources just based on that structure or that hierarchy that deals with all the resources to the top. I'm going to give them out based on function." There's also a lot of hostility toward CIA and there has been over the years for a variety of very complex reasons.

**McLaughlin:** I wonder if somewhere here there's an issue on allocating the resources of what's the allowable reaction time? We've had the Big Deal in 1984. One of the complaints was we move too fast. Maybe if we didn't think we had this encyclopedic knowledge, we'd move slower. On the other hand, how much time is enough to refocus your sensors and fix on the problem and then we're talking about the need to have everything in a few days or a few weeks.

**Kerr:** I hear what you're saying, although it's a little like people in the hospital saying, "Well, you know how to save patients, you may have all the staff, but maybe we should take a little more time to do it." I think there is an analogy here. I don't think time is necessarily on your side in many things, and I don't know if you can figure that out in advance. I would agree that sometimes we might actually be better withholding judgment and action, but it's very hard in advance to figure out which of those are which.

You're going to have to figure out what you can afford or what you think you can afford and make some judgments about that. This relates to a larger issue that is being debated right now within the intelligence community and within the CIA and that is how much research, or how much fundamental work can we do and should we do? Are we going to become a reference organization for the world on

every demographic problem: AIDS in Africa, etc. That's a difficult problem to answer because we have done some work on the AIDS issue, which is very good and is very much appreciated by the health organizations and others who have used it, in terms of the political and economic impact of AIDS on political liability in the health structure of the countries. In part, we did the work because no one else had done it. The question is are we going to do things because no one else does them? Where does national security stop and start? I don't know the answer to that. I think demographic issues are extraordinarily important to what is happening, and I think CIA is going to have to have some good demographic information. Many people do not want to work on that. But should we do it?

**Oettinger:** That's an interesting one because it could, in principle, be done in the open and the notion that it is done simply because nobody is doing it, doesn't strike me as being a powerful reason. It should be done and it has to be done, you know.

**Kerr:** Well, I think you ought to do what we've always done and that's pick and choose and try to make the best judgment you can about what is important and what is going to affect U.S. interest and then try to have the basic information.

**Student:** I'm wondering about spying on "friendly" nations in terms of trade and economics. I know it's not a national security issue.

**Kerr:** I think trade is a national security issue. And, therefore, that CIA and the U.S. Government is going to work to collect intelligence on issues like GATT and how people are reacting to it and what they're doing about it, and what their bottom lines are, and why their positions are what they are. I think that's totally appropriate and while some countries may not like it, I think that is just the nature of international relations and we're going to do that. I think on issues such as the negotiations with Japan on coproduction of fighters, it is quite logical and sensible for an intelligence organization to support their negotiators. What I do not think is appropriate is for the U.S. Intelligence to go out and try to steal commercial secrets and then bring them back to give to industry. First of all, I say that as a patriot, an American, and as someone who believes that often we are disadvantaged by the practices of other governments and their industries. I would first say that other people do it, but, and therefore, you could think about that, but I'll tell you what my

more practical view is. (1) I don't think I would ask people in my organization to go out and steal secrets for General Motors. (2) I think General Motors better figure it out for themselves if they don't know how to be competitive. Now I do have different views when governments and their industries collaborate to disadvantage U.S. industries by what I would call unfair trade practices, or however you want to put it, and I feel much more comfortable getting information and providing it to Commerce and even the State Department to use in policy pressure on other countries. We have no industrial policy that I know of, and, from an intelligence point of view, it's very hard to provide information to a country that doesn't have a policy. We don't know who the customer is for the most part. I think we should have an industrial policy and I think we should move toward more coherently figuring out what we're doing and why we're doing it.

On the unfair practices thing, I also don't have any problem with intelligence providing some information even to big U.S. businesses, although other people disagree with me. I'm probably on the margin and Bob Gates wouldn't agree with this — but I think it's quite legitimate for us to go to U.S. manufacturing organizations and say, "Let us give you a profile of what is happening in particular segments of the industry in a country, on an international industry-wide basis. Here's how people are looking at this problem. Here's where they are looking for an advantage. Here's how, quite simply, Japan is trying to dominate a particular subset of an industry and the practices they are using and the techniques they're using to do it." I don't find that a problem from my point of view. Other people do.

**Oettinger:** Yes, I guess I do too.

**Kerr:** We're getting close.

**Oettinger:** Yes, we're getting close. The notion of doing economic intelligence to support the functions of the U.S. Government, although I completely agree, it is a perfectly easy union, has all the problems of the other intelligence activities — how much and what, where — but in principle, there is no problem. I have the same stance as to the notion that even if the other government's in cahoots with their commercial interests and so forth, there's a very strong temptation to do something. But quite aside from all the others, the reason why I wouldn't go as far as you did is that I wouldn't quite know who to give it to, to give those explanations to, because is General Motors American? Some of the

workers are, but a good portion of General Motors now is Saab, or is German.

**Kerr:** You're going to go into total paralysis because you have to draw a fine distinction?

**Oettinger:** Well, I guess I can't find the distinction.

**Student:** There was also the story of the semiconductor agreement which may have worked fine with the semiconductor manufacturer but screwed up the computer manufacturers. In dealing with U.S. firms working overseas, when people from the Commerce Department come and tell them the State Department has its programs about how we're going to help businesses overseas, most people think it's a joke. I think maybe some of the market information that you folks bring back may be perceived in the same way. There's a great deal of skepticism.

**Kerr:** I think you'd be surprised about that. I've talked to an awful lot of businessmen over the years about this and, again, that's not saying very much about U.S. business. But I'm struck that they know a lot about their own product and they know how competitive it is. But they know very little about the environment that they are going into. They know very little about government practices. They know very little about the international setting. They are surprisingly naive.

**Oettinger:** Yes, but what's interesting, though, is the way in which, alumni of, for example, CIA, among others, have set up cottage industries, although not so cottage anymore. Bill Colby's firm. Jan Herring's firm.

**McLaughlin:** You see, once they're out there, they can be evaluated over the long term.

**Oettinger:** That's what I'm saying. The need is real. When it's a public function as opposed to a private function, or an intelligence function as opposed to a policy problem is where I question.

**Student:** I have a question. Going back to the military use of intelligence, and given the uncertain enemy and reduced resources, is anyone working on an early warning mechanism?

**Kerr:** We are doing some of that now. Early warning, as a separate function, I'm very skeptical about.

**Student:** How would you define early warning?

**Kerr:** The early warning in the classic sense of early warning, the way intelligence has dealt with it and the way military intelligence has, is as a whole set of warning indicators that show the most simplistic kind of movement from green to amber to red as an indicator that suggests some evil intention on the part of an enemy. But I agree with you. I think we need to do a lot more preplanning, contingency planning, on warning, and describe warning in somewhat different terms. When should we be concerned about a particular area or problem? If we reach that point, what then should we do in preparing? What are the resources we have available to us to deal with that problem? Where are they? What would we do if we really turned it into a real operation? I think that's very legitimate contingency planning. Military does a better job of that than intelligence and it's interesting. The reason I believe that's true is, first of all, intelligence I think of as a real live active process. You don't practice intelligence. You don't practice going out and collecting information, analyzing it. You do it. On the other hand, the military practices. I think we need to practice more intelligence; strategic intelligence needs to practice a lot more with the military to get both of us used to each other, so that when we have real things we don't have to start at the beginning. I think that's one thing Desert Storm showed us. And a lot of that is confidence in each other. It has very little to do with all these complex baloney systems that I talk about. It's really "I know somebody," "I have confidence in him," "I know when I ask him a question, I know that they have access to the information and I've been given the right answer." A lot of that is familiarity and practice breeds familiarity.

**Student:** We discussed the changing world situation, where new crises may arise and it seems to me that a great many of these may not be planned at all. You know, somebody runs over someone in the street and riots break out — and intelligence may not be able to foresee a lot of those things. Do you think that ethnic or a lot of contingencies we have to deal with are not going to be planned by rational acts?

**Kerr:** Sure. I mean, the world's going to be as unpredictable as in the past, but I would say, first of all, in a situation like that, the chances of U.S. forces being involved would be zero. That's not the kind of thing that I was thinking of, but more like Cuba.

Castro's going to die. I assert that. When he dies, if not before, there is going to be a problem. I don't know exactly what the nature of that problem is going to be, but I can describe several scenarios. I think we better get ourselves in a position to handle those things. Korea is going to be a problem. North Korea is the problem. U.S. forces together with South Korean forces are sitting right across the border. I think we need to think our way through a variety of scenarios together with our own allies and that's true elsewhere too, and so I think you can work a little more aggressively on preplanning.

**Student:** Isn't that entering the policy role of the key commander?

**Kerr:** I don't think so. We're saying, "Here are possible scenarios of development" and working with the military and the policy elements to say, "Let me give you this, now what then would we do?" Because part of the "we" is intelligence. What resources do you have available? How much can you focus on this drama? Intelligence is not going to say, "We should send in ships or airplanes again." But together I think you can work this out.

**Oettinger:** Togetherness is critical and the practice is critical but there is one other thing that is understated. The role of intelligence does not cover, at least as it's practiced in the U.S., what's internal. So pulling together "who us" is and "who is them" needs to be done jointly. Could you say something about how CIA is disliked by some and you never fill in some of the other folks in the community.

**Kerr:** Well, the CIA has a long history as an organization that is essentially viewed by some as an organization that second-guesses others, that it's a spoiler that tries to act independent, that has political clout, in some ways. People have a concern about it for a variety of reasons. I'm not sure that's all bad. Maybe it should be renamed. You could get rid of it and call it something else. Maybe that would make people feel better about it. Actually, it probably would make people feel better. I'm not sure how you'd do that, but then it also has a reputation, a certain cachet. It's kind of a toss-up as to whether you want to get rid of it or not.

**Oettinger:** Sir, we are conscious of the advancing hour. We want to release you and thank you very much for a fantastic discussion.



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