

TESTIMONY BEFORE THE HOUSE PERMANENT SELECT
COMMITTEE ON INTELLIGENCE

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Good morning, Mr. Chairman, and members the committee. It is an honor to appear before you today. You have asked me to try to provide "greater insight in the Intelligence Community's analytic and collection capabilities, specifically addressing the 9-11 Commission's finding that the 'most important failure was one of imagination'."

Let me address the imagination issue first because that will lead into the other issues. Any intelligence failure can usually be explained in part, sometimes in whole, by a lack of imagination. Thus it is a truism, but truisms are true, so what can be done about it?

First, one can find and employ people with imagination. Thus the answer is a personnel policy change, not structural reform.

Second, some aspects of the Intelligence Community's organization and structure may be blocking truly imaginative analysts and collectors from exploiting their talents.

The Intelligence Community needs both kinds of change.

On the personnel problem, the senior analysts and managers become locked into patterns of thinking that dull the imagination,

even the best of them. Shortage of imagination also concerns intelligence collectors. It probably helps explain the lack of HUMINT sources on the ground in Iraq, of penetrations of al Qaeda, of assets within anti-Taliban groups in Afghanistan. And it may account for some of the poor technical collection access and coverage. It also helps explain security failures that have hurt some our technical collection. Much publicity about our technical collection capabilities has surely taught al Qaeda and others how better to evade them.

Policy-makers also "lack imagination." Intelligence providers cannot compensate for unimaginative and uninterested users of intelligence; nor can they compensate for ineffective policies.

Perhaps we have the problem we are trying to fix backwards. Both 9/11 and the judgments about Iraq were primarily policy failures, secondarily intelligence failures. Intelligence producers can seldom be better than what policy-makers demand of them, and intelligence can almost never compensate for wrong-headed policies. No policy-maker appears to have asked the Intelligence Community what the consequences might be if the Iraqis chose not to cooperate in creating a stable post-Saddam regime, or what the chances would be for a civil war, or how Iran's policies could affect the US situation after its forces had invaded Iraq. Nor did there seem to be much concern with how the invasion of Iraq would affect US-European ties. Nor did anyone ask, "what if we do not find WMD in Iraq?" "What if al Qaeda has no ties with Iraq?" "What if al Qaeda comes into Iraq after a US

invasion?" Or "what are the chances that Kurdistan will choose not to remain a part of Iraq?"

The 9/11 Commission and the Congress risk misleading the public if they convey the impression that inadequate intelligence was the fundamental or only problem leading to al Qaeda's successful attacks on 9/11 and the decision to invade Iraq. One gets the impression by implication that the president and the relevant chiefs of law enforcement and military organizations are passive actors, waiting to be told when the United States is in danger and what to do to avert it. Generals who operate this way lose battles. Political leaders who do so lose wars. The "imagination" problem, therefore, should first be seen as a deficiency in political leadership.

On the question of structural and organizational impediments to effective intelligence performance, they exist. They are not new. And they are of two kinds.

The first kind affects management of intelligence operations, i.e., the intelligence cycle from direction of collectors, to reporting, to production and analysis, and finally, to distribution to users.

The second kind affects resource management, that is, allocation of resources – money and personnel – throughout the Intelligence Community.

Concerning intelligence operations, effective feedback, showing how intelligence assessments are wrong or right, is essential but hard to get. Wartime operations are exceptional, and so are occasional diplomatic operations. In war and diplomacy, feedback is often quick and brutal. Where intelligence analysts work within user organizations, it is more effective. Where they are apart, acting as "out sourced" intelligence, it is weak or non-existent. The CIA's directorate of intelligence suffers from being in this predicament. The recent report by the Senate Select Committee on Intelligence reached this conclusion. No organization other than the White House is in a position to force it to be responsive, and presidents and their staffs are notoriously poor at holding the CIA to account. State, Defense, Homeland Security, Energy, and Treasury have virtually no clout over the CIA's analysts, and for that reason, they do not use them consistently or effectively.

The more the DCI moves to a "distributed processing" approach to analysis, the better. In my book, Fixing Intelligence, I recommend a way to do that by reducing the size of the CIA's DI, pulling it out of CIA, attaching it to the National Intelligence Council, where the DCI can quickly direct it to examine new and varied question not being effectively address in all the other analytic organizations, i.e., INR at State, DIA at Defense, and others such as the one in Homeland Security. This puts the NIC/DI element in the role of helping, encouraging, and looking after all the national-level analytic centers, not acting as a competitor in intramural analysis games.

The 9-11 Commission recommendation to create five national intelligence analysis centers will intensify the traditional intramural games. These new analytic organizations will be working more or less for whom they please and responsible to no one who can hold them accountable for what they produce and what they fail to produce. The notion that a National Intelligence Director will do that is misplaced. He is not a user. He can help, however, and he can facilitate corrective feedback to producers, but only if most analytic efforts are distributed to users who can see the utility of their products.

Following this line of diagnosis, let us move to intelligence collection. There are three main collection disciplines – HUMINT, SIGINT, and IMINT. Each one has a different organizational culture, making it difficult to generalize about them. The 9/11 report does not favor managing the Intelligence Community according to disciplines. In fact, the degree to which they are managed as separate disciplines, from the national to the tactical level, the result has been remarkable. Where they have not been, it has been much poorer. SIGINT came close to being a nationally managed discipline with the creation of NSA in 1952, but the creation of the NRO in the 1960s broke up both the operational and the resource management responsibility. IMINT was fragmented operationally until the creation of NIMA, now NGA, in 1997. The NRO also fragments resource control with IMINT, as it does in SIGINT, leaving the DCI unable to hold a single program manager responsible for a rational allocation of money and personnel. HUMINT was split by the 1947 National

Security Act, giving the CIA's DO the authority to control it all. But it never used that authority to orchestrate the large HUMINT capability within Defense during most of the Cold War. Rather it chose to neutralize it or compete with it. Thus it has never been pulled together as a single program, either for operations or resource management.

A simple way to grasp the flaw of the 9/11 Commission's recommendations concerning the collection disciplines is to see them as analogous to the army, navy, and air force. The Commission apparently wants them mixed. Canada actually mixed up its military for a while, making them all wear the same uniform, but it was a disaster. Organizing, equipping, and training infantry units is not like organizing, equipping, and training submarine crews or aircraft fighter squadrons. Each must learn to fight jointly, but each must organize, equip, and train separately, and most of their tactical operations will remain functionally separate although orchestrated jointly at the strategic level. SIGINT and IMINT have made great strides in integration tactical and national collection assets to support any military operation, less so HUMINT. "Technical collection management" is so different in each collection discipline that mixing them up would lead to paralysis. Yet that is precisely what the Commission seems to want to do. The same is equally true in resource management for each discipline.

Ironically, the kind of centralization the Commission would apply to the operation of intelligence analysis, forming national centers, makes no sense at all while it does work for collection

disciplines, where the Commission objects to it. Not only would the Commission's proposals set back years of improvements in managing collection operations and distribution of products, but it would also turn the management of resources into a nightmare!!

Finally, the Commission's recommendation for counterintelligence (CI) amounts to doing nothing but accepting the miserable performance the FBI has sustained for decades. I know of no example of effective CI being produced by law enforcement agencies. They are "users" of intelligence, unwilling to share, not simply "producers," looking for "consumers." As long as the FBI retains any kind of control over counterintelligence, the performance will not significantly improve.

The reasons that CI and law enforcement do not mix well are found in a) the incentive structure with law enforcement agencies, and b) cultural differences between intelligence and criminal law enforcement organizations.

It is a red herring to oppose CI reform by insisting that "the American people won't accept a domestic spy agency." The FBI is a domestic spy agency, and its record for respecting citizens' rights is poor. A purely CI organization is more likely to respect citizens' rights precisely because it would have no arrest authority and can have effective outside oversight. Its main incentive would be to provide counterintelligence analysis to users, both policy-makers and law enforcement agencies, which can make arrests.

I am not recommending what is called the British "MI-5 solution." A US national CI service, under the DCI, with coordinating authority over all CIA, army, navy, and air force CI operations, would not only be considerably different from MI-5, but it would also close the gaps that now exist between the FBI, CIA, army, navy, and air force CI coverage. Hostile intelligence services know these gaps and have exploited them for decades. Britain also suffers gaps in coverage because MI-5 does not have authority to coordinate MI-6 CI cases or CI cases run by the military services.

To let this opportunity pass without taking the CI responsibility away from the FBI is grossly irresponsible. The country will continue to pay heavily for the FBI's feckless CI operations, as it has since WW II. Moreover, the FBI's growing overseas presence in the name of fighting terrorism and conducting CI operations has complicated and probably weakened the Intelligence Community's clandestine HUMINT operations, not to mention complicated and worsened collaboration with foreign intelligence services.

To sum up, let me offer a few recommendations.

1. The Congress cannot increase the imagination in the Intelligence Community by passing laws. Only the president can hire and fire the leadership in the Intelligence Community, and that is the way to deal with this problem.

2. The reform most urgently needed is to remove CI responsibility from the FBI and put it in a new national CI service. Having a DCI or NID separate from the director of CIA is also essential for providing management over new CI service.

3. Splitting the roles of the DCI and Director of CIA is long overdue. Until that is done, most other essential reforms will not occur. They do not require new laws, only changes through executive orders. There are two ways to make the split:

a. First, amend the 1947 National Security Act to require that the DCI and Director of CIA be different persons.

b. Pass a new law creating a Director of National Intelligence. Senator Feinstein's draft bill, with minor changes, is a far preferable solution to the 9/11 Commission's recommendation.

4. Finally, the NID or DCI should be required to revisit the restructuring issue every five years because changing technology and new missions soon make some aspects of the old structures ineffective. No modern hi-tech business firm could survive in the market place for over four decades with so little restructuring as the Intelligence Community has had.