

Heritage Lectures

No. 845
Delivered May 14, 2004



Published by The Heritage Foundation

July 21, 2004

The Case for Intelligence Reform: A Primer on Strategic Intelligence and Terrorism from the 1970s to Today

James Jay Carafano, Ph.D.

In the 1960's, U.S. intelligence focused on the threat of the Soviet Union, the possibility of war in Western Europe, and support for the ongoing conflict in Southeast Asia. These threats shaped the way in which information was collected and analyzed by the various members of the intelligence community (IC). After the early 1990's, the primary threat to the United States shifted from the Soviet Union to terrorism. However, the infrastructure of intelligence collection and analysis did not—and still has not—changed from its Cold War roots.

On May 14, 2004, the Heritage Foundation held a conference on the topic of intelligence reform entitled “Strategic Intelligence and Terrorism from the 1970's to Today.” Insights from this conference offer a primer on the state of national intelligence and its weaknesses, the origin of current shortfalls, and the case for responsible reform.

Main Points

Insights from discussions during the conference include the following:

- The most significant limitations in national intelligence are an inadequate capacity to share information and the lack of human intelligence (HUMINT).
- Limitations of the IC transcend the policies and decisions of any one administration, although resource and policy constraints imposed in the mid-1990s exacerbated a growing crisis in the capacity of the IC to provide effective strategic intelligence.

Talking Points

- Strategic intelligence is not only an important tool for national security; it is also the first line of defense for combating terrorism.
- The United States intelligence community was shaped by the Cold War and is not as effective against terrorism as it was against the Soviet threat.
- To prepare for the future, Congress should:
 1. Undertake responsible intelligence reform, focusing on ways to reduce bureaucracy, institutionalize effective information sharing, and improve the capacity of the intelligence community to collect information on 21st century threats; and
 2. Provide agencies with the resources they need to get the job done right.

This paper, in its entirety, can be found at:
www.heritage.org/research/nationalsecurity/hl845.cfm

Produced by the Kathryn and Shelby Cullom Davis Institute for International Studies

Published by The Heritage Foundation
214 Massachusetts Avenue, N.E.
Washington, DC 20002-4999
(202) 546-4400 heritage.org

Nothing written here is to be construed as necessarily reflecting the views of The Heritage Foundation or as an attempt to aid or hinder the passage of any bill before Congress.

- Passage of the USA PATRIOT Act was an important contribution to the war on terrorism, facilitating information sharing between the intelligence and law enforcement communities.
- The Bush Administration has also undertaken important initiatives for improving information sharing by the creation of the Terrorist Threat Integration Center (TTIC) and Terrorist Screening Center (TSC).
- The emergence of the Department of Homeland Security (DHS) as an effective member of the IC is critical to success in the war on terror.
- The current IC remains fragmented with too many agencies, lacks the capacity to effectively integrate and organize its activities, and does not have the right balance of collection and analytical assets to meet the intelligence needs of the 21st century. Reform and additional resources are needed.
- Strategic intelligence is not a “silver bullet” for winning the war on terrorism. It cannot connect every dot or resolve every ambiguity. We need a more sober expectation of what good intelligence can provide.

The Cold War Shapes the Intelligence Community

Two major developments shaped both intelligence policy and infrastructure in the 1960s and 1970s. The first was the development of technical means of intelligence collection, such as U-2 spy planes and photoreconnaissance satellites such as CORONA.

Due to the successful use of technical platforms during the Cuban Missile Crisis, U.S. intelligence became increasingly focused on obtaining photographic “hard intelligence.” Furthermore, technical means of intelligence collection were ideally suited to gather information on large-scale troop movements, as well the location of military bases, industrial plants, and missile silos—the primary targets of Cold War intelligence. As a result, priority for national intelligence collection shifted toward satellites and other electronic collection means and away from more traditional agent-based human intelligence.

At the same time, resources dedicated to HUMINT were severely cut back. The most dramatic reductions were in the area of overt intelligence, material collected from open (unclassified) sources, often through State Department and other analysts at U.S. embassies around the world by personnel knowledgeable in local language and conditions. These reports did not only address military threats, but a range of cultural, economic, political, and social issues.

The second major development during this period was the formation of a multi-agency IC. As the U.S. government shifted toward electronic and photographic intelligence collection technologies, new agencies emerged to manage them. Over time the number of intelligence agencies proliferated, and coordinating and integrating their activities became increasingly problematic.

While the National Security Act of 1947 gave the Director of the CIA (in his role as Director of Central Intelligence, or DCI) the overall responsibility for coordination of U.S. intelligence, he was given no direct control over the resources, personnel, or budgets of other agencies. Juggling competing priorities, differing corporate cultures, and smoothing over the inevitable inter-agency rivalries was (and remains today) a difficult task.

The Threat of Terrorism

While terrorism, especially Soviet-sponsored terrorism, was a concern during the 1970s and 1980s, it remained a secondary priority for U.S. intelligence until after the collapse of Communism in the early 1990s. The bombing of the World Trade Center in 1993 came as a surprise to the IC, which initially believed the bombing to be the work of an “ad hoc” terrorist group. However, soon after the bombing, the name Osama bin Laden began appearing in intelligence reports and al-Qaeda was specifically recognized as a serious threat to U.S. national security as early as the 1998 embassy bombings in Africa. While the threat of transnational terrorism was widely recognized by the IC and policymakers, virtually no initiatives were taken to address the deep-seated limitations in U.S. strategic intelligence that made it an inadequate instrument for meeting this threat.

Although the terrorist threat was known and understood in the 1990s, spending on national security went down during that decade, which affected both counterterrorism and intelligence. With limited resources, there were other intelligence failures, such as the sarin gas attacks in Japan. At the time of the attack, the Aum Shinrikyo cult was “simply not on the radar” because there were not enough intelligence analysts to research potential Asian terrorism.

Post-Cold War Strategic Intelligence Successes and Failures

At the center of the shortfalls of the IC is a CIA that lacks the resources and organization to adequately perform its mission. It has long been the job of the CIA to do two things—steal secrets and analyze information. It is failing the nation on both counts. The CIA had failed to provide accurate information on Iraq’s weapons of mass destruction in both Gulf Wars, underestimating the threat in 1991 and overestimating it in 2003. The Directorate of Operations is locked into old business practices, focusing on the recruitment of agents by deskbound operatives in embassy offices and relying too much on intelligence provided by foreign governments without independent corroboration.

Concerning the analysis of information, the CIA’s Directorate of Intelligence (DI) fails to produce analysts who are nationally and internationally recognized experts. The current system does not reward analytic expertise in a given field, but rather, it recognizes management ability. The DI has placed too much emphasis on “competing with CNN,” in that it focuses on small, tactical pieces of information, rather than looking at the broader picture.

Post 9/11 Initiatives

The events of September 11, 2001 threw into sharp relief the problems inherent in the current U.S. intelligence system. After 9/11, the task of coordinating and integrating terrorist threat intelligence was given to the newly created Department of Homeland Security (DHS)—although even now there appears to be overlap and tensions concerning the roles and missions among the DHS, the FBI Counter-Terrorism Division, the CIA Counter-Ter-

rorism Center, and other agencies. The challenges facing the Information Analysis and Infrastructure Protection Directorate in DHS offer a case in point. This is the first time that the task of amalgamation of intelligence from law enforcement, private sources, “domestic information” (such as tips by concerned citizens), and intelligence agencies has been done by a single agency. Over time, some of these problems, such as duplication of efforts by different agencies, will likely smooth out.

The passage of the USA PATRIOT Act was an important contribution to this effort, facilitating information sharing between the intelligence and law enforcement communities.

The emergence of DHS as an effective member of the IC is critical to success in the war on terrorism. Customers of DHS are the individual states, territories, counties, municipalities, and tribal administrations in the U.S., as well as the private sector—entities largely neglected by the IC in the past. To get terrorist threat information out, DHS, in conjunction with other agencies and in close cooperation with the FBI, is currently working to set up a system for disseminating threat intelligence to its customers. If they are successful it will be the first time that the U.S. intelligence community has effectively addressed the issue of distribution of intelligence outside the IC.

Equally important to the future success of the IC in combating terrorism are TTIC and TSC. Created by the Bush Administration to facilitate information sharing and data coordination for terrorist watch lists, these interagency organizations will play a key role in maximizing the capacity of the IC to address terrorist threats.

Reforming the Intelligence Community

Prior to 1981, with a few exceptions, attempts to “reform” the U.S. intelligence community (such as the Church Commission) were punitive measures used more to limit permissible activities than to improve the collection and analysis of intelligence. These reform proposals usually came in the wake of ethically questionable, sometimes illegal, operations by members of the IC.

Executive Order 12333, signed by President Ronald Reagan, explicitly spelled out the duties

and responsibilities of the various members of the IC. For the first time, the roles and missions of agencies and individuals were clearly defined. However, EO 12333 did not resolve the long-standing problem of the DCI's inability to directly control other elements of national intelligence. The FBI, the Departments of State, Energy, and Treasury, the National Security Agency, and other Department of Defense elements all maintained control over their own budgets, personnel, and resources.

Perhaps the most often proposed reform after EO 12333 has been the creation of a Director of National Intelligence (DNI) with direct control over the entire IC. Proponents argue that having a DNI would allow the Director of the CIA to concentrate on running his own agency and allow for greater integration and coordinated direction of the IC. At the same time, there may be good arguments for consolidating the polyglot of current agencies.

Other reforms under consideration are shifting responsibility for managing TTIC and TSC to DHS. Whether these or other reforms should be adopted should be the subject of serious debate, as should the subject of improving congressional oversight of the IC. There is little question that there is a place for responsible intelligence reform and sound arguments for increasing the resources dedicated to strategic intelligence.

What Can Be Expected from Strategic Intelligence

In the era of state-to-state tensions, U.S. strategic intelligence, especially the kind provided by satellites, proved invaluable in recognizing threats posed by other countries to U.S. national security. However, emphasis on technical means of collection, at the expense of human intelligence, has proved to be a disadvantage when dealing with non-state threats such as terrorism. Terrorist activities, to a great degree, are low-tech, and easily hidden. While a photoreconnaissance satellite may pinpoint a tank battalion on the move, it is unable

to detect five men mixing explosives in a rented storage space.

Additionally, the fragmented nature of the multi-agency U.S. intelligence community creates barriers to the free flow of information. Aspects of terrorism blur and cross lines between traditional foreign intelligence and law enforcement activities. Problems range from constitutional issues to incompatible databases. Distrust and lack of communication between intelligence and law enforcement also creates an additional barrier in dealing with terrorist threats. Many of the problems of strategic intelligence are inherent in the current system—relics of an intelligence community designed to fight the Soviets, as opposed to today's transnational terrorist threat.

Even when things work as they should, however, strategic intelligence is precisely that: strategic. While the threat al-Qaeda posed to the U.S., as well as the possibility of using airplanes in terrorist attacks, were known prior to 9/11, that was not enough information to pinpoint the location and timing of the attacks. Operational intelligence of the specificity needed to thwart an individual terrorist attack is far more difficult, and often impossible, to obtain.

Conclusion

Strategic intelligence is the first line of defense for combating terrorism. To prepare for the future, Congress should:

- Undertake responsible intelligence reform focusing on ways to reduce bureaucracy, institutionalize effective information sharing, and improve the capacity of the IC to collect information on 21st century threats; and
- Provide agencies with the resources they need to get the job done right.

—James Jay Carafano, Ph.D., is Senior Research Fellow for National Security and Homeland Security in the Kathryn and Shelby Cullom Davis Institute for International Studies at The Heritage Foundation.