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Politics, the CIA, and the Pathology of Intelligence Reform

"Please set this up confidentially. . ."

On June 18, 1941, Franklin Roosevelt sat reading through a short memo submitted to him by Colonel William "Wild Bill" Donovan, a military hero of World War I who aspired to a senior position in Roosevelt's administration. It was a difficult time for the president, who had been struggling to placate an isolationist American public even as he saw the country stumbling toward war. American materiel was already being used by British forces on the battlegrounds of Europe; across the Pacific, US territories and allies were under threat from the Imperial Japanese Navy. Despite his campaign promise to America that "your boys are not going to be sent into any foreign wars," Roosevelt knew that soon the country would likely be sending its sons into the deadliest conflict in human history.[1] He also knew that it was not ready for the fight.

Donovan's memo demonstrated a kindred perspective. In it, the colonel proposed a new position in the government: "Coordinator of Strategic Information," to be responsible for centralizing America's knowledge of the ongoing wars in Europe and Asia. Such an initiative was sorely needed. While the US military had been tested in World War I, a meager intelligence capability awaited the new war effort, scattered among a few uncoordinated offices at the Army, Navy, and FBI. Roosevelt's short response to Donovan's proposal – "Please set this up confidentially"[2] – was jotted down quickly and with little further instruction to Roosevelt's budget minders, yet it would soon establish the first civilian agency for national intelligence in US history. Less than a month later, Donovan

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was named the government's new Coordinator of Information, within an organizational structure created by executive order and lifted directly from Donovan's initial memorandum.

So began the United States' effort to build a centralized civilian intelligence capability. Soon, the exigencies of war would see the Office of the Coordinator of Information (OCI) subsumed into the new Office of Strategic Services (OSS), America's wartime espionage and sabotage agency, with Donovan promoted to run the whole enterprise. Then, after five years of war, with the memory of Pearl Harbor fresh and the specter of the Cold War looming, President Truman created America's first ever civilian intelligence agency, the Central Intelligence Group. This body would soon be transformed into the Central Intelligence Agency (CIA) as part of the National Security Act of 1947. While Donovan's ambitions for a fully independent, comprehensive intelligence organization were not entirely satisfied, he had succeeded in establishing central intelligence as a key component of American foreign policy.

With the CIA's founding, the United States initiated seven decades of tremendous growth in its intelligence assets. Over time, additional resources and mandates would flow to the CIA and to an increasing number of sibling agencies. Today, the intelligence community (IC) comprises seventeen agencies requiring budget outlays of approximately $70 billion a year. At least fourteen committees of Congress have some oversight of intelligence, including dedicated intelligence bodies in both chambers. Intelligence agencies play a key role in many of America's most pressing national security challenges, from terrorism and nuclear proliferation to economic competition in Asia and conflict in the Middle East.

Yet even with this growth in size and scope, many Americans and their leaders remain skeptical that the intelligence community is doing its job well. Critics find the community overly costly, duplicative, inflexible, and secretive. Since World War II, intelligence reform efforts have been driven by surprise attacks, spy scandals, revelations of illicit activities, and major transformations of the global order, such as the fall of the Soviet Union. With few exceptions, these efforts have failed to bring about meaningful change. *The CIA and the Politics of US Intelligence Reform* explains why this is so.

This study focuses on efforts to reform US intelligence in four periods: the early Cold War (1941–1953); the struggles over détente and the collapse of the Cold War consensus (1968–1978); the end of the Cold War (1989–1996); and the post-9/11 period (2001–2015). In these times, American policymakers sought to refocus the eye of US national

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intelligence on new threats and opportunities, both known and emergent. Such transitions should be expected to drive a reordering of the way America's intelligence services gather and analyze information to support effective foreign policy. In several key cases, they did not. Looking at variations across these periods of expected change allows me to address instances of both action and inaction – both realized reforms and failed ones – to discover which factors most influence intelligence adaptation. To explain these dynamics, I undertake a political analysis of intelligence reform efforts, one that is sensitive to the interests and power resources of key policy actors. My analysis thus addresses three core questions: why have some intelligence reforms succeeded while others have failed? Who has been most responsible for determining the fate of proposed reforms in each case? And what policy and political interests have been served by these outcomes?

These questions become especially compelling given what I describe as the ***pathology of intelligence reform***. Pathology is the study of disease. While it may seem odd to apply this term to policymaking, I find that the fundamental political dynamics governing intelligence reform undermine the overall health and effectiveness of the system. Thus, this pathology observes that there is no good time to accomplish broad, forward-looking intelligence reforms. In fact, we should expect such efforts to be exceedingly rare because political incentives are aligned against reform in both non-crisis and crisis periods. When there is no political or security crisis driving reform efforts, policymakers have neither the political motivation nor the resources to change how intelligence agencies do their work. When a crisis does hit, political prerogatives skew efforts away from rational responses to environmental change and toward blame avoidance, scapegoating, and a public show of support for reform rather than a well-considered focus on the actual content of reform.

Despite these challenges, US central intelligence has evolved from a bureaucratic backwater in 1941 to a massive and complex network of agencies today. What political and policy pressures have driven this growth? And how have reform-minded actors overcome the challenges described above? Looking across major episodes of intelligence reform, the White House, Congress, cabinet officials, and career bureaucrats all have successfully initiated and blocked important intelligence reforms. The goal of this book is to explain how this happens – that is, when and how the pathological character of intelligence reform is overcome.

Understanding this variation in outcomes will advance our knowledge of US national security policy in crucial ways. This is in part because

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previous studies of intelligence adaptation fail to explain the political dynamics and outcomes observed across key instances of reform, erroneously claiming, first, that the executive branch dominates reform, and, second, that intelligence agencies are fundamentally designed to fail.[3] In direct contrast to this view, I find that two factors determine when and how meaningful intelligence reform happens. The first factor is the level of ***foreign policy consensus*** in the system. The presence of consensus about foreign threats and America's position in the world can change the political incentives governing policy choices. Typically, policymakers in both Congress and the executive have few reasons to expend time and other scarce resources challenging the status quo in intelligence. Foreign affairs in general – and intelligence in particular – seldom influence core electoral or interest group constituencies, at least compared with domestic policy areas such as the economy and social issues. Not surprisingly, policymakers usually prefer to seek out more politically valuable activities. Under certain conditions, however, these incentives shift. For example, during periods of high foreign policy consensus, such as the early Cold War and immediately after 9/11, foreign and security issues become more salient within the prevailing political discourse, in turn making significant reform viable. The second factor is the ability of reformers to ***overcome information advantages*** held by intelligence bureaucracies, thereby diminishing the relative power of entrenched bureaucratic interests. While bureaucratic resistance to policy change is hardly a new story, the secret nature of intelligence activities makes agencies such as the CIA especially well equipped to resist reform efforts. Only when policymakers are able to pull back the shroud of secrecy and expose intelligence activities – often through leaks and the resulting investigations – do they have a chance to accomplish their reform goals.

These two factors – foreign policy consensus and information control – ebb and flow in different directions throughout the seventy-five years of intelligence policy addressed here. As they do, windows of opportunity for reform open and close, and different actors and interests come to influence the outcomes of reform efforts. In Chapter 2 I consider the bureaucratic and political requisites of three groups of actors – the political executive, the permanent bureaucracy, and Congress – as well as the varied interests they pursue through reform efforts, such as national security goals, the protection of individual liberties, and the allocation of policy resources or "turf."

First, however, the remainder of this chapter outlines five core activities of America's intelligence system, and examines the main policy and

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political impediments to intelligence reform. It concludes with an argument for why we should seek a better understanding of how US intelligence evolves.

INTELLIGENCE POLICY: TASKS, TARGETS, AND TRADEOFFS

What Is Intelligence?

Intelligence has always been a key component of America's national power. From George Washington's Culper Gang to the Battle of Midway, secret information about America's enemies has often provided important tactical and strategic advantages in war. As these examples suggest, however, for most of its history US intelligence was mainly housed within the military (although the FBI and Secret Service also developed some intelligence capabilities prior to World War II). Today, the massive US intelligence apparatus has a far more expansive mandate. The intelligence community now comprises seventeen separate agencies, each with its own distinct mission, structure, and culture.[4] These organizations gather information using open and secret sources, analog and digital technologies, in offices both at home and abroad. They undertake espionage, counterespionage, and covert action. Still, intelligence actors are not only those groups and individuals concerned with collecting, analyzing, and communicating information relevant to national strategic goals. They also include the actors who utilize this information in policymaking. It is important to include this final step – policymaking – as part of the intelligence process. Doing so highlights the fact that the popular notion of "intelligence failure" is not limited to problems of information collection and analysis, but rather extends to how information is communicated to policymakers and translated into policy. It also suggests that changes in the oversight and use of intelligence should be considered adaptive reforms in the context of my study.

The US intelligence system is designed to accomplish four main goals: informing policy decisions, providing advanced warning of important global events, preventing the theft of US secrets, and conducting covert operations. A desire to improve the IC's performance in these four missions motivates the majority of intelligence reform efforts. This section discusses the elements of each mission as an introduction to the kinds of policy reform pursued in the cases found in this book. I also address two additional aspects of the intelligence process: oversight and budgeting. As the practice of intelligence evolves, so do efforts to ensure the efficacy,

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efficiency, and legality of intelligence activities through congressional and executive oversight practices. Finally, as with any other area of national policy, budget allocations are employed to expand and contract the capabilities of the intelligence community to meet changing domestic and international political realities.

In evaluating intelligence adaptation I address changes across these six areas in the seventeen current agencies of the IC and their antecedents, as well as related reforms within Congress, the White House, and other hubs of foreign policy decision-making. That noted, my core focus will be on adaptation within US *central intelligence*, or those components of the IC most directly related to the use of intelligence in policy. Consequently, my analysis centers on civilian rather than military intelligence, and in particular on the Central Intelligence Agency.

The Six Areas of Intelligence Policy

Informing Policymaking

The first ongoing mission of US intelligence is to provide information to policymakers so they can make better decisions. Several concepts are useful for understanding the intelligence community's role in informing policy. First, this process is governed by a *tasking* or *requirements* system through which policymakers identify their information needs and convey these to the appropriate agency or agencies. The intelligence community then collects and analyzes data from a variety of sources and return their findings. Intelligence agencies also gather information that has not been specifically requested and feed this to decision-makers as needed – for example, to provide advance warning of new threats. In both cases – whether information responds to direct taskings by policymakers or is generated independently by agencies – raw data is processed, analyzed, and packaged for policy use in a variety of regular and ad hoc intelligence products. Every step in this process provides a potential target for rewriting intelligence policy.

Intelligence collectors and analysts must also walk a fine line between being responsive to the needs of decision-makers and providing politicized "intelligence on demand" to fit the political preferences of an individual consumer. Many reforms described in later chapters have sought to maintain analytical relevance for policymaking while minimizing the potential for politicization. This complex challenge has led to substantial disagreement among both scholars and practitioners regarding the proper balance of objectivity and accommodation to the policy process in intelligence analysis. For example, some Directors of Central Intelligence (DCI), such

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as President Reagan's first DCI, William Casey, felt that the CIA's primary role was to support the political prerogatives of the president. Others, such as George H.W. Bush, who served as DCI under President Ford, felt strongly that the CIA should remain as objective as possible, keeping a safe distance from the policy process. This balance can be hard to maintain. According to William Webster, who succeeded Casey as DCI under Reagan and continued under President Bush, "it's pretty hard to sit there and know what, in your mind, the policy ought to be, and not advocate for it."[5]

Moreover, too much distance from the decision-making process can render intelligence analysis irrelevant. Policymakers have many sources of information, and intelligence products must compete to have an impact on their decisions. Consider, for example, the IC's marquee strategic assessment products, the National Intelligence Estimates (NIEs). Robert Gates, a former CIA analyst who rose to DCI under President Bush (and later to Secretary of Defense), believes that "policymakers don't pay much attention to them."[6] He explained one reason for this using an example from the run-up to Saddam Hussein's 1990 invasion of Kuwait:

> Let's put yourself in the position of the President. You've got a … national intelligence officer for warning who has no experience in the Middle East, no Arabic, no historical background, no understanding of the culture saying that he thinks that Saddam is going to invade and take Kuwait. On the other hand, you have the President of Egypt, the King of Saudi Arabia, and the Emir of Kuwait saying no he's not. Who are you going to believe?[7]

Often, even the most thorough intelligence analysis will be no match for the blend of intuition, political beliefs, insider networks, and other institutional sources that presidents rely on to make decisions. This can increase the pressure on intelligence providers to fit their analyses to the existing beliefs or policy goals of decision-makers, simply to maintain access to the policy process. In this way, the search for relevance can serve to undermine the rationale for having an independent intelligence system in the first place. Throughout the cases described in this study, we frequently see reformers both inside and outside the intelligence agencies struggling to navigate these tensions.

Preventing Surprise

A second core mission of US intelligence is to prevent surprises, particularly those that threaten national security. Among Congress's explicit rationales for establishing the CIA in 1947 was to prevent another surprise

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attack like Pearl Harbor. Similarly, it was the attacks of September 11, 2001, that finally generated the political will needed to create the Director of National Intelligence, an idea that had been proposed without success for decades. Following both of these catastrophic attacks, critics lamented the inability of security organizations to "connect the dots" that might have provided warning of what was coming. In each case, post-crisis reform agendas sought to remedy this deficiency by promoting better central coordination and control in intelligence.

Not every surprise involves a major attack on the American homeland, of course. The North Korean invasion of South Korea in 1950; Indian nuclear tests in 1974 and 1998; the collapse of the Soviet Union in 1991 – events as diverse as these have been described as failures of strategic warning for the US intelligence community.[8] In fact, the breadth of cases described as "intelligence failures" has led some to question the value of the concept. Former DCI Webster once observed that "Intelligence failure is when something happens that you didn't know about."[9] Consequently, policymakers may look to intelligence reform whenever the world fails to comport with their expectations.

A major challenge for this view of strategic warning comes with the realization that not all things can be known. In their analytical work, intelligence professionals make a useful distinction between *secrets* and *mysteries*. As Robert Gates recalled of his thirty-year career as a CIA analyst and DCI,

> The secrets were those things that were knowable, where there was a document that could be stolen, a conversation that could be taped, a research and development program that could be discovered and so on. . . . [M]ysteries are those things that are unknowable but the policymakers want to know.[10]

These mysteries often relate to the future decisions of foreign actors, who themselves may not know what choices they are going to make. Another DCI, Walter Bedell Smith, noted as early as 1950 how this kind of uncertainty could be at odds with Americans' 'can do' spirit. "American people expect you to be on a communing level with God and Joe Stalin . . . They expect you to be able to say that a war will start next Tuesday at 5:32 p.m."[11] When this has not been possible – as with North Korea in 1950 or al Qaeda on 9/11 – intelligence agencies have been criticized for not giving adequate warning.

Gates felt this distinction between secrets and mysteries to be the most important thing for a new president to know when considering intelligence capabilities:

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> [T]he first thing he needs to understand about intelligence and about the world is that what he wants to know is divided into these two categories, and CIA can give him his secrets and they can provide some insight into the possible mysteries, but they can't solve the mysteries for them.[12]

Nevertheless, Americans rely on the intelligence community to provide advance warning of known and emerging threats. When it cannot, critics will look to reform those agencies they feel bear the blame.

Counterintelligence

The third mission of US intelligence is to protect the nation's secrets from the prying eyes of other states. While this effort is not a major focus of the book, certain incidents of foreign espionage have had a marked effect on US intelligence reform. The most prominent among these covered here (in Chapter 8) is the Aldrich Ames episode, which bolstered calls for reform in the post–Cold War period. Ames had spied for the USSR and Russia for nearly ten years, leading to the arrest or execution of numerous US intelligence sources. The discovery of Ames's treason further undermined the already weakened support for the CIA as the Soviet threat faded and policymakers began reconsidering the Agency's roles and value propositions within the new international order.

In this case and others, the counterintelligence mission has also been a locus for tensions between different IC members, especially the FBI and the CIA. For example, following the Ames case, Senator Dennis DeConcini (D-AZ), chair of the Senate Select Committee on Intelligence, proposed shifting overseas counterintelligence responsibilities from the CIA to the FBI. Aside from the operational difficulties such a change would have caused – according to then-DCI James Woolsey, "In terms of language skills and other factors, it was a very bad idea"[13] – this move inflamed bureaucratic enmities between the two agencies that stretched back to World War II. After Woolsey spent "untold hours of working the Hill"[14] to beat back the measure, the CIA retained its responsibility for counterintelligence outside the USA. While this case suggests a place for counterintelligence in some reform efforts, it does not reflect the broader trends in the history of US intelligence reform. Overall, the counterintelligence mission tends to shape the context for policy reform, rather than serving as the focus of reforms itself.

Covert Action

In the popular consciousness, intelligence work is often synonymous with covert action, including a range of activities such as unacknowledged arms

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transfers and paramilitary activities.[15] Such authorities grew out of the World War II Office of Strategic Services (OSS), which was established to conduct sabotage, guerilla operations, covert propaganda, and espionage during the war. Responsibility for covert activities shifted to the CIA when it was created in 1947, although the Agency's founders chose not to advertise this mission in its statutory language. The National Security Act that established the CIA mentions only that it would "perform such other functions and duties related to intelligence affecting the national security as the National Security Council may from time to time direct."[16] More explicit authority for covert action would follow in subsequent years, and soon the CIA's Directorate of Operations became the hub for most of America's covert and clandestine operations.

The reasons for covert capabilities in US foreign policy are perhaps best explained in the words of William Colby, a long-time operations officer at the CIA who became DCI under Presidents Nixon and Ford. Colby believed it "important that our Government [should] have . . . some option between a diplomatic protest and sending in the Marines."[17] Working in this twilight area of foreign policy has sometimes caused problems for the Agency. Webster has observed that, during his time as DCI, "covert action represented about 5 percent of our resource expenditures and about 95 percent of our problems."[18] Even as the capacity and appetite for covert and clandestine activity has ebbed and flowed across the history of US intelligence, its potential to create "problems" has remained, and covert activities have played a major role in motivating intelligence reform efforts. Some of the most significant investigations of the IC – including the Church and Pike Committees in the 1970s and the Tower Commission investigation of Iran–contra a decade later – were driven by the discovery of illegal covert activities undertaken by US intelligence agencies. In these cases and others, the use of covert action has provided fodder for debates over the power of the presidency, the role of congressional oversight, and the appropriate role of secret activities in US foreign policy.

Oversight

Ensuring intelligence agencies can do their job well while also conforming to American legal and moral principles is not an easy task. For reasons explored further in the section "Regular Oversight Isn't Enough," several aspects of the intelligence process conspire to make it arguably the most difficult governmental activity for elected officials to hold to account. In addition to secrecy, these reasons include the diffuse nature of the intelligence community, the large number of executive officials and

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