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Participants – non-Commission: Bruce Berkowitz

Participants – Commission: Kevin Scheid, Lloyd Salvetti, Gordon Lederman

(U) BACKGROUND.

(S) Mr. Berkowitz joined the CIA in 1978 and served in the Directorate of Intelligence (DI) until 1980, specifically in the Office of Strategic Review (OSR). He left the CIA in 1980 and returned in 1981 in the Soviet Affairs office (SOVA). In 1985, he joined the staff of the Senate Select Committee on Intelligence (SSCI), where he did an overall assessment of the capabilities of the Intelligence Community (IC) by matching its programs with its missions. In 1987, he left the SSCI and has served as a consultant as well as on the staff of the Hoover Institute at Stanford University and of the RAND Corporation. He was a scholar-in-residence at the CIA from 2001-2. He has authored and co-authored numerous books on the IC, including Strategic Intelligence for American National Security, Best Truth: Intelligence in the Information Age, and The New Face of War.

(U) COMPARING U.S. POLICY TOWARD IRAN IN THE 1970S AND SAUDI ARABIA TODAY.

(S) Mr. Berkowitz suggested that there are distinct parallels between U.S. policy toward Iran in the 1970s (when the Shah of Iran was in power) and toward Saudi Arabia today. Both cases involve the U.S. ignoring the fundamentalist, popular opposition movements and instead siding with the autocrats. Both cases involve limitations on U.S. HUMINT in those countries, with rulers of those countries using their political influence in the U.S. to restrain U.S. intelligence activity regarding their countries. Finally, both cases involve over-dependence on liaison relationships. He suggested that we examine the report of the House Permanent Select Committee on Intelligence concerning U.S. intelligence toward Iran, and he said we would find many parallels with U.S. policy toward Saudi Arabia.

(U) JUDGING THE U.S. INTELLIGENCE COMMUNITY'S PERFORMANCE.

(U) There are two standards for judging the IC's performance:

- (1) the reasonable person standard: did the IC perform effectively? did the IC take reasonable actions? Did the IC perform as well as could be expected?
- (2) given what people said previously were the problems of the IC (investigations, commissions, people inside the IC), did officials take action to remedy those problems?

(U) Intelligence failures are inevitable. Any complex system will always have failures. The only way to avoid all failure is to trade cost and effectiveness for reliability – but the U.S. does not have unlimited funds for intelligence, and effectiveness is critical as well. He suggested we examine whether the IC made reasonable tradeoffs, such as between information-dissemination and security. He noted that, for all of the criticism of the IC for not sharing information sufficiently, everyone overlooks the fact that the Ames spy scandal of 1995/6 had led to increased compartmentalization.

(U) The question is not whether we predicted 9/11 but rather did people do what was reasonable given what they knew about the threat and what they were ordered to do. There was criticism even in the 1990s that the IC was not structure to meet future threats.

(U) THE QUALITY OF ANALYSIS.

(U) Regarding the quality of analysis, he suggested that the issue is not the quality of individual analysts but rather the quality of intelligence as a corporate product. He suggested the following questions: Was the analytic organization able to allocate its people effectively, draw on all sources of information, and share that information among its analysts? He said that we need to evaluate the performance of the analytic organization.

(S) The CIA the brunt of the responsibility for analysis of al Qa'ida. There were many problems with the DI as an analytic organization:

- (1) The analytic workforce had grown stagnant due to the hiring freeze of the early 1990s. The hiring freeze had insidious, unexpected results. New ideas come from bringing in new people (not from people changing), but the flow of new people – and thus of new ideas – stopped. Morale plummeted. Risk-takers and innovators left the organization. Risk-taking as an analyst involves looking for new ideas and innovation. As people get older, they get set in their ways and find it harder to change their outlooks. Analysts cannot readily be put onto new problems.
- (2) The CIA was looking for a mission and was wandering. Mr. Salvetti asked why the IC did not seize on the first World Trade Center bombing as a source for a new mission for itself.
- (3) Most importantly: from the early to the mid 1990s, the call went forth in the IC to increase Support for Military Operations (SMO). The military had

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complained about the lack of support during Gulf War I. PDD-35 made SMO as the top priority. The DI began to ignore larger strategic issues. The more analysts are focused on producing timely and actionable information, the less they are focused on doing long-term research.

(U) The CIA and the DI do well when the President pays attention to them. Indeed, the CIA's and DI's *raison d'être* is to provide information to the President. An analyst who believes that the President is not reading his/her reports will become demoralized.

(U) There is an inherent tension between daily reporting and in-depth research. Every analyst he has every spoken with complains that he/she is driven toward daily reporting at the expense of long-term research. Yet both are necessary: daily reporting so that the IC provides to policymakers actionable and relevant information, and long-term research so that the IC stays abreast of future issues and can alert policymakers when appropriate.

(U) The DI does not, but should, track analysts' time to determine how much time they are spending on reading the daily intelligence 'take' ("thinking"), researching for specific products, and writing. Keeping track of analysts' time would help relieve the tension between daily reporting and long-term research because the DI could know how much time is being spent on one or another activity. Analysts oppose the idea because they hate filling out timesheets and because they fear that a time-sheet based on a 40-hour workweek will exploit them since they in reality work a 60-hour workweek.

(U) Regarding analysts being sent to the Counterterrorist Center (CTC) after 9/11, to some degree "an analysts is an analyst" and therefore any analyst could be applied to the counterterrorism problem, but in reality an analyst cannot be 'turned on a dime' to a new problem-set. And it should not have taken 3,000 deaths for more analysts to have been assigned to CTC.

(U) Counterterrorism does not seem to require a special analytic tradecraft, except for the fact that an analyst would need some exposure to regional issues and also to be in close touch with the CIA Directorate of Operations (DO). Many DO officers do not understand the mindset of the terrorists. Saying that analysis of counterterrorism requires "investigation" rather than "traditional analysis" is merely semantics.

(U) Regarding analysis before 9/11, many analysts lacked hands-on familiarity with Islam. The DI as an analytic organization also lacked "agility." Being able to move [redacted] Russian analysts to CTC after 9/11 is decidedly *not* agility. Rather agility means (1) the ability to move people around, (2) the ability to draw on various people, and (3) the ability to share information.

(S) Some key questions include: How hard were we working on the al Qa'ida target before 9/11? How do you determine how many analysts is enough? The Director of Central Intelligence (DCI) stated in 1998 that no resources should be spared in fighting terrorism; accordingly, if someone was sparing resources (such as by not deploying all of the analysts available for needed), why were the resources spared? Analysts were being

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rejected from CTC because they lacked the necessary tickets. CTC Director Cofer Black rejected an offer of analysts from the Defense Intelligence Agency. How could his conduct be squared with the DCI's admonition? All reasons for CTC's lack of preparedness can be traced to managerial decisions: (1) overemphasis on security; (2) the failure to know how the DI's analytic resources were deployed and thus what personnel were available; (3) insufficient feedback between the analytic managers and the DCI; and (4) the penchant for responding to day-to-day events such as the Balkans.

(U) Regarding how to decide what number of analysts to assign to a problem is optimal, the DI needs to talk to consumers to ascertain their satisfaction with the product – although he sharply criticized the use of customer surveys. Yet the connection between consumer demand and allocation of resources is weak, so there is no accountability. Plus, the “beast” – the DI – cannot be moved by its management. And during the Cold War, none of this mattered: it was fine – in fact, preferable – to have an analyst focus on a particular target for a decade or two. In fact, the same links that gave us warning also gave us understanding – but there was tremendous noise in the system, so experts were needed to spend many years looking at a target in order to separate the noise from the signals. But today, the targets are small, diffuse cells of changing characters and that use changing methods. This means that the IC must place a premium on information-sharing. But information-sharing is obstructed by (1) security, (2) lack of a management system, and (3) turf.

(U) The IC's current targets have changed from being only states to being states *and* transnational actors. The implications for the analytic organization are: (1) there is more to cover, but the DI does not really know what its analysts are covering now; and (2) there is the need for the DI to have surge capacity, but the DI has no idea how much excess capacity it has and has no levers for surging when needed.

(U) The DI's lack of management tools means that there is no way for the DI to say “no” because the DI has no evidence for how long its personnel are working. In contrast, law firms, consulting firms, and think tanks track the hours of their personnel rigorously. Perhaps we should look at how the Congressional Research Service (CRS) – an analytic organization – handles its resources. CRS puts requests into a database to track them and also links up the requestor with the appropriate analyst directly. More generally, when analysts are linked closely with consumers, the quality of the products will be fine because consumers should get what they need.

(U) DI managers do not think of obtaining management tools because the managers are promoted from within the DI and thus do not know that things could be different.

(U) When asked what he would do if he took over the DI, he responded that he would not be able to bring in the people he needed, and that outside of CTC the DI is essentially cowed by the DO. The DO does not tell the DI everything it knows. This problem was at its worst 20-30 years ago. It is less of a problem at centers. [redacted]

[redacted] this is utterly irresponsible because the DI cannot access the DO's information.

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(U) The centers show what is possible and provide a glimpse into a CIA that is prepared for future challenges. In centers, barriers between the DO and DI are broken down, and DO officers see the value of analysis.

(U) Counterterrorism requires marrying analysts, SIGINT, and HUMINT together. National Security Agency (NSA) analysts are incredibly insulated from CIA and DIA. They lack knowledge of their targets; they would be helped by having CIA's knowledge of the target. NSA is currently trying to find targets by looking through the rifle sight rather than by looking at the whole expanse of terrain. NSA is so geographically, culturally, and administratively separate from CIA. NSA also lacks a way to measure the time-allocation of its analysts. CTC has an NSA representative, but that is no substitute for sharing information.

(U) Analysts are not encouraged to take risks, to travel to foreign countries to see for themselves. They would be harassed by their security officers and also by the DO, who would accuse them of doing collection. Analysts thus become incredibly risk-averse when they instead should be innovative and running risks. He recommended that we speak with Karen "Monihan," currently the Acting National Intelligence Officer for Transnational Issues, who is such a risk-taker. For example, she talked to [redacted]

(U) While E.O. 12333 permits the DCI to request information from any governmental agency if necessary for national security, in practice this is difficult to do. Indeed, if a DI analyst wanted information from the Federal Aviation Administration (FAA), the FAA Administrator would have to approve it. "They don't make it [information-sharing] easy," Mr. Berkowitz said.

(U) We are applying Cold War-era security paradigms to counterterrorism; al Qaeda does not seem to be trying to penetrate the IC. Yet it is unclear what kind of security regimes are appropriate for transnational threats. Mr. Berkowitz noted that DO officers deal with all sorts of bad people – people who are security threats – but security is "built into" the case officer.

(U) It is unprofessional that the IC never conducted lessons-learned after previous terrorist attacks. After the bombing of the *U.S.S. Cole*, no one wanted to accept blame. The bombings of the *Cole* and Khobar Towers were both treated as physical security problems rather than as intelligence failures. An interesting question is why the IC's failure to predict the Indian nuclear tests led to the Jeremiah Commission while other IC failures did not lead to commission or major investigations. Of course, the Indian tests were an undeniable intelligence failure of colossal proportions, so an assessment of the IC's problems was unavoidable. After the Vietnam War, the U.S. military "beat itself up" – but the IC has not done anything like it.

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(U) WARNING.

(U) Strategic warning is a general awareness that there is a threat and a need to cover that threat. The effective response to strategic warning is to acknowledge the threat and to change the organization to meet that threat. Mr. Berkowitz said that the IC never gave strategic warning to policymakers because the IC never took any steps to change its organization to meet the threat. Thus, Mr. Berkowitz implied that the IC's actions in response to a threat are an integral component of whether the IC provided strategic warning to policymakers.

(U) Tactical warning involves detecting an immediate threat and conveying that information to policymakers as well as information for policymakers to deal with threat.

(U) Warning need not be only about attacks. It should be about events that have grave implications for U.S. national security – such as the Indian nuclear tests. 9/11 “wasn't the first failure.”

(U) The East African embassy and *U.S.S. Cole* bombings should have shown that 9/11 was possible.

(U) LOOKING INTO THE FUTURE: THE INTELLIGENCE COMMUNITY AND THE WAR ON TERRORISM.

(U) The U.S. needs to “mix it up” with the enemy and be aggressive. This is a war – al Qaeda has declared its hostile intent. The threat is not unique, but the advent of information technology allows terrorists to wage a world-wide campaign.

(U) We should talk with Debra “Barzen” regarding what conditions are necessary for military reform – and we will see that none of these conditions are in existence for the IC. After 9/11, the wrong message was sent to the IC – namely, that it should continue with business as usual, except with increased effort. There were no managerial changes. CIA analysts supposedly became hot commodities.

(S) During the Joint Inquiry, Senator Levin asked DCI Tenet why the terrorists were not watch-listed, and the DCI responded that the failure was one of training and procedure. Yet Senator Levin followed-up by demanding the identity of the CIA official who failed to watch-list the terrorists rather than asking who was responsible for training and procedures regarding watch-listing.

(U) Organizational changes will not solve the IC's problems. The issue is not whether the DCI has sufficient authorities. Rather, procedures, practices, leadership, and vision are necessary to make the system work. We need to make a clean break with prior proposals for organizational reform.

(U) He set forth his ideas for reform of the IC: defense intelligence should be split from national intelligence because every time we try to economize by combining a defense and

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national function, the outcome is unsatisfactory. The defense and national missions are very different. The CIA should do its own SIGINT and IMINT and have a clandestine collection service – redundancy between CIA and DoD regarding capabilities is perfectly acceptable. There should be universal recognition of clearances.

(U) The DCI needs to have done one of the IC's main missions and also be accomplished in business so that the DCI has the clout and prestige to enforce change. The DCI should respond harshly if someone in the IC attempts to undermine the DCI by leaking. The strongest DCIs were McCone and Beedle Smith.

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