INCIDENTAL PAPER

Seminar on Intelligence, Command, and Control

Analysis, Analysts, and Their Role in Government and Intelligence
James M. Simon, Jr.

Guest Presentations, Spring 2003
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July 2003

Program on Information Resources Policy

Center for Information Policy Research

Harvard University

The Program on Information Resources Policy is jointly sponsored by Harvard University and the Center for Information Policy Research.

E-mail: pirp@deas.harvard.edu URL: http://www.pirp.harvard.edu
ISBN I-879716-86-0 **I-03-1**

July 2003

PROGRAM ON INFORMATION RESOURCES POLICY

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Analysis, Analysts, and Their Role in Government and Intelligence

James M. Simon, Jr.

April 10, 2003

James M. Simon, Jr., is president and senior partner of Intelligence Enterprises L.L.C., which has practices in homeland security, strategic planning, commercial imagery, foreign language tools, evaluation methodologies, and advanced technology. He retired from the Central Intelligence Agency (CIA) in 2003 as assistant director of central intelligence for administration, a position he held since 1998. He joined the CIA in 1975, and for much of his career was an analyst specializing in military strategy, tactics, and doctrine. Later, he was responsible for tasking the national imagery constellation and, in 1990, served as principal negotiator for the information exchange protocol of the Conventional Forces in Europe Treaty. After treaty ratification, he managed intelligence support for arms control inspections throughout Europe. Following his return to the United States, he held various senior positions in the CIA, attaining the highest grade possible for a career intelligence officer. As deputy to the deputy director of central intelligence for community management, he set policy for and oversaw the budgets of the agencies comprising the National Foreign Intelligence Program. He also chaired the intelligence community's (IC's) Mission Requirements Board and was a founding member and chair of the IC's Director's Board. For ten months after September 11, 2001, he was the senior IC official for homeland security and established and chaired the Homeland Security Council. Mr. Simon was commissioned in the U.S. Army in 1969 and retired from the active reserve in 1997. He has presented papers before various professional associations and has lectured at universities and military colleges here and abroad. He is a graduate of the University of Alabama, the University of Southern California, and the Army's Command and General Staff College.

Simon: Let me apologize a little bit to those I bored for an hour over lunch. I'm probably going to repeat a little bit of what I was going to say, but first I want to tell you a story.

As you see from my bio-sheet, I was appointed to my position by President Clinton and confirmed by the Senate. In the United States these days, if you've ever been appointed to a federal office and confirmed by the Senate, you're entitled to use the title "Honorable" for the rest of your life. So, for the rest of my life I am "The Honorable James Simon." You will recall that

we fought a revolution about titles many years ago. Nonetheless, in the early days of the Republic only the president was called "The Honorable." Then it became the president and the Congress; then the president, the Congress, and the Supreme Court justices; then the president, the Congress, the Supreme Court justices, and cabinet officials; and now almost everyone.

I tell you this because there's a true story about that title from the late 1800s and early 1900s. An elderly gentleman from the state of Kentucky was testifying before a committee of the Congress. In those days, men of a certain age and certain attainment in life were given the honorary title "Colonel," even though, as in this particular case, the old gentleman had never served in the military. As he was testifying, it was pretty clear that he and the congressman he was talking to were not having a happy time, and finally the congressman lost his temper a bit and said, "Well, tell me, sir, exactly what does that 'Colonel' in front of your name stand for?" The colonel looked back and said, "Well, sir, it's sort of like the 'Honorable' in front of your name; it don't mean a damn' thing."

I told Tony I'd talk about analysis and analysts and their role in government, particularly intelligence. We'll stray off into other areas as well. I'd like to try to be brief, which those who were at lunch know is not my strength, and give you time for questions and to challenge what I might say.

There's a great article called "The Magic Number Seven, Plus or Minus Two."[1] That article, in my humble opinion, is wrong. The magic number is really three, plus or minus two. Most human beings think in threes and don't remember more than three things: Mom, apple pie, and Chevrolet. That is the way people think, and in the U.S. government three is an upper limit. For busy people, in truth, one is the magic number.

It is difficult for most senior officials to remember too much, because they have a different job than remembering. Their job is not to listen to you, admire your intellectual brilliance, and think through your great thoughts on the future of humanity. They have a series of meetings they have to go to, they have a lot of information to absorb, and they have to make fairly quick decisions about subjects they're not comfortable with making decisions about. They know that whatever they decide, there's always a pretty good chance they're going to read in the newspaper what morons they were. This tends to consume their lives. It creates a very interesting problem when you're the one trying to provide them with information.

Several things are wanted from an analyst, whether an intelligence analyst or someone working at a university or a corporation—anyone involved in trying to discover truth, or, if truth is too big for you, at least a fairly high probability of a decent answer. That fairly high probability of a decent answer is about the best you can do most of the time.

What kind of person makes an analyst? Analysts have certain characteristics. First of all, they have a lot of knowledge. The intelligence business, like academe, is full of very smart people. They tend to be, like academics, highly idiosyncratic. The finest analyst who ever worked for me had an ungovernable temper, to the point where he was regularly taken into custody by the

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[1]George A. Miller, "The Magic Number Seven, Plus or Minus Two: Some Limits on Our Capacity for Processing Information," *The Psychological Review* **63**, 1956, 81–97.

CIA security for some misdeed or other, usually for cursing them out for some imagined failure. I would always have to intervene with the staff shrinks to keep him employed. But he was the only analyst who ever worked for me who wrote about subjects I thought I knew about and would tell me things I didn't know. He was brilliant! Intelligence agencies, like universities, accept the premise that really smart people don't necessarily behave like the common herd. That doesn't mean that in some ways they aren't common, but in many ways they are uncommon.

So, first is knowledge. For analysts, knowledge is not simply the acquisition or the possession of knowledge; it is the desire to possess more. That brings me to another characteristic of intelligence people: they are obsessive. They want to be experts. They want to be the world's leading experts even in the most insignificant of facts. It's that sort of mindset that keeps them plugging away year after year while Afghanistan is an utter backwater, and then the day the Russians invade it becomes the most important place on God's green earth, at least to the U.S. government. It is true that President Jimmy Carter believed that the Russians would not sacrifice detente for Afghanistan, and it's certainly true that he was wrong. No one was more shocked than the Afghan analysts who were sitting there doubting it would happen, because they could always rationalize why invading Afghanistan would not be a rational decision. Obsession is having enough facts that you can actually overcome everyone's tendency to rationalize. No one predicts revolutions, certainly not the people who are being revolted against. Otherwise, they wouldn't happen.

It is very hard to predict a discontinuity in rational behavior. It is impossible to predict that Saddam Hussein would be dumb enough to wait around and run his mouth until George Bush had no alternative but either to invade Iraq or slink home and cover himself in sackcloth and ashes. Only Saddam Hussein would have gone into Kuwait in the expectation that no one would care. Only Saddam Hussein, after the Gulf War, would fight another war ten years later, apparently not having learned a single thing. You can't predict irrational behavior. Everyone always presumes there will be a rational solution.

No one believed that the Soviet Union would collapse the way it did. Many of us thought it would collapse, because of the internal contradictions and the unbelievable corruption in the society. But the way it collapsed? Not in a million years! It was an elite-led coup, and thus surprising. It wasn't the people yearning for freedom. It was the elite figuring out that they had lost the race for world dominance, and trying to introduce enough change to allow themselves a chance to compete, but it was too much change to keep the lid on the society they were governing.

So no one can predict discontinuities of that nature. No one predicts the rise of a Jihad; no one predicts a new Messiah; no one predicts sea change. But you have to have the facts, so that when change occurs you can quickly figure out why it might have occurred and inform the policymakers so that they can now at least try to adjust to what you failed to foresee.

Analysts need to have judgment. Judgment is the ability to discern whether or not the facts are of any value to anyone, and to put the facts together in such a way that they serve a useful purpose. Intelligence is not the business of monks off in a scriptorium somewhere preserving wisdom for the delectation and glory of God. It is understanding information for the purpose of allowing someone to take action by using it, or not take action because of it. You don't really care

what they do; your job is to have enough judgment so that you can figure out what matters and put it in the right context for those you serve.

Analysts must have the ability to communicate. Ultimately you must be able to write and you must be able to speak. Some members of this class are in intelligence, or hope to be. I would go study my Strunk and White.[2] I'd scour the used bookstores and get myself some really good English grammars, because you're going to run into obsessive people, in the intelligence world in particular, who really do care if you split an infinitive or not and who do know the difference between "that" and "which," and they will make your life miserable if you don't. It's just a lot simpler if you learn all that. It's one of the tools of the trade. Just as a soldier learns to use a weapon, an analyst or an academic must learn to write. There's lots of writing. You have to hope you have enough judgment of the facts to say something people are interested in.

You must be able to speak. Modern officials have very short attention spans. They prefer to hear things rather than read them. The Internet be damned. Most people, in fact, don't get a lot of information from the Internet. They think they do, but they don't retain it. Retention is very important if you're a government official, or if you're anybody in a position where you have to make decisions. Leaders must have some pretty good idea what the facts are and be able to retain them long enough to use them. So most people these days want to be communicated to in speech. There are a lot of ways to do that. I prefer the old fashioned school: keep it simple, keep it in simple English, keep the ideas simple, and if possible, use colorful phrases so that you can, as they say in the Internet world, "have stickiness"—so that what you say will stick.

If there is a Web site that conveys information—say you're a doctor and it's going to warn you of a potential bioterrorism attack—but you have no reason to go to that Web site every day and use it, you'll never get that warning. So the Web site itself has to have content that's "sticky": that causes you to continue to pay attention to it. If you need something in an emergency and you've never used it when there wasn't an emergency, chances are you won't know how to use it. It's just like people buying duct tape to protect themselves against the aftereffects of a nuclear blast. The simple fact is that you can't do the right thing in an emergency if you don't practice in a non-emergency situation. The entire structure of the U.S. armed forces is based on that premise. All militaries are. Train, train, train, so that when you fight it seems familiar to you.

The same is true in any kind of intellectual activity as well. You cannot learn to write without writing; you cannot learn to speak without speaking. I don't mean speaking over a beer in a frat house or in a pub; I mean getting up in front of an audience and speaking. Seek those opportunities, even if you hate them. American intelligence officers, like academics, are mostly introverts. I'd say the DCI's [director of central intelligence's] favorite joke is that you can tell the extroverted analyst from the introverted analyst, because on the elevator the extroverted analyst looks at your shoes instead of his own. Most good analysts adapt and become extroverted enough that they can give a public speech.

What does analysis have to do? There are a number of things that I've found to be the essence of analysis. Everything you do, first and foremost, must be accurate. That means you

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[2]William Strunk, Jr., and E.B. White, *The Elements of Style*, 4th edition (Boston: Allyn and Bacon, 2000).

must understand your sources—not just know what they said, but understand their biases and their points of fallibility.

You must go to the original source. You must constantly check the original source against other original sources, because the original sources are sometimes wrong. There is no substitute for the strict demand to be accurate. It takes a lot of effort and it takes a lot of training. It is not something you do casually, because to be accurate well you must be knowledgeably accurate.

You have to know a good source from a bad source. It does you no good to write a paper in which you are citing political developments in Germany and you're using the *Bild Zeitung* as your source, as opposed to the *Frankfurter Allgemeine Zeitung* or one of the class papers. In a newspaper, knowing the different bylines in that particular city or nation matters a great deal, just as it does in the United States. I imagine that there are columnists to whom you pay more attention than to others. If you're going to specialize in a foreign country, you need to know that country's columnists as well as you know the ones in your hometown paper. So knowing your sources and understanding how they fit into the great scheme of things is critical. If you can't be accurate, get a degree in journalism.

You need to be relevant. Having a great store of knowledge is a happy thing for you, but totally useless to anyone else. I am an amateur Egyptologist and could bore you for many hours talking about diplomatic practices between the Hittite and Egyptian empires. I would get great pleasure from it, but most of you would probably wish you were somewhere else. Being relevant to the concerns of the people to whom you're communicating matters a great deal. It's particularly true when the people who are going to make the decisions do not have time to be experts, and they are depending on you to tell them what's important.

Most organizations are skewed one way or the other. Elite organizations (and among those I would class the intelligence community, the military, and most law enforcement agencies, as well as a few others) tend to have a higher proportion of people at the plus end of the bell-shaped curve and fewer on the other end. That's because they fire people. No elite organization can survive only through ascription. In my former agency there is no tenure. You serve at the pleasure of the director, so if he wants to fire you, you're gone. That's not true in most of the federal government. Too many of the other agencies tend to be at the other end of the scale, where massive, endemic incompetence is enshrined as the way things ought to be.

Oettinger: It blew my mind when I discovered that bus companies actively selected against excessive intellect. It was considered that drivers would get dangerous. They would get bored instead of concentrating on driving. So if you want to work at the bus company, being at the lower end of the curve is an advantage.

Simon: Universities are the same way, at least some universities. There are two other very good examples of that. Have any of you flown recently and seen those TSA [Transportation Security Administration] screeners sitting there? Can you imagine anything worse than looking at the contents of people's bags on the screen for any great length of time? It's a terrible problem for the TSA.

The British ran into it in World War II. They were trying to figure out how to detect new radar signals, and in those days oscilloscopes were pretty sloppy, so the changes were very minute. They experimented with pigeons. It turned out that the best solution was to hire paranoid schizophrenics, because they were schizophrenic enough to disconnect their brain and pay attention with half of it while the rest was off somewhere else, and they were paranoid enough to care about sudden changes. There is unfortunately a short supply of them.

Another example is security guards. Security guards are selected to be mildly paranoid and not to think outside the box. They are linear thinkers. You do not want them being creative and rationalizing why the rules ought not to be followed. One of the great self-selectors in life is whether you choose an occupation that requires you to think or one that requires you to comply with the rules. For strongly hierarchical organizations like the military, which are caught on the cusp, it's the great challenge, particularly with the officer corps, because they're going to have a fair portion of rule-followers but the military is a profession where creativity and imagination saves lives. At the other end are people who don't follow any rules at all. This inevitable mix is a challenge for large, complex organizations to deal with.

Being relevant, and in context, matters. There's no point in gathering facts out of context. There are a lot of useful facts out there. The one I remember from my statistics courses was that the value of a preacher's salary in New England was strongly correlated to the price of rum in the West Indies. Great fact! So what? There are a lot of curious correlations and, in America, at least since the Kennedy assassination, they feed the conspiracy theories that are a great part of so many peoples' lives. Their consistent premise is that a large number of people, most of whom don't like each other, all conspired to keep a secret about something which, if they could write it up, would make them multi-multi-millionaires. This is the United States, remember. We're a materialistic, hedonistic society, and the chance of getting rich and famous is irresistible to most of the people I know, and I suspect most of the people you know.

Being in context does matter. There's no point in getting people information that's useless to the situation at hand.

Intelligence that's not on time is history. We are not historians. I am a historian, but I am not paid to be a historian. We, the United States of America, do not need people to tell us why something bad happened. We need people to tell us how to prevent bad things from happening. Ideally, intelligence is about prediction, and prediction is a difficult game. Even if you have a crystal ball you're not going to be very good at it.

That brings me to one of the characteristics that go along with being on time in prediction: you've got to have chutzpah. You've got to be willing to be wrong tomorrow after you were publicly wrong today and all of your dearest friends pointed it out. The willingness to be wrong is very important. If you lose that willingness, then you should go get a job somewhere else. Intelligence officers, if they're worth a nickel, are going to be wrong a lot. If they're not wrong a lot, it's because they're not intelligence officers. It is the nature of the business. Maybe you're going to be wrong in small things, at the margin, but you will be wrong.

My most memorable howler was predicting that if the British Labour party came into power in the early 1970s, their National Executive Council was going to do away with nuclear weapons in Great Britain. It was one of the dumbest papers I ever wrote in my life. It was a training paper,

and the people who trained me told me it was stupid, but I had the hubris of youth and wrote it anyway. I still have friends who have copies of it, which every so often I get little notes about. So being wrong is not only something you're going to do, but you also need to learn how to enjoy it, because it will just make your life a lot simpler.

The information has got to get to the right customer. This is the greatest challenge. It doesn't do you any good to be right and not send it to the person who needed it. That means you have to know your own side. It doesn't do you any good to be a brilliant theoretician or practical expert on something and not know enough about the American government to know who needs to know what you know.

There's a curious proposition, particularly among foreign area experts, that it's possible to have an understanding of China without any understanding whatsoever of the United States. If you can't understand the American bureaucracy, your chance of understanding the Chinese bureaucracy is zero. All complex organizations to some degree are the same. There are important cultural differences, but all large organizations behave a great deal alike. It's those cultural variances that win interest and in some cases provide insight, but the main course of what they do in Boston is going to look a lot like it does in Baghdad or Beijing or Moscow. City politics is city politics. State politics is state politics. Country politics is country politics. They are different in a lot of important ways, but you have to understand your own side. First, it's a great source of information. Second, particularly when you do case comparisons, it gives you something to run it against. If you thought the Revolutionary Council for Iraq's televised hurrahs for Saddam Hussein were strange, watch the State of the Union Address, where a bunch of people stand up and cheer about things imperfectly understood. Third, and most important, is that if you don't know that there is a Department of Homeland Security, for example, chances are that you will not pass on information to them that they might need to keep you and all of us safe.

I said at lunch that the best advice I ever got was when one of my early supervisors told me, "The day will come when you leave, and when you leave you want to walk out with a smile on your face and your head held high. The only way to do that is to have a good time and be true to yourself. If you do those two things, you'll be happy in your life." I found that to be very good advice. Nobody is ever going to pay you enough money not to be have a good time or to not be you.

I would argue that the greatest predictor of your success as an analyst (not success; that's a poor term, because success is something you have to define for yourself) has to do with how you deal with ambiguity. There's a great article by Else Frenkel-Brunswick[3]—my all-time favorite citation in a graduate student's paper. She wrote about tolerance of ambiguity, and it was her thesis that people can be defined by their willingness to tolerate ambiguity. You don't want some people to tolerate ambiguity. You do not want cartographers to guess when they make the map that tells your pilot the height of a mountain that you are going to fly over. You'd like them to be really sure. You don't want the doctor who's doing a blood test on you to guess whether or not you've got cancer. You want him to be sure. That's a great skill, and we need people who are intolerant of ambiguity. They, by God, care about facts. They tend to become engineers.

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[3]Else Frenkel-Brunswick, "Social Tensions and the Inhibition of Thought," *Social Problems* **2**, 2, October, 1954, 75–81, *n.b*. 76.

The other group are people who are very tolerant of ambiguity. At the extreme, they don't care at all about facts. They'll just make up any answer whatsoever. They go into politics or journalism.

What we're looking for are people who care a great deal about facts, but are willing to reach a conclusion without all the facts. If you wait to have all the facts before you give us an answer, then we will wait for you forever. There are never all the facts in the world of analysis. At some point, you simply must write something or tell someone something, and that brings in judgment, accuracy, and all the other things I've been talking about. You have to be tolerant enough of ambiguity to be willing to speak or write without possession of all the facts.

Unfortunately, the American university system is not doing a very good job of preparing people for that. Professors constantly bemoan the fact that students rarely tell them what they think. When you go out into the brave world of analysis or into industry, that's what they're paying you for. They don't care where you got your degree. They don't care how many facts you've got. They want to know what you think it is they need to know, and they want you to tell them in time for them to use it. So you're going to have to get used to not having possession of all the facts. It doesn't mean you shouldn't try to be accurate and all those other things, but you've got to be willing to communicate. Most people who fail in the business I was in do so because they cannot bring themselves to tell anybody anything until they're sure, and their standard for surety exceeds the tolerance of the government.

That's a quick Cook's tour through intelligence and the sorts of capabilities, qualities, attitude, background, experience, and so on that we look for. Our world has changed a great deal. We are in the midst of a tremendous revolution in technology that will affect each and every one of you. I come from a government—your government, by the way—that is a product predominantly of the industrial age given to us by Chester A. Arthur, who died in 1886. It is a hierarchical, chain of command, command and control model. It's a great system for making decisions. It's a great system for accountability, which in a government like ours matters enormously, because our government, first and foremost, needs to strive to be incorruptible. That means you have to hold people to account, because, people being people, they will tend to fudge on the edges. Those of you who haven't done your income taxes yet don't know what I'm talking about, but you'll find out soon enough.

The age we're in now, the information age, prizes networks. Networks do one thing really well: they share information. Sharing information is terrible for hierarchies. E-mail is very destructive of hierarchy. It's very destructive of authorized decision-making, and is destructive of accountability. In our system of government, where we must have accountability and we need to have the proper people making decisions, how do you take advantage of and use the network base, the new technology, to make the government and other complex vertical organizations more efficient and more effective? This is a real, no-kidding challenge.

We have one enormous advantage going for us. Our nationhood is not defined by our religion, our race, our national origin, or what language we speak. Our nationhood is defined by allegiance to a piece of paper, our Constitution. If that is true, the only way you can destroy our nationhood is by altering that piece of paper. You can kill our people; you can blow up our property, but you can't destroy us as a nation as long as that piece of paper remains. The trick for

us is to figure out how to change. How do we take on the new challenges that we're all going to face—challenges of terrorism, or new technologies, or all sorts of other things—and still remain who we are? To me that's the great challenge of this age, and of this period in our history. I want my granddaughter to have the same freedom and opportunities that I have and her parents have. To do that, we've got to find a way to defend what we've got, but if we stand still and don't change, we die.

So with that, let me stop talking and invite your questions, criticisms, and comments.

Student: You were speaking a lot about being able to predict, or perhaps not predict. It strikes me that a lot of the changes that have gone on have been responses to an attack. The best example is airport security. We've put a lot of money into securing our airports, including services. What I haven't noticed is the ability to look at other vulnerabilities before we ever experience an attack, like an oil tanker being blown up or other possibilities that perhaps are outside the box. You mentioned near the beginning that perhaps it's almost impossible to do that. How do analysts look at those types of problems that really haven't happened? Before 9/11 we never thought that would happen either.

Simon: Congress is always saying they want you thinking outside the box, but they don't want you to take any risk with the Constitution. They don't want you to waste money, and they don't want you to do anything technically stupid. That's a box with very high sides. That's one of the problems we face in homeland security.

Actually, if what they're doing at the airports makes you feel secure, God bless you, because you're going to spend tens of billions over the next few years for something that adds little to your security. They will stop the odd nut but not the determined attacker. In any event, the tragedy of 9/11 happened because each and every one of us was told, "If there's a hijacking, sit tight. Don't do anything rash. We'll negotiate your return." What the terrorists did was change the paradigm for a hijacking. If you'd like to test this out, next time you're on board an airplane get up suddenly and rush toward the cockpit. You will not make it. Even if there are no air marshals on board, Joe and Jill Citizen will both jump up and whack you a good one. So that kind of attack isn't going to happen again.

There's a whole industry in figuring out how to protect ourselves. I'm in it. The CIA is not in it. You do not want the CIA in it. If the CIA gets involved in defending your homeland, the CIA will look to you like the NKVD, which is not a happy example. The Defense Department is getting into it. I predict the Defense Department will rue the day they ever got anywhere near homeland security.

We got into a lot of trouble in the mid-1970s. Demonstrators were attacking our military bases. The military rightly said, "We are responsible for the defense of our installations, so we need to know who is likely to attack us." So they started taking photographs of demonstrators and figuring out who they were so they could map them and see if they were organized, or a communist front, or whatever.

They put that process on autopilot, and after a while they were tracking all kinds of stuff. "Joe Schmuckatelli here, who's been demonstrating against ROTC [Reserve Officer Training

Corps], is in Tony Oettinger's class. Well, who is Tony Oettinger? I guess I need to keep track of him. Wow! Look at all this great stuff about Tony Oettinger!" So next thing you know, you've got these files on everybody and his brother, which nobody is using, but you have to care about it, because they could be used. And that was before computers.

After 9/11 I was in charge of homeland security for the intelligence community. I was at a meeting at the White House with the attorney general. He was asking all of us intelligence and law enforcement types what we would do to improve security. So we started talking about national identity cards. What would it have? Well, a thumbprint. That's unique. (Your fanny print is unique, by the way, if you hang around Xerox machines.) Blood type would be useful, as would a retinal scan. We would want your picture, taken a special way so that we could pick your face out of a crowd even if you were wearing a disguise. We would want your voice print, because the technology is coming up that will pick your voice out of every other voice in all the cell phones on earth, and your voice is unique. In fact, we would like to have a bit of your DNA [deoxyribonucleic acid] in there, so if something ever happens to you we can identify the body. By the way, we would want the chip to tell us where this card is, so that if we needed to find you we could. Then it dawned on us that if we did that, you could set the card down so we should put the chip in your bloodstream. Then, best of all, the chip would tell us when you were sick and we could tell you when you needed to go to the hospital, so we could cut medical costs. Let me assure you, we could save you a fortune with that. Of course, we'd know where you were all the time.

The attorney general said, "This is all very interesting. When all this is over, and it will all be over someday, we'd like to have the same Constitution that we have right now. So thanks for all your great ideas, but no thanks." This is the problem. What are you willing to give up to be safe, given that "safe" is an absolute that you're never going to find anyway?

The biggest problem we have is how to know blue. Blue is our side. Anyone in the military will tell you that the only way you can understand the opposite number is to run them against you. In the cold war, it was how many fronts the Russians could put into East Germany. The DIA [Defense Intelligence Agency] thought it was four or five; others thought it was two or three; the number was somewhere around three or four. The only way that makes sense is when you look at what they're facing on the American side, because it doesn't really matter if they can throw all these fronts in there. What matters is if they can conquer Germany in a set amount of time. So you need to know blue.

Who knows blue for the United States? Counterterrorism is not homeland security. Counterterrorism is the active, deliberate effort to find, kill, and if necessary capture those who are planning to carry out terrorist acts against the United States and its allies. We do that overseas with the armed forces of the United States and the CIA; we do it at home with law enforcement. The use of deadly force is presumed. That's an important distinction.

Homeland defense is the security of the borders of the United States: pursuit and apprehension of people who penetrate those borders. The armed forces of the United States are involved at the near borders of the United States; inside the United States, it is law enforcement. The CIA's not involved. Law enforcement and the armed forces of the United States plan for the potential use of deadly force and they do it under very strict rules of engagement and the laws of

the states and the federal government—in other words, the Constitution. You may not just use deadly force on somebody who has crossed the border without a good, and pre-approved, reason.

Homeland security is none of those things. Homeland security is those efforts and activities designed to make the United States and its people more secure from terrorist attack. This involves warning of attack, those steps necessary to mitigate the consequences of an attack, and efforts to recover from an attack. Deadly force has nothing to do with it.

So, when you talk about those things, the question is: Who knows blue? Let me tell you who doesn't: the federal government. The armed forces of the United States are designed to fight and win wars, which we don't plan to have here. The CIA is composed of people who are not sure where the capital of South Dakota is. The FBI [Federal Bureau of Investigation], last time I looked, were cops. Cops is cops. Cops are retrospective. They operate under the rule of law. They are not predictors. They don't predict crimes. No crime, no case. No collar, no dollar. Cops don't know blue beyond their own patch. Most federal cops know nothing about the states. By the way, the FBI is not a national police agency either. Keep that thought in mind. There are other federal agencies that have police powers, in some ways more powerful than the FBI. If you've ever been audited by the Internal Revenue Service you'll discover one of them really fast.

So who's going to do all this? I'll give you two examples. The intelligence community gets word that there's going to be a terrorist attack on Galveston, Texas. They're going to come into Galveston, Texas, through ship channel number four. They're going to come on April 15, in honor of the IRS, and they're going to blow up the liquid natural gas [LNG] terminal on Pier 17, which will destroy that town.

So we get this down to the White House, and the president of the United States is absolutely thrilled. He passes out kudos and medals. He and Tom Ridge and the attorney general decide that an FBI agent, the special agent in charge in Galveston, will go and tell the good city fathers of Galveston what's going to happen while we plan how to prevent it. So the FBI special agent in charge in Galveston convenes the city fathers, the police chief, the fire chief, the Coast Guard, FEMA [Federal Emergency Management Agency], local feds, and so on. So here we are. The FBI guy gives them this great briefing, and the mayor says, "That's marvelous, except that I don't have a ship channel four, and my LNG terminal is on Pier 11, you morons!" So the FBI guy walks out of the front door, and CNN is doing a stand-up about administration incompetence and how federal officers couldn't find their way out of a certain place with a searchlight in both hands.

The president is very unhappy. The attorney general is unhappy. They talk about firing someone. We wasted a lot of money. It's in the media. Congress wants to have an investigation.

April 15 comes around, and the terrorists blow up Brownsville, Texas. You see, the source only got one fact wrong: the name of the target. You can't wait for that. Somebody has to take what the military calls templates of the plan of attack and see if it fits somebody else. First of all, the terrorists themselves might change their minds and go somewhere else. So you can't just take information like that and react on it reflexively. You've got to act on it with judgment and intellect and maturity. That's the real crux of the problem in homeland security.

A second scenario is this. Intelligence knows—not in the biblical sense—that there is a nuclear weapon in the United States. This nuclear weapon, we know, is on its way to Seattle, Washington, and we know it will be detonated on April 30. Unfortunately, we also know that the terrorists have been told that if word leaks out, they should just detonate it wherever they're standing. Whom do I tell then?

Let's say that we, the intelligence types, keep it secret—a very questionable proposition, by the way. Remember computers? If I know something, lots of people know something really quickly. So does every ship at sea, every military base. Lots of people have relatives in Seattle, but that's a different problem we'll talk about in a minute. For now, I've kept it secret, so I take it to the president. What does the president get to do with this?

First of all, he's going to want to try to find these guys, so he's got to tell somebody. He's probably going to tell the military, because they've got a lot of technology, and intelligence, because they have some facts, and law enforcement. There are a lot of people now who know. Does he tell Congress? Remember, Article I of the Constitution doesn't belong to Congress because they won the coin flip. They are *primes inter pares* in the federal government. Whom do you tell in Congress? Do you tell the Washington state congressional delegation? Have any of you read von Neumann and Morgenstern on game theory?[4] What's the game theory solution if you're the Washington state congressional delegation? You announce it immediately, because wherever it detonates it won't be in Seattle. Do you think the rest of the Congress thinks that's a good idea? Probably not.

Let's say my mother lives in Seattle. I don't know about you, but I'm going to get on the phone and say, "Mom, what are you doing on April 30? Oh, really? That's great! Well, what I'd like you to do is go to Los Angeles. I'll pay for it. Oh, and I'd like you to call my sister, my brother-in-law, my six aunts and uncles, my twenty-four cousins, and all their kin, and I want every single one of you to go to Los Angeles on April 29 and not go back for a couple of days. I'll pay for all of it. I'll take out a bank loan." Now, I don't know about you and your mother, but my mother would call all her friends and say, "You know what Jimmy wants me to do on April 30??" The word would be out just like that.

This is a real conundrum. Networks share information. Who is accountable for how this information is used? Do you trust the president to do that? Do you want your congressional leadership involved? What about all those federal bureaucracies? What about the states? You've got to think this one through. This is no-kidding hard. There are a lot of instances like that in the homeland security conundrum. The question is: who knows and how are you going to deal with it? That's what the Department of Homeland Security is trying to do.

Those of you interested in the American government should watch this. This is going to be a most interesting bureaucratic activity. There are twenty-something agencies with 173,000 people, it's going to take five to ten years to figure out where everybody sits, and all that time they're supposed to be defending us. When that is over, they have a number of alternative futures, and it matters to you which one they take. It could in fact end up being the KGB, NKVD,

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[4]John von Neumann and Oskar Morgenstern, *Theory of Games and Economic Behavior* (Princeton, N.J.: Princeton University Press, 1944).

Gestapo, Sicherheitsdienst—you pick your bad name in history. I don't think they will, but we, the people, need to watch and be involved.

What they will end up doing is being the greatest competitor for resources in the federal government. They will make the Defense Department, the so-called military–industrial complex, look like a mom-and-pop operation. The committee that Congress has set up to oversee homeland security has fifty-three members. It's the largest committee since they wrote the Constitution, and every member is the chairman or ranking minority of a committee. It's like a group where everyone thinks he's the pope.

Oettinger: Are they chairmen of another committee, or of a subcommittee of the homeland security committee?

Simon: Another committee. These are the barons. If they're not the chairman, they're the ranking minority member, in short, the leadership of the House. They're all going to be in the same room, trying to agree.

One of the great challenges for the American government is how you create this massively powerful agency that is the ultimate pork barrel, have it not get out of control, and have it do something useful. This is going to be the great challenge of government for the next ten years. These are the people who are going to figure out how to do that, and there are going to be a lot of people doing it.

Student: I read in both of the papers that Professor Oettinger sent out about your proposal to centralize budgeting authority for a number of agencies under the DCI.[5] I only saw one or two paragraphs and obviously books could be written about that. Could you expound a little bit on that? Obviously the politics are going to be messy, but could you expand on how and why that should happen?

Simon: Power in Washington comes from being able to fire somebody or being able to control his budget. There are no other ways. I don't believe that the intelligence agencies—the National Security Agency [NSA] and the National Imagery and Mapping Agency [NIMA]—ought to be taken out of the Defense Department. The Defense Department is their major customer…for now, but that is going to change.

Does anyone remember the Salt Lake City Olympics? It's the first time in American history, certainly in my career, that the priority of intelligence support in the United States was to a domestic event and not to troops in combat in Afghanistan. It's going to happen again, and it's going to happen often. It's bad news for the military. They absolutely plundered their organic intelligence capabilities and they're dependent on the national capabilities, which they don't pay

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[5]James M. Simon, Jr., and Aris A. Pappas, "The Intelligence Community: 2001–2005: Daunting Challenges, Hard Decisions," *Studies in Intelligence* **46**, 1, 2002, [On-line]. URL: http://www.odci.gov/csi/studies/vol46no1/article05.html , and James M. Simon, Jr., "Crucified on a Cross of Goldwater–Nichols," in *Seminar on Intelligence, Command, and Control, Guest Presentations, Spring 2001* (Cambridge, Mass.: Harvard University Program on Information Resources Policy, I-01-3, July 2001), [On-line]. URL: http://www.pirp.harvard.edu/pubs_pdf/simon\simon-i01-3.pdf

for, and now they have a competitor for that support. It's a big problem that's coming. I'm hoping that Secretary Rumsfeld's effort at transformation is going to help.

I think it's useful that members of the armed forces of the United States serve in intelligence. There is no substitute for doing something. Supervising others doing something is interesting, but ultimately doesn't build a great deal of expertise. By keeping the NSA and NIMA in the Defense Department, you have the ability for military officers at least to learn those skills that they tend to need for war.

But if you're the director of NSA or the director of NIMA, to you the greatest thing in the world would be to get out of the secretary of defense's budget, because when the secretary of defense has a tax, he applies it across the board. You can bet that the services, once they get through pointing at each other as a source of cuts, are all quickly pointing at everything that's not a core capability of the military service. This is a good thing. The Air Force is paid and organized to fight and win air wars—air supremacy. The Army and Navy are paid, and designed to be in charge of, to own, to be the unquestioned world leaders on the ground and on the seas. If it's an Air Force decision and it comes to a choice between buying a squadron of F-16s or buying another satellite for NSA, the F-16s are likely to be the choice. Not always; they're not stupid. But it's often that kind of simple tradeoff.

So if you're in the black world of imagery and signals intelligence and you can't publicly defend your budget, then you'd like to be in a secret budget under the control of the DCI. For him to change it he has to get the secretary of defense to agree, and he's less powerful than the secretary of defense, so your budget is really going to look safe to you. It's much better to have the guy who owns your budget weaker than the guy who has to approve it, rather than the other way around. The way it is now, the secretary of defense owns the budget, and if he wants to change it there's nothing the DCI can do except whine, which he gets very good at.

The Defense Department is one of the world's largest bureaucracies. It is also one of the most inefficient bureaucracies in Washington. It's not because it's full of stupid people. It is just a giant labyrinth. Between the military structure and the civilian structure, God help you if you know where anything is. Tony can tell you what happened to his charter, which he and Bill Schneider signed months ago.[6] It got lost in the secretary of defense's office for months before he got around to signing it. Bill Schneider is a close personal friend of Don Rumsfeld, so you would think that Bill would have some push. He did. They just kept losing it. This is your federal government at work. On charters for the Intelligence Science Board or the Defense Science Board maybe you can live with that, but when it comes to making weapons investments you can't.

When President Bush came to power, he gave the Defense Department a seven-point-something percent increase. The secretary of defense gave the intelligence community a .03 percent increase. Did the secretary of defense consciously make that decision? No. His budgeteers made it in late-night negotiations down in the Pentagon with not a single representative of the intelligence community present. DIA wasn't there, NSA wasn't there; none of them was there. If they're not there, whose money are you going to take? "Well, these guys aren't here; take theirs!" That's what they did.

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[6]William Schneider is chairman of the Defense Science Board.

So, in the world of budgets, what you want is a situation where the person who cares deals with the budgets. It's like order of battle. You know who should do the air order of battle? The Air Force, because the Air Force really cares about the air order of battle. Do you think the CIA or the DIA really cares? No. It's not critical to them; they don't go out there and get shot. It's the person who cares who ought to have the most immediate control of things. So the states ought to be in charge of homeland security. I assure you that the governor of Massachusetts cares a great deal more about what happens in Ayer, Massachusetts, than anybody in Washington does.

Oettinger: As a matter of fact, if you were watching television or reading newspapers between yesterday evening and this morning, they interviewed Mitt Romney after his first 100 days in office, and the reiterated comment that totally corroborates this is that he said, "I'm amazed that I spent more than half my time on homeland security since I've been in office."

Simon: TSA is a great example. The Congress did that overnight. First of all, if you're going to do it at all, why would you hire federal employees to do it? Well, it's because some in Congress insisted they be federal employees because the labor unions wanted to unionize them. Do you know how hard it is to fire a federal employee? They've actually done a really great job, but it's like every other startup, whether it's government or private industry. You start up great, then you flatten, and then you start down.

One of the best examples is the *Encyclopedia Britannica*, the largest and most successful corporation in English history, with 280 years of profitability. It almost disappeared overnight, because Microsoft decided to give away an encyclopedia for free if you bought their computers. Other businesses die more slowly. If you don't believe that, look at the American steel industry. Look at American Airlines.

It is the nature of all organizations to have peaks and valleys. The essence of bureaucracy, though, is to construct organizations that can survive the incompetence of the people who happen to be in charge at a given point in time. In part, that's what the Constitution is all about: checks and balances. If you have a bad president, the country doesn't collapse. If you get a bad general, you lose a battle, but not a war. This country survived George McClellan, so we can survive a great deal. The Confederacy did not survive Braxton Bragg.[7] So your ability to deal with the inevitability that some of your senior leadership should be taken out and shot at sunrise really does matter. It's just the way things are. Look at corporations. Look at Enron. Look at HealthSouth.[8]

By the way, do you want to know if a company's really going to be in trouble? Go find a chief executive who lives as though he's a minor king, and you know you've got a company that's really in bad shape. He's got to be getting that money from somewhere, because those people get carried away with who they are and what they've got, and if you're a shareholder you're going to

[7]As leader of the Union Army during the Civil War, General George McClellan several times had to be ordered to take action. General Braxton Bragg led the Confederate forces to victory at Chickamauga, but failed to complete his victory with an active pursuit. Both generals were removed from command by their respective civilian leaders.

[8]HealthSouth, the country's largest for-profit hospital chain, was accused of having supplied fraudulent financial information to banks in order to obtain loans.

lose your money. Corporations, governments, and universities are all susceptible to the ebb and flow of competent leadership and the quality of the people who run them.

I was in the Army in the late 1960s and early 1970s. The U.S. Army was not a happy place to be. We had rampant drug use. We had race riots. Officers patrolled bases with loaded weapons. So even an institution that's storied and traditional, with all the rule of law and regulation you can imagine, can have a really bad time, and that's true of every organization on earth. But the Army dug itself out of its hole. The trick is to construct organizations that give you a chance to get rid of the incompetents and survive your bad times. Anyone can survive success. Anybody can manage when you're making money hand over fist. It's managing when there is no money that is the real test of leadership.

I think that's why the DCI should control his budget. He is the one who's going to care, and he's the one whose rear end is on the line. If there's an intelligence failure, I've never seen Don Rumsfeld say "This is my fault." I've never heard any member of the government do that. I've never heard the president do it. It's always the DCI's fault, but he doesn't have the money and he doesn't control the manpower. How come it's his fault? Well, he's the designated scapegoat. If that makes you feel good, great! That's not the way to run a good organization.

From that budget I'd exclude the DIA and the State Department's INR [Bureau of Intelligence and Research]. They're departmental intelligence organizations. It is their job to support departmental objectives. The military services should be excluded for the same reason.

Student: In terms of how it would actually work, are you just talking about the programming and budgeting of systems or people?

Simon: I would appropriate the money to the DCI. I will break with my former boss; I do not think that the intelligence budget ought to be secret. I think that secrecy is inimical to our type of government. I don't think every detail should be disclosed, but certainly the overall sum should be disclosed. I think Congress ought to debate that money. I think it should go to the DCI, and I think there should be rules to restrict him from reprogramming without some cooperation from the Defense Department. But if I were the Defense Department, I'd think about that for a while, because sooner or later the Department of Homeland Security is going to demand the same rights. Let me assure you, when it comes to homeland security versus what we do in Iraq, those 435 representatives and 100 senators and almost everybody in the administration will remember where they live. They don't live in Iraq, they live here, and there won't be any question which has priority. It will be homeland security.

Student: In your article you talked about outsourcing intelligence. Which functions would you outsource?

Simon: I have some thoughts on how to do that. I'm trying to get the government to outsource the Foreign Broadcast Information Service [FBIS]. First of all, the government's going to kill it. There's not enough money, and it's the wrong cultural milieu. If I want, for some obscure reason, to run a poetry journal, I'm a lot better off if I design it around poets. FBIS is kind of like a support group for a lot of other people, and so they're treated as second-class or in some cases

third-class citizens. It is very hard to get the best and brightest. It is very hard to get money for new technology when you're at the bottom of the heap.

It's like in the armed forces. If you're a pilot, chances are that the U.S. Air Force has spent a great deal of effort on your training and your education, let you design your own uniform and your airplane, and done all that good stuff. If you happen to be the person in charge of recreation activities, you're going to find you won't get quite the attention and you most certainly will not make general. This is true in all complex organizations. The FBIS, I would argue, is too important to be left as it is.

Mapping is another area done by the government because they always did it. Well, the government does a lousy job of mapping. Every customer thinks so. You could do it cheaper and faster without government people, but the government lacks the money and NIMA lacks the priority to change the money to fix the past, operate today, and introduce tomorrow.

I would outsource some forms of analysis. The way I would solve the homeland security problem is that I would not let the FBI, the CIA, or the DIA do it. You see, they're all federal officers. If I'm a federal officer, and you invite me into your business and I think I see signs that you're engaged in restraint of trade, I'd have to turn you in to the attorney general. The attorney general is going to see your computers and your records, and you're going to be out of business while he figures out if my suspicions were accurate. In other words, my suspicion has a greater weight in law than the complaint of an average citizen, because I'm a sworn federal officer and we can't have federal officials ignoring criminal behavior.

If I'm doing homeland security and I'm collecting all this stuff on terrorism, and I'm merging it with all this stuff I've got on American citizens or resident aliens who may or may not be terrorists, at some point I'm going to figure out that one of you is cheating on your taxes. I'm going to turn you in. I have to, by law. And when I turn you in, the IRS is going to say, "Wow! What a great resource for finding tax cheats!" They're a federal agency too, and they're going to come in with a subpoena, and they're going to subpoena all of my data that I picked up. I'm not looking for tax cheats but I'm tracking credit cards and banking data and all kinds of data with these wonderful computers, and I'm going to find evidence that you may have committed a crime. So if you're not careful and you let a federal agency do that, you are going to have Big Brother.

One solution to that would be to create a bonded private concern. If I'm a private corporation, and I have to post a big bond to be the company that collects and collates this information, and my contract says that I can only provide data relevant to terrorism, and only to a designated official at the Department of Homeland Security and to no one else, I have zero incentive—in fact, I have enormous disincentive—to give the IRS anything. I am not going to refer crimes I run into to anyone else. This is critically important to ensure that this effort doesn't become a large fishing expedition.

The second critically important thing is to define what you mean by terrorism. If you define a social issue as terrorism—whether you're for or against abortion, or animal rights, or the environment—then, ladies and gentlemen, you are going to have serious trouble. You will politicize the whole thing, and that's bad.

It is true that political mischief does occur in the United States. If you're the governor of California, do you want the attorney general of the United States doing a background investigation on your campaign staff? I don't think so. Have you ever been involved in state politics? Then you would appreciate that many of the people surrounding governors are campaign officials who do not deserve or want to be exposed to a public investigation of their past.

Oettinger: I can tell a personal anecdote about that. Back in the antediluvian times when Michael Dukakis was governor of Massachusetts, I was on the state cable television commission. I was actually appointed by his republican predecessor. This was a part-time commission beneath contempt. Dukakis made me chairman by name recognition; he was a classmate of my wife's. I reported to him through the secretary of consumer affairs. About three or four months into the administration, several of my people had resigned and I was getting to the point where I wouldn't have a quorum. So I went to see the secretary of consumer affairs and told him "Here's my problem." He said, "Tony, sorry, you've got three strikes against you. First, I have forty boards and commissions reporting to me, and I'm too busy to look after you. Second, among all those forty boards and commissions you're responsible for a small and insignificant industry, so we take our time." I asked, "What's strike three?" He smiled, leaned back in his chair, and said, "As far as we know, you're not on the take." So that is the relevance of that story.

Simon: I have another story that I shamelessly appropriated, and it has to do with Western Union. It's how you can use the law to further your ends. Everybody worries about the privacy of their communications, but in the old days, if you were going to send a telegram from Boston to San Francisco, you had no privacy of communications. Some guy had to rekey it every few miles, so he read your message, right? Quoting Professor Oettinger (and I have yet to track down the primary source here), at that time there was a law against unauthorized disclosure of the information contained in the telegram without consent of the sender. When the president of Western Union refused to provide telegrams to the U.S. Congress, those defenders of your liberties and the Constitution, they put him in jail in the basement of the Capitol for a few days until he could sort it all out.

Oettinger: You can find a paper by on the history of privacy in the United States on the Program's Web site. There's a citation there about the incarceration of William Orton in the basement of Capitol by the Congress of the United States.[9]

Simon: Remember who did that, by the way. It wasn't the executive branch.

Oettinger: By the way, going back to your point about the bonded private corporation, they're going to sell it to direct mailers.

Simon: Not if you write the law so they can't. This is the key. I think it's possible to construct a piece of law that will let us do what we need to do, which is no-kidding pay attention to who the bad people are to the extent that we can perhaps interfere with their plans, or at least quickly

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[9]David John Seipp, *The Right to Privacy in American History* (Cambridge, Mass.: Harvard University Program on Information Resources Policy, P-78-3, July 1978), [On-line]. URL: http://www.pirp.harvard.edu/pubs_pdf/seipp\seipp-p78-3.pdf

catch them after it happens, without necessarily creating an internal police force and without giving undue power to the Congress, the courts, or the executive branch.

Arthur Schlesinger made a big deal about the "imperial presidency."[10] Until you've dealt with Congress, you don't understand "imperial." Presidents don't. Congress understands "imperial." Some members of Congress are really hard-working, great people, but there are also some of the worst scoundrels elected by the people. You know what Mark Twain said: "It could probably be shown by facts and figures that there is no distinctly native American criminal class except Congress."

The judiciary's problem is that it is composed of lawyers. You know why you don't ever want to run over a lawyer riding a bicycle? The bike might belong to one of your kids. I'm sorry for the feeble effort at humor, but lawyers about kill my business. Lawyers believe that nothing should ever be done for the first time. This is a problem in an age of technical revolution and in a nation-state that has a lot of challenges. If you never do something for the first time, all you know is that you're doing yesterday's actions.

Student: I'm just wondering if there isn't another approach to life in the world and America today that isn't quite so cynical. It's not just you from whom we're hearing this. A couple of weeks ago we listened to General Pat Hughes.[11] He told us that the world of the future is a dangerous place and everything out there is going to kill us. You're telling us, presumably rightly so, that everybody out there is a crook and an idiot, except for maybe private companies (and you haven't handed out your business card yet, but I'm waiting for that).

For instance, what you said about the TSA makes sense. I certainly wouldn't want to be checking bags and so on, but isn't there another side of it? Wasn't part of the argument for federalizing this function not just that it gives jobs to the boys and girls, but that the private companies that were hiring the inspectors evidently weren't doing a good enough job?

Simon: The private companies had uneven standards. Every local airport authority was setting the standards. Why do you suppose that was? Well, the FAA [Federal Aviation Administration] wanted to have a single federal standard, but guess who opposed that? The Congress and the states. There's nothing wrong with this really. It's our federal system of government, and to paraphrase what Churchill or maybe Lord Acton said, "It's a lousy form of government, so somebody come up with a better one."

These are serious times. I don't think that we will lose this war on terrorism. I think we will win it. I'm not a betting man, but I would have lost all my salary in 2002 betting on something else, and I'd probably lose again in 2003. Ultimately terrorism will fade. John Ashcroft is perfectly right.

We've been through this before. If you're interested in terrorism, read about the anarchist movement. That was terrorism. You know what killed it? World War I, when all the young men

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[10]Arthur M. Schlesinger, Jr., *The Imperial Presidency* (Boston: Houghton Mifflin, 1973).

[11]General Hughes addressed the seminar on March 20, 2003. See Patrick M. Hughes, "Future Conditions: The Character and Conduct of War, 2010 and 2020," [in press].

died. That's a pretty drastic solution if you're a young guy, and a pretty drastic solution if you're a young lady who would like to have a young guy. These things come and go in history, and the key for any society like ours is to weather that historical trend and come out at the end the way we came in.

Oettinger: I'm old enough to remember cartoons where the anarchist had a beard and a black hat and a bomb in his hand, sort of a round black thing with a smoldering wick coming out of it. That was the cliché.

Student: I don't see how the war on terrorism will end, because it's so easy for individuals to engage in terrorist acts without any organization. A war on Al Qaeda might end. So, how do we know when we've won this war on terrorism?

Simon: In that context, it's like criminal behavior. There's always going to be crime. The big problem for government is to determine the difference between terrorism and crime.

The best example I can give you is a real one. These guys are terrorists. They get their money from the drug business, so for us to attack the terrorists we need to understand the drug business. Well, the drug business gets their money through corruption of local officials down in Florida, and through their involvement with the Colombian government. To deal with terrorists, we have to deal with Florida and with the Colombian government, so you get all these *reductio ad absurdum* arguments very quickly.

That's why I also said you have to be very careful about what you define as terrorism. For me it's got to be of foreign origin, because there are plenty of laws to deal with domestic terrorism. We've got to use them. They've been there from the days of the Molly Maguires in the nineteenth century. So I don't want laws about domestic terrorism. The question is what you do about foreign terrorism, and the Bush administration has a new doctrine that says, "If we think that you might like to take a shot at us, we're going to kill you first." You say, "Well, gee, you might make a mistake." The administration would say, "Then again, we might not."

Terrorism is very hard to carry out inside the United States. It's very hard to carry out in any complex, Western-type society because everybody and his brother knows what you're doing. It's like these guys in Lackawanna,[12] or like the terrorists who flew the plane into the World Trade Center. The local police knew there was something wrong with these people. Lots of people knew there was something was wrong. So what the government is doing with homeland security is trying to figure out ways to get all of this together.

Perfection is unobtainable, but you can't worry about that. I think that we've got a shot against the form of terrorism that's the greatest danger to the largest number of people. A nuclear weapon is a bad thing, and that's worth a great deal of effort to prevent. If you're North Korea, you're probably staying awake at night right now. If you're Iran, you probably won't finish the reactor you're building. If you're the Syrians, you probably don't even mention the word.

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[12]Six U.S. citizens of Yemeni descent, living in Lackawanna, N.Y., were accused of supporting Al Qaeda; one admitted to attending one of Osama bin Laden's terrorist training camps in 2001.

The administration is dead serious. There's not a kidder among them, and most of the foreign countries we deal with fully appreciate that. Only Saddam didn't get the message.

Student: During lunch, you mentioned that one of the worst crimes the intelligence community committed is not giving up the intelligence that would save lives, but then there's also the tension of protecting sources and methods and protecting other lives. Can you expound on that?

Simon: It came up in discussion of one of my great personal fiascos. I was using the example of Winston Churchill allowing Coventry to be destroyed to protect the Ultra secret. Much to my chagrin and humiliation, Tony helpfully pointed out that is an urban legend, and I believe he's shared it with everybody I know. Nonetheless, the issue is: what do you do with guilty knowledge? Remember my example of the nuclear weapon in the United States? Whom do you tell? What government organizations have to do is think these things through in advance. The military does. They set up rules and regulations so that when you run into something you've never experienced you have a guide as to how to act. It may not be the best thing to do, but it is something to do, and you must do something.

But it's not the role of intelligence to warn the American people. That's a decision taken by the leadership of the government. In this government, it's pretty much going to be taken by the president.

So, how do you make sure the president's going to do the right thing? You don't. You can't. You just hope the American people, in their great wisdom, elected somebody who's got a brain and a sense of responsibility.

Student: Can we scale that back from the strategic level to the operational level? There have been a number of situations I've seen where a military person would ask for some specific information and I've seen something that could kind of answer the bill, but there's some source of control that protects the sources and methods.

Simon: I'll give you an example that became public. When we first got started in Afghanistan, the Pentagon ran what I charitably call the Five O'Clock Follies. Every afternoon, people got up there and ran their mouths for an hour about stuff they didn't know anything about and imperfectly understood. Nor did they remember where they got the facts. So someone got up there one day and disclosed that the Predator had a Hellfire missile on it that we had used to blow up a bunch of Al Qaeda operatives in Kabul. Everybody knows that, right? Well, the bad guys in Kabul didn't know it. They thought we had a U.S. special operations forces team in Kabul and they were turning Kabul upside down trying to find them. Well, that was great news for us, because if they were doing that, they were not going after what we really did have there.

The primary reason you have protection on intelligence is that there's always some motormouth who is a decent person, but has been briefed for two hours before going before the press and forgets where he heard something. Or there's a congressman who walks out of a hearing and someone asks, "How did they know this?" "Well, we intercepted a cell phone." Do you know how hard that is to do, and how many billions of dollars the American taxpayer paid to build a system that could intercept and understand cell phones? A secret was blown in one sound bite. Loose lips do sink ships.

The judgment of what the risk, or gain, or benefit is has to be made at some responsible place in the organization. That's why we have hierarchy. The director of the DIA, or the head of the CIA, or somebody who owns that information makes that decision. They're not owners in the legal sense, but it is presumed that they're best suited to understand the risk if that information gets disclosed.

In the run up to Iraq and during Afghanistan, the United States has blown nearly every major secret we have. It will cost us tens of billions of dollars to replace the capabilities that are gone now and known to everybody—every druggie, every terrorist group, and every foreign nation. They're gone, just gone, because senior officials—good people, sworn officials of the federal government or the Congress—couldn't keep their mouths shut. And you know who's going to pay for that? You are. We don't get this money by running bingo games.

Student: Could you talk a little bit about what kinds of decisions will be made to put together the kind of presentation that, say, Secretary Powell made at the United Nations?

Simon: Every administration operates differently. The Clinton administration was a *Kaffeeklatsch* of a few people. Clinton felt himself to be a master of everything, and he would bring in people to give him bits and pieces of information and they would ultimately, when all was said and done, choose not to decide. I don't mean that in a political sense; it was just the *Weltanschauung* of that administration. The administration was predisposed never to reach a decision, so they had grad-student bull sessions for months. They were good people and they wanted to do the right thing, but they could never make a timely decision.

This administration is very different. Like most of you, we were worried about the image of the president as not too bright, despite his education and background. The first time we brief this guy, it turns out that in private he doesn't mispronounce anything, he's extraordinarily well read, and he asks the best questions of any president we've talked to in a long time. His modus operandi is that he hears the information, he turns to the secretary of state, and he asks, "So, what should we do about that?" The secretary of state says, "Well, we could do A, B, or C." "Well, I don't know. We can't do A, Congress won't like B, C sounds like a compromise. What about…?" It's a pleasure to deal with this crowd.

This administration acts decisively. What they did in Afghanistan is spectacular. Now, did the CIA and the armed forces do great things? Yes. Did the State Department do great things? You bet. The speech that Secretary Powell gave was carefully crafted by the administration and fully vetted by the right people, not by the entire bureaucracy. It was done very quickly, with a clear objective in mind. These people, in my experience, say nothing without a purpose. They also learn. You'll notice that after Afghanistan they haven't had the Five O'Clock Follies either.

Student: Then why did they do such a bad job of putting together the coalition?

Simon: They didn't do a bad job. They got more out of it than I would have expected they would have gotten, except for Turkey. I would have thought the Turks would have come along.

The big mistake was made by the French. The stated purpose of French diplomacy was to prevent us from going to war or, if they couldn't do that, have us go to war on their terms. They

failed in both. Not only that, but they also split the European Union. In hindsight, French motives are going to appear to be mean-spirited indeed, particularly when the truth comes out about the oil contracts and about who's been providing the Iraqis weapons in violation of the embargo. The French and the Germans and the Chinese have big problems, because this administration isn't going to forget, and Congress isn't going to forget either. There will be heavy paybacks when this is done. The French really messed up. I would argue that the failure of diplomacy is theirs.

Could the administration have done better? Sure, it's possible, but that's wonderful hindsight. Whom else would you have had? Russia? I don't think so. They're our would-be friends, but neither of us trusts the other yet. Putin has already walked away from his condemnation. The Chinese? They're not stupid. They've been low key about the whole thing. So who's been the loudmouth? Jacques Chirac. Well, that's all right, but Napoleon died a while back. I saw a t-shirt in Texas, where I just came from: "Texas is bigger than France."

I think the administration did as good a job as is reasonable. That's what you have to expect. Would the military like to have lost no one in Iraq? A hundred-plus dead is terrible for the families, and it's certainly terrible for those young people who died, but it could have been a lot worse. That's life and death. You can't always expect perfection. I wanted to be richer than Donald Trump, but here I am.

Student: Since we were on the public relations topic, do you have any comments on the Predator situation in Yemen and that the CIA publicly took credit for it?

Simon: The CIA flew it and operated it out of CIA headquarters over the Air Force's dead body. The Air Force really loves them now, and they're going to buy a bunch, and that's great. They should. Besides, now that everybody knows about them, the CIA doesn't want them as much.

Have any of you ever seen the SR-71? The SR-71 was built by a man named Kelly Johnson, who was the greatest airplane designer in American history. He ran the famous Skunk Works. The SR-71 was originally a CIA aircraft, and when the CIA flew it, it only had one seat for the pilot. That was so that the camera could be mounted right behind the pilot where it would be most stable. It was also a larger space, and you could get a larger camera and better resolution imagery.

When the Air Force took it over, they added a second seat—some said because Air Force pilots didn't like to fly by themselves. The real reason the Air Force did it, to be fair, is that they wanted a weapons control officer in the back to look for SAMs [surface-to-air missiles] and stuff, because Francis Gary Powers had gotten knocked down in the U-2, and the Air Force didn't want to lose an SR-71. Still, there is nothing yet made that can catch an SR-71. They moved the camera back between the engines, where there is an enormous amount of vibration that they had to shield against. By the way, it's a lot narrower back there, so the camera also lost a lot of resolution. Kelly Johnson used to say that the Air Force had "bad-worded up a perfectly good airplane."

Student: Why was it taken out of service? Cost?

Simon: Yes. It costs a fortune to run. When it sits on the ground it is leaking fuel from every joint. The reason for that is that at the temperature it operates in, the altitude at which it flies, all

the plates have to give, so they close and they seal. But when it's sitting on the ground, it's just flowing. It's scary to be around those things.

Are any of you familiar with Project Bluebook, the Air Force program on UFOs [unidentified flying objects]? One of the great secrets in Project Bluebook is that lot of the UFO sightings are SR-71s. They used to take them up out west, stand them on their tails, and zoom straight up. All the radars at the time knew there was no aircraft that could do that. We had a few others that could do pretty spectacular things, and the guys running the radar sites didn't have the clearances.

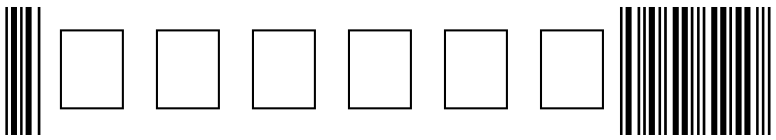
The Predator is a pretty good system, but everybody knows about it. We need to get things they don't know about. The Air Force also has something called Global Hawk, which takes a while to get somewhere, can stay a long time once it's there, and then come back, but it's very expensive, and has a very small field of regard. That's the issue. What's the tradeoff? Satellites are not as high resolution as an airplane, but they have a great field of regard, and they're not subject to the weather. There are a thousand factors in these things, and intelligence, like any other activity you're going to engage in, is extraordinarily complex. Just when you think you understand all the facts, somebody is going to come up with one you've never heard of, and you've got to start over again.

Thank you.

Oettinger: Sir, a small token of our great appreciation.

Acronyms

CIA	Central Intelligence Agency
CNN	Cable News Network
DCI	director of central intelligence
DIA	Defense Intelligence Agency
FBI	Federal Bureau of Investigation
FBIS	Foreign Broadcast Information Service
FEMA	Federal Emergency Management Agency
IC	intelligence community
KGB	Komitet Gosudarstvennoi Bezopaznosti (security service of the Soviet Union)
LNG	liquid natural gas
NIMA	National Imagery and Mapping Agency
NKVD	Narodnij Kommisariat Vnutrennih (People's Commissariat for Internal Affairs of the Soviet Union)
NSA	National Security Agency
TSA	Transportation Security Administration



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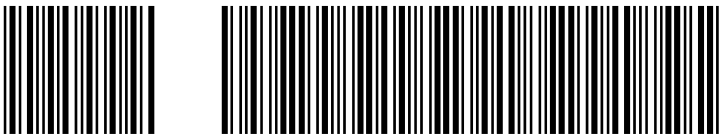

ISBN 1-879716-86-0