

## ... In a Dangerous World

United States intelligence started as a spy service, shrouded in secrecy, left entirely to the president to run. Its legislative charter, passed in 1947, was deliberately ambiguous about what it should do. This represented a total American consensus at the time that the spy business was best insulated from public debate and exposure.

For 25 years thereafter, intelligence officers made up the rules as they went along. In the process, they made a few mistakes and did some wrong things — and I stress the word few.

In the mid-1970s, the lid was lifted on intelligence in the most sensational and sanctimonious of tones. The resulting outcry and publicity frightened people all over the world.

The pendulum is returning to a sensible middle point. America changed intelligence and made it more than a simple spy service. It developed a great center of scholarship and research, with as many doctors and masters of every kind of art and science as any university campus.

It produced a triumph of technology, stretching from the depths of the oceans to the limits of outer space; using photography, electronics, acoustics and other technological marvels to learn things totally hidden on the other side of the

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world. In the SALT debate, for example, Americans openly discussed the details of Soviet missiles which are held most secret in the Soviet Union, but revealed by our intelligence systems.

As our intelligence system grew, it could no longer be contained within the old tradition of total secrecy. But we still must protect its sources, the spies who are still needed within the secret and authoritarian societies threatening us.

So a new charter is being developed. It is essential for the morale and effectiveness of the honorable men and women who look ahead to the intelligence problems of the future, rather than at the mistakes of the past.

### We Must Penetrate

Intelligence must penetrate the secrets of countries which can do us harm. And we must do it both with technology, and by dealing with brave men and women in those countries who will risk their lives and livelihoods to help us.

Intelligence must offer a way of providing quiet assistance to friends of America in some countries, struggling against a brutal dictator on one side and ruthless terrorists on the other. This quiet action can offer an alternative to polarization and turmoil, and be an effective and restrained use of American influence — more effective than diplomatic exchanges, but less violent than carrier task forces and Marines.

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**RUDY MAXA'S**  
**Front Page**

**FRONT PAGE PHOTO QUIZ**



**QUESTION:** Which pictures don't fit in this group?

**ANSWER:** The two who aren't broke.

All are former CIA employees who wrote books drawing on their years of service with the Agency. Marchetti (along with coauthor John Marks) criticized the agency's methods. Stockwell blasted

the CIA's role in Angola. Agee attacked the agency's secret operations and named undercover agents. And Snepp criticized America's hasty and ill-conceived withdrawal from Vietnam. The

memoirs written by the two men who aren't telling reporters they're in financial distress, ex-directors Colby and Helms, were bland, flattering portrayals of the CIA.

**SUSPICIONS**

Have the killers of Sam Giancana and Johnny Roselli—two of the mobsters involved with the CIA plot in the '60s to assassinate Fidel Castro—ever been found?

Giancana was shot dead by gunmen in his Chicago home in 1975; Roselli was found dead in an oil drum floating in a Miami waterway a year later. No suspects in either death have been apprehended.

THE WASHINGTON POST  
22 February 1981

## *For the Record*

*From remarks by William Colby, former director of the CIA, to The Committee for National Security.*

If we are going to ensure our security in the future, we're going to have to start with an intelligent appraisal of the real threats and the real problems that we face in this world. Only on that basis can we design the proper strategy, design the tools and the weapons to the extent that we need them, to face those different threats. Otherwise, we frequently run the risk of designing a magnificent defense against one threat, only to leave ourselves open against many others.

I think if we analyze our threat, we have to start with the only nation in the world that can destroy us, the Soviet Union. It has the weaponry, it has the force with which to do it. But let's look at what that threat really amounts to. Is it a nuclear threat, which can only be met by our nuclear weapons? I think that we see that the Soviet Union spends enormous amounts of its gross national product to develop its military systems. This reflects their internal political dynamics, their paranoia about security and Soviet pride in being another superpower. But I think we have to examine the most effective Soviet weapon used against us in recent years, which has been unarmed, transport aircraft, full of Cubans and East Germans sent to exploit the turmoil in the Third World. We must be secure against that kind of weapon as well as the nuclear. We must devote ourselves to developing the tools, the forces and the weapons to meet the challenge of the economic and sociological differences and demagoguery that we see in much of the world. We have to transform those differences into mutual growth, friendship and peace. The tools to do this are diplomacy, trade and aid, not military force alone.

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## PENITENTIARY SUIT

ATLANTA (AP) -- FIVE PRESENT AND FORMER INMATES OF THE ATLANTA FEDERAL PENITENTIARY HAVE FILED A \$2.5 MILLION LAWSUIT AGAINST THE CIA, CLAIMING THEY SUFFERED PERMANENT DAMAGE FROM DRUG EXPERIMENTS FINANCED BY THE AGENCY ABOUT 20 YEARS AGO.

THE SUIT, FILED TUESDAY IN U.S. DISTRICT COURT HERE, ASKS \$500,000 IN DAMAGES FOR EACH OF THE FIVE PLAINTIFFS. IT NAMES CIA DIRECTOR WILLIAM CASEY, BUREAU OF PRISONS DIRECTOR NORMAN A. CARLSON AND U.S. ATTORNEY GENERAL WILLIAM FRENCH SMITH AS DEFENDANTS.

THE PLAINTIFFS CLAIM THEY WERE USED AS GUINEA PIGS IN DRUG EXPERIMENTS CONDUCTED BETWEEN 1955 AND 1961 WHILE INCARCERATED AT THE PENITENTIARY. THEY SAID THEY WERE TOLD THE PROGRAM WAS AIMED AT FINDING A CURE FOR SCHIZOPHRENIA.

THEIR SUIT SAYS THE EXPERIMENTS ACTUALLY WERE AIMED AT TESTING "THE MIND ALTERING AND DEBILITATING EFFECTS OF VARIOUS CHEMICALS UPON HUMAN SUBJECTS."

THE PLAINTIFFS CLAIM THE DRUGS GIVEN TO ABOUT 60 PRISONERS DURING THE PROGRAM WERE "DANGEROUS AND WERE LIKELY TO CAUSE DEATH OR SERIOUS MENTAL AND PHYSICAL INJURY" AND THE EXPERIMENTS WERE CONDUCTED WITH "WANTON AND RECKLESS DISREGARD FOR THE HEALTH AND SAFETY" OF THE PRISONERS.

THE SUIT CLAIMS THE FIVE HAVE SUFFERED HALLUCINATIONS, FLASHBACKS AND PARANOIA AS A RESULT OF THE EXPERIMENTS.

ADM. STANFIELD TURNER, THEN DIRECTOR OF THE CIA, REVEALED IN 1977 THAT THE TESTS WERE FUNDED BY THE AGENCY. HE TOLD TWO CONGRESSIONAL COMMITTEES THAT THE EXPERIMENTS WERE AIMED AT TESTING THE ABILITY OF DRUGS TO DISTURB MEMORY, CHANGE SEX PATTERNS AND CREATE ABERRATIONAL RESPONSES.

FILING THE SUIT WERE DON R. SCOTT, NOW AN INMATE IN A MEMPHIS, TENN., PENITENTIARY; JOHN R. MALONE, AN INMATE AT THE ATLANTA PENITENTIARY WHO ESCAPED IN DECEMBER 1980; JAMES T. KNIGHT, AN INMATE AT THE ATLANTA PRISON; SHERMAN H. DOWN, WHO NOW LIVES IN THE ATLANTA AREA; AND FERRELL W. KIRK, WHO LIVES IN NORTH GEORGIA, ACCORDING TO ATTORNEY IAN MADDOX, WHO FILED THE SUIT.

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# The Once and Future CIA America's Most Interest

By DAVID WISE

WASHINGTON—If the capital can be compared to a three-ring circus, if a great deal is going on all at once, it is also true that, sometimes, more can be learned by watching the sideshows than the center ring. The future of American intelligence activities under President Ronald Reagan is a case in point.

When a friendly Senate Select Committee on Intelligence held its hearing in January on the President's nomination of his former campaign manager, William J. Casey, to be director of Central Intelligence, the television lights bathed the ornate Senate caucus room in a white glare and the reporters and photographers almost outnumbered the spectators.

A much more modest turnout greeted Navy Vice Adm. Bobby Ray Inman, director of the super-secret National Security Agency, the nation's code-breaking arm, when he appeared quietly before the same committee on Feb. 3 as Reagan's choice for deputy director of the CIA. Unnoticed by most observers, Inman let an interesting cat out of the bag.

While being questioned by Sen. Daniel K. Inouye (D-Hawaii), Inman explained that Casey expected him as deputy to improve the quality of U.S. intelligence and the agency's estimative functions—its ability to predict future events. Inman added: "He (Casey) will concentrate to a substantial degree on the covert operations, clandestine collection sides of the business."

Those are the sides of the intelligence business, of course, that Casey learned during his World War II experience with the Office of Strategic Services (OSS). As chief of secret intelligence for OSS in Europe, Casey infiltrated agents, some by parachute, into Nazi Germany to report on targets for air attack.

That Casey would wish to concentrate on the CIA's covert operations and clandestine collection is thus not wholly surprising, but Inman's comment is nevertheless an intriguing straw in the wind. It suggests that, under the Reagan Administration, the CIA may well increase the scope and number of its covert operations.

Certainly the climate is right. Casey and Inman have taken over the helm of the CIA under a President who is firmly committed to a stronger military and intelligence establishment. For the first time in the nation's history, a former CIA director, George Bush, is vice president. And, with the Republicans in control of the Senate, the CIA now has a good friend; conservative Sen. Barry Goldwater (R-Ariz.), as chairman of the Senate committee overseeing the agency.

There is an important structural change as well. The CIA has succeeded in abolishing the Hughes-Ryan Amendment, which had required it to report on covert operations to eight committees of Congress. Under the new law, the CIA need only report to two congressional panels, the Intelligence committees of the Senate and the House. During the mid-1970s, Congress investigated and revealed the operations of the CIA and other intelligence agencies—drug testing, mail opening, cable reading, domestic spying, Comintelpro (Special Intelligence Program) operations, privatization

ping, bugging—that the CIA has sinate Fidel Castro world leaders. lengthy proposals were introduced. The intelligence which would have their powers, a publicity, President that was left of Oversight Act of

the two intelligence committees prior notice of "significant" covert operations—but allows him to explain later if he chooses not to comply. The law does require the President and the CIA to furnish "any information" on intelligence demanded by the committees, but it is a far cry from the massive "charter" legislation once envisioned.

William E. Colby, a former director of the CIA, says that covert activities—both political and paramilitary action—now account for only 3% or 4% of the CIA's budget, compared with 50% in the 1950s and 1960s. "I hope it will increase," he said, "because I think there are areas of the world where a little covert action can forestall much more serious problems later." Covert action, Colby maintains, can "avoid a situation of seeing a place descend into chaos or, alternatively, being tempted to send in the Marines."

Casey answered cautiously when the senators asked about covert operations at his confirmation hearing. Rigging elections, intervening in the internal affairs of another nation, he replied, "that kind of thing you only do in the highest interest of the country."

Just how far will the CIA be unleashed? "No one can predict whether the new oversight system is going to work," said Jerry J. Beriman, legislative counsel to the American Civil Liberties Union, one of the groups that fought and lost the battle for charter legislation. "You have Goldwater who has said there are secrets he'd rather not know—he wishes he knew less. On the House side, the Intelligence Committee is more conservative and less balanced."

It is also clear that one of Goldwater's top priorities will be passage of a bill to protect the identities of intelligence agents. Such legislation failed to pass last year, but an identities bill was reintroduced on Feb. 3 by Sen. John H. Chafee, a moderate Republican from Rhode Island, and four bills have been introduced in the House.

Pressure for such legislation has mounted as a result of several factors: the exposure of the names of dozens of agents in the book by Philip Agee, a former CIA officer, and the assassination in 1975 of Richard Welch, the agency station chief in Athens, who had several months earlier been identified as a CIA man by the magazine CounterSpy. More recently, in July, 1980, gunmen attacked the Jamaica home of N. Richard Kinsman, who had two days earlier been named as the CIA station

# Failed bank linked to

## CIA ripoffs

By JOSEPH VOLZ

Washington (News Bureau)—The mysterious disappearance of New York native Michael Hand after his Australian bank collapsed has sent shockwaves through the ranks of former CIA and military men who served in Vietnam and reportedly poured millions of dollars in illegally obtained funds into the bank.

The episode, which is major news in Australia but until now has gone unnoticed in the United States, threatens to expose a seamy side of CIA and military activities in Southeast Asia—including arms and drug trafficking, dealing on the black market and theft of U.S. funds earmarked for the war effort.

At the time of its collapse, the Nugan-Hand Bank had offices in 16 countries, including the United States. Hand, a decorated Green Beret veteran of Vietnam, signed up, as bank representatives all over Asia, military and CIA friends he had met in Vietnam. But the bank, which expanded almost overnight in 1973, folded last year shortly after Hand's Australian partner, Frank Nugan, committed suicide in Sydney, the bank's headquarters. Hand disappeared from Sydney a few weeks later and has not been seen since.

Hand was born in the Bronx in 1941. A graduate of DeWitt Clinton High School, he enlisted in the Army in May 1963 and volunteered for the Green Berets. Three years later he was a war hero, having won the Distinguished Service Medal for his courage in holding off charging Communist troops despite being twice wounded.

By 1973, through some mysterious way, high school graduate Hand—who had once passed the New York State forest ranger test—was into a new line of work: international banking.

Though it is believed he had no sizable amount of money, he and Nugan, who at the time was a wholesale produce dealer, opened their bank in Sydney, capitalizing it for \$1 million. Within months, the bank had offices all over Asia.

INEVITABLY, THE OFFICES of the Nugan-Hand Bank seemed to be located in cities where the CIA had major stations: Hong Kong, Manila, Taipei. And not only in Asia, but the Middle East (Saudi Arabia) and Europe (Britain and West Germany) as well.

Nugan-Hand became known as the "Green Beret Bank" in military circles because so many ex-Green Berets—as well as former CIA officers—

went to work for the bank. Army Gen. Edwin Black, former commander of U.S. forces in Thailand, became the Hawaiian

representative for Nugan-Hand, while George Farris, a former Green Beret buddy of Hand, worked in the bank's Washington office. Even former Central Intelligence Director William Colby, now a Washington lawyer, represented Nugan briefly in the months before Nugan committed suicide. Colby said Nugan told him he wanted to expand in the United States. The former spy chief said he had "no idea" how or why the Nugan-Hand Bank had prospered so rapidly.

When Nugan died, on Jan. 27, 1980, of what Australian police said was a "self-inflicted" bullet wound, Hand told authorities that Nugan had misappropriated large sums from the bank. It was discovered that millions were missing.

And, soon after, so was Hand.

AUSTRALIAN POLICE have a fugitive warrant out for Hand, who took key bank deposit records with him. They want him on a conspiracy charge.

In the United States, the Customs Service is conducting an investigation into the Nugan-Hand Bank's currency transactions. It is known that the FBI quietly began investigating the bank in Manila and Honolulu, but officials refuse to discuss the inquiry.

A CIA spokesman offered a terse "no comment" when asked if the agency had any connection with the bank. Nugan and Hand got their start as a business team in 1969, forming Australasian and Pacific Holding Ltd., which was described as a "tourism" company. Among the shareholders of the venture were four men who gave their business address as Air America—for years a CIA company.

Colby says he believes Nugan-Hand had no dealings with the CIA. But one former intelligence official says the CIA is particularly vulnerable to fraud by its employes—though few have ever been prosecuted—because of its lax accounting practices.

Often outside groups have been called in to mask CIA interest in a transaction and given virtual carte blanche with the government's checkbook. One example surfaced a few years ago when a CIA-owned law firm was employed to purchase planes in Europe for shipment to the Far East.

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*William E. Colby*  
**An Elite Fighting Force  
—At the Ready**

Americans now agree on the need to renew and revitalize our military forces. Improvements are in process for our strategic nuclear forces, the land, sea and air units prepared for conventional continental conflict and the Rapid Deployment Force being built for medium-scale intervention missions. But examined on the scale of which Americans will see live combat, those most likely to fight deserve first priority.

In the world President Reagan looks out on, American diplomats are threatened, terrorists of all descriptions are at large, and the conviction persists that America may become more muscular but lacks the wit or will to act effectively. Cuban, East German and other Soviet proxies proliferate in Africa, the Middle East and Central America, and ideologues such as Qaddafi, Khomeini and Castro plot to isolate the United States by subverting its allies. The contrast between the disastrous Iranian mission and successful comparable actions in recent years by Israel, Germany, Britain and France suggests that other groups will believe they can challenge American "superpower" with impunity, humble American citizens and overthrow America's allies.

Small unit elite forces and personnel will almost certainly see live action against these attacks. Even President Carter overcame his reluctance to see Americans in combat and dispatched the hostage rescue mission to Iran and an advisory team to El Salvador's internal war. President Reagan and Secretary of State Alexander Haig have announced that the United States will not react softly to terrorism.

But these forces are poorly prepared to respond. Our elite units are scattered through the military services without central command—Special Forces in the Army, SEALs in the Navy, commando units in the Air Force, recon units in the Marines, area specialists and linguists in intelligence, advisory and training units. In the Iranian mission, the Pentagon produced a force and command structure with bureaucratic deference to all the different uniforms, but at a cost to cohesion and decision. Our military's tradition of preparing for great wars causes disdain for the extra costs in leadership and resources demanded by elite forces, which must be subtracted from the mass units. Institutional distinctions between the military and civilians deprive our advisory teams of the more subtle political and psychological capabilities of the Foreign Service and our information and intelligence services.

A simple alternative is available. An elite staff must be formed, reporting to the chairman of the

Joint Chiefs of Staff, but not to the coordinating labyrinth of the component chiefs or the joint staff. This staff must organize, plan for and establish ready logistics and other support for a unit of several hundreds—volunteers from the military services and appropriate civilian agencies such as the Foreign Service and the CIA. The unit should be put in a single training area to form teams and relentlessly train and practice for hostage rescue, ship and aircraft recapture, POW release and terrorist capture, with its own organic light aircraft, helicopter and maritime capabilities.

The closest of links must be maintained with intelligence agencies so that the unit is kept currently informed of potential threats and can be dispatched the afternoon the president orders. Unit personnel should be formed into advisory teams for assignment to countries facing the challenges of terrorism, subversion and turmoil, needing fully integrated political, psychological, paramilitary and police tactics and techniques rather than conventional military advice alone. Rotation out of the unit after a three-to-five year tour should be required to keep its personnel fresh and be rewarded by choice assignments ahead of others who chose less challenging career tracks.

With the near-certainty that actions of this sort are ahead, even if our improved regular military forces deter higher orders of violence, we should ensure that the courage of the volunteers who will fight these battles is matched by the forethought of their leaders in preparing and organizing them for combat.

*The writer, who was director of the CIA from 1973 to 1976, twice parachuted behind German lines in World War II and directed multi-agency advisory teams in the Civil Operations and Rural Development Support (CORDS) mission in Vietnam from 1968 to 1971.*

## Intelligence in the 1980s

William E. Colby

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*Abstract* The 1980s will see revolutionary changes in intelligence analysis and assessment, matching the changes in collection in the past few decades. Information management will be improved by technology, analysis techniques will be refined by new disciplines, and intelligence warnings will be more pointed by improved communication modes and by providing them to a wider public. Intelligence in the information age will become a public function, not merely a secret service.

### I

The profession and discipline of "intelligence" faces a major turning point in the 1980s. If successfully navigated, these years will mark the culmination of the growth of a truly American intelligence system, as different from traditional and foreign systems as American society, culture, and government contrast with those abroad. The result can be a remarkable improvement in our nation's ability to analyze, judge, and make decisions about international affairs.

For centuries, intelligence was the small, private preserve of monarchs and generals. Governmental and military espionage ferreted out the secrets of other powers in order to provide its sponsors with advantage in their dealings. Secret agents intrigued and subverted in order to discredit an opponent or support their adversaries within his own camp. The spy was the prototype of this traditional "intelligence" discipline.

The first American change in this traditional posture was launched by William J. Donovan in World War II's Office of Strategic Services. His adventurous character certainly fitted the old tradition and he built America's first worldwide service for espionage and for secret action among guerrillas and liberation movements. But his adventurous spirit was matched by an equally intense intellectual bent. Thus, in his new intelligence organization he assembled a corps of academic experts to "centralize" all the relevant information, that was overtly available as well as that secretly obtained, to analyze it and to come to conclusions about its significance. He gave this corps full status within the organization and, indeed, praised it first in his final remarks to OSS in October 1945, ahead of his other personnel "in direct contact with the enemy."

This "central" contribution was so missed by President Truman when he disbanded OSS that he reestablished the central staff a very few months later in January 1946. While public opinion was transfixed—and continues to this day to be so—on the more adventurous aspects of intelligence, this central capability grew and became the key feature of the modern American approach to intelligence.

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The second major change from traditional intelligence occurred with the application of American technology to the collection of information. Its most dramatic early example was the U-2 aircraft, bringing photographs from the center of the Soviet Union for several years before it was shot down in 1960. This contribution has since increased geometrically through satellite photography and through the many other avenues of information collection now provided by electronics, acoustics, and a variety of other sensing techniques. Computers and related devices have provided an equal expansion of our ability to store, retrieve, and manage the resulting masses of information.

In the short space of twenty years, this technology has revolutionized the intelligence discipline. No longer does a spy have to work his way secretly to a hostile border to determine the number of divisions placed there. Technology instead allows their strength, their equipment, and their movements to be identified with precision and in detail. The spy's sporadic and momentary glimpse of military forces has been replaced by systematic and comprehensive coverage.

Outside government circles, of course, this same information explosion has taken place, through the technologies of modern communications, media dissemination, and information storage and retrieval. This has produced the so-called information age which is already dominating our lives and our economies and will be a major feature of the 1980s.

A third major American change in intelligence has not been completed. Institutionalization of American intelligence within the Constitutional framework is ending a status which was described by President Eisenhower as "divorced from the regular visible agencies of government," the unfettered tool of the Executive. This change will only be completed with the adoption by Congress of a new legislative charter for American intelligence. This is currently stalled between those who would restrict its functions to impotence in an excess of post-Vietnam and Watergate revisionism and those who would like to return to the good old days of independence and secrecy from all but the sovereign Executive.

Eventually out of the debate will come a new American consensus as to the proper role of American intelligence. It is clear that this consensus will include the requirement that American intelligence be Constitutionally accountable. It is also clear that this consensus will call for the careful use of secret techniques and agents where necessary to obtain essential information available by no other means. It will also permit intelligence secretly to assist friendly elements in other nations when their actions can make a substantial contribution to the safety of the United States, when direct U.S. military commitment is unwise, and other overt American involvement is impossible. And the new consensus must provide better protection for the secrets essential to American intelligence through criminal sanctions against those irresponsibly exposing them.

These three changes in intelligence are only dimly perceived by an American public still titillated by the romantic figure of the spy. Thoughtful students and participants understand better the new nature of intelligence, place the agent in his proper role of contributor, but not the sole actor, in intelligence today, and seek a structure of direction and control appropriate to the new character of American intelligence. But

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beyond these adjustments in old concepts, a fourth significant change in intelligence is forming, which offers an even more important opportunity for the future.

This fourth change would revolutionize intelligence thinking, to improve the quality of intelligence estimates and warning, to match the quantitative improvements already achieved in information collection and management. Essential to this challenging task is a full understanding of the real purpose of intelligence: accurate perception of the true proportions of present events and warning of likely and potential future ones. The forces and factors producing present developments must be clearly identified so that they can be dealt with sensibly; and irrelevant reactions can be rejected, however emotionally satisfying they might be. The future will never be shown precisely in an intelligence crystal ball, as the function of intelligence is to warn so that action today can ward off danger tomorrow, and make the prediction erroneous. But potential future developments must be forecast so that the "unexpected" no longer surprises. In these two areas lie the unfinished tasks of intelligence, which it must address in the 1980s.

The need for this change has been dramatized in the past two years in Iran and in Cuba. The unexpected fall of the Shah was not a collection failure. The facts leading to it were matters of common knowledge: the Shah's forced-draft modernization program, his regime's dependence on his army, police, and bureaucracy and the absence of an active political base, the bitter but marginal leftist opposition, the inchoate traditionalist opposition, and the rise in tensions over human rights and corruption. Into this volatile mix the lighted match of the Ayatollah Khomeini dropped, to produce the explosion which exiled the Shah and caused President Carter to demand a review of our techniques of political intelligence.

In Cuba, a detailed review of holdings on Cuba as a whole and the Soviet presence there revealed old references to a Soviet "brigade," and a lucky break derived from increased surveillance confirmed its existence. The positive identification of this 2,600-man unit and its forty tanks and 60 artillery pieces then produced rhetorical bombshells from all sides about the danger this inconsequential force posed to the safety of the American republic.

In both of these cases the failure lay less in the acquisition of information than in the techniques of assessing its significance. And these were not the first such shortcomings. The national estimate before the Cuban missile crisis of 1962 was that the Soviets had never, and thus would never, emplace offensive nuclear missiles outside Soviet territory. This comforting conclusion was fortunately contradicted by U-2 photographic evidence just before the missiles reached full operational status in Cuba.

The rational computation that Vietcong supplies could be amply transported over the Ho Chi Minh Trail and that there was no evidence that they were being transported through Cambodia's Sihanoukville (Kompong Som) in 1969 was contradicted after the fall of Sihanouk by the emergence of bills of lading showing the established transport routes. Projections of the future pace of Soviet strategic weapons development through the 1960s were demonstrated in retrospect by critic Albert Wohlstetter to have substantially underestimated the actual rate of development, although the specific weapons available at any one time

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were faithfully reported. The intelligence community's Watch Committee opined in October 1973 that Egypt should not, and consequently would not, launch major action over the Suez Canal, at almost the exact moment it was doing so.

These erroneous projections of future developments highlight the unfinished task of perfecting American intelligence. This litany of errors is only partial, of course. A fair account would also note the wise national estimates of the nature of the Vietnam conflict published in the Pentagon Papers; the intelligence community's meticulous and detailed reporting of Soviet strategic weaponry activity exceeding permissible behavior under SALT I so that protests produced compliance; the useful recent warnings that the Soviet Union will shift from seller to purchaser of oil in 1982; and the close attention given the Soviet preparations and preliminary movements into Afghanistan. These and many other examples can be used to show an impressive rate of success of intelligence projections, but the real requirement in this vital field must be measured by the fact that even the occasional error could have fatal effects.

### III

The first phase of this fourth change will seek to improve our management of the mass of information now collected and available to American intelligence. New intellectual procedures, electronic hardware, and a proliferation of software offer not only new ways to store and retrieve information, but also new capacities to relate not only relevant but even apparently unrelated facts.

No individual fact exists in isolation. It can only be properly interpreted in the context of many other facts relevant to it. A single soldier out of step in a parading battalion will attract the TV camera, but a judgment of the battalion's discipline and training must view the whole unit and clarify whether his failure is typical or exceptional and whether the battalion performs better on maneuver than parade. The effect of a political speech must be judged not only by what it says, but in the context of the economic, sociological, demographic, military, psychological, and cultural circumstances in which it is delivered.

The individual fact must also be judged in relation to its position in time, considering what it represents in change from the past and what it suggests about change in the future.

Clearly the information age and its technology have opened whole new vistas for these techniques of information management. With mechanized data banks and libraries, vast quantities of information can be searched for material relevant to any inquiry. The evidence from the satellite camera, the electronic intercept, and the attaché sighting can be instantaneously centralized. The obscure reference in one report can be clarified by the patterns revealed in analogous situations. We are energetically seeking to achieve automatic translation to reduce the language barriers established at the Tower of Babel, to select and highlight relevant material for sophisticated human translation, although not yet—perhaps never—reproducing poetry or eloquence translingually. The technique of "cratology"—identifying Soviet military aircraft by the shape of their crates on the decks of ships delivering them, dating from the early 1960s—can be supplemented by a number of other equally useful techniques of pattern identification. With these mechani-

cal aids, old and small details need not be forgotten or overlooked in the course of a new review by a busy analyst.

Many of these techniques are, of course, mechanical and depend upon the discipline under which the mechanical storage took place. Here there can be human fallibility or mechanical shortcoming, producing the familiar "garbage in, garbage out" criticism. Rather than impatient rejection of the potential because of this inherent frailty, intelligence must improve the discipline and the techniques so that they become reliable and helpful.

Mechanical processes will never substitute for thought, nor will machinery, no matter how complex, replace the wise man, as his judgment can handle more variables than any machine which has yet been devised. The machines may not be able to answer questions, but they can present many of which the man was not aware, and force him to carry his inquiry beyond where he might have rested. They can highlight anomalies, contrasts, and exceptions, and compel attention to why they occur. The wise intelligence officer will accept willingly the discipline of such methodical procedures, just as the wise pilot methodically proceeds through his pre-takeoff checklist despite his thousands of hours of flying experience, against the remote, devastating possibility that he omit an important step in his preparation for flight.

The second phase of the fourth change must occur in the analysis process, building from the information base the constructs of meaning and potential which they suggest. Intelligence analysis to date has tended to stress the academic discipline of careful attention to evidence and a conscientious search for a rational basis to account for, integrate, and explain in a comprehensive way the vagaries of human action. To draw a moral from past events and identify good and bad lessons for future decision making, this process has certainly been valuable. But as a basis for projection of future probabilities it has too many times been found wanting.

A new discipline specifically designed for intelligence analysis must be refined, and the process of research and development has already begun. It will step beyond academic analysis through new techniques to project future probabilities rather than explain the past. Experiments in this new discipline are by no means limited to the official intelligence community, as they also take place in information science research centers, among political risk analysts, and in the projections of the Club of Rome, the Global 2000 study, and others. Some of these experiments merely impose methodical disciplines on the careful enumeration of alternatives and measure variations in the components of the forces producing their models, from population growth to energy resources. Some call for new forms of challenge and debate within the community, from war or political-game scenarios and mock central committee meetings to a proliferation of B, C, and D panels of outside experts representing different viewpoints. Some merely impose more precise numerical accountings of periodic assessments by individual analysts, singling out those consistently better and penetrating generalities obscured beneath rich English prose. Some involve whole theories, such as Bayesian analysis, endeavoring to assess cumulative probability from a series of factors of varied weight, or gingerly experiment in the difficult terrain of artificial intelligence.

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Many of these techniques are subject to legitimate criticism as overly simplistic, mechanistic, and empirical, inadequately reflecting what are still intangible values, influences, and judgments. But these are reasons to refine and improve such techniques, not to discard them, in the search for more methodical and disciplined systems of analysis.

The new systems of analysis must recognize the importance of considering all capabilities and the desirability of economizing the response to them. But they also must recognize that specific intentions are not only difficult to ascertain but are inherently unreliable, as they can change between the time they are learned and the time they are executed. Thus analysis must seek to identify the forces and factors working to influence an adversary's decision making, to judge what these will lead him to do rather than what he would like to do or what he could do. This will extend the analysis far beyond the numerical balance of forces or economic power into the still rudimentary fields of psychological motivation, cultural influence, and social behavior.

An example of the improved perception of reality which is possible through such analytical techniques has been developed by the Overseas Development Council (ODC)—the so-called Physical Quality of Life Index. The traditional comparison of the wealth and well-being of different nations has relied upon their gross national product, and refined this to a per capita gross national product figure. However, these proved inadequate when it became clear that the per capita gross national product of a country such as Kuwait or Saudi Arabia was skewed by its oil wealth, a wealth in no way shared by the population as a whole. The social and political tensions between rich and poor in many oligarchic states were concealed by such a measurement.

To meet the need for a better tool for development planning among nations, the ODC combined three fundamental measurements of well-being of a population, life expectancy, infant mortality, and literacy, into a composite rating. These three factors were chosen to represent national and social well-being, rather than the national economic balance alone. The precision of the component figures, such as literacy, may be questioned in some underdeveloped nations, but even in their approximate form they serve the development planner better than the equally imprecise per capita GNP test.

More sophisticated intelligence analysis must also provide better consideration of the secondary effects of various optional models of change. Methodically approached, much clearer pictures of alternative trends can be gained from a spreading decision tree showing the number of choices a foreign leadership might have as the next step after an action immediately before it. Clearly, the modern information technology enables a far richer set of alternatives to be listed and considered than that which has been available to date. Such projections could reduce tendencies to focus on the most desirable probability, the immediate difficulty, or the rational choice as distinct from the emotional. Obviously, this process cannot be carried forward too far, as the variables rapidly become too numerous even for the technology, but it can be used to focus attention on the likely subsequent stages of a critical situation and whether they would be better or worse than the existing. Concern over the Shah's failings might have better weighed the possibilities of

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the problems produced by the Ayatollah Khomeini. The exercise could also be valuable in selecting the best direction for American influence in post-Park Chung Hee Korea, weighing the likely outcomes of the alternatives of multiparty political contest or a priority for discipline, against the background of North Korean policies and power.

Some changes in older analytical doctrines are already in process in the intelligence community, such as closer integration of the analytical function between the collectors and their policy-level customers. The earlier belief was that these should be separated, so that refined analytical judgment would be unsullied by collector enthusiasm or policy preference. The ivory tower isolation which resulted from that theory has been found wanting. The collectors collected what they thought was important and passed the results directly to the policy level, especially during crises when time was vital. The expert analyst was then left out of the loop, unable to add his wisdom, and such analysis as took place was done by the policy generalist. Policy officials expressed unhappiness that the analytical products did not relate to their real concerns when they did arrive from the tower. There will always be problems in the relationships among these three levels, as the collector's raw report inevitably will rocket to the policy level and the policy official fearful of leaks will keep his most sensitive (and frequently most important) information from the analyst. But the intelligence and policy communities can communicate better than under the artificial doctrine that they would contaminate each other by contact. The danger that analysts will be drawn into policy debate and sacrifice their objectivity must be faced and overcome, but not at the cost of removing them and their expertise from the policy process entirely.

The traditional organization of the analytical community itself, largely according to the disciplines of politics, economics, military strategy, and science, has caused each discipline to view the world from its special vantage point, but militated against the integration of analytical judgments according to the real—geographic—entities the policy officials must deal with. As a result, political or military policy generalists depend too much upon briefings by the respective disciplinary experts, which they then must integrate themselves. A beginning has been made toward organizing intelligence analysis according to geography, but a major restructuring of the analytical community into geographic centers, each with all the disciplines represented, is a matter of first priority as we enter the 1980s.

It is plain that this restructuring must also reflect the reality that intelligence today must expand its responsibilities to reflect the real challenges our nation faces in the world around us. No longer are these merely from threatening military forces or hostile political movements. Today they lie in such diverse fields as energy resources, trade and financial balances, sociological stresses, and cultural antagonisms. For these problems, intelligence must develop the same independent analytical center it has long provided for political and strategic matters, including in its community the specialists of the Departments of Energy, Treasury, Commerce, and Agriculture as it has those of the Army, the Navy, and the Air Force. The national intelligence analysts must make independent assessments of the fashion in which developments in these

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specialized disciplines can affect the nation as a whole, and how these problems relate to the many other problems and dangers the nation faces. Progress in this direction has been made in the CIA's reports on economic, energy, and agricultural problems, but the function must be fully understood and the appropriate relationships established with the new departmental coworkers in this larger field of intelligence analysis.

The third phase of the 1980s change must take place in the communication of the products of intelligence to its users. The recent rhetorical reaction to the identification of a Soviet brigade in Cuba bespeaks the need for a considered technique of communicating individual facts in their true proportions, lest overreaction be generated.

On the other hand, underreaction is as dangerous, and can be induced by inadequate attention to unlikely eventualities. The fall of the Shah of Iran is an example. On the basis of the relevant facts about his position in 1978 it was not unreasonable to conclude that he would probably continue in power, an assessment which would have been shared by almost any observer of the Iranian scene then. But a changed communication formula into the language of numerical probabilities could have provided a better warning of the actual and unexpected result. A 10 percent probability estimate that he would not continue would be only slightly more thought-provoking than reassuring general prose. But the communication process for the intelligence estimate might also have included a factor for the importance of the improbable development; multiplying the 10 percent to produce a warning signal forcing early attention to ensuring that the slight probability not occur.

Intelligence failures in the past have produced a variety of techniques to require adequate attention to intelligence warnings. Pearl Harbor resulted in a structured machinery which operated for three decades and concentrated on the possibility of a strategic attack upon the United States or its allies, however improbable that attack may have seemed on any one day. Reckless debate many times took place as to whether an intelligence gap occurred when leaders were surprised but intelligence officers pointed to reports that they should have read. This was replaced by alert and warning notices through which the intelligence community took responsibility for winnowing through the mass of information to call attention to dangerous possibilities, but tried to avoid self-defeating cries of "Wolf!" too frequently.

These warning procedures must be extended from the short-term alert to the equally important call for attention today to the danger years ahead, which can only be met by the early initiation of long-term countermeasures. The predictable increase in tensions from overpopulation and poverty in the Caribbean must generate the same warning as a report of an imminent terrorist plot, since the social and economic programs necessary to counter these conditions can only be effective if initiated in good time; otherwise, their damage to our society might be greater than that which a terrorist bomb could produce.

#### IV

The communication aspect of intelligence warnings and estimates raises the special problem to whom they should be communicated. If intelligence is thought of primarily in strategic and military terms, these warnings obviously primarily concern our strategic and military leaders.

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It is on this basis that the National Security Council is identified as the primary customer of the intelligence community, and that doubts arise whether it should be serving others at all. But as the dangers to our country spread beyond the military and strategic into the political, the economic, and the sociological arenas, it becomes clear that the responsible Americans who must take the steps to avert those dangers also "need to know" the intelligence warnings and estimates of future problems in those fields.

In the American Constitutional system, it is plain that this responsibility even extends beyond the national security executive departments. It certainly involves executive departments such as the Department of Energy with respect to foreign energy resources, the Department of Agriculture with respect to the world grain trade, the Department of Commerce concerned about our trade balances, and the Department of Treasury concerned over the health of the dollar.

It is also clear that the Congress under the Constitution shares responsibility for the security of the nation. Just as it has been provided with information about hostile weapons systems in order to determine the appropriate defensive forces on our side, so it must share estimates of foreign economic, social, and political developments in order to participate in the formulation of the necessary American policies to meet them.

And even Congress cannot operate without a base of public understanding and support. Thus the intelligence analysis and the factual information upon which it rests must be shared with the public as well. This of course is the current practice, as our media and political debaters discuss detailed measurements of Soviet strategic weapons, conventional armaments throughout the world, and the trends and estimates of their future growth. This must also be the practice in the 1980s with respect to the economic and social challenges that will dominate that decade: energy, trade, inflation, poverty, underdevelopment, and social turmoil. The intelligence analyses of these significant international problems must be communicated in a sober and sensible fashion so that the entire American people can understand and support the necessary programs in order to manage and solve them.

This is, of course, a challenge to the traditional concept of intelligence as a secret service which ferrets out an enemy's secret plan and shares it with a monarch so that he can win a battle. It is a reflection of the growth of American intelligence into the sophisticated center of intelligence that it has become, truly a cornucopia of information born out of the information age and its special collection devices. It now possesses the responsibility to assist the nation to survive in a world which can be as dangerous economically and socially as militarily. And it is a recognition of the fact that government intelligence agencies are supplemented by a host of other analysts in academia, business, and the fourth estate as America wrestles with its problems, with none able to assert exclusivity—or infallibility. Indeed, government might well multiply the effectiveness of its own analytical agencies by contributing to the funding of such external and private analysis, to generate independent challenges to its own conclusions.

Communication techniques for this new responsibility of intelligence must be the subject of further development and experiment. Protection of secret sources is the least of the problems involved, as this can in most

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(albeit not all) cases follow the techniques long ago worked out by journalists to disseminate their substantive information but protect their sources. Rather than insisting on including (or leaking) the source to demonstrate the credibility of the report, the intelligence agencies must build their reputations for reliability so that attribution to them warrants that their facts are based upon credible sources. This will require the intelligence agencies to develop new formats for their reports, and perhaps an agreed hierarchy of phrases to assign to sources of varying reliability, but the key will be to develop the reader's confidence that their reports are worthy of careful attention.

Factors other than source protection must also be considered when intelligence reports and assessments are made public. The reduction of an administration's tactical flexibility may be an acceptable and even desirable necessity in our Constitutional system, akin to other inhibitions on executive power. But a negative and denigrating intelligence assessment of a foreign leader or power, however true, can produce resentment and reaction against the government issuing it, as was the case with some of the Congressionally mandated human rights assessments. And some governments may accept that American intelligence is privy to matters that are kept secret, but would move to retaliate if the exposure was revealed to their own people. Some Third World nations are already murmuring that they must share control of technology, even in outer space, which could publicly reveal activities within their sovereign territories, although they are well aware of the technological capabilities of the United States today to learn of them.

These problems raised by public dissemination are not insoluble, because the key element in most of them is the attribution of such material to the American government. Similar assessments and similar knowledge appearing without official attribution do not evoke the same reaction nor subject the American government to the same formal protests and reaction. Thus the difficulty can be minimized if the governmentally acquired or produced information and assessments are not officially released. A number of potential private intermediaries exist to whom the material could be made available, who could reproduce it without official attribution. Many of these are at work today in the media, of course, but the Congress and particularly the Library of Congress are also increasingly providing this function. The academic world and various public interest groups also offer vehicles for this technique, to provide the substance of information to all those with the need to know it but to minimize its international diplomatic effects.

The dangers could arise that intelligence would be used to support policy rather than to assist in determining it, that intelligence would be inhibited against release of material raising doubts about an administration's policies, and that the process of release would become an exercise in manipulation. These difficulties can be minimized by a demonstration over time that intelligence information and assessments are dispassionate and objective, providing the basis for policy debates rather than resolving them, in the same fashion as periodic reports of the Bureau of Labor Statistics, the Federal Reserve Board, and the many other fonts of periodic information in Washington. The proof of this pudding will be in the eating.

One of the largest hurdles to such communication lies in open attribution of such material to "intelligence," with its still exciting image of intrigue and mystery rather than its reality as a center of information and

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analysis. Hopefully, the growth of intelligence in the 1980s, and of public perception of its real nature, will lessen this handicap. In the interim, the information and assessments can be released, as many now are, through the other departments in the form of posture statements, information briefings for media, and reports to the Congress, raising no eyebrows about such "intelligence" revelations. The key is to accept that the reports must be made public and then determine the best way to do so, rather than to continue the debate as to how to keep the material secret and then to see it leak.

An additional benefit can come from this new open knowledge of what was in the past classified intelligence. The information and the assessments will be subjected to independent criticism and debate from the many other quarters which can bring relevant expertise to bear. The academic experts, the political advocates, the media pundits, and even the foreign subjects will be quick to point out aspects of the assessments which appear faulty from their point of view. Such outside criticism can only raise the standards the products of the intelligence community must meet, and make them more reliable and useful.

## V

The fourth great change in intelligence in the 1980s will prove to have more extensive effects even than these substantial changes in the government's procedure for information management. It will constitute the maturation of the intelligence function from its origins as a government spy service to full growth as an intellectual discipline serving the private and public sectors alike. The intelligence discipline will assume an independent status serving all who need to collect, order and manage information, draw from it the analytical conclusions upon which action can be based, and produce comprehensive and measured assessments, warnings, and estimates of the future, against which present decisions and policies can be determined. The government's intelligence community should stimulate the development of these techniques, as intelligence was an early sponsor and stimulus to the development of satellite photography and computer hardware.

This process is already under way. Intelligence in its new dimension has become too important to be left to government. Today's proliferation of information banks and analytical centers for investment counseling, political risk assessments, and "futures" estimates are witness to the growth of the intelligence discipline outside traditional government circles. In these centers, analytical rules and tools are being developed to press beyond the services of credit centers, market research services, and public opinion pollsters into projections of future opportunities and dangers. The multiplicity of these centers will provide the incentives of competition to research, develop, and produce more useful innovations than an official bureaucracy would generate alone.

But an essential element of a successful revolution of this sort is lacking: a philosophy around which its elements can be formed and a future objective clearly described. In the absence of such a philosophy, threatening shadows of an inevitable "1984" totalitarianism will appear and the less developed nations will fear multinational domination by electronic information tentacles violating their sovereignty. Even advanced nations are concerned over the centralization into American-

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based credit and similar data banks of the most intimate details about their citizenries, resources, and cultures. These fears are producing harnesses on the new information industry, in the form of legislation controlling the outward flow of data, personal and commercial, from many nations and also lead to demands by some for control of information collected about them from any source. This race between technological capabilities and sporadic political and legal restraints will produce conflict and frustration rather than confident growth unless an adequate philosophy for the new age is developed.

In the information universe, a very few years have seen rapid movement through several stages which required centuries in the world of commodity trade. The era of acquisition or even conquest was the first, reflected in the flow of commodities as tribute to imperial centers and traditional espionage to gather information nuggets. This was followed by a "mercantile" period, in which exchange was accepted provided a net benefit accrued, in the intelligence world by doling out selected items from a classified collection in return for another nation's equally carefully released valuables. And as the volume of information available explodes because of modern technology, we might say we are in an era of "free trade" in information. This can be seen to provide mutual rather than only one-sided benefits, as in the confidence gained by both Israelis and Egyptians from Sinai Desert sensors ensuring against surprise attack.

The need today is for a philosophy for the larger discipline of intelligence, private as well as governmental. It must recognize the end of the simple acquisitive stage of intelligence, and of the narrow mercantile insistence on one-sided net benefit in exchanges. It must insist on the recognition of mutual benefit from the free flow and exchange of information, in the fashion that the SALT agreements recognize that both sides can benefit from pledges against concealment and interference with the other's national technical means of verification. It must resist retrograde calls for a "balanced flow of information" as a camouflaged demand to control the information flow and manipulate appearance rather than expand true knowledge and understanding.

This philosophy must also recognize the need for reasonable controls over the information process, as the world has accepted similar ones over the trading process. The free flow of information cannot be used to justify potentially abusive collections of personal information any more than free contract can be used to justify the employment of child labor. Responsible authority must be given the task to protect against information abuse as trade authorities protect against trade restraints.

The lesson of the commodity trade example is that each restraint must have clear justification and that the guiding philosophy must be one of freedom. Some philosophies and even nations have turned instead to doctrinaire philosophies of control of their production of commodities. But the success of the relatively free economies compared with the failures of the controlled societies suggests that the path of freedom offers greater successes as well as satisfactions. The same result can be anticipated from a responsible philosophy of freedom as we face the problems of the information age and the use of our "intelligence"—in the best sense of the word—in the 1980s.