



Deputy Director for Administration

20 MARCH 1989

RAE:

YOUR CALENDAR THIS DATE IS AS FOLLOWS:

0800 - DDCI

1430 - DEPART HQS FOR C OF C

1500 - ADDRESS MIDCAREER COURSE
1700

OPTIONS REGARDING THE ATTACHED LETTER

() #1 DO YOU WISH TO DRIVE YOUR CAR
TO C OF C AND THEN HOME

WILL PICK YOU UP FROM HOME STAT
AND TAKE YOU TO STAT

() #2 _____

() #3 I WILL NOT BE ABLE TO ATTEND.

STAT

DD/A Registry
89-0491X

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ERNEST R. MAY
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March 13, 1989

Mr. Rae M. Huffstutler
Deputy Director for Administration
Central Intelligence Agency
Washington, DC 20505

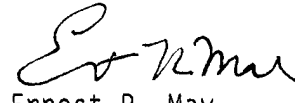
Dear Mr. Huffstutler:

There will be a dinner meeting of the Steering Committee of the Intelligence Assessment and Policy Project on Wednesday evening, April 5, and I would like very much to have you join us that evening for the dinner and discussion of the research efforts of the Project.

Judge Webster and Dean Graham Allison of the Kennedy School of Government will talk briefly about the Project, which, as you may know, is a joint Central Intelligence Agency-Harvard University effort. I am planning to follow up with a description of progress in our research, case writing, and the seminars for intelligence analysts and will ask the Committee members for suggestions of new avenues of research. I would welcome your participation in this discussion and am enclosing copies of our two progress reports and a list of the current Steering Committee members.

The dinner meeting will be held at Dacor Bacon House, 1801 F Street, NW, at 6:30 p.m. I hope that you will be free that evening and look forward to seeing you. Would you please ask a member of your staff to call Nancy Huntington at (617) 495-1142 to let us know if you will be able to join us.

Sincerely yours,


Ernest R. May

Enclosures

DD/A REGISTRY
Pub-5-1

8/3/88

INTELLIGENCE ASSESSMENT AND POLICY: Progress Report

This report is divided into two parts: the first sets out where we stand with respect to cases in progress and other activities; the second then steps back to revisit how we now think about the task, what categories we now find useful. Needless to say, all this remains preliminary; the rough edges are, we trust, apparent, and thus serve as goads to do better.

This report does not discuss the three-week-long executive seminars we have held so far in Cambridge; the fourth session is set for Dec. 4-10 of this year. Nor does it treat in any detail the three sessions of the working group we have run in Washington. Participants in the executive seminars can speak for themselves (and have); we have learned a lot from those seminars and think the participants have as well.

The working group sessions -- one to inaugurate the program, and one each around cases on the fall of the Shah of Iran and the departure of Marcos in the Philippines -- have been exactly as we hoped: a chance to use the case, in the presence of intelligence officers, policy people and outsiders, to address the more general question of how intelligence relates, or does not, to policy. Several ideas for cases have emerged from these sessions.

I. Cases in Progress

a) Fall of the Shah of Iran. Here the problem was double: intelligence officers and policy officials shared mind-sets that made it hard for both to imagine the Shah could be in trouble -- and from mullahs to boot! -- and even had intelligence been better, there is little reason to believe that busy, distracted policy-makers would have paid attention to "bad news" in time. The case is being revised on the basis of the first working group session. (Treverton)

b) Fall of Marcos in the Philippines. This case, so far a success, provides a sequel to Iran. It describes the change in United States policy from full support for Marcos to his helicopter flight from Manila in February 1986. It discusses key intelligence judgments at various points, and it focuses on the pattern of policy-making, particularly including the role of Congress and the media, very different from Iran. A draft is now circulating for comment after the second working group session. (Kline)

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c) Soviet Gas Pipeline. This rich story, now being drafted, looks at the role of intelligence at three junctures: the imposition of the original embargo in the wake of martial law in Poland, the decision to extend that embargo in June 1982, and, more briefly, at the process leading to its rescission. It will be ready in draft by autumn. (Treverton, with Goodman)

d) The Toshiba Affair. This case was suggested in one working group session. It describes a sequence of, first, intelligence without a market and, then, a non-traditional consumer using intelligence in new ways. When the CIA acquired evidence that Toshiba and a Norwegian associate were violating COCOM rules, it first had difficulty persuading the Executive to take the evidence seriously. However, once that evidence began to seep into public -- from the edges of a COCOM meeting and through Congressional involvement -- a major ruckus ensued. This, too, will be ready by autumn. (Treverton, with Warrock)

e) Germany - 1940. The first case concerns Germany, where military intelligence analysts seem to have contributed significantly to the politico-military assessment underpinning the German offensive of 1940. In 1939, when Hitler ordered an attack against France, German generals were aghast. They judged their military forces inferior to those of the Western allies not only in numbers but in training and in quality of equipment. (Except with regard to tactical aviation, this was an accurate judgment.) Unable to change Hitler's mind, they bought delay during the autumn and winter on the pretext of bad weather. Meanwhile, they racked their minds for possible ways of making the venture something other than suicidal. By the spring of 1940 they had settled on the so-called "Manstein Plan," calling for a fast armor-led attack through the forests of the Ardennes. If successful, forward French and British units in the low countries would be cut off from reserves and resupply. Crucial to adoption of this plan were several assumptions which seem to have been contributed or at least endorsed by professional intelligence officers in the Army General Staff -- for example, that the French high command would suppose the Ardennes impenetrable and would leave it lightly defended; that the routines of the French government and army were such as to make difficult any rapid revisions of planned operations; and that personal relationships among French leaders, together with weaknesses in physical communications systems, would complicate decision-making in face of surprise. These were not only something other than technical military judgments of enemy capabilities; they exemplify a rare type of analytic judgment about another government's habits of mind and processes of decision. We hope to be able to identify conditions other than those peculiar to the particular period and regime that would explain how the intelligence analysts came so clearly to understand and respond to the needs of planners and decision makers.

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f) France - 1940. The second, related case concerns France. There, the Army's deuxieme bureau was the chief national intelligence agency, virtually monopolizing all collection and analysis. Postwar testimony and memoir literature indicates that French intelligence officers acquired accurate information about German planning and reported to their superiors both the character of "the Manstein Plan" and the probable date of the German attack. Their warnings were not heeded. We are currently trying to locate documentary evidence in order to determine how well it bears out the intelligence officers' claims to prescience. (We suspect that they hedged their estimates rather more than they remembered in retrospect.) We hope, in the end, to be able to generalize about why assessment worked less well in France than in Germany, even though the French had the benefit of a much freer political system and a much more efficient intelligence organization.

g) Britain - 1940. The third case concerns Britain after the fall of France. Churchill replaced Chamberlain. He committed Britain to continuing the war, "if need be, alone." He did so on the basis of assessments, most of which were implausible at the time and many of which were quite wrong. He assumed that the United States would come into the war. In fact, he predicted that Roosevelt would declare war in June 1940! He assumed that the German economy had been strained to the utmost by the campaign against France. (In fact, Germany was not even to be fully mobilized until 1943.) He assumed further that Germany could be defeated by strategic bombing. The question we hope to answer concerns the role of intelligence analysis in this set of assessments. Did analysts recognize Churchill's presumptions? Did they share them? Did they have doubts but decide to be quiet? How did Britain in the summer of 1940 resemble -- and not resemble -- other countries where policy decisions were based on presumptions that objective analysts might have challenged as wishful illusions -- Russia and Japan in 1941, for example?

h) Middle East Wars, 1967, 1973. We have been working on this sequence for much of the last year. The idea is to assemble the evidence about the role of intelligence that is available on the public record and, in particular, to look at the contrast between the two wars. Then, we plan to hold a day-long working group sessions to test the case and ideas derived from it against participants and others with relevant interest and experience. (Treverton, with Whitaker)

i) Lebanon, 1982-3. This case, to be done in draft by mid-August, comes out of another Lebanon case done at the School for another, though related purpose. To sharpen the discussion of the role of intelligence, this case will focus on one celebrated estimate and ask why, despite such agreement within the intelligence community, the estimate had so little impact without that community. (Treverton, with D. Kennedy)

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j) Vietnam, 1965. We are currently investigating U.S. decision-making concerning Vietnam in the spring of 1965. During that period, President Johnson seems to have acted on erroneous assessments. In particular, he seems to have assumed that, if he combined deliberately controlled military pressures with conditional promises of large-scale development aid, he could induce North Vietnam to change its basic policies. The then DCI, John McCone, challenged this assessment, but to no effect. McCone was replaced. By reviewing in close detail the exchanges between the intelligence community on one hand and the President and his advisers on the other, we hope to be able at least to raise sensible questions about whether and how the assessment process might have produced other outcomes.

II. Other Activities and Products

For discussion purposes, here are a set of other cases, products and ideas that have developed in the Project. Work in most instances is not yet underway. These strike us as interesting dimensions to pursue in the fall.

-- Discussion paper on Congressional relationships and the intelligence community, which might serve as the basis for a half-day seminar in Cambridge. One specific piece will be interviews to spell out exactly how intelligence flows to Congress. (Treverton and Kline)

-- A case on the Soviet SS-9 and the ABM negotiations of 1970-71. This would focus on the role of Melvin Laird and, in particular, the part played by intelligence assessments as picked up by the media. (May)

-- A case on one of the economic "shocks" in U.S.-Japanese relations after 1971. We are now collecting case materials. (Neustadt)

-- A Grenada case, based on one already done at the School. There are intriguing questions about the relationships among policy officials, defense planners and intelligence analysts before and during the intervention. (Treverton)

-- A Panama case, as a part of the Iran-Philippines series. This is tempting but the time is not yet; we are collecting materials. (Treverton)

-- A series of looks at the role(s) of the DCI, something that has come up in each executive seminar. William Casey's role in the Iran-Contra affair is the most recent, notable case, but other episodes across several DCIs might be instructive: Dulles and the missile gap; McCone and the Cuban missile crises; McCone's "firing" over Vietnam; Helms and Chile; Helms and Vietnam; Colby and the Congressional committees; and so on.

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-- A case note (or notes) on the role of particular institutional arrangements. One example might look at the role of national intelligence officers; in theory the NIO is supposed to bridge between analysts and policy makers. In fact, competitive pressures among analysts and NIO's abound, roles are less well defined and interaction with the policy community can often leave much to be desired.

-- We are also planning to launch an informal faculty seminar at Harvard to extend the circle of those who might critique and contribute to our work. We expect to meet together 4-6 times over the coming academic year.

-- Finally, we are planning two additional working group meetings in Washington for the fall. One will likely focus on the Soviet Pipeline case in late October, the second may be devoted to discussion about the Mid-East cases or Toshiba.

III. Analytic Approach

In hope of learning how this interactive relationship might be made more efficient and effective, we are analyzing a variety of cases in which assessment played, or should have played, an important role in policy decisions.

The cases have been chosen on the basis of potential for helping to answer the question, "What makes for assessments that are better than usual?" Partly for sound logical reasons but also because the existing literature consists so largely of post-mortems on supposed failures, some cases answer better the question, "What makes for assessments that are worse than usual?" (The key test, we should emphasize, is not whether the policy was a success or failure. It is whether, in retrospect, the experts' analysis of the other government seems to have been communicated to and understood by the decision makers. The fall of Marcos may or may not be a policy success. Only time will tell. It is surely an assessment success, for American decision makers appear to have had a clear understanding of the probable effects of their alternative choices. The fall of the Shah was even more surely an assessment failure, for the reverse seems to have been true.)

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We started with a hypothesis that, in analyzing cases, it would be useful to make two distinctions. The first concerned the character of the foreign government. Was it, from the standpoint of the decision makers, familiar or unfamiliar -- like Britain or like Japan? Was it friend or foe -- Israel or Iran? The second set of distinctions concerned the analysts' produce and the decision-makers' situation. Was the analysts' news likely to be unwelcome or too welcome -- challenging existing policy or reinforcing it? Were there decision makers working the problem the analysts perceived? Or did the decision makers perceive problems that the analysts had not worked?

As our research progressed and especially as we had opportunity to discuss cases with experienced analysts and with current and former decision makers, we came increasingly to focus on an alternative hypothesis, namely that the crucial variable may not be the situation, either abroad or at home, but may instead be the degree of mutual understanding between analysts and decision makers.

In cases already under investigation and in new cases suggested by this hypothesis, we are seeking to understand what accounted for differences in analyst-decision maker relationships. How much was due to individual chemistry probably not to be replicated? How much was due to characteristics of particular analysts or decision makers which, if well understood, could be reproduced or at least identified in others? How much was due to differences in process or structure? We hope, in the end, to be able to suggest questions, routines, procedures, perhaps even organizational arrangements with some promise of increasing the frequency of assessment successes. First, however, we must concentrate on understanding accurately the specifics of the cases from which generalizations will be drawn.

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January 7, 1989

INTELLIGENCE ASSESSEMENT AND POLICY: Progress Report

This report updates the Progress Report of August 3, 1988.

Week-Long Executive Seminar

This is, on the whole, going well and well received. We might nudge it in several directions:

1. The Group exercises seem to have run out of steam in their current form, disappointing both participants and us, and suggesting that the participants need more wherewithal to enlighten their own experience. We might, for instance, pass out Ernest's models, then have one session with them alone, a second with each of us meeting with the smaller groups.

2. This year's second exercise got off to a bad start with their fighting it--a tactical blunder--and never quite recovered. We could try something else next time, or perhaps drop the exercise in favor of more time for more cases/discussions--Congress could use another session; ditto Lebanon.

Washington Seminar

We will hold a steering group session, in late February or March. This will be a chance for us to report on where we stand, let some new players hear what we're about and get suggestions for what we might do.

The next working session, later in the spring, will use the Toshiba case.

Harvard Faculty Seminars

To backstop the Project, in addition to the Washington seminars, we started in November a series of Cambridge-based faculty seminars on cases or issues. The first of those, in an expanded form, dealt with the role of Congress in intelligence, with Messrs. Helgerson, Holmes, Tenet and Latimer joining us from Washington. We will hold smaller meetings periodically around cases and other emerging products.

In addition, this spring we will run, in conjunction with Marvin Kalb's Center on Press, Politics and Policy, a day-long session on Intelligence and the Press. The idea for this first session is to bring a half dozen reporters together with a similar number of intelligence officials in an off-the-record meeting about the issues raised in the intersection of their two worlds. Later, and depending on how this session goes, we might think of a more public event--a discussion at the School's forum for instance.

Cases and Other Products

This will not repeat the notes in our August memo. Here is an update:

Germany, 1940.

France, 1940.

Britain, 1940. For this trio of cases, for which drafts already exist, our primary current activity is collecting archival material in Europe. The results--for instance, full drafts of intelligence appraisals of which we had only snippets--are fascinating if not always encouraging: it turns out that German analysts were willing to imagine the risky attack on France in part because France was a democracy, hence likely to be slow to react! (May)

Fall of the Shah. This is complete in a draft that can be circulated and taught. Like other cases, it is subject to continuous revision, particularly in light of last spring's Washington seminar meeting around it. (Treverton)

Fall of Marcos. This has gone through several drafts, was discussed at a Washington meeting and has been taught. Bill Kline is working on an addendum, focusing on intelligence still more specifically and at least posing the question whether the actions of government elements with operational stakes, including intelligence, played a part in the case. (Kline)

Embargoing the Soviet Gas Pipeline. A rough draft of this was the center of Washington seminar in November and was used in the December executive seminar. Suitably revised, it has the advantage of containing plenty of tracks of intelligence analysis, yet those tracks seemed to march across or fail to dent the pattern of policy-making: therein the issues. (Treverton)

Taking Toshiba Public. In this case, essentially done, CIA analysis first finds no market, then finds perhaps a too-eager market in the Congress, then becomes public. The story provides a sharp example of the tensions involved for analysts in seeking markets and trafficking with Congress, still more so with the press. This sequence of cases lets us examine the role of Congress as a consumer--absent in Iran and pipeline, perhaps central in the Philippines, surely so in Toshiba. (Treverton, with Warrock)

Intelligence and Lebanon. This case, a supplement to a previously-done case on U.S. policy in Lebanon, 1982-3, takes up specifically the role of intelligence. It uses, slightly artificially, a SNIE as the focus, but it thus provides the vehicle for asking why an intelligence community that was so united and so "right" could have had so little apparent influence. (Treverton, with Kennedy)

INF. The current draft of this case, nearly complete, takes the story from the "zero option" of November 1981 through the ratification of the treaty. It may need to be compressed or focused, but the bottom line is vivid for our purposes: technical intelligence, though debated, was generally on the mark, but political estimates, stuck in an older mind-set, were very slow to recognize how venturesome Gorbachev might be. (Kline)

SS-9 and ABM. In March 1969 Secretary of Defense Melvin Laird testified in public to Congress that the Soviet SS-9 was MIRVed and thus a first-strike threat that justified American construction of an anti-ballistic missile (ABM) system. That cast the CIA and Director Helms in two dilemmas: how hard to press his analysts' dissent from Laird's view, especially given that other senior officials wanted ABM for their own reasons--Henry Kissinger as a bargaining chip, for example; and what to do when the CIA dissent became public, in a June New York Times article. The case is being researched. (May, with Lundberg)

U.S.-Japan Textiles, 1969-70. Mindful of the need for Japanese cases in our portfolio, we have explored a number, provisionally settling on this one. Its defect in distance in time, to a U.S.-Japan relationship that Washington dominated (and probably misunderstood) much more than now. Its advantages are previous work done on it, enough distance not to be too sensitive, plus interesting connections to policy (the possible link to Okinawa through Nixon, for example). This is next on our agenda. (Neustadt, with Lundberg)

The Carter Administration and Korea. Early in its tenure, the Administration determined that it could safely draw down U.S. ground forces in Korea, not changing the American commitment to the South but shifting to it more of the burden of its defense. Then, however, new intelligence appreciations indicated a North Korean build-up, and after a storm of criticism, the Administration dropped its plans. This case, which has come up several times in seminars, will give us the chance to look at the apparently direct effect of new information on policy, and it will afford an interesting comparison with 1950. (May)

Several other cases remain on the back-burner as starts to be worked on if and as we have researchers to work on them and time to supervise: for instance, starts on both the 1967 and 1973 Middle East wars, and on the London and Bonn "economic" summits of 1977 and 1978.

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We are also seeking to gather insights into usable forms. One will be teaching materials, such as Ernest's draft model. Another is a topical case note; both Kline and Treverton have been working on the relationship between Congress and intelligence, using cases to give life to propositions suggested by interviews. Next candidates for similar combinations of interviewing and examining cases are the role of the DCI or of NIOs as different potential bridges between the worlds of intelligence and policy.

Analytic Approaches

As we have moved through seminars and cases, we have come to focus more directly on the nature of the relationship between intelligence analysts and decision makers. In looking at past cases of success or failure--where "success" is defined in terms of assessment, not policy: did decision-makers get and understand a clear picture of the probable effects of their actions on other governments?--we seek for what might be replicated in process, approach or organization.

The most striking change is the role of Congress, as both a decision-maker in its own right and an influence of intelligence's connection to its ostensible masters in the executive branch. And so we have sought cases to display that role. A number of analytic categories are relevant to understanding the intelligence-decision relationship. Two, our recent focus, are inherent:

--the cycle of issues. Are there points at which what decision-makers want is what analysts are prepared to provide? We see many examples when that is not the case. What makes for those in which it is?

--decision-makers vs. analysts. This difference comes up all the time: it is partly psychological, partly a matter of stakes, partly operational. Decision-makers come to Washington to signify in a short period; theirs is an oral culture dominated by the need to act. Analysts contract in almost every way. So, what does it mean to encourage analysts to be entrepreneurs? What changes when the decision-makers are "ideologues"?

Two other categories were our original focus:

--the nature of the foreign government being assessed. Does the task differ, in somewhat predictable ways, depending on whether the foreign government is friend or enemy, familiar or strange? Certainly the task of estimating does. But this dimension seems less important in the intelligence-policy relationship than we thought.

--intelligence product in relation to decision-maker situation. Was intelligence unwelcome or too welcome--because it cut across existing policy or reinforced it? Were analysts and decision-makers working on the same problem?

At least three other categories may also be illuminating.

--the nature of the issue. Analysts often report that it is easier to get decision-makers to pay attention to technical analysis than political: decision-makers deem themselves expert in the latter.

--institutional perspectives. The intelligence-policy connection looks different from different institutions. Certainly, INR's task is different than CIA's. But analysts in executive seminars have begun to convey a richer sense of organizational stakes within intelligence as well. Those of clandestine operators are obvious if not always apparent: witness the Philippines. But that ostensibly "analytic" units can have "operational" stakes seem evident especially in arms control.

--the cycle of administrations. The connection seems likely to change, perhaps in predictable ways, across the life of an administration. Decision-makers come to know (or dismiss) intelligence; people may move more forth from intelligence to policy than back; and so on.

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Intelligence Assessment and Policy Project
Steering Committee

February 28, 1989

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Judge William H. Webster, Director of Central Intelligence

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