



## POTOMAC INSTITUTE FOR POLICY STUDIES

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July 26, 2004

Dr. Condoleezza Rice  
National Security Advisor  
The White House  
1600 Pennsylvania Avenue, NW  
Washington, DC 20500

Dear Dr. Rice,

Since the end of the Cold War, over fifteen years ago, thirteen major commissions and study groups have recommended restructuring of the Intelligence Community. Many of these critical reports warned that failure to address the Intelligence Community's shortcomings would eventually result in massive intelligence failure and surprise. On September 11, 2001 we, as a Nation, were surprised. The release of the 9-11 Commission Report reminds us that only a restructuring of the Intelligence Community will reduce the potential of being surprised again.

As it became clear that the Nation must finally address this glaring issue, the Potomac Institute for Policy Studies initiated a "Revolution in Intelligence" Seminar Series to identify the necessary changes needed to fix our Intelligence Community. Unlike prior efforts, this seminar series sought the vast experience of retired and active senior members of the Intelligence Community. Who knows better the issues surrounding the IC than those who have served and who, often in the retrospect of retirement, have studied what the Community does well and what it has failed to do. As evidenced by the attached participants list, this seminar series benefited from the wisdom of more than five dozen of the most knowledgeable, experienced, and respected leaders of our Intelligence service.

These individuals met at the Institute for several sessions from April to July 2004. Their overarching thoughts are summarized in the following paragraphs, however, the reader is advised to review the transcripts from these seminars to more fully appreciate the depth of each participant's views.

- While restructuring the IC at the national level, and creating a Director of National Intelligence, may be necessary, it is far from sufficient. If the country is to adequately address the need for an intelligence capability that warns of threats like Al Qaeda we must address fundamental structure, management, and process problems at levels far below the cabinet level.
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- Restructuring the IC must carefully take into account what currently works very well in the IC and take steps to preserve and enhance it. The IC was created after WWII to prevent another Pearl Harbor. One can argue that it does this very well. No nation on earth can build an army or navy and bring it against us in surprise as was done in WWII without the IC providing positive warning.

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This type of threat remains (China, Russia, etc.) and we must therefore be very careful that we don't destroy our ability to monitor and warn of these threats while we build a new capability that is designed to prevent another 9-11. We should be looking at supplemental capabilities as much as we look at transformation.

- The well-documented problems of non-standard infrastructure, lack of data sharing, relative autonomy of the various agencies, and lack of central control of resources are critical and underlie all of the IC's failures in the past decade. If these issues are not addressed up front, any other changes will have little effect.
- Similarly, if we fail to closely couple and include domestic intelligence in any attempt at IC reform, we will be perpetuating a fundamental flaw in our government's structure that will guarantee future failure.
- The IC's analytic effort is seriously understaffed, under funded, inwardly focused, not challenged and questioned by policy makers\*, and lacking a management structure and process that encourages creative thought. This area needs aggressive and focused restructuring and oversight.
- Human intelligence (HUMINT) has always been and will continue to be the most scarce and most valuable source of intelligence on our greatest threats. The causes of the failures in HUMINT from the last couple of decades will not be fixed by increased budgets and time, as has been advocated by the current leadership. Only restructuring the approach to HUMINT and its practice will address its current shortcomings. Particularly troubling is the fact that HUMINT is practiced by the CIA today primarily through recruitment of foreign agents vice the time honored (since Cain and Abel) practice of putting your own people in harm's way.
- Finally, the President and Congress must take steps to end the concept of intelligence and information ownership that underlies most of the battles over structure today. Department, oversight committees, and even agency level desire to own and control vital intelligence and information leads to the hoarding of that valuable commodity and is the real reason that the "dots" are often not connected. Only intelligence that is shared and used to warn or empower action is valuable. Intelligence that is held back, for any reason including security or protection of sources, will only be useful in documenting why we once again failed to warn of impending attack.

More in depth comments and supporting examples are contained in the enclosed transcripts and summaries from the seminars. I invite you to review them and reach out directly to the participants from these sessions (see enclosed attendance list).

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The Potomac Institute for Policy Studies will continue to host these sessions over the next several months, in an effort to inform the restructuring process. The participants of the "Revolution in Intelligence" Seminar Series, the Potomac Institute for Policy Studies, and I stand ready to assist in any way we can.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink that reads "Michael S. Swetnam". The signature is written in a cursive, flowing style.

Michael S. Swetnam  
CEO & Chairman

\* Much is made of senior administration officials meeting with and questioning intelligence analysts and reporters. Only hard questioning and a cynical consumer will encourage and incentivize intelligence producers to "get it right". Political molding or misuse of intelligence is something that happens after the intelligence is delivered to the policy maker, not before. We should encourage hard questioning and build processes that force the analyst to prove to the greatest extent possible the validity of his conclusions. Criticism that senior officials who met and questioned IC analysts attempted to politicize the analysis reflects a misunderstanding of both the analytical process and the very real process of politicization of intelligence

Enclosure: "Revolution in Intelligence" Seminar Series participant's list, synopsis of three seminars, and compact discs with first draft of transcripts.