

Do we need another Czar?

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The joint congressional intelligence committee investigating the September 11 attacks has recommended the creation of a cabinet level intelligence position, commonly called the “intelligence Czar.” (Does it bother anyone else that new positions like this are commonly called “Czar” after the royalty of pre-revolution Russia?). What I find most fascinating about this is how people who don’t know any history just do the same things over and over again.

On December 7th, 1941, the United States was attacked by Japan at Pearl Harbor and other bases around the Pacific. This is perhaps the greatest intelligence failure of U.S. History, and certainly ranks as one of the greatest intelligence failures in world history. If one looks at “intelligence” failures throughout history, one finds that they generally are cases where a new type of warfare or weapon was not discovered until too late. The attack at Pearl Harbor is an excellent example: prior to that, no major (or really even minor) attack by naval aircraft had ever been undertaken. Generally, the large navies of the world (U.S. and Great Britain, also Germany and France) used naval aircraft only in a reconnaissance role. Japan, however, realized the incredible striking power of naval aircraft: they could put ordinance on target at distances 5 to 10 times the range of even the largest naval guns mounted on Battleships. Perhaps more importantly, they could do so with incredible surprise and swiftness. This new form of attack was largely unanticipated (Billy Mitchell being a notable exception) by the Military.

In the wake of Pearl Harbor and the Second World War, the U.S. government sought to improve the coordination of its military and intelligence agencies. The 1947 National Security Act created the National Security Council and the Central Intelligence Agency. Indeed in Section 2 of the act congresses states its intentions “to provide a comprehensive program for the future security of the United States” through “integrated policies and procedures for the departments, agencies, and functions of the Government relating to the national security.” The act created the position of Director of Central Intelligence who shall “serve as head of the United States intelligence community” (1947, National Security Act, Section 102(a)1). Note that the Act itself defines the intelligence community as including the CIA, NSA, DIA, National Reconnaissance Office, offices in the Department of Defense, intelligence elements of the Army, Navy, Marines, FBI, Treasury, Energy and Coast Guard, Department of State, Department of Homeland Security, and “such other elements of any other department or agency as may be designated by the President, or designated jointly by the Director of Central Intelligence and the head of the department or agency concerned, as an element of the intelligence community.” (1947, NSA, Section 3,4,A-K). It further charges that the director “shall be responsible for providing national intelligence” (1947, NSA, Section 103(a)1). The act also defines “national intelligence” to include “information relating to the capabilities, intentions, or activities of foreign governments or elements thereof, foreign organizations, or foreign persons, or international terrorist activities” (1947, NSA, Section 3,2). In simple terms, the 1947 act creates the position of director of central intelligence who is charged with the responsibility of coordinating intelligence

throughout the intelligence community. The director is further charged with disseminating that information to the intelligence community, the President and Congress.

Note how similar the situation of the Attack on Pearl Harbor is to the September 11th attacks. In both cases the attack caught the country by surprise. In both cases the attack “changed the world” or least our perception of it and the U.S. involvement in the world (prior to 1941 we felt safe behind the moats of the Atlantic and Pacific and the country was largely isolationist; prior to 2001 there had been few terrorist attacks on U.S. soil and only 1 by foreign nationals and so we saw terrorism as a problem for the rest of the world). In both cases there was a body of intelligence that – at least ex post – points to the attacks. In both cases, though, the attack was something entirely new, and largely unanticipated. It is so easy to fault intelligence agencies after the fact. After you know what to look for it’s easy to point to certain pieces of information as important or crucial. Intelligence work, though, is much like putting together a jigsaw puzzle that you purchase at a garage sale in a baggie (with no original box, or a damaged box): you’re not sure what the final picture really is and you’re not sure you have all the pieces. It’s very difficult for intelligence analysts to anticipate a new form of attack: they don’t know what the signs are because they’ve never seen it before.

The reaction to any intelligence failure is always there must be something broken and we need to fix it. Lately the reaction of our government to this kind of situation is to create new and more government bureaucracy – like an intelligence Czar. In this case, we already have that apparatus. The 1947 National Security Act clearly created a single director whose job it is to coordinate all intelligence. If that agency has failed in its role as coordinator, is not due to a lack of a central organization. As with Pearl Harbor, the real failure is one that largely cannot be prevented: it is nearly impossible to predict every single thing another person or organization will do.

The problem of predicting the actions of individual agents is a problem faced by economists every day. Economists try to understand the decisions made by individuals and organizations. We employ very sophisticated mathematical and statistical models, we have access to incredibly rich data, and frankly we are pretty smart people. But, we are often wrong. Economists are pretty good at predicting the “average.” But we often don’t even try to predict the “extremes.” The intelligence community doesn’t even have the rich data economists have. And their main task is not only to predict the average, but especially to predict the extremes. I’m not saying that the intelligence community is doomed to failure. In fact they do a pretty great job. Their role in the Cuban Missile Crisis (from initial discovery to the prediction that the Soviets would back down to a tough stance) is a great example.

There is one problem with both economic forecasts and intelligence forecasts: they are often colored by the forecaster’s (interpreter’s) predispositions. In 1941, there were few who could foresee the incredible striking power of naval aviation. Similarly in 2001 there were few who expected terrorists to use airplanes as missiles against military, civilian and governmental targets. This problem is further exacerbated when the

intelligence passes through multiple filters. Admiral Kimmel (in his memoirs), Commander of the Pacific Fleet in December of 1941, noted that he was never informed that there was intelligence suggesting a direct attack on Pearl Harbor. This was largely due to the fact that the filters the intelligence passed through didn't believe that to be a likely possibility, so they saw no need to warn him. We know that the President and members of the NSA and CIA had some information that the September 11 attacks were coming, but they didn't expect the form of the attack and so did not warn the air force or air traffic controllers or airport security to prepare. I'm not sure anyone would have imagined the September 11 attacks on September 10th.

Economists can tell you how hard it is to coordinate large numbers of people. Planned economies seldom succeed. While theoretically it is quite possible to achieve optimal outcomes in an economy through a "central planner," we know in practice that this can be difficult to achieve (just ask any first year Ph.D. student about solving the central planners problem – and they only consider simple cases!). The same is going to be true in large government organizations: optimal coordination is difficult if not impossible.

The creation of an "intelligence Czar" is not a new solution. Indeed such a position already exists and has since 1947. There is little hope that centralized planning will really improve the situation because the problem is not simply a lack of coordination but a basic prediction problem. It may actually make coordination more difficult and it certainly will add another layer between the collectors of intelligence and the consumers. This additional layer may actually add to misinterpretation and lack of communication of important facts. The creation of an Intelligence Czar is wholly unwarranted.