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"Intelligence Reform and Integration Since 9/11"

Featuring David Shedd, Deputy Director of the Defense Intelligence Agency

Prepared remarks

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I thought I'd have a conversation with you today on what I view as the history over the last 10 years on intelligence reform—where we are and where I believe we still need to go.

When I think of a nearly 30-year career in the arena of intelligence, I can tell you I am struck by the difference in content and tone in what I was hearing in the early to mid-1990s.

There was something called the “peace dividend,” if you will recall that. I see smiles on some faces out there because you do recall it. That was one of the big lies of that decade. It led to a decrement of capabilities, personnel resource-wise as well as in technical capabilities and so forth—all in the area of intelligence.

What I find dramatically different over the course of the last 10 years—four and a half years spent at the National Security Council staff, from 2001 till May 2005, when John Negroponte asked me to go as his chief of staff for the newly created Director of National Intelligence Office—that virtually all the policy-related deliberations began with ‘what’s the intelligence brief on subject fill-in-the-blank.’ And since we’re in the midst of an institute dedicated to looking at the Middle East, fill in your country on the Middle East, the Arab Spring or wherever you want to go in terms of that part of the world. But it’s true of countries south of our border, certainly Asia and so forth.

And then it ends with a policy deliberation—an hour, hour and a half with more tasks for the intelligence community—what a surprise. And it’s because it’s a testament, it’s a message that very clearly signals that the world that we live in is a world of greater unknowns than previously fully considered in terms of the number of issues that have an intelligence nexus to them in terms of understanding where that issue, that country, that geographic regional location is. These are big issues of concern to the policymakers, and where they are going.

I like to think of the world of the past decade that someday could carry this one back even further to the bipolar world of the Soviet Union, where ultimately we’re trying to give decision-makers a decision advantage. That’s the essence of what intelligence is trying to do—that is through a warning process of analysis, give that decision-maker an advantage over whomever that adversary is or over whatever the set of issues are that he or she is trying to make a decision.

Think of how dramatically the world has changed in the last decade for those customers or consumers of intelligence. The very traditional user base determined through the National Security Act of 1947 and subsequently amended and so forth is the one that certainly I grew up with during the first 20 years, thinking constantly about how do you support the president, the National Security Council, speaking of the statutory—not the staffers like myself, at the NSC—but the statutory National Security Council.

All fairly clear—different styles of national security advisers as to how that was done and ultimately different styles based on the president—but nonetheless, quite clear. What has changed quite dramatically over the past 10, 11 years is the role of the combatant commanders and their demand on intelligence. This is the second category of customers. And what’s interesting to me, and what I’ve observed, is the demand for that intelligence ranges from the strategic all the way down to the very tactical.

Think of the warfighter himself or herself trying to disrupt that IED network—trying to disrupt that single IED—the IED, in terms of the vehicle—network—or person. So it's intelligence that's highly tactical, but largely informed as well by national capabilities. And that tactical turns around and informs the national side, in terms of the picture in Iraq, in Anbar Province, for example. That's changed really quite dramatically over the last 10 years.

The third customer set that I would submit to you is quite dramatically different, is this nexus between intelligence and law enforcement. There's an expectation within the Department of Homeland Security—when mention is made of one of the dramatic changes of new departments and new organizations within the U.S. government, which certainly counts as one of the biggest changes—dramatic changes. But then those fusion centers throughout the country at the state and local, tribal level—as a customer for national intelligence, adapted, adjusted accordingly to what is useable to them.

So those are your three big customer sets in my view, two of which existed to some degree in the '80s and '90s—speaking of a period of my career—but dramatically different, certainly in the last category, the law enforcement. And that law enforcement community, when I think of my colleagues at the Federal Bureau of Investigation, who now are also intelligence producers.

So when you see that piece on Sean Joyce, the deputy director of the FBI, this morning in The Washington Post, and you see him—starts out, I believe, with him kicking down a door in Pakistan—allegedly doing so—you also see him now wearing that hat, as is Director Mueller, as an intelligence collector.

And so there's a symbiotic relationship created out of the changes of the 2000s, and then instantiated in what is generally referred to as the bible of the intelligence community—Executive Order 12333, which President Bush modified in July of 2008. Those modifications instantiated that role of the law enforcement community as an intelligence element for the IC. So you see that two-way relationship.

So when you have those three customer sets, you think of intelligence then in a very different way, because we are, as an intelligence community, a service community. We provide a service. And we believe that we do that by creating decision advantage. And now, bringing the yin to the yang, that decision advantage has to be married up with decision confidence.

That is an absolute critical issue. If you think of the intelligence failures of 2003 on Iraq WMD, it's because we did not get our decision confidence right, to the decision advantage we sought to provide the president and the National Security Council and so forth, in the decisions in the lead-up to March 2003. Where did that break down? Well, Judge Silberman and Senator Robb articulated that in the 72 recommendations of the WMD commission report in the spring of 2005.

But one of the greatest lessons learned there was that your collectors and your analytic community were disjointed. You had analysts believing there were multiple sources when in fact there was only one, in the desire to protect sources, of the source behind that very sensitive information, but the—what I would call the source description of access and reliability was modified several times over in order to protect the source, yet at the same time created the appearance of multiple sources reporting, when in fact, there was only one.

So the decision confidence broke down. It abysmally broke down. It was abysmal because what we were giving a decision-maker was a confidence level that was different than otherwise should have been the case.

And then there's myriad other examples within the WMD commission report that would go to this decision confidence alongside the decision advantage that you're trying to create.

And you see that in those three customers, that's—all of them want that, to one degree or another. Their needs may be different in what they're looking for, in the law enforcement community versus the president. But at the very core, they're all looking for that every bit as much as you might be doing the same thing in your business enterprise or in your academic study where you're doing research and so forth; it's balancing those two—the level of confidence you have to the level of advantage that you're trying to create.

So how else has the last 10, 11 years changed the way we do business? I've already made it very clear that the peace dividend doesn't exist for us. In fact, the demand for intelligence is at its greatest in my nearly 30-year career. So the question that I have is, how do we go about looking at a world that demands more at a time when resources are becoming more restricted—or tightening up? How do we look at the world in a different way?

And I would submit to you that it is worth considering. And if you think of an intelligence community that I think largely graduated even in the 1990s—maybe even in the 1980s—on coordination—not perfect, but it coordinates 16 elements of the intelligence community, 17 with the Office of the Director of National Intelligence. Your next phase is collaboration.

Collaboration is, I turn to you and I say, this is what I'm doing, this is what you're doing, or you're telling me what you're doing. And I turn to you and say, let's collaborate on a single objective. So you're there with your authorities, you're there with your funding, you're there with your personnel and your knowledge base. I'm bringing the same to that and we collaborate.

Let me submit that there is still yet another level, and that's integration. And integration is where I bring everything that I would at the collaborative stage, but it's so integrated that it's seamless in terms of the outcome. I've often been asked, having the advantage of course to some information on the inside in terms of classification, who was behind the takedown of Zarqawi in Iraq? And the answer is simply, I don't know and I don't care.

That sounds flippant; I don't mean to be flippant at all about it. Actually, it's a very good news story. The fact that it was the fusion of information and intelligence—and I draw a distinction between the two—that was collaborative on the ground and then fully integrated in a manner that resulted in the demise of Zarqawi. I care an awful lot about that part. What I don't care about is that there's a certain insignia or emblem behind me as an agency that says, I got that done because I'm an agency officer from fill-in-the-blank. I'm from the department of – .

Now, the flipside of that is, what I have seen dramatically improve over the last decade is that those agencies that have tradecraft associated with what they do, thinking on the collections side—geospatial, sig-

nals, human intelligence—has improved. It's dramatically improved. So don't trade off integration and fusion for the tradecraft associated with what each of those individuals bring.

So in the likes of General McChrystal, who was a thought leader in Iraq in the effort to bring that information and intelligence together and fuse it, the emphasis was on better tradecraft by the practitioners, but then fused it together.

I've never laid claim to being an effective geospatial analyst. Not to insult my NGA colleagues, I have no interest in going to do that. But I sure hope there's someone who's doing that very, very well, because those pictures can be awfully fuzzy. And they figure it all out. They contribute that to the overall picture.

And I believe that's where we're essentially going. So that the first—or the strong message that I would leave with you is that we are changing, have been changing and are dramatically postured differently than we were at the start of the previous decade in 2000.

Second point I would make to you is that budgets matter. Now, that seems like a sort of a nonsensical thing to say—of course they do. But in government, where the profit motive doesn't drive you to make decisions, you make decisions based upon other factors. And because government is largely driven by the size of your—in terms of people—the size of your office, your directorate, your agency, your department and the size of your budget, when the budget contracts, you have opportunities to make decisions that you otherwise would have greater difficulty, and in some instances near impossibility, to make.

It is the budget that drives you to make decisions because in our quest to succeed to support those three customer sets, we will be driven to be more effective and more efficient. Now, is that a recipe for a message to the Hill—just cut us more and I will be better infinitely in that direction? Obviously not. But when the budget drives the decisions, as it always has, but increasingly in a fiscally austere environment, you will make—by definition—choices that are different than when the budget's growing.

And it will drive you on that spectrum from coordination to collaboration to greater integration, further toward the integration. The complexities of the world will not allow you, because of that quest to succeed, to make choices that would be an irrational choice: I'll just take my ball as an agency and go home and not play. That will be the recipe for failure because bureaucracies will choose failure over change. Bureaucracies will choose failure over change. I'm absolutely convinced of it. And therefore, you have to drive them to make choices they otherwise would not make, and the budget is my best friend for doing that. So that's the second aspect.

Now, let's get a little closer to the core issues of this institute in terms of where the agencies are. Let me talk about the Arab Spring for a few minutes. In the category of an ever-changing world, more dependent on intelligence, and informed by not only what the policymaker wants, but looking at a world where intelligence attempts to get ahead of—in the context of warning, get ahead of the problems, the Arab Spring is highly illustrative.

We, of course, have known that the hot spots of the world are many, but the Middle East is at least first among equals. And what we have witnessed in the dramatic changes since last December, nearly a year ago in Tunisia, and then over into Egypt and so forth through North Africa and the Middle East is a

great testament of that. What you have is, in the intelligence community, a clear understanding that as these challenges appear on the horizon and then unfold, that resources need to be lifted and placed on the situation that you see on the ground and see in the forecast in ways that you take—you manage risk in a very different way when resources are either flat or declining. So what do I mean by that?

Somewhere in the March–April time frame of this year, we had already taken about 10 or 15 percent of DIA’s analysts and moved them over to North Africa and Middle East. One could argue still not deep enough in expertise necessarily from the other regions of the world that you were taking them off from, but you were placing them with the knowledge and ability to practice their tradecraft of good analysis, lessons learned from the WMD commission and so forth, and building on that.

So here’s the collaboration-to-integration spectrum that drives you toward real change. At some point, you have to get into balancing off the tension between competitive analysis and burden-sharing, and I don’t think it’s a zero-sum game. Why? Because many of those analysts now placed on the Middle East–North Africa that were part of that additional buildup are probably not going back to the accounts they covered previously. Yet I’m also not hiring. So I have got to find a way—and this goes beyond just the relationship inside the IC, but with our closest international partners—working on a model that starts to open the aperture to burden-sharing.

I would say we’re at the very early stages of those discussions. It’s one that is fraught with details that need to be worked out, but I do believe that in the heart of hearts, that’s where we’re headed. Because the world as we know it is so uncertain and so provocative on any given time, on any given subject or any given geographic area, that you find yourself saying, what will I do with this partner country which has a comparative advantage by being beyond that southern tip of Asia than we do in terms of our presence there, in terms of the region? And yeah, it has its limitations of where you go to the president with the report and say, this is a 100 percent partner-produced report; make your decisions off of that. That’s probably a bridge too far. But certainly largely informed by it? Potentially.

And so I think we have to get out of our comfort zone of saying, not invented here, thinking somewhat dramatically differently about a world in a resource-constrained environment, which, parenthetically, I will tell you has always been resource-constrained—the intelligence community never has enough; Defense never has enough. So you have to, in a more complex world, with as equal or greater demand for intelligence, have to reconfigure the way you think about how you’re going to do business. That’s my point.

I often say as deputy of DIA, I’d love to go to my bottom drawer of my desk, open it up, and there’s my guidebook that tells me how to do all this. And I open it up, and I go to tab C, and there it’s nicely written out: When your budget is cut 3 percent this is where you go; when it’s 5 percent—sorry, no one wrote the book for me.

But guided by principles of management and guided by the fact of you know full well that a more restrained environment is coming, I cannot help but think that my responsibility, as a taxpayer myself, that I owe the American people a responsible response to the challenges that we face in the here and now, but, as importantly, into the future.

Last comment I'll make, and then I'll be happy to take some questions as well.

People are still our ultimate, most precious resource. That has been put more technically, "It's the people, stupid." Sure, it's the people. I am heartened by the level of quality of the applicants into the intelligence community, marveled at it: multilingual, multicultural. We are getting applicants that have served abroad already by, you know, the age of 25, two or three places, really dramatic. And in the midst of the challenges that we face in terms of the budget, it would be a terrible, terrible mistake to create the bathtub effect that resulted in the 1990s wherein your hiring, whether it was a freeze or whether it was a draw-down to the point that you did not bring in the kind of talent, led to disastrous effects by the end of that decade. And so my goal, whether it's in the technical fields, whether it's in the analytic arena or whether it's on the collection side that I have a passion for, we will continue to bring in the good people.

And if I have one message for our overseers, whom I hold in high regard, in terms of the House Permanent Select Committee on Intelligence and its counterpart, the Senate Select Committee on Intelligence, is that as the budgets are modified to reflect the realities of where our country is, that on intelligence, the whole issue of hiring and hiring the talent of the future—you see, the investment that you make in an analyst or a collector is probably a good three to five—maybe even 10 years out, once they come in the door. And as Matt noted, yeah, we have an intelligence community that's relatively young, and I believe, in the heart of hearts, that if we're going to have the kind of depth and coverage of places like the Middle East, we desperately need to bring in that talent and then grow that talent and watch that talent mature and over time gain the real world experience that goes with it.

Very, very talented young people; they just have a missing ingredient like our 26- and 25-year-old sons, that little thing called "experience," life experience. And you need, as you move them toward a journeyman level, you need to gain that and get them to have that experience.

One other thing I feel very passionate about: Every agency, department, workforce of any size has arguably no less than three generations in it, maybe even four—you know, from us old-timers—I'm an old-timer, all the way down to the Gen X and so forth. Communications is a challenge with each one of those types of generations and how you do it; getting our sons to write back an email that says: what email? Just Twitter me. I said, I don't Twitter. I don't do a whole lot of this; just read my email, please. We have settled for SMS texts and that's basically how we communicate—and the phone and some visits at home.

But, beyond that, it's very different in those generations. Alongside of that, I believe, that many of them will not provide 30 years of continuous service in any one department or agency.

So how do I create entry and exit ramps for them over euphemistically their whole career, their lifespan of professional service. In those 30 years, coming and going and bringing back with them into an intelligence community the experience that they get at an institute like this in academia, the private sector, in business, so that when they come back, they have an enriching experience over there that contributes to a stronger and better intelligence community? I think that's at the core of what reform's all about. It's thinking about your workforce issues in a dramatically different way and, yes, even maintaining that security clearance through the longevity of the time that they're out.

To that end, I've started working on a pilot program for DIA in this regard. There are—like everything else that's at all difficult, there are issues, as the lawyers say, and there are challenges that the personnel system will tell you. Such as maintaining a security clearance while they're not serving; I understand; I want them back, though. So this is paying it forward. So I want to see how do you get them back in and bring that expertise after they've studied for—done further study in the Middle East or been in an institute and had that opportunity to look at a problem set from a different perspective.

Because I truly believe the transformational changes within the DOD structure was Goldwater-Nichols in terms of joint duties, and I want that civilianized to the point that that is what dramatically changes the way we do the business of the intelligence community from a standpoint of growing the people of the future, who not only are we looking at for today, but for 2015 and 2020 and '25 and long after.

So with that, I will stop my formal remarks, which had been just really sharing with you kind of what my passion is over the last decade, and I'm happy to take questions.

*Before he was named deputy director of the Defense Intelligence Agency in August 2010, Mr. Shedd served as deputy for policy, plans, and requirements, acting director of the intelligence staff, and chief of staff under the director of national intelligence. In addition to leading the review of Executive Order 123333, the foundational U.S. intelligence policy, he developed and implemented the August 2009 National Intelligence Strategy, a document aimed at guiding all planning efforts to determine future U.S. intelligence priorities.*