

The Australian Intelligence Community in 2020

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The future direction of intelligence—both as a key enabler of warfare and a critical support for good policy—has been a subject of extensive study for almost two decades. The end of the Cold War, so dramatically symbolized by the fall of the Berlin Wall on 9 November 1989, initiated a gadarene rush of intelligence reviews that saw the declaration of “peace dividends” and the harvesting of significant operational and staffing resources from national intelligence agencies. Australia was no exception. With the benefit of hindsight, it is something of an irony that the previous Director General of the Australian Security Intelligence Organisation (ASIO), Mr Denis Richardson, cut his intelligence teeth in the ASIO review of 1993 that saw the Organisation’s resources cut by some 40% as the need for domestic security intelligence was deemed to have evaporated.

The combination of significant intelligence failures, such as the bombing of the World Trade Centre in New York and the Pentagon in Washington DC on 11 September 2001 and the non-existent Weapons of Mass Destruction that helped precipitate the war in Iraq, and the growing gap between our intelligence needs and our ability to meet those needs, has brought the pursuit of intelligence under increasing scrutiny. Western governments are throwing significant sums of money at the problem, demanding improved coordination arrangements (while at the same time creating additional agencies), brandishing intelligence product (as distinct from policy advice) as the basis for decision, and looking to intelligence as the “silver bullet” justifying executive decision-making.

A review of international approaches to intelligence since the wall came down reveals a picture of confusion, lack of direction, poor leadership, loss of focus and decline in capacity within almost all intelligence agencies. The ongoing battle between the Central Intelligence Agency (CIA) “old guard”—consisting mainly of the Cold War Warriors and “agency men” who cut their teeth under Directors like Allen Dulles, Richard Helms, George H. Bush, and William Casey—and the newcomers who have served under Directors like Robert Gates, John Deutch and Porter Goss is well known. What is less

¹ This article is based on a presentation delivered to a Professional Development workshop conducted for the Australian Defence Intelligence Organisation in Canberra on 30 June 2006.

well known is how successful the “old guard” has been in preserving the ethos and culture of the CIA and seeing off those who might seek to change it. This, it would appear, has been replicated across many intelligence bodies worldwide.

To develop some idea of what the art and science of intelligence might look like two decades into the future, it is instructive to examine what the community has had to say about itself over the past decade or so. While this short paper picks up on two US examples—the Americans seem always more prepared than Australians to put their dirty linen on public display—it is reasonable to suggest that the same sorts of concerns have worried most international intelligence services, including those in the UK and Australia.

As an example of this concern about the future of intelligence, the report of the sub-committee of the New York based Council on Foreign Relations *Making Intelligence Smarter: the Future of US Intelligence*, published ten years ago, makes interesting reading.² Among the challenges to the US intelligence community, it listed: the lack of public confidence; reform fatigue; poor leadership; unfocused management; and a culture that fails to value excellence, talent, quality and risk-taking. It also found that the processes for setting national intelligence requirements and priorities warranted overhaul, and that “both collection and analysis should be heavily influenced by the needs of policymakers”, though it was blind to the consequences of policy failure for intelligence collection and analysis. Curiously, it also recommended that intelligence consumers should receive only so much free intelligence before their own agency had to find resources to support a greater intelligence effort – the application of market forces to the business of intelligence.

The report also identified that the need to insulate intelligence from political pressure was a powerful argument for maintaining a strong, centralized capability and for not leaving intelligence bearing on national concern up to individual policymaking departments. It suggested that, to this end, competitive analysis of controversial questions could also help guard against politicisation—a view that, in the Australian experience, seems rather naïve when one considers the government’s preference for Office of National Assessments (ONA) product over that of the Defence Intelligence Organisation (DIO) in the lead-up to the war in Iraq, and the entrenchment of that preference as a result of the Flood Review.³ It is interesting to note recent “GOSINT” to the effect that the Prime Minister and his Department attach very high value to the DIO daily report and the updates, notwithstanding the assessment pre-eminence of ONA. That may reflect the

² Maurice R. Greenberg (Chairman) and Richard N. Haass (Project Director), *Making Intelligence Smarter: the Future of US Intelligence*, New York, Council on Foreign Relations, 1996.

³ Philip Flood, *Report of the Inquiry into Australian Intelligence Agencies*, Canberra, Australian Government, 2004, p. 172.

fact that it is the assessment of the circumstances in which the government chooses to deploy armed force that catches its attention, rather than the more abstract assessment of the regional political responses.

But its best recipe for utopia was in the field of personnel and career management. It is worth quoting:

The best way to ensure high-quality analysis is to bring high quality (sic) analysts into the process. Analysis would be improved by increasing the flow of talented people into the intelligence community from outside the government. Greater provision should be made for lateral and mid-career entry of such analysts as well as for their short-term involvement in specific projects. Closer ties between universities and the intelligence community is desirable in this regard. Careerists would benefit from greater opportunities to spend time in other departments and nongovernmental organizations, including those involved in commerce and finance.⁴

This is a noble aspiration. But cultural resistance, the inevitable practice of intelligence agencies to develop a career path in intelligence, and the apparent reluctance of high quality graduates to embark on a stint in intelligence (though this may be changing), have combined to frustrate this leavening of the intelligence community. What has tended to happen, especially in Australia, is the short-term assignment of career policy officers to the intelligence agencies, especially in the leadership positions. What effect this practice might have over time is by no means clear. But it is noteworthy that ASIO has not had an intelligence specialist as Director-General since Peter Barbour, ONA has never had an intelligence specialist as Director-General (although its first Director-General, Bob Furlonger, had served as Director of the then-Joint Intelligence Organisation), the Australian Secret Intelligence Service (ASIS) has not had a career intelligence officer as Director-General since Rex Stevenson, DIO has not had an intelligence specialist as Director since Paul Dibb, and the Defence Signals Directorate (DSD) has not had a technical communications specialist as Director since Tim James. All this begs the question: why not?

As Mark Twain said, history does not repeat itself, but it does sometimes rhyme. To look at the future of intelligence, it is instructive to look at the past. The change in the national intelligence culture—and consequently the culture of the Australian Intelligence Community (AIC)—over the last 20 years is instructive. The Hope Royal Commission set in train a number of moves that have proved to be critical in the shaping of the present AIC.

Against the will of almost all its staff members, ASIO was removed from Melbourne to Canberra in the mid-80s by the then Director-General Alan Wrigley, one of the hard men from Defence. The reason for ASIO's translation to Canberra was simple: ASIO had to be brought under the control of the government, reined in, and made accountable for its budget

⁴ Greenberg and Haass, *op. cit.*, executive summary.

and its actions. Similarly, against the will of its staff, ASIS was removed from its quaint *Avengers* type accommodation in Victoria Barracks, Melbourne, to Canberra so that it came more squarely under the control of the Department of Foreign Affairs and Trade. So, too, was DSD removed from its almost brand new, purpose built facilities at Victoria Barracks to Canberra, so that it would be under the control of Defence and subject to more rigorous accountability procedures.

And, as mentioned earlier, the entire AIC was subject to efficiency dividends and peace dividends in the wake of public sector management improvement programs and the end of the Cold War. Consequently, by the time of the Council of Foreign Relations study in 1996, virtually all western intelligence organisations, including those of Australia, were whistling in the dark. Not only had they lost much of their sense of purpose, but their professional and analytical capacities had also been progressively eroded. By 11 September 2001, western intelligence agencies were in the dark, and could not see anyway.

So, what has happened since? Early in 2006, the RAND Corporation published the proceedings of a workshop conducted in mid-2005 called *Toward a Theory of Intelligence*. This workshop, conducted jointly by the RAND Corporation and the Office of the Director of National Intelligence, discussed how theories underlie intelligence and how such theories might lead to both a better understanding and better practice of U.S. intelligence. Forty attendees (practitioners, academics, and specialists) participated in four panels: What Is Intelligence Theory?; Is There an American Theory of Intelligence?; Which Assumptions Should Be Overturned?; and How Can Intelligence Results Be Measured? Issues debated included whether intelligence should be defined narrowly, as secret state activity, or broadly, as information for decision-making; whether there is a uniquely American theory or practice of intelligence, in its technology, militarization and congressional oversight; whether closer relationships between intelligence officers and policymakers leads to politicization; and how to devise metrics for assessing the performance of intelligence.

The publication makes depressing reading. It does not provide a theory of intelligence, though it does contain a number of interesting observations on important changes that have been underway, at least since 9/11. Most particularly, it traces the expansion of traditional intelligence preoccupations into law enforcement—a phenomenon that is increasingly obvious in Australia, as the Commissioner of the Australian Federal Police casts an increasingly long shadow over regional counter-terrorism operations. But the publication does raise interesting questions that are as relevant to the AIC as they are to the US.

One of the participants, Jennifer Sims from Georgetown University, made a number of pertinent observations. She debunked the notion that “intelligence is a service”: rather, it is a process. This is what she said:

The implication here is that the decision-maker is not part of the process, but rather a master to be served. In fact, decision-makers must play a role in identifying critical policy decisions that require intelligence support, informing collectors of the pace of policy and requirements for timeliness, and providing feedback on where intelligence is helping and where it needs improvement. Decision-makers must be educated to their role in the intelligence process and assume their share of responsibility for both its successes and failures. Instead of thinking that they speak truth to power, intelligence analysts should help policymakers improve their understanding of reality, recognizing that cognitive biases exist in any human appreciation of events—including their own. The process is best understood as a matter of adjustment in perceptions and a deepening of knowledge among all those involved. The notion that intelligence holds “the truth” (and policymakers do not) undermines the process of intelligence support. Policy decisions by their very nature exclude some options and thus involve narrowing the set of helpful and relevant information for the next decision.⁵

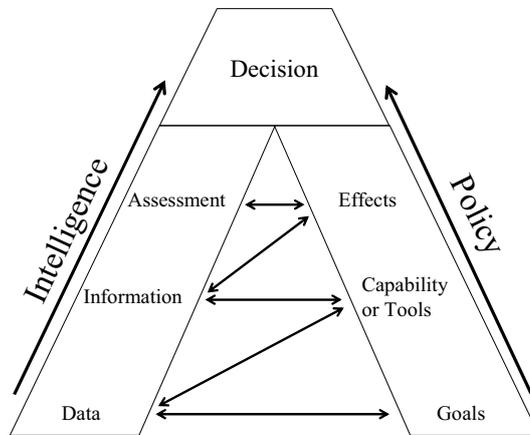
Both Andrew Wilkie and Lance Collins might have saved themselves a considerable amount of trouble had they grasped the significance of Sims’s argument.

To determine where one might be at some point in the future, one needs to know where one is now. It is important that the AIC has a theory of intelligence, if only to know the nature of the intelligence business and, in consequence, how the business might develop in response to changing circumstances. Fundamentally, intelligence is about **decision**, whether that decision is taken by the government of the day (executive decision-making) or by the Chief of the Defence Force (CDF) (the exercise of command). It is not fundamentally about **truth** (though it needs to be correct, factual, accurate and robust): it is about the **result** that needs to be attained. Figure 1 illustrates in simple terms what a theory of intelligence might look like, and suggests that intelligence and policy are “joined at the hip”—effectively inseparable if sound decisions are to be made.

The fundamental mistake made by almost all intelligence assessment agencies is that their product is **intelligence**. It is not. The product is assessment; the process is intelligence. Intelligence, as a process, comprehends decision. But the confusion of assessment with intelligence is commonplace, and goes a long way towards explaining the unhappiness of the intelligence community when their product (assessment) is ignored by the policy-makers, and the arrogance of policy-makers as they advise governments on the basis of aspiration and hope as distinct from “effects” tested in the crucible of intelligence.

⁵ Gregory F. Treverton, Seth G. Jones, Steven Boraz, and Philip Lipsky, *Toward a Theory of Intelligence*, Santa Monica, RAND, 2006, pp. 23-24.

Figure 1: A Theory of Intelligence



So, if intelligence comprehends decision, what might be the challenges confronting the intelligence community between now and 2020?

First, the marginalization of intelligence. The collection and assessment agencies operate in an environment where the amount and availability of data is growing exponentially. What is relevant, and what is not? How is assessment to inform decision-making if we do not know what it is that we should be assessing? This requires real intimacy between the intelligence and policy communities, since policy should drive collection, not *vice versa*. This requires policy makers and intelligence analysts to exercise great care in setting national intelligence priorities and even greater vigilance in updating and refining them. And, of course, the more “secret” intelligence becomes, the more marginalized it inevitably becomes, not only because the audience is necessarily restricted, but, more importantly, so are the collection targets and the means of collection. “All sources” is a concept more honoured in the breach than in the observance, since sanitized and/or unclassified intelligence is by far the most useful, because it forms part of the argument for decision and action, not just a plausible excuse.

Second, the proliferation of intelligence agencies, and the inevitable competition between them for resources, people and position. While there may be sound political and management theory in the separation of collection and assessment, the organizational separation between SIGINT⁶ and HUMINT⁷, and the legislative separation between foreign and domestic intelligence responsibilities, the US experience suggests that the proliferation

⁶ Signals Intelligence.

⁷ Human Intelligence.

of agencies is a major obstacle to the production of assessments that are both timely and comprehensive. In the case of the US, considerable distances separate the agencies: but distance is not a reason for the failure of the US intelligence community to identify the threat to the World Trade Centre, the Pentagon or the Capitol. The failure is more attributable to the lack of clarity about roles, the gaps between the agencies through which things fall, and the habit of agencies in competition with each other to withhold information. And the failure is exacerbated by the culture of exclusion that has built up within each of the agencies as they compete for resources, for talent, and for the ear of the decision-makers.

Third, the bureaucratization of intelligence. Neither policy departments nor intelligence agencies are well served by hierarchy and bureaucracy. As Tim McLennan, the former Deputy Director-General of ONA was wont to say, intelligence is both an art and a science. For that reason, the critical determinant of a good intelligence process is intuition, creativity and insight focused through the lens of assessment and experience. While leaders within the intelligence community must be trusted by both the decision-makers (usually the Cabinet) and their policy counterparts, their teams need to be constructed around common purpose, common results and shared effort, rather than the internal competition that is characteristic of hierarchies and bureaucracies. It is to be seen whether changes in the national industrial relations paradigm from work for pay (collective bargaining and industrial arbitration) to pay for performance (Australian Workplace Agreements) actually serves to separate position from capacity and performance. But, given that the head of the Defence Materiel Organisation is actually paid more than the Secretary of Defence or the CDF, perhaps high-performers will not need to be senior managers in order to be paid adequately for their skill and experience.

Fourth, the de-professionalisation of intelligence. Traditional intelligence skills are battling for long-term relevance. What is the point of being the nation's leading expert in photo-interpretation, or FISINT⁸ analysis, if the pinnacle of one's career aspirations is to be a section leader? Why not study history, philosophy and mathematics and become a manager? The skills of data matching and data fusion need to be seen for what they are—core capacities in the intelligence business, and rewarded appropriately, not simply in terms of remuneration but in terms of recognition and value. Interpretation and analysis are core intelligence skills. They are not taught adequately in universities, and investment in those skills is essential if the intelligence business is to be able to meet the demands of the next couple of decades.

Fifth, the devaluation of intelligence. While “intelligence” remains a piece of paper that can be proffered in support of a policy decision, it has no value.

⁸ Foreign Instrumentation Signals Intelligence.

Policy decisions will continue to rest on hopes and preferences, as distinct from the balanced consideration of assessment and the effects government wishes to create, for as long as intelligence is disassociated from policy advice. It is important that intelligence is accepted as a critical enabler of decision-making, rather than some kind of *ex post facto* justification for decision. “War”, as Clausewitz said, “is the continuation of **policy** by other means”. In the case of Iraq, the coalition of the willing would have been in a significantly better position now had they advanced the strategic argument for war rather than hide behind a fabrication masquerading as an excuse. And make no mistake, the decision to go to war was not an intelligence failure: it was a policy failure where, in the arrival at decision, intelligence was simply used as a pretext.⁹ The intelligence process must be valued.

Sixth, the western cultural mindset that so dominates the US, UK and Australian intelligence communities and those of their European counterparts. The standoff between western liberal values and Islamic fundamentalism will, in all likelihood, take most of this century to resolve. It is virtually impossible to target Islamic terrorist groups without a substantial appreciation of Islamic religious beliefs and cultural dynamics, to say nothing of the ethnic values that inspire the various fundamentalist groups that support terrorism in Iraq, Afghanistan, Saudi Arabia, Pakistan, the central Asian Islamic republics and, of course, South East Asia. As Australia’s intelligence agencies broaden their domain expertise in both technical intelligence gathering and cultural sensitivity, they will need to develop closer and more effective relationships with their counterparts in South East Asia. Given the closeness of the “five eyes” arrangements (Australia, Canada, New Zealand, UK and US) and the western cultural mindset, the difficulty of this task should not be underestimated.

And seventh, loss of momentum as the threat morphs and the intelligence community fails to keep up. It is instructive to recall that, following the Hilton bombing in 1978, government instituted a series of reforms in both intelligence and operations that eventuated in the national counter-terrorism arrangements. Within a decade, they had been progressively wound back as the central agencies sought to harvest “efficiency dividends” and reduce investments that were not delivering results. Because no one could see that the *Ananda Marg* threat had morphed to something considerably more insidious—a tectonic battle of ideologies focused on absolutism and democratic humanism—the national counter-terrorism effort, including the intelligence component, was pruned. It will be difficult to sustain the continuous investment in intelligence in either or both or two circumstances: if nothing happens (“the threat has gone away”) or if something does happen (“the intelligence agencies failed”).

⁹ For an extended treatment of this issue, see Paul R. Pillar, ‘Intelligence, Policy and the War in Iraq’, *Foreign Affairs*, vol. 85, no. 2 (March/April 2006), pp. 15-27.

This is why it is so important that we have an agreed theory of intelligence. Like all major governmental enterprises, so too the enterprise of intelligence must be evaluated and reviewed to ensure that its processes are appropriate, that it represents value for money, and that the privacy and legal rights of citizens are respected. For their part, intelligence agents and analysts need to understand the nature of their business. It is not the collection and cataloguing of “nuggets” and “gems”, but the delivery of critical elements without which the strategic decisions of government will be nonsense. The best way to defeat challenges is to have a clear sense of purpose.

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