



THE BLACK ART OF INTELLIGENCE

B Y R A L P H P E T E R S

With the Atlantic Ocean separating us, my extended family's generations slipped out of synchronization. Thus, it was my cousin who served in World War II on the German side. A tactical reconnaissance NCO, or *Aufklärer*—one of the most dangerous jobs in any army—he fought on the Eastern Front throughout the war, yet never was captured or seriously wound-

ed. When we met at last, in the early 1980s, I encountered a vigorous, sinewy, skeptical Hessian farmer. Serving at the time as the intelligence officer in a U.S. Army infantry battalion, I asked my cousin how he had managed to survive on a battleground that consumed millions. Matter-of-factly, he told me he just “knew” where the enemy had been and where danger lay. It startled me, because I already had my own catalog of peculiar experiences, from exercises to real-world analysis, in which I, too, just seemed to know—beyond the logic of intelligence reports and indicators—what was going to happen. I could no more explain my ability to read a situation than could my cousin.

Certainly, what I frequently was able to do had no place in the careful processes devised to train intelligence analysts and officers, although formal techniques have their value, nor did I ever make an issue of how I “knew” things. My greatest challenge was convincing superiors who wanted proof that two and two made five. These were good, often brave men whom the intelligence system had failed, earlier in their careers in Vietnam and continually in the Cold War. When trusted, I could deliver to an uncanny degree,

whether delineating Soviet war plans in Europe, locating a small special operations unit hiding in a vast area, or when alone in the Caucasus, sensing where I could and could not go. Now, much of this was simply common sense, that least valued quality in armies and governments. I also enjoyed the lack of a good education, which put me well ahead of officers whose vision of the world and humankind had been distorted by fine universities. But the similarity of experience between my cousin, who survived the cruelest front of the worst war in history, and my own chocolate-soldier peacetime adventures still strikes me as more than coincidence. Traits do run in families, from physical robustness, to mental acumen, to artistic talent. Did it matter that my anthracite-mining father, in his prime, could walk into a valley and say, “There’s coal over there,” and coal would be found where he pointed? Was it relevant that my paternal grandmother could “read” certain illnesses and cure them by the laying on of hands, while repeating incantations from the Scriptures?

These things are true. But are they relevant to anything?

I believe so. I offer these bits of family lore, first as a delayed

answer to all those who, over the years, have asked me, "But how do you *know* that?" and second, to tease those already convinced that I've long been "off the reservation." Third, and most importantly, this tale-telling makes an extreme case for a proposition I have argued for years: that intelligence analysis, done well, requires not only rigorous training and much practical experience, but innate talent, a predisposition. One need not have a mystical bent to accept that all men (and women) are not created equal when it comes to the ability to do intelligence work. We accept readily enough that specific talents are required to play major league sports, for a successful career in the arts, or even to become a great con man. (One of the problems we have with our intelligence services, by the way, is that they are run by minor con men, mere bookies.) We still hear that someone is a "born leader" as we wonder at his or her inexplicable charisma and quick grasp of necessary matters. Yet, we assume that anyone with a moderately high IQ can be trained in a few months to grasp an enemy's mentality, character, fears, intentions, hopes, beliefs, vulnerabilities and individuality, without even speaking his language.

As a result, we have a network of intelligence services that can count bomb craters with great accuracy, but upon which we cannot count to warn us of "illogical" dangers, such as the brilliant, if ultimately counterproductive, strikes of September 11, 2001. As I have written, to the point of whining, it is a paradox of the 21st century that in this age of technological wonders the threats to our lives, wealth and order are fundamentally, crudely human. We may diagram bunkers, bombs and entire armies, but we falter at understanding the human soul. Nor will the human heart fit into our templates. Love, fear and hatred, not machines, are the stuff of which wars are made, whether we speak of terrorist jihads, campaigns of ethnic cleansing or conventional offensives (and do not underestimate the deadly power of love, whether felt toward a god, a people, a clan, a flag or an individual).

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During my bleak Washington years as an intelligence officer, no one dared to speak of the forces of love or hatred, or of any other emotion. Nor could they say anything profound about religion or culture. The sexual devils that haunt entire civilizations, as the fear of female sexuality cripples the Islamic world, were beyond the pale of "serious" discussions. Statistics were preferred, whether dependable or not, and intercepts of satellite imagery were quite the thing. Intelligence products were tailored to the available information, when we should have been demanding information to support our genuine intelligence needs. The system was at once superficially prim and intellectually slovenly. Briefings and discussions were as studiously gray as the men and women behind the podium or around the table, and all the human wilderness wherein past civilizations have perished—the furious, wild, destructive, often monstrous power of the human animal itself—was banished as a topic of discussion. More than any other figure, we all resembled T.S. Eliot's prematurely old paragon of timidity, J. Alfred Prufrock, who asks himself eternally, "Dare I eat a peach?" We tried to deal with the torrid world of flesh and blood as if it were made of fitted nuts and bolts. We understood nothing that mattered.

Without such understanding, we are reduced to the retaliatory exercise of power and expressions of regret for preventable losses. There is no lack of bravery in the ranks of our armed forces, but bureaucratic cowardice rules in our intelligence establishment (as well as at the highest levels of military command). Whenever my turn came up to represent the Army Staff at the National Intelligence Council, or NIC, whose meetings were held in the CIA's dull and spotless headquarters, representatives of all the intelligence players would sit around a table, show off their knowledge of trivia, then agree, by the end of the session, on a lowest-common-denominator position. The intelligence produced was not bad, only mediocre. It told you a bit about things, but not enough. There was great pressure on all participants and their organizations not to make a fuss. A dissenter might "take a footnote," but the practice was discouraged. The point, you see, was not to get things right, but to avoid getting them demonstrably wrong, a critical distinction.

Boldness, no matter its quality, was not wanted. And insight had to be backed up with hard data, proven beyond a doubt, which is impossible in serious intelligence work. The desired result was to make certain that we could, when faced with catastrophe, all point at one another as having agreed in the errant assessment: "This is what the entire intelligence community believed, based on the best information available." Perhaps we might inscribe that on the graves of our fellow citizens who died because of our inadequacy.

Rare was the man or woman who even cared.

My own form of cowardice was to avoid the NIC sessions whenever I could, while writing what I believed to be true in unclassified journals. Today, I stand by all that I wrote 10 years ago, but do not believe our intelligence community could say the same of a fraction of the drivel it produced. Of course, by the time the overclassified reports and studies are made available to researchers, those who drafted and approved them will be long retired (after many promotions) or dead. But our habit of stamping high classifications on low-quality work to dignify it is yet another subject.

Theoretically, we petty creatures who came together to discuss the strategic future were the best and the brightest; in fact, we were dreary bureaucrats, far less than the sum of our parts. But then, our intelligence community is, above all, a massive bureaucracy, and bureaucracies discourage risk-taking or excellence that does not match the models of the past. The motto of our vast intelligence establishment is "Play it safe." The mindset may protect careers but does little for our country.

Nor do I underestimate the technological wonders at our disposal, for I have seen what these near-miraculous machines can do; but I know too well that my countrymen overestimate those same seductive devices. It is always safer, bureaucratically, to rely on what the machine tells you, whether or not it is appropriate, than on the fallible human being who begs you to believe him. No one is ever fired for showing the boss satellite photos, but it is a rare man or woman who will back a subordinate based on the analyst's personal experience of foreign people and parts. Trust the machine and you will prosper, even as your country's needs go unsatisfied.

Understanding, understanding, understanding! Get at the human beings, and the rest falls into line. Understanding your enemy is the most effective weapon of all, but a weapon we rarely wield.

We have tried clumsily, if earnestly, to make intelligence into a science, when it is an art. Certainly, science plays a mighty role within the larger boundaries of the art, from those fabulous collection systems, to communications, to computer analysis of technical data. Nor will we ever have an intelligence community composed solely of virtuosos—not everyone should be expected to be a soloist or even the first violin. Someone has to raise the curtain, turn the pages and work on the acoustics in the hall, but in the world of intelligence the stagehands have taken over the performance.

The last clarinetist in a quality orchestra has to have a dependable level of competence, or the sound of the entire orchestra suffers. But diplomas alone do not make musicians, and they do not make intelligence analysts. At present, we pretend that anyone with a college degree can play in the intelligence world (in the military, the degree is not even required). Try that at the New York Philharmonic: “Oh, you just graduated from Juilliard? Thank God, we’ve been looking for a replacement for Maestro Masur. . . .” For those logic lovers out there, does it make sense for our premier intelligence organizations to have lower standards than a third-rate orchestra somewhere in the Midwest? Pretending that intelligence analysis is, if not fully quantifiable, at least subject to methodical processes has left us skilled at predicting the arrival time of a tank within range of our weapons, but helpless at seeing into the mind, heart and soul of the enemy leader who commands, perhaps, 5,000 tanks or 5,000 terrorists. We lack a natural sense of pitch, of human harmonies and discords. And we play the same tune over and over again.

As for science, the one thing we have not even tried to do with it is to use it to select potential analysts for their counter-scientific skills, for talents that would augment, even fulfill, the technological array we can bring to bear upon our enemies. But that, of course, would lie in the future, well beyond the numbing tests the military and government now use to guarantee the standardization of mediocrity. (Mark your choice with a No. 2 pencil and erase any errors completely. . . .”) I do not think we

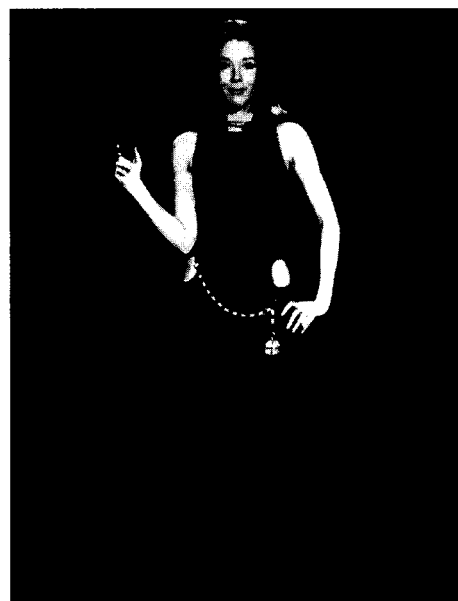
need a horde of mystics and cabalists in Pentagon cubicles or gathering in covens in the cafeteria at the Defense Intelligence Agency. But we need to try to understand that a good analyst’s mind is wired a bit differently—he or she need not go into a trance and speak in tongues but had better have a richer, cannier vision of the world than that possessed by the average Washingtonian bureaucrat. Sometimes, in the phantasmagoria of human hatred and violence, two and two not only make five, but ultimately add up to 27 . . . or to collapsed skyscrapers.

We view analysts as parts of the intelligence machine, and interchangeable parts, at that.

But good analysts—the truly good ones—are rare and sometimes irreplaceable. That, too, is anathema to a bureaucracy and to a military that still has an industrial-age, draft-era mentality within its personnel system. We must find ways to attract, identify, develop and retain analysts who have special potential. In far too many intelligence organizations, someone becomes a specialist simply by virtue of assignment or duty position (Brazilian navy desk last week, terrorism expert today). We neglect intelligence, not because it isn’t vitally necessary, but because it is very hard to do well (and in the military because it’s geek stuff—real men don’t think). Were we a weaker power, we would pay far more attention to intelligence since it is a great equalizer. Instead, we rely on strength and wealth to get us through. But poor intelligence forces even a superpower to be reactive, when it should be leading, preventing and shaping.

Much has been made of September 11, 2001, as an intelligence failure. Well, it was and it wasn’t. Not even the finest intelligence organization, with highly developed cadres not only in the analytical field but in the other vital, difficult field of Human Intelligence, would be able to predict and prevent every event. The world is too complex and too vast, and humanity too ingenious. No intelligence structure will ever be perfect, at least not in our lifetimes. But we can do a great deal better than we have done up to now.

The status quo is perverse. We will spend tens of billions of dollars on a network of satellites, then pay the young man



or woman analyzing the data a salary far below that of a plumber. In my own career, I repeatedly was encouraged to take jobs that had nothing to do with intelligence but which were considered the premier Military Intelligence positions. Friends at the National Security Agency or Central Intelligence Agency routinely found themselves required to leave the analytical fields in which they were skilled and go into management in order to gain the promotions they needed to care for growing families. Analysis was the bottom rung, an entry-level job, and even the best analysts saw their work so neutered as it filtered up through the bureaucracy that the insights of greatest value often disappeared long before the paper or study reached the National Command Authority. No one in the management chain wanted to risk being asked a question by his boss for which there was no documented answer. Intelligence work became a poor cousin of academic research, with all “new” products relying on the wisdom of that which had been published (safely) in the past. It was especially laughable when a general or senior executive would say, “Now, I want you to think out of the box on this.” What he meant was that he wanted to hear fresh justifications for his existing beliefs. The only innovations the system valued were those that saved money on office supplies.

Of course, when things go wrong we immediately hear cries from Congress and the pundits for intelligence reform. Now let me tell you what intelligence reform means to the

Hill: more money for the contractors who build the systems whose data we lack the manpower to analyze. There is always a constituency to buy expensive hardware, but there is no enduring constituency for the skilled human beings we sorely lack. In the military sphere, the cost of one F-22 fighter, an utterly unnecessary, irrelevant system, could fund about 2,000 more analysts for five years . . . or train about 2,500 more linguists in the nation's best language programs. (Foreign language ability is another human skill in chronically short supply in our intelligence community, and, personally, I believe analysts should speak the language or languages of their target region.)

Our intelligence machinery does produce wonders upon occasion. But that machinery simply has limits that only human beings can extend. The recent conflict in Afghanistan made this abundantly clear. Despite the hundreds of billions of dollars' worth of intelligence surveillance equipment available to us, our bombing remained largely ineffectual until special operations teams hit the ground, drew information from the local combatants, spotted targets with their own eyes and directed the airstrikes. We could have bombed Afghanistan for a year and had less effect than that produced by a few weeks of bombing guided by skilled human beings on the ground. Similarly, the literally immeasurable amounts of data generated by our technical systems have little meaning, or can actually deceive us, if we do not have skilled analysts with good instincts honed by experience to help us understand what it all means; or to be more accurate, to tell us what the few pertinent drops in the vast flood of information mean.

Good instincts? That's a quality that never shows up on report cards. Yet, I've known plenty of well-educated, knowledgeable, dedicated, brutally hard-working intelligence officers who were worthless when it came to serious intelligence analysis. They could make the office look good in a bureaucratic environment; they could brief; they could do research, but they could not understand that sometimes the

world refuses to behave as they were taught it should behave. They plotted out the templates, scratched their heads and got on a kicked-puppy look when the bad guys failed to behave as the Intelligence School at Fort Huachuca said they must.

In one tactical assignment, I had a subordinate officer who was superb in every respect that mattered to the institutional Army, but his instincts actually tipped into the negative column and he got even simple analytical calls whoppingly wrong. (Fortunately, this was in peacetime, at Fort Hood, where nothing much matters.) In the same organization, I had an officer who looked more than a little rough around the edges, who couldn't keep a smirk off his face when the leadership came around barking platitudes, and who had a gut instinct for battlefields, psychology, and plain old human nastiness that no training course could ever instill. He was the one I would have relied on in wartime. Despite my best efforts, guess which one the Army promoted and which one was passed over and forced out of uniform?

Ultimately, intelligence work comes down to dealing with humanity. After all the calls are intercepted and the missiles counted, the bank accounts monitored and the nerve gas canisters located, we still need to look inside the minds, hearts and souls of other human beings. And unlike the mechanical and electronic things of which we are so fond, human beings are not fully predictable or understandable, even to themselves. Contrary to the wisdom of Washington and the academic world, human beings are not rational creatures. Laws, customs and enlightened self-interest may drive men and women to behave predictably some of the time—in daylight, on a peaceful street, but in the dark night of the soul or in the stunning midnight of atrocity, the rational man dissolves into the feral, instinctive, vividly mad descendant of Cain.

Perhaps one day satellites will be able to locate every single one of our opponents. But I doubt that they will ever be able to see into the human interior to tell us what our nemeses intend or hope or fear. What will X do tomorrow? The truth is that X himself does not know for certain. The deed yet undone contains myriad alternatives. A good analyst, enraptured by his work, may actually have a better grasp of

what X will do than X does himself. To many, this will sound impossible. But it is only impossible for those who rely upon technology to cope with humanity.

This is hardly a new tug-of-war. Those who insist that all things are knowable and that men and women act rationally have been on one side of the stadium of mankind for centuries, while the opposing bleachers have been filled by those who insist that even the light of reason casts dark shadows and that man's nature is never fully knowable. In our technologically advanced culture, the power of systems easily seduces the multitude to believe that machines are, or soon will be, omnipotent—an enduring myth. But at the most elementary, unshakable level, we have barely begun to understand the complexities, motivations and patterns of human behavior. The frightened cling to the tangible, and the worried demand simple answers. But an effective intelligence system must learn to deal with the ineffable and dauntingly complex. As Shakespeare put it four centuries ago, "There are more things in heaven and earth, Horatio, than are dreamt of in your philosophy." Words to live by for the Director of Central Intelligence.

Of course, we will never have an intelligence system composed purely of virtuoso analysts and linguistic geniuses. But with an intelligence budget above 30 billion dollars a year, we certainly can do better than we are doing now. A little more money—just a tiny fraction of the budget lavished on technology—redirected to Human Intelligence operations, to analysts and to linguists, could make an enormous difference. But personnel policies would have to be reformed at the same time, and in the absence of additional money for analysts, linguists and HUMINT specialists, personnel system reform becomes even more important. Once within the system, the basic question is simple to articulate, if difficult to answer: How can we exploit the gifted, instead of rewarding the conformist? We are always readier to embrace the individual who commits himself slavishly to the system as it exists than the one who devotes himself to improving the system, with the inevitable pain change brings. We make far too much of loyalty and far too little of integrity, despite our wanton use of the latter word.

Talented people are difficult, from start to finish. They require special care and feeding, not consistently, but often unexpectedly. Brill-

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liant analysts may be a chronic annoyance in the otherwise collegial staff meeting; they're often priggishly self-righteous and sometimes obsessive: Arcane in their interests, they are, as the English used to put it, "not the club-able sort." They may occasionally look like model soldiers or fashionistas (not hard, by Washington standards), but they also may look like they need help dressing themselves. And they don't play golf. My point is that intelligence personnel, above all, cannot be judged by externals—but that is how our system likes to judge people since it's the easiest way. If only shiny boots indicated intellect, we would have the most brilliant military in history. It's no accident that the one thing we're good at in intelligence is "reading externals," milking the value from surface data, whether targeting information or communications webs. But, in the end, it is the internals that matter.

How might we best go about building a better cadre of intelligence analysts and related personnel? In the long term, we might be able to develop sophisticated testing to identify certain deep traits. But for now, the required steps are easy to list, but much harder to implement.

First, analysts need to be valued, with the most talented identified, protected and groomed. This is surprisingly tough, since most of the managers in our intelligence system are bureaucrats who truly cannot tell the difference between compiled information and valuable intelligence—and all managers, in uniform or not, tend to promote in their own image.

Second, especially in the military, supervisors need to recognize that the most-talented young people tend to make more mistakes. They're at least trying things out, instead of waiting cautiously for orders. In the "zero-defects" military our generals and admirals continue to insist doesn't exist—although it shaped their every step—promising young analysts (and other soldiers) see their careers ended for minor infractions by commanders or other bosses afraid that, if unpunished, the incidents might damage their own future prospects. When young, the smartest people often do the dumbest things. Some survive by luck within organizations (almost invariably because of a far-sighted superior). Most don't make it past the first cut.

Third, analysts have to be rewarded. In the military, this means appropriate promotions,

yet in the Army's Military Intelligence branch, the quickest way to the top is to avoid actual intelligence jobs and build a career in management (disingenuously called "leadership"). In the rest of the intelligence community, it means respect, but frankly it also means money. Intelligence work may sound seductive to a recent college graduate, but to a husband or wife in their mid-thirties with a mortgage on a townhouse in Springfield, Virginia, and two kids who are going to need college money in no time at all, life as a GS-11 with little prospect of serious advancement doesn't look quite so romantic. In a capitalist society, you don't always get what you pay for, but you rarely get what you don't pay for. If the government wants superior analysts and agents who speak multiple foreign languages and are willing to work overseas for years in particularly unpleasant circumstances, or to serve in that Heart of Darkness known as the Greater Washington Area, they should be paid at least as well as accountants by mid-career. And they should be defended, not hung out to dry, when they do get things wrong.

We want to do intelligence cleanly, without embarrassment. That's another losing proposition. Clandestine and covert intelligence work, if it is to be successful, often has to engage in practices unthinkable within America's borders. But that is yet another issue that wants discussion at another time. This brief essay is concerned with the art of intelligence analysis, a field in which we insist that our product dare not be offensive to other religions, cultures, minorities or to either political party, just in case a White House staffer leaks it. The most wrongheaded words a manager in the intelligence world can mouth are, "You can't say that." We live in a world where every unpleasant truth must be spoken before it becomes far more unpleasant.

I offer no formula for analysis itself, beyond hard work, open eyes and dedication, without which even a great talent is meaningless. I have always been skeptical of those prescribed by-the-numbers processes taught in our intelligence schools. Past a certain point, they only blind us. And perhaps all that I have written about the need for special abilities is nonsense. Perhaps all that is required is the willingness to see things as they truly are. But that is a rare enough quality by itself.

I am convinced that talent matters profoundly. We never would pretend that we



could take people with no gift for music, no matter how great their raw intelligence, and turn them into fine pianists. Is it such a stretch to imagine that an art form whose ultimate task it is to intuit the deep secrets of an enemy's mind, or soul, as I prefer to put it, might also require special talent? Certainly, talent isn't everything. No matter how much innate talent he or she might possess, a musician needs training, practice, experience and time to develop to his or her full potential. A maturation process is always required, even for a Mozart (of course, his talent was fairly mature by age 6 so we have to be flexible). But the talent has to be there to begin with, whether we speak of artists or of analysts, and talent is as little understood as love or hope or the aching for God, or the indelible will to violence.

Henry Ford did wonders for the American economy of his day, but his model of the workplace has done terrible and enduring damage to the American government and especially to our military. The business of protecting our nation with the best possible intelligence cannot be done with faceless workers who function as interchangeable parts, no matter the current management fad inflicted upon them. We Americans pride ourselves on our individualism. Recognition of the indispensable contribution of talented individuals to our intelligence system is long overdue. Machines may decipher a world of technical data, but only a gifted analyst can read the heart and soul of another human being. ↘

SUPPLY SIDE THERMODYNAMICS

B Y J O H N R U T L E D G E

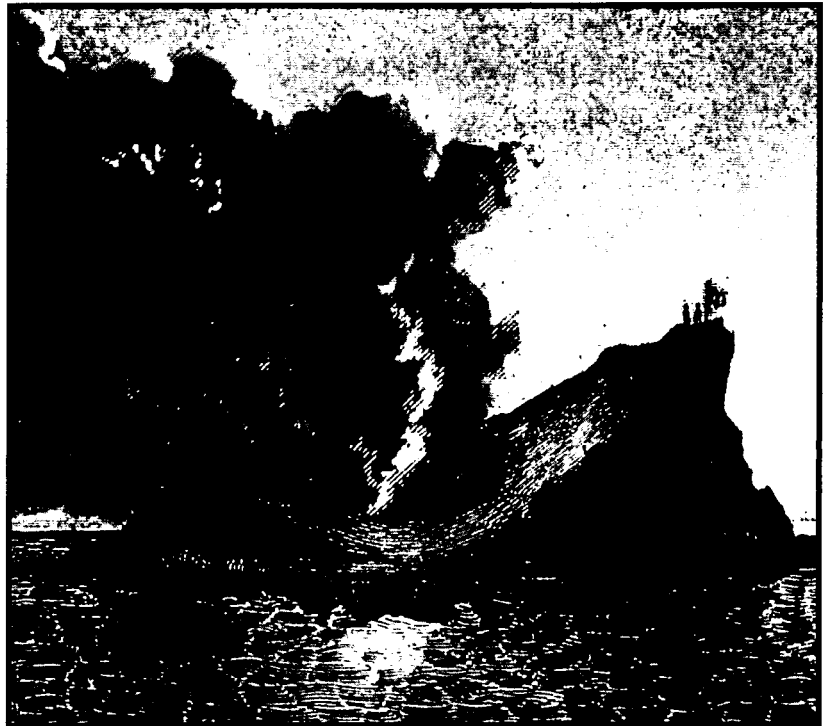
In 1981, I was lucky enough to be part of the group that produced the Reagan economic plan. At that time inflation was running at 15 percent annually. The federal top marginal tax rate was 70 percent, which had turned Americans into a nation of tax-shelter and inflation-hedging

experts rather than investors, entrepreneurs and workers. Instead of buying financial assets—stocks, bonds, mutual funds—they bought tangible assets like commodities, farmland and gold coins. Instead of starting businesses, they developed shopping centers. Instead of working, they borrowed to buy real estate they did not need. To accomplish this they dumped financial assets, which drove down their prices and left us with 20 percent short-term interest rates, 15 percent Treasury yields and single-digit stock market multiples.

Twenty years later, all this has been turned on its head. Reagan's low inflation and low marginal tax rates undercut the after-tax return on tax and inflation shelters and enhanced the return on securities. In response, Americans shifted roughly \$11 trillion out of tangible assets and into stocks and bonds. For the past two decades, this \$11 trillion arbitrage event affected every one of our economic lives. In the face of such powerful forces of change, ordinary macro-economic issues—budget deficits, trade deficits, savings rates—have been simply brushed aside.

Hard asset prices collapsed and financial asset prices soared. This dramatic increase in the value of a dollar of future income manifested itself in lower interest rates and higher valuation multiples. A \$100,000 investment in the equivalent of 30-year zero coupon treasury bonds in August 1981 would be worth over \$2,000,000 today.

These asset-market events had important effects on the production economy, too. Hard-asset deflation made the carrying costs of low-return real assets too heavy for U.S. companies to bear. Amer-



ican industry embarked on a decade-long ruthless restructuring wave that left them lean and mean. At the same time, falling interest rates and rising stock multiples reduced the after-tax cost of capital for American companies. The result was a tsunami of investment and innovation that improved corporate efficiency and lowered costs. Low tax rates created powerful work incentives.

Together, these factors returned the United States to its former position as the world's preeminent economic power. They also allow us to predict the next great wave of change. Like its predecessor, what is to come will be grounded in the same bedrock—the mathematics of thermodynamics. Both Albert Einstein and Richard Feynman referred to thermodynamics as the only physical laws that have never been broken—the only laws they believed would hold for all time.

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