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TESTIMONY of
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to
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ELIMINATING EXCESSIVE SECURITY WILL SAVE MILLIONS IF NOT
BILLIONS OF DOLLARS

In my judgement, the Committee on Excessive Classification is the most important of the Task Force committees, because we can eliminate 75% of our security issues, and save millions if not billions of dollars by eliminating excessive classification. Savings will be seen not only within the intelligence community, but also--through improved dissemination of more information--in the rest of the government and in the private sector. There are three kinds of waste caused by excessive classification.

THREE KINDS OF WASTE: SYSTEM COST, POLICY COST,
FUNCTIONAL COST

System Cost: Protection Over-Runs, Handicapping of Personnel

First, there is system cost, the waste of millions of dollars in creating Sensitive Compartmented Information (SCI) information handling systems, with their emission controls, restricted access areas, employee clearance costs, and so on, only to find that 75% of the information processed is in fact unclassified or of a lesser classification.

I will tell you in a moment about my ten million dollar mistake as the senior civilian responsible for standing up the Marine Corps Intelligence Center.

What I want to emphasize at this point is not only the cost of excessive protective measures, but the imposed cost of measures which prohibit our intelligence specialists from obtaining direct access to unclassified systems, from traveling to the Soviet Union, or even something so simple as consulting "uncleared" scholars and foreign experts. We are handicapping our best collectors and analysts--including our collectors and analysts in the private sector. We are preventing them from being effective.

We have created a security bureaucracy which has lost sight of its purpose, and has no idea how to deal with the changed circumstances in the world. Worse, we have an entire community of operations and analysis personnel who have been trained by rote for decades, and do not have a strong foundation for questioning and improving our existing processes. I will give you a vignette here as well.

Policy Cost: Lost Opportunities, Reduced National Competitiveness

Second, there is policy cost, the waste of millions of dollars in lost opportunities for executive action, and the cost of mis-informed policy, which is a direct result of over-classification which makes information too time-consuming for the policy-maker to consider. I will graphically portray how policy-makers make judgements using intelligence based on less than 2% of the available foreign information, and how policy-makers actually rely most heavily on the 90% of the information they receive which is unclassified and unanalyzed. One of the greatest myths of intelligence is that it is actually useful to the policy-makers--in my experience, most policy-makers don't have the time to read their intelligence materials, and very little of what we produce lends itself to strategic application.

Perhaps even more severe, however, is the reduced competitiveness of our Nation, whose citizens--workers, students, others--have an impoverished "information commons" because our national intelligence community contributes nothing to our larger community's knowledge of the world we live in, and the factors affecting international economic and cultural competition and confrontation. In the age of information warfare, it is the people of the

Nation who are the "front-line troops". We have left them blind, dumb, and ignorant. We have no national knowledge strategy. Your efforts to address excessive classification should be the first step in substantially re-inventing our intelligence community so that it is in the service of the Nation as a whole, not some bureaucrat's arbitrary identification of the "top 100" federal executives.

Excessive Classification: The Cement Overcoat of the Bureaucrat

Finally, there is the functional cost, the waste of millions--and more likely billions--of dollars creating massive classified collection systems whose collection we cannot process and whose product we cannot disseminate as widely as necessary to actually influence policy at the working level. There are two major costs in this area. The first results from erroneous or excessive classification. I am certain, and others more senior than I, including members of the National Security Council, have commented on this point, that no less than 75% and perhaps as much as 90% of our classification is motivated by a desire to protect turf, not national security. Erroneous classification also results from tens of thousands of poorly trained employees who routinely classify information by rote, adopting the most conservative route because the bureaucratic penalties for under-classification are severe, while there are no penalties at all for those guilty of excessive classification.

The second cost, most easily corrected, results from embedded classification, where as much as 75% of the information in a document might be unclassified or of a lower classification, but is classified at the highest level of any paragraph in the total document--this effectively removes all of that unclassified information from the broader government library of information accessible to most government and private sector employees. This is the "cement overcoat" of intelligence, burying its perceived competitor, unclassified information, deep within highly classified documents which cannot be widely disseminated.

Intelligence Microscopes, Like Mainframes, Can Become Relics

The reality--and I have published extensively on this topic--is that we have built an enormous classified microscope good only for looking at the strategic nuclear threat in the former Soviet Union, and useless against economic or other targets, even in the former Soviet Union. The failure of the intelligence community to predict the fall of the Berlin Wall, and the

fragmentation of the Soviet empire, is a direct result of our over-reliance on narrow classified systems whose validity and utility were not subject to sufficient scrutiny and oversight.

We have lost sight of the traditional art of scholarship. Our intelligence community, secure with an arrogance born of the privilege of deciding which policy-makers "qualified" for their secrets, has virtually no capability for rapidly collecting, processing, and disseminating unclassified, public information, what we call "open source" or open source intelligence (OSCINT). Excessive classification has created an ossified intelligence community which is now in grid-lock, unable to cope with fleeting and rapidly changing threats and opportunities.

SOME REAL-WORLD EXAMPLES

Now for my quick vignettes:

My Ten Million Dollar Mistake

In 1988 I was selected to be the Special Assistant to the Director, double-hatted for nine months as the Deputy Director as well, of the USMC Intelligence Center. We were given twenty million dollars to spend over a five year period, of which ten million was spent building an SCI-high system required to directly access SCI information from the major intelligence agencies. Imagine our shock when we turned that wonderful system on, and discovered that the national intelligence community does not have any significant data about the Third World, nor about factors of extreme importance to the Marine Corps, such as bridge loading data, port and airhead suitability, and so on. Imagine our chagrin when we learned that most of what we needed was available from commercial information services. Bottom line: we should have spent 80% of our money on unclassified information handling tools and access to commercial data bases, and 20% on couriers and limited access to hard-copy products from the intelligence production centers.

All Those Billions. And We Only Get 2% of the Information

In 1990 I was selected to attend the Harvard Executive Program, and specifically the Intelligence Policy Seminar. There, taught by such talented individuals as Greg Treverton, now Vice-Chairman of the National Intelligence

Council, I refined ideas I had formed earlier through participation in the CIA's "Intelligence Successes and Failures" course, and through my own graduate thesis on strategic and tactical information management for national security".

The problem is one of two parts:

We Collect Less Than 10% of the Available Information

The first part focuses on collection. The fact is that in any given country, we collect less than 10% of the available information. I can provide more detail on this later, but you can imagine how difficult it is, with officers who rarely have mastered the local language, have little time to read, and are consumed with representational responsibilities to truly get an in-depth picture of any given area. Of that 10% that does get collected, it is my judgement, based on experience in three overseas embassies, that 80% gets "spilled" on the way back to Washington. Excessive classification is certainly one of the culprits here, for often information is classified based on who collected it, not whether the information itself is classified. Another is practical. Messages have to be coordinated, hard-copy to parent agencies does not. So many officers, regardless of agency affiliation, opt for the route that is bureaucratically easy, but which actually deprives the broader community of access to the information. So I conclude that all of our collection efforts, both classified and unclassified, actually provide the policy-maker with less than 2% of what is available. I also conclude that increased emphasis on the collection of unclassified information which can be readily shared throughout the government and with the private sector, would allow us to significantly reduce costs--and political risk--associated with clandestine collection, while also significantly increasing the disseminability and therefore the utility of that information.

We Spill or Can't Process 80% of What We Collect

The second part focuses on production. That 2%, by and large, gets turned into intelligence or refined staff products which others, including the director of the CIA's "Intelligence Successes and Failures" course, have concluded constitute less than 10% of the input to the policy-makers understanding of his or her world. Let me stress this: the flood of classified information that we produce not only does not get read by the intended recipient, the policy-maker, but often, because of its excessive classification,

cannot be read by the subordinates of the policy-maker normally charged with digesting and distilling incoming information for the policy-maker.

The other 90% of the input is unclassified, unanalyzed by intelligence professionals, and provided by bureaucrats, lobbyists, Congressional Members and staff, foreign government officials, friends, and family. And of course the media.

There is something very disturbing about this picture. It suggests that the intelligence community has renounced its originally intended mission of informing policy, and been consumed by the passionate (and like passion, often oblivious) desire to focus on secrets for the sake of secrets. I cannot tell you how many times I have heard warfighters complain about intelligence that is too much, too late, too compartmented, and virtually useless.

Lastly, I will mention the over-all failure in developing processing and dissemination capabilities commensurate to our classified collection capabilities. Such authorities as Dick Kerr, former Director of Intelligence for the CIA, and most recently the Executive Director, have been frustrated by the penchant of Congress and the industrial base to push large expensive (and highly classified) collection systems, without providing for the processing and dissemination of those products, or the more mundane collection of unclassified information. A few years ago a senior manager at the National Security Agency told me he processed less than 6% of the signals his group collected. I have heard similar percentages, under 10% for classified imagery.

No Strategy. No Clear Idea of Who Needs What

In my years of service, and especially in the past five years when I have been the Marine Corps member of the Foreign Intelligence Priorities Committee, the Future Intelligence Requirements Working Group, the Council of Defense Intelligence Producers, and other key forums for establishing direction, I have been appalled how we do business. We literally go through the motions. We don't have a strategic plan for intelligence collection designs and methods, and there is little likelihood that intelligence community leadership will produce such a plan in the near future. This is important to you because excessive classification is inherent in the way we do business now, and likely to continue unchecked unless the President receives substantive recommendations to drastically reduce funding for classified systems, and

increase funding for unclassified collection, processing, and dissemination capabilities. If the President will not pay attention to this problem, we will continue to waste millions, perhaps billions, on systems that do not lend themselves to non-conventional targets, and whose cost is multiplied many times over because of excessive classification.

I wish to conclude my brief oral testimony with two comments:

Fiscal Decline Is A Most Refreshing Tonic

First, fiscal decline is a most refreshing tonic, to borrow a turn of phrase from Winston Churchill. It brings out new perspectives, and forces objective reevaluation. When Robert Kohler, a senior TRW officer and former head of the CIA office responsible for building satellites, stands up and says he thinks we can declassify most of what we do in imagery; when William Schneider, former Undersecretary of State, says we should eliminate export controls on our intelligence technologies; when Ken Bass, first Council for Intelligence in the Department of Justice states publicly that most of what he has reviewed is over-classified, then indeed, a breath of fresh air is stirring in the musty vaults. It will not be easy, changing the way we do business. The one bright hope is that Congress will respond to the desire of contractors to sell their intelligence systems overseas, and accede to the declassification of much of what we do so that it can be exported. This in turn will lead to a scrub-down, in which our systems are forced to compete with foreign satellites and other capabilities.

It's Time For Intelligence Managers to Demonstrate Returns on Investment, or Go Out of Business

Second, and here I want to paraphrase a warfighter who spoke to me at Newport in 1991 when we tested our intelligence concepts--he may have been the commander of the lead wing going into Beirut during the war in Southwest Asia-- he said something along the lines of: "If it's 85% accurate, on time, and I can share it, then that is a lot more useful to me than an SCI compendium that is too much, too late, and needs a safe and three security officers to move it around the battlefield". There are unquestionably some things that must always be done by sensitive technical means or can only be obtained through clandestine collection, but on balance I believe that between 75% and 80% of our national policy-makers intelligence needs, as well as the intelligence needs

of the broader consumer base which we have ignored all these years, both the rest of government and in the private sector, can be satisfied with unclassified intelligence which is vastly faster to get and cheaper to process, and has the two additional advantages of being risk-free, and eminently suitable for dissemination to Congress, the press, and the public.

Until the intelligence community is forced to utilize unclassified information as its "source of first resort" (a marvelous phrase coined by Paul Wallner the first Open Source Coordinator appointed by the Director of Central Intelligence); and until the intelligence community is forced to produce unclassified products to the maximum extent possible, then we will continue to waste millions if not billions, deprive most government officials, private sector officers, and citizens of the fruits of our intelligence effort, and blindly pursue secrets for secret's sake, rather than informed policy.

Alvin Toffler and Stevan Dedijer, Harlan Cleveland and Robert Carkhuff, Howard Rheingold and Peter Drucker--each of these authorities has addressed the age of information warfare, of the knowledge executive, of the "gold collar worker", of the privatization of intelligence. The fact is that much of what we need in the way of intelligence is being produced by private organizations as a commercial endeavor--and this includes satellite imagery and signals collection. It is time for intelligence community managers to demonstrate returns on investment, or go out of business. It is time for them to decide if they are in the business of secrets, or the business of informing policy. We need to help them with that decision by redefining what constitutes a "secret", and indeed, what constitutes "national security".

I have attached to the transcript of my testimony a detailed critique of Executive Order 12356 as now written, various articles pertinent to your role in restructuring the way the intelligence community does business, and a personal biography with a list of my recent publications on intelligence restructuring. I have other documents relevant to the proposition that we must re-orient our entire intelligence community toward the mission of informing policy and producing largely unclassified intelligence; these I will supply if requested. May I respond to any questions?

Attachments:

- A Critique of Executive Order 12356, "National Security Information", *Federal Register* Volume 47, Number 66, Tuesday April 6, 1982.
- B *COLLOQUY* (May 1993), a publication of the Security Affairs Support Association (containing transcripts of public remarks by Robert J. Kohler, William Schneider, Kenneth C. Bass, III, Randall Fort, others)
- C Robert D. Steele, "Ethics, Ecology, Evolution, and Intelligence", *Whole Earth Review* (Fall 1992), pp 74-79
- D Robert D. Steele, "Getting It Right, Part I: General Evaluation of National Intelligence Capabilities", *Intelligence and Counterintelligence Journal* (forthcoming issue, Summer 1993)
- E Robert D. Steele, "Getting It Right, Part II: Intelligence Primer--How to Inform Policy", *Intelligence and Counterintelligence Journal* (forthcoming issue, Summer 1993)
- F Robert D. Steele, "Corporate Role in National Competitiveness: Smart People + Good Tools + Information = Profit", *Harvard Business Review* (under consideration).
- G Robert D. Steele, "Recasting National Security in a Changing World", *American Intelligence Review* (Summer/Fall 1990), reprinted in United States Marine Corps, *INTELLIGENCE: Selected Readings--Book One* (Marine Corps University, Quantico, AY 1992-1993) pp. 42-49. Hereafter USMC *INTELLIGENCE I*.
- H Robert D. Steele, "Applying the 'New Paradigm': How to Avoid Strategic Intelligence Failures in the Future", *American Intelligence Journal* (Autumn 1991), reprinted in USMC *INTELLIGENCE I*, pp. 50-53.
- I Robert D. Steele, "The National Security Act of 1992", *American Intelligence Journal* (Winter/Spring 1992) reprinted in USMC *INTELLIGENCE I*, pp. 54-60.

- J Robert D. Steele, "Intelligence Support for Expeditionary Planners", *Marine Corps Gazette* (September 1991), reprinted in USMC *INTELLIGENCE 1*, pp. 77-83.
- K Robert D. Steele, "National Intelligence and the American Enterprise: Exploring the Possibilities", Intelligence Policy Seminar Working Group #3, John F. Kennedy School of Government, Harvard University, 14 December 1991
- L Robert D. Steele, "United States Marine Corps Comments on Joint Open Source Task Force Report and Recommendations, Working Group Draft Dated 6 January 1992"
- M Robert D. Steele, "Marine Corps Trip Report: Technology Initiatives Wargame 1991, Naval War College, Newport RI, 21-25 October 1991
- N Biography of and List of Publications by Robert D. Steele

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