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National Funding Directions for
Open Source Intelligence

by Arnold E. Donahue 1/

Resources Available

The good news for open source intelligence is that there is likely to be more, much more, funding available for collection, processing, and dissemination of publicly available information. The reasons for this are not complicated. The Intelligence Community has traditionally devoted roughly 60 to 70 percent of its budget on the principal military threat to U.S. national security during the past 40 years, the USSR and the Warsaw Pact. As the countries of eastern Europe and the former Soviet Union evolve, the intelligence emphasis there is rapidly moving away from clandestine collection to overt sources and acquisition of open information. And resource expenditures for open source are a fraction of those required for clandestine collection and processing. Even though the intelligence budget is classified and whether one believes it is \$20 billion or \$30 billion (as reported last year by the Washington Post) or \$40 billion, the potential windfall available for open source intelligence could be substantial.

There need to be a few caveats about the obvious trends though. First, there is no doubt that the new states of the former Soviet Union and independence in eastern Europe does not mean an end to intelligence interest and attention required of these nations. Even though the community appears to be rapidly transitioning to spend less than a third of its budget on these areas, a significant residual effort will be required.

Second, the transition will not occur overnight. The commitments made to many clandestine systems and data acquisition approaches neither can (nor should be) abandoned overnight. Many take 5 to 10 years to become established, and it would not be prudent to forego them completely without further confirmation of the very recent favorable trends.

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Third, some very important, newer priorities are emerging that will require increased U.S. intelligence attention and resources. These include proliferation of weapons of mass destruction, drugs, terrorism, economic competitiveness, and regional conflict. Some of the substantial resources previously devoted to the Soviet target need to be diverted to address these new threats. Nonetheless, it is hard to see these new demands cornering than 20 to 30 percent of the resources formerly devoted to the Soviet target.

Intelligence Community Outlook

The bad news, unfortunately, is that the Intelligence Community is not in a good position to act as the catalyst to collect, collate, analyze, and disseminate open source information. The reasons have a lot to do with the experience of the last 40 years, the community's culture, and -- frankly -- its bureaucratic self-interest. First, the experience in intelligence is that open source information activities compete poorly with clandestine approaches. Current activities, such as broadcast monitoring and periodical and book acquisition, are stepchildren compared to the robustness of clandestine and technical methods. Less than 1 percent of intelligence resources are currently devoted to open source intelligence.

Second, the culture of the community is not conducive to open source activities. For good and grand historical reasons, clandestine techniques, classified sources, and compartmented methods were required to infiltrate the closed societies of the Communist world. The Intelligence Community was wedded to these, and a string of codewords on a report often seemed to enhance its credibility, importance, and value. Even when the Intelligence Community used completely unclassified sources, it classified the product. This is not to say that the community can't change; it can, but the pace of institutional change is often glacial, at best generational.

Third, the bureaucratic self-interests of the community are based on clandestinity, covertness, cover, and secrecy. Without these, the *raison d'être* of the intelligence agencies could be challenged, its activities viewed as unneeded and duplicative. The practitioners of its tradecraft will not be pleased, or long tolerate, someone who says, "But I read it in the Washington Times, yesterday."

Civilian Agencies and the Private Sector

For the reverse of many of the reasons cited above, civilian U.S. Government agencies and the private sector are in much better shape to serve as the focal points for the collection, processing, analysis, and distribution of open source intelligence. Unlike the Intelligence Community, these agencies and U.S. businesses have been dealing with open source information for years. They do exceedingly well, converting even "confidential", personal, or proprietary data into useable and valuable products. The output is unclassified and often widely available to the public at modest cost. The culture of these agencies and businesses promote open acknowledgement of sources, defined methods of extraction and collation, and wide dissemination to client groups. These are the reverse of traditional intelligence practices. Finally, the bureaucratic self-interest of these institutions is buttressed and reinforced by open source information collection and analysis. These are not viewed as competitive with the basic mentality of, and rationale for, these institutions.

Possible Near-Term Public Policy Approaches

The disadvantages that the Intelligence Community has in formatting and executing an open source intelligence strategy are currently overwhelmed by the advantage arising from resources recently freed from covert collection and analysis. Thus, at least initially, the Intelligence Community should take the lead in openly seeking participation by other government agencies and private enterprise in open source intelligence. It should not be difficult to identify topics of high interest where open source information is likely to provide the vast bulk of the relevant data. Worldwide military spending and hardware comparisons, environmental policy and enforcement capabilities, trade and financial flows, and energy production and utilization are some obvious areas. It might be beneficial to attempt to consciously create competition in some of these areas. This is particularly valid in areas of analysis where one government agency or an industry may need to be challenged. Policymakers would feel much more confident if analyses provided by Jane's, DRI, the Department of Energy, and CIA agreed on an issue. There is no need to start large. A valid test on a range of subjects of varying complexity and depth could be conducted with \$100 million, certainly less than \$500 million.

Open Competition

These initial efforts should be openly competed with both other government agencies and the private sector allowed to bid on these open source intelligence efforts. Such competition is needed to preclude the Intelligence Community from duplicating current open source efforts and to prevent the creation of duplicative information efforts or unfairly competing with and undercutting current private sector and other governmental efforts. In addition, these products should be tested in the open market for customers and users. Hopefully, this would force both sponsors and producers to be sensitive to user needs and to determine the real need for these products..

In addition, the Intelligence Community needs to set up a mechanism to charge for these products. To the extent these open source information products are required by government users, this charge should conform to the current government-wide policy that limits charging public users for information to the incremental cost of production and distribution. Similarly, government needs to be careful that its agencies do not compete unfairly with private sector information suppliers. McGraw Hill, Jane's, Dialog, and CNN should not be forced to compete with the government for products that they will gladly sell to any user at competitive price.

Longer-Term Approaches

Beyond near-term Intelligence Community efforts to structure an open source intelligence strategy, a long-run public policy approach is needed. Questions on the distribution of intelligence resources, on the user's role in seeking data and analyses directly, and on the need for competitive analyses must be examined. An activist government approach to competitive analysis is probably justifiable in many areas, but competition is unlikely to be productive when it comes to collecting basic data and organizing it. The initial efforts that the Intelligence Community will undertake in the next few years will be important in illuminating the answers to the many public policy issues implicit in open source intelligence.

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