Studies in Intelligence

Journal of the American Intelligence Professional

One Intelligence Analyst Remembers Another
A Review of *Who the Hell are We Fighting?*

Books Reviewed in
Studies in Intelligence **in 2006**

Speaking to Policymakers
An Experiment in Decision Analysis in Israel in 1975

Extraordinary Fidelity
Two CIA Prisoners in China, 1952-73

A "Standard & Poors 500 Index" for Intelligence
Using Prediction Markets to Enhance US Intelligence Capabilities

Volume 50, Number 4, 2006

This quarterly publication is prepared primarily for the use of US government officials. The format, coverage, and content are designed to meet their requirements. To that end, some issues of *Studies in Intelligence* each year remain classified and are not circulated to the public, resulting in numbering gaps in scholarly collections.

Studies in Intelligence is available on the Internet at: www.cia.gov/csi.

Printed copies of the journal are available to requesters outside the US government from:

Government Printing Office (GPO)
Superintendent of Documents
P.O. Box 391954
Pittsburgh, PA 15250-7954
Phone: (202) 512-1800
E-mail: orders@gpo.gov

Requests for subscriptions should be sent to:

Center for the Study of Intelligence
Central Intelligence Agency
Washington, DC 20505

ISSN 1527-0874

CSI's Mission

The Center for the Study of Intelligence (CSI) was founded in 1974 in response to Director of Central Intelligence James Schlesinger's desire to create within CIA an organization that could "think through the functions of intelligence and bring the best intellects available to bear on intelligence problems." The center, comprising professional historians and experienced practitioners, attempts to document lessons learned from past activities, to explore the needs and expectations of intelligence consumers, and to stimulate serious debate about current and future intelligence challenges.

To carry out this mission, CSI publishes *Studies in Intelligence*, as well as numerous books and monographs addressing historical, operational, doctrinal and theoretical aspects of the intelligence profession. It also administers the CIA Museum and maintains the Agency's Historical Intelligence Collection.

Contributions

Studies in Intelligence welcomes articles, book reviews, and other communications from authors within and outside the government on any historical, operational, doctrinal, or theoretical aspect of intelligence. Submissions should be sent to:

Studies Editor
Center for the Study of Intelligence
Central Intelligence Agency
Washington, DC 20505

Awards

The Sherman Kent Award of $2,500 is offered annually for the most significant contribution to the literature of intelligence submitted for publication in *Studies*. The prize may be divided if two or more articles are judged to be of equal merit, or it may be withheld if no article is deemed sufficiently outstanding. An additional $5,000 is available for other prizes, including the Walter L. Pforzheimer Award. The Pforzheimer Award is given to the graduate or undergraduate student who has written the best article on an intelligence-related subject.

Unless otherwise announced from year to year, articles on any subject within the range of *Studies*' purview, as defined in its masthead, will be considered for the awards. They will be judged primarily on substantive originality and soundness, secondarily on literary qualities. Members of the *Studies* Editorial Board are excluded from the competition.

The Editorial Board welcomes readers' nominations for awards.

Center for the Study of Intelligence
Washington, DC 20505

CONTENTS

HISTORICAL PERSPECTIVES

INTELLIGENCE TODAY AND TOMORROW

INTELLIGENCE IN RECENT PUBLIC LITERATURE

Contributors

Nicholas Dujmovic is a CIA historian and a veteran intelligence analyst. He is the compiler and editor of *Literary Spy*, a book of quotations about intelligence. He is a member of the *Studies in Intelligence* Editorial Board.

Daniel Kahneman is Eugene Higgins Professor of Psychology and Professor of Public Affairs, Woodrow Wilson School, Princeton University. Professor Kahneman has studied judgment and decisionmaking under uncertainty for nearly 40 years. For this work he won the Nobel Prize in Economic Science in 2002. His current research is focused on the measurement of well-being.

Zvi Lanir is the founder and president of the PRAXIS Institute (www.Praxis.co.il), which researches, develops, and applies methods and tools for early warning systems. Dr. Lanir is currently working on a book on the "Second War in Lebanon" (2006) and its "lessons for strategic and intelligence paradigms."

Manuel Antonio Orellana Jr. is a lieutenant in the United States Navy. He prepared his contribution while he was assigned to the Naval Postgraduate School in Monterey, California. He has an advanced degree in Special Operations in Low Intensity Conflicts and National Security Affairs.

Hayden B. Peake is the curator of the CIA Historical Intelligence Collection. He served in the Directorate of Science and Technology and the Directorate of Operations. He is a frequent contributor to this and other intelligence journals.

Robert Sinclair was a CIA intelligence analyst for 37 years. He is now a consultant on analytic issues.

Michael J. Sulick was associate deputy director of operations in CIA before he retired in 2004. He was a member of the *Studies in Intelligence* Editorial Board.

Puong Fei Yeh prepared his article while he earned his M.A. in International Relations (2006) at Yale University. He holds a B.A. in Economics from Wesleyan University. He currently works with a consulting firm in Northern Virginia.

A Review of *Who the Hell Are We Fighting? The Story of Sam Adams and the Vietnam Intelligence Wars*

C. Michael Hiam, Hanover, NH: Steerforth Press (2006), 326 pages, biblio., index.

Robert Sinclair

“Adams’ story raises questions about the relationship between intelligence and policy that persist to this day.”

The Sam Adams of C. Michael Hiam’s book is neither the hero of the American Revolution nor the beer, but Samuel A. Adams (1933–88), who in his 10-year career as a CIA analyst caused more trouble than any analyst before or since. Sam, a distant relative of his 18th-century namesake, arrived at the Agency in 1963 after a brief spell as a “downwardly mobile WASP” (his term) in the outside world. By his own account, Sam’s bosses were calling him “*the* outstanding analyst” in the Agency after he had been there only three years.[1] In another three years, they were badgering him to resign. His story raises important questions about the relationship between intelligence and policy that persist to this day.

Sam was good-looking, brilliant, endlessly curious and inventive, and a glutton for research. He had a wonderfully self-deprecating sense of humor. He was almost childlike in his eagerness to discover things and share his discoveries with everyone around him. He was also obsessive, stubborn, quixotic, and disheveled to the point of slovenliness. He was incapable of marching to any drummer but his own. Thomas Powers, who edited both Hiam’s book and Sam’s own memoir (and who wrote *The Man Who Kept the Secrets,* the standard biography of CIA director Richard Helms), describes Sam this way:

> *I never knew a man with such an enormous appetite for sheer information. I remember him reading the multiple volumes of the British official intelligence history of WW II — a massive series of tomes which were just pure information, one damn case after another. Sam loved them.*[2]

Sam’s first assignment when he arrived at CIA was the Congo, and this is where I got to know him. (I have a cameo role at the beginning of Hiam’s book as the nerdy South Africa analyst at the next desk.) Sub-Saharan Africa was on the front burner in the early 60s, and no part of the

[1] Sam Adams, *War of Numbers: An Intelligence Memoir* (Hanover, NH: Steerforth Press, 1994).

[2] Personal communication with the author.

Sam read everything he could find, talked with anyone who would sit still for him, and filled box after box with three-by-five cards.

continent was getting more attention than the Congo, which seemed to be tearing itself apart and/or going communist. At that moment, not many issues loomed larger for this country than saving the Congolese from themselves and the Soviets.

Starting with little beyond what he might have gleaned from Conrad's *Heart of Darkness*, Sam read everything he could find, talked with anyone who would sit still for him, and filled box after box with three-by-five cards. His phenomenal memory gave him almost total recall, and he quickly became one of Washington's reigning authorities on the Congo.

Sam's specialty was the "Simba" rebels in the eastern Congo. How much of a threat did they pose to the extraordinarily weak central government, and what was the extent of communist influence? We knew the rebels were getting help from the Cubans; Che Guevara himself turned up for a while. But what could we expect from the rebels themselves?

These questions took on operational significance in 1964, when the Simbas captured Stanleyville (now Kisangani) and took hostage several hundred foreigners, including some US officials. The United States and Belgium responded with a military rescue operation, and Sam became a one-man task force, impressing everyone with his knowledge and analytic skill and earning all sorts of kudos. (Most such Agency task forces have many members, but Sam had more than a bit of the dog in the manger about him. Hiam interviewed his boss from that time, who said that at one point a call had come for a hurry-up briefing. Sam was not around and the boss filled in for him. "Sam," said the boss, "was mad as hell. This was his damn country and, by God, he was going to be the one to talk about it."[3]

Before long, South African mercenaries pushed back the Simbas, we took the measure of communist prospects in the Congo, black Africa got shoved off the front burner by, among other things, Vietnam, and in 1965, Sam moved over to work on the Asian war. For starters, he applied his insatiable appetite for information to the issue of Viet Cong morale, and his first discovery was the huge number of communists who were deserting. If you combined the desertion rates with after-action body counts, you wondered how long the other side could put up a credible fight. As he dug deeper into captured communist documents, however, he came to the conclusion that the Viet Cong were two or even three times as numerous as our order-of-battle charts indicated. Measured against those larger numbers, desertions looked like a manageable problem and the Viet Cong looked like a much more redoubtable foe.

Here was the start of Sam's epic battles with MACV (the US command in Vietnam) and, eventually, with his own hierarchy in CIA. Actually, a good many analysts in both CIA and the military agreed that the numbers were far too low, but only Sam kept fighting after 1967, when the issue was defined away in a key national intelligence estimate.

Just a few months after the estimate was issued, the communists launched their Tet offensive. One might assume the offensive vindicated Sam's line of analysis. But although it had an enormous impact on domestic American attitudes, our approach to the war itself changed only incrementally, and Sam remained the proverbial prophet without honor.

He was not one to give up, however. His subsequent actions would have gotten him fired and probably arrested today. Hiam gives a blow-by-blow account of those battles, starting with Sam's demand that CIA essentially find itself guilty of cowardice. He smuggled classified documents out of the Agency and hid them. Some he buried in the woods near his farm; others he hid about in various places, including a neighbor's attic. The buried trove was almost unreadable by

[3] Hiam, 37.

the time Sam dug it up—the paper worm-eaten and water damaged. Those he could salvage and other hidden copies he passed to the media and to congressional committees;[4] he provided the material for a "60 Minutes" program that skewered General William Westmoreland, our next-to-last commander in Vietnam; and he exhausted himself in Westmoreland's subsequent defamation suit against Mike Wallace, CBS, and Sam himself. As Hiam tells the story, Sam was on the verge of vindication again and again but never quite achieved it, the last instance being Westmoreland's withdrawal of his defamation suit without a verdict when it became clear that he was losing.

By the time Sam died at the age of 55, he had divorced, remarried, and moved to Vermont. He was working on a memoir but could not bring it to closure. According to Hiam, he suffered from high blood pressure, arthritis, and gout, and he was eating and drinking too much. One morning in October 1988, his wife discovered his body in their living room, a first-aid book open beside him—one last lonely research effort that didn't pan out.

Hiam is not a disinterested outsider. His father was Sam's roommate at Harvard, and Sam was his godfather. One wishes he had acknowledged these relationships in the book. That said, *Who the Hell Are We Fighting?* still strikes this reader as a clear-sighted account of the man and his era. Hiam did a huge amount of research. (Sam would have been proud.) He interviewed people who dealt with Sam throughout his life (including me) and read everything he could lay his hands on, including Sam's buried trove (which is now at Boston University) and the voluminous records from the Westmoreland defamation suit.

Reading how Sam badgered his superiors, it is hard not to come away with a degree of sympathy for them.

Concerning Sam himself, Hiam provides revealing contextual information, particularly for the years before Sam arrived at CIA. When you read about Sam's privileged, lonely childhood (his parents were divorced, and his mother kept him at boarding schools and summer camp most of the year), his later eagerness to share his discoveries comes into better focus. Similarly, his prodigious childhood research on the American Civil War prefigured his later work on the Congolese Simbas and the Viet Cong.

Hiam even offers some glimmers of insight into a question that has always intrigued me: What converted Sam from a directionless Harvard undergraduate and "downwardly mobile WASP" into a driven intelligence analyst? The answer seems to have been a case of finally breaking the family mold. After a stint in the Navy, Sam followed his father's wishes and enrolled in Harvard Law School. He decided after two years, however, that the law was not for him, and Hiam says the decision led the father to "take a swing at his son." At about the same time, his girlfriend, a Wellesley graduate from a well-to-do Alabama family, to whom he had proposed marriage, discovered she was pregnant. This concatenation of occurrences, I believe, brought him over the threshold to independence. Sam and his girlfriend quickly married, Sam quit the New York banking job his father had found for him, and the couple moved to Washington to begin Sam's meteoric intelligence career.

❖ ❖ ❖

Hiam provides a rich picture of the Viet Cong numbers debate, the people involved in Sam's battles, and the controversies that took up the rest of Sam's life. He includes too much tedious play-by-play when he comes to the Westmoreland trial, but his account of Sam's earlier struggles is excellent. Reading how Sam badgered his superiors, it is hard not to come away with a degree of sympathy for them. They clearly had no idea how to deal

[4] Eleanor Adams e-mail to author, 1 December 2006.

The fundamental tenet of US policy was that we were wearing down the enemy.

with the persistent attacks of this lone, irrepressible idealist.

The turning point in the numbers story came with the 1967 national estimate that settled on a narrow definition of the categories to be included in our order-of-battle estimates.[5] Hiam, citing documents and interviews, makes the following case: MACV, following implicit or explicit guidance from Westmoreland himself, would not accept a number that exceeded a certain limit. The fundamental tenet of US policy was that we were wearing down the enemy—that at some not-too-distant point, the communists' attrition rates would exceed their replenishment capacity. MACV, in fact, was claiming in 1967 that we might be approaching this "crossover point." Sam's notion that communist numbers should be pegged higher by a factor of two or three was politically out of bounds by several miles. Hiam, quoting a member of Westmoreland's staff who agonized over the issue, says that at one point Westmoreland's own intelligence chief came up with a higher estimate. Westmoreland allegedly reacted by asking, "What will I tell the president? What will I tell Congress? What will be the reaction of the press to these higher numbers?" The intelligence chief was soon sent packing.

There was also a mind-set issue. Military doctrine as it had emerged from World War II and Korea focused only on regular military formations. There was no place for the guerrillas and political infrastructure that were at the heart of the numbers controversy, and at the heart of Vietnamese communist strategy as well. In his interview on "60 Minutes," Westmoreland acknowledged in essence that one of the reasons he had excluded irregulars from the order of battle was that he didn't think they were really soldiers.

MACV, Hiam continues, was adamant that it have the final say. It was not going to be second-guessed even by the Pentagon, much less by CIA civilians, and CIA was not willing to press the point. In late 1967, CIA Director Richard Helms sent a delegation headed by George Carver, his assistant for Vietnam, to Saigon with orders to resolve the issue. After days of nasty debates, Carver pretty much accepted MACV's terms. According to Hiam, Helms later said "that because of broader considerations we had to come up with agreed figures, that we had to get this OB question off the board, and that it didn't mean a damn what particular figures we agreed to."[6] Sam (who had been part of the delegation and who had been infuriated by Carver's "cave-in") wrote in his memoir that when his pestering finally got him an audience with Helms, Helms "asked what I would have him do—take on the whole military?" Helms added, "You don't know what it's like in this town. I could have told the White House there were a million more Viet Cong out there, and it wouldn't have made the slightest difference in our policy."[7]

❖ ❖ ❖

One of the virtues of Hiam's book is the snapshots it provides of the others involved, each burdened by his own priorities and each trying to cope, not just with the Sam Adams phenomenon but with all the pain and uncertainty of that messy war. Two individuals stand out in particular. Both agreed fundamentally with Sam; neither backed him during the struggle over the national estimate in 1967; both testified on his behalf at the Westmoreland trial.

The first is Colonel Gaines Hawkins, MACV's chief order-of-battle specialist. A Mississippi teacher before he decided to stay in the Army during the Korean War, a

[5] See SNIE 14.3-67, Capabilities of the Vietnamese Communists for Fighting in South Vietnam, 13 November 1967. The declassified estimate, along with many other declassified products can be found in *Estimative Products on Vietnam, 1948–1975* (Washington, DC: Government Printing Office, 2005) and at www.cia.gov/nic.

[6] Hiam, 119.

[7] Ibid., 151.

reservist conscious of his inferior standing vis-à-vis West Pointers, Hawkins hit it off immediately with Sam and fully concurred with Sam's analysis. He could not, however, bring himself to go against his sense of military discipline, not to mention risk his career, by challenging his superiors in 1967. According to Hiam, Hawkins told Mary McGrory in 1982, when the preliminaries to the Westmoreland trial were getting under way, that he had rationalized his stance as follows:

> *[My bosses] are taking over. It is their war to fight. Maybe [my] higher figures are wrong. Whatever the case, it is their war and the consequences are theirs. Give them what they want, bless them and get your ass out of here.* [Insertions and emphasis as in Hiam's book.][8]

Hawkins later turned down a promotion to brigadier general rather than accept another assignment dealing with the Vietnamese communist order of battle. In his interview with McGrory, he said of his subsequent decision to speak out:

> *Yes, there is…some private annoyance that life in relatively quiet retirement…will never be the same again. But, know, too, Miss Mary, there is a compulsion here, a tardy realization that the tale must come out no matter what the personal pain or annoyance. In truth, the retelling is somewhat like the war itself. It hurts, and it is larger than all of us.*[9]

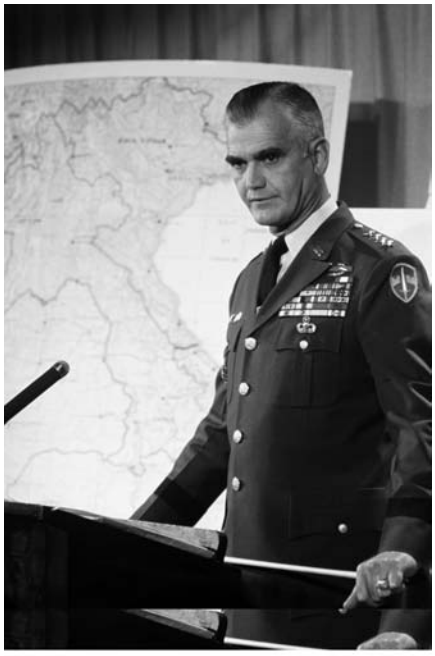
[8] Ibid., 104.

The other individual is George Allen. Allen worked on Vietnam, first for the military and then for CIA, for 30 years, beginning in the 1950s. At the time of the 1967 estimate, he had the dubious distinction of being Sam's nominal boss (as he himself put it, referring with tactful euphemism to Sam's freelancing, Sam was "working under my general supervision"[10]) as well as George Carver's deputy. Like Hawkins, Allen faced a moral dilemma over the 1967 estimate and yielded. He considered resigning but decided against it. According to Hiam, he explained his thinking to CIA historian Harold Ford as follows:

> *I had four daughters, one of them [a] sophomore in high school—and three coming up behind—and the only thing I know is intelligence. I persuaded myself, Well, stay and try to win the next battle. But Sam decided to do what he did.* [Emphasis in Hiam's text.][11]

One of the defense lawyers in the Westmoreland suit told Hiam, "George Allen was crossing a lot of Rubicons by coming and testifying." (Both Hawkins and Allen had retired by the time of the Westmoreland trial; thus career considerations no longer inhibited them.)

[9] Ibid., 231.
[10] George Allen, *None So Blind: A Personal Account of Intelligence Failure in Vietnam* (Chicago: Ivan R. Dee, 2001), 244.
[11] Hiam,121.



Westmoreland briefing reporters in the Pentagon on 22 November 1967. (Photo: © Bettmann/CORBIS)

❖ ❖ ❖

Hiam's book is an excellent study of this one important episode in the Vietnam saga. For a sense of the role of intelligence through the whole war, however, one must turn to accounts like George Allen's *None So Blind* and Harold P. Ford's *CIA and the Vietnam Policymakers: Three Episodes, 1962-1968*.[12] To me, it quickly becomes clear that Sam's battles were part of a dialogue of the deaf that had begun long before and continued until the end of the war in 1975—a dialogue in which civilian policymakers, military commanders, and not a few intelligence professionals worked from serious misperceptions.

[12] Washington: Central Intelligence Agency, Center for the Study of Intelligence, 1998.

Policymakers' time and attention were consumed in endless debates about how to cope with an array of unsatisfactory choices.

For *policymakers*, the US involvement in the war had begun as part of our worldwide struggle against communism, and policymakers never really came to terms with the aspects of the war that did not fit this preconception. They failed until too late, for example, to recognize the strength Hanoi gained from its standing as the embodiment of Vietnamese nationalism, and the powerful force that emerged from the welding of nationalism with communist discipline. The American can-do attitude, and the corollary that American ideals were welcome everywhere, led easily to overoptimism: surely, we could "win the hearts and minds" of the Vietnamese and beat this ragtag bunch of communists.

Moreover, we had begun our commitment in Vietnam in the shadow of the "who-lost-China" controversies of the 50s and the trauma of the Korean War, and throughout the war the political costs of defeat in Vietnam remained too high to contemplate. At the same time, policymakers were acutely aware of the political and economic pressures limiting the resources they could commit to the war. As the *Pentagon Papers* show, their time and attention were consumed in endless debates about how to cope with this array of unsatisfactory choices. They had little time for intelligence, especially if its message just made the choices harder.

The *US military* had fallen into the trap of fighting the last war. For all the lip service to "counterinsurgency," military doctrine had enormous difficulty looking beyond the main-force combat that had gained the generals their stars. Control—of territory and of population—was more important than the attitudes of ordinary Vietnamese. And just as their civilian bosses underestimated Hanoi's political staying power, the generals underestimated its ability to absorb enormous losses and keep fighting.

And *intelligence*? First of all, we need to keep in mind that intelligence was only a peripheral player in the policy debates. The focus was on what *our* side should do, not the capabilities or intentions of the other side. As Harold Ford notes, Helms himself had had an object lesson in this cold reality in 1965, just two years before the Viet Cong numbers debate. The CIA director then was John McCone, and Helms was head of the espionage directorate (then called the DDP), just one notch down in the hierarchy. This was the year President Johnson decided on a substantial increase in the US ground-force presence in Vietnam. McCone argued forcefully that only a no-holds-barred US air campaign against the North would turn the tide. Johnson's response was to shut McCone out of the decisionmaking process, and McCone resigned shortly thereafter.[13] Helms surely carried the scars of that experience two years later.

Viet Cong numbers were far from the only thing on Helms's plate, moreover. According to Ford, Helms was simultaneously pushing a skeptical appraisal of the US bombing campaign through the system, and he was reluctant to do anything that might make his military counterparts less willing to go along with it.[14] He also had to keep his eye on the rest of the world, notably the Middle East: the Six-Day War (in which CIA analysts had acquitted themselves well) had occurred just a few months earlier.[15]

Second, it seems clear that MACV's order-of-battle analysts did tailor their estimates to the needs of their consumers. According to Hiam, one lieutenant said he was told, "Lie a little, Mac. Lie a little." George Allen told Ford that the head of the MACV order-of-battle unit at the time, a hard-charging careerist who later became head of the Defense Intelligence Agency, acknowledged years afterward that "of course" there were many more Viet Cong than MACV's charts showed, but the numbers on the charts were "the command position."[16]

As for CIA, Ford cites numerous occasions of skepticism among agency analysts about prospects

---

[13] The incident is the second of Ford's three episodes. Op. cit., 39–80.
[14] Ibid., 99.
[15] See David Robarge, "Getting It Right: CIA Analysis of the 1967 Arab-Israeli War," *Studies in Intelligence* 49, no. 1 (2005).
[16] Cited in Hiam, 248

for the war. The writers of the *Pentagon Papers*, too, note that CIA's analysis was often more realistic than that of others. But, it is one thing to put forth cogent analysis and another to have an impact on policy. It was not just Helms who was convinced that taking on MACV would be suicidal. Even one of Sam's more sympathetic colleagues told Hiam, "Sam and I had a lot of slinging matches because he had his standards, some of which I knew damn well wouldn't sell."

The problem went deeper than relative bureaucratic clout. Neither Sam nor anyone else ever managed to make it clear to their bosses just why the so-called "numbers" debate was so important. It was much more than a simple matter of numbers: which Viet Cong groups you thought we should count was a function of what kind of war you thought we were fighting, and no question could be more fundamental than that. Not having grasped this point, a senior member of Carver's mission to Saigon could assert that particular numbers did not make much difference,[17] and Carver could tell Helms (in a cable from Saigon that Sam subsequently spirited to his woodland cache), "Major differences lie in realm of conceptual and presentational methodology rather than in genuine disagreement over substantive facts."[18]

Carver's careful handling of the issue is particularly revealing.

Intelligence would have faced a monumental task had it challenged the deeply set preconceptions of the country's political and military leaders.

Carver was at least Helms's equal in bureaucratic astuteness. He had given the White House a précis of Sam's findings (without telling Sam), and, according to Ford, he supported Sam's analysis at least through the middle of 1967.[19] The depth of his commitment is suspect, however. Ford adds that Carver "generally supported the Johnson administration's view that things were looking up."[20] Having fought the good fight in Saigon, he wound up doing what was necessary "to get this OB question off the board," as Helms wished.

Even in the best of circumstances, intelligence would have faced a monumental task had it challenged the deeply set preconceptions of the country's political and military leaders. And in intelligence matters the circumstances are never the best. Intelligence must always acknowledge a margin of uncertainty, and the uncertainty will almost always lead to disagreements that allow policymakers to push their own preferences. In the Viet Cong numbers case, the willingness, even eagerness, of MACV's order-of-battle unit to mesh its estimates with the command's perceived political imperatives probably made the task insurmountable.

Of course, our side's misperception of what a Leninist would have called the correlation of forces in Vietnam went well beyond the Viet Cong numbers debate. Hiam, quoting Sam's memoir, recounts what Sam's new boss said on the day in August 1965 Sam arrived to work on Vietnam. The boss, Edward Hauck, had gone into the Army in 1942 at the age of 18. He was fluent in Japanese and Chinese, and he had been part of an American unit attached to Mao Zedong's forces. He became a CIA analyst on Indochina in 1951, well before the French defeat at Dien Bien Phu in 1954. In a few sentences Hauck gave Sam a prescient summary of the true correlation of forces:

> *The war's going to last so long we're going to get sick of it. We're an impatient people, we Americans, and you wait and see what happens when our casualties go up, and stay up, for years and years. We'll have riots in the streets, like France had in the 1950s. No, we're not going to "clean it up." The Vietnamese Communists will. Eventually, when we tire of the war, we'll come home. Then they'll take Saigon. I give them ten years, maybe twenty.*[21]

Saigon fell, of course, a few months shy of ten years later. Hauck eventually was transferred from the Vietnam account to a posting in Tokyo that signaled to all that the next step

[17] Ford, 95.
[18] Cited in Hiam, 118.
[19] Ford, 90.
[20] Ibid., 145.

One of many ironies in the Sam Adams story is that the Tet offensive [February 1968] rendered the argument over Viet Cong numbers irrelevant.

would be retirement. What looks in hindsight like realism looked like defeatism to his superiors.

❖ ❖ ❖

One of many ironies in the Sam Adams story is that the Tet offensive rendered the argument over Viet Cong numbers irrelevant: in the course of the fighting, the Viet Cong were eliminated as a military force. Now the key question was not the strength of the Viet Cong but the staying power of North Vietnam. Our side didn't do too well here either. Ed Hauck once told Sam, "Sometimes I think the cables I read now are from that last war [when the Vietnamese Communists defeated the French], only somebody's changed the dates."[22] Through four administrations before Sam and afterward, we Americans—civilian and military policymakers and intelligence analysts—never found a way to change the correlation of forces. Little wonder that when the redoubtable journalist Orianna Fallaci asked Henry Kissinger in 1972, "Don't you find, Dr. Kissinger, that it's been a useless war?", Kissinger responded, "On this, I agree."[23]

What made Sam unique was not just his refusal to back off but also his unearthing of genuine information—information that was far from definitive but more solid than most of what emerged from the murk, information that called into question our basic approach to the war. Rightly or wrongly, Sam's superiors decided against challenging the policy consensus. And the war ended as Ed Hauck had predicted.

For this observer, it is hard to see that we have improved much in subsequent years. We still have a problem when strongly held mindsets on the policy side meet an intelligence establishment that lacks definitive information (as it nearly always does), can't achieve agreement internally, doesn't want to get too far out of line with its customers, and is conscious of the limited leverage that comes with its position near the foot of the table.

❖ ❖ ❖

What can intelligence do? Drawing up a list of prescriptions is easy; putting them to work is a challenge. The following is my own list. I have tried to measure Sam against it.

First, *know all you possibly can.* In particular, look beyond what everyone else is reading and supplement your reading with talking. Sam's insights came from slogging through piles of material no one else had looked at. Similarly, I have the strong impression that detailed expertise, far beyond what we are likely to learn from official sources, is more critical today than ever before on a whole range of important topics: the workings of Iran's theocracy, the place of Islamic radicalism in both the Muslim world and the West, and political dynamics in the countries of the former Soviet Union come immediately to mind. Basic area knowledge is essential but not sufficient. I am convinced that, on many first-order topics, we cannot gain the knowledge we need without a time-consuming effort to deal directly with people who are immersed in the area of interest. This is much more easily said than done, given the mass of available information and the substantial fragment of that mass which arrives in an analyst's electronic inbox every day. Moreover, the culture often seems to push in the opposite direction: quickness may seem more highly valued than depth, and moving from one assignment to another more career-enhancing than sticking to one topic.

Sam's experience is a case in point. True, when he was working on

[21] Hiam, 42. This perspective was evident in the following from a Directorate of Intelligence memorandum published in August 1966: "During their nine year struggle [the Franco-Viet Minh War], the Communists successfully used military pressure as a political abrasive. They worked more on French will than on French strategic capabilities and eventually succeeded in making the struggle a politically unsaleable commodity in metropolitan France." See *The Directorate of Intelligence, 1952–2002: Fifty Years of Informing Policy* (Washington, DC: Central Intelligence Agency, 2002).

[22] Adams, 26.

[23] Cited in Margaret Talbot, "The Agitator," *The New Yorker*, 6 June 2005.

Vietnam, the list of things he needed to know was narrower than it is for most analysts. However, he did exemplary work in a broader arena when he worked on the Congo, not just tracking reporting from official US sources but also studying such critical topics as the details of the country's tribal makeup. But even on the Congo, he could do this only because his superiors gave him his head. Freelancing became his standard way of operating when he moved over to Vietnam, and it is both a significant irony and a cautionary lesson for those who practice the craft of intelligence that this was both his chief strength and the main factor in his failure.

Second, *understand what the traffic will bear*. This precept, of course, would have outraged Sam, but it is a fact of analytic life.[24] Intelligence, a staff function, will rarely be the main topic considered by the line officials charged with making the decisions. Thoughtful use of the precepts described here may open the door a little wider, but in the end, as Gaines Hawkins observed, both duty and temperament will lead policymakers to treat it as "their war to fight."

What, then, does an intelligence analyst do when confronted with something as egregious as the cooking of the books at MACV? Most analysts will not face such a dilemma, but this is by no means a unique instance. Every analyst might benefit from posing the following hypothetical question:

> *On the one hand, you have Sam, persisting in his quixotic attack no matter what the consequences; on the other, you have Hawkins and Allen, choosing discretion over valor. What would you have done in their shoes?*

Finally, *get all the help you can*. Back when Sam was an analyst, not much thought had been given to how the analytic process worked and how it might be improved. Nowadays, the shortcomings of a solo effort like Sam's are well documented. Every analyst starts from a body of analogies and heuristics based on past experience—elements of earlier events that resonate when we examine a current problem, practical rules of thumb that have proven useful over time. The power of this approach is incontestable, but we are all too easily blinded to its weaknesses.

The evidence is clear: analysis is likely to improve when we look beyond what is going on in our own heads—when we encourage others to challenge our analogies and heuristics with their own, and when we use any of several techniques designed to make explicit the underlying structure of our analytic argument.

This process will bear little resemblance to the time-honored ritual of intelligence coordination. It must be iterative and informal; it must occur before the analysis is locked into finished prose; and the need for enlightenment must not be sacrificed to the need for an agreed text. This means exploiting the potential of informal electronic communication and, perhaps more important, making continual, comprehensive, collegial dialogue integral to the analytic process.

Who the Hell Are We Fighting? brings fundamental questions about the relationship between intelligence and policy into sharp relief.

❖ ❖ ❖

Not long before Sam resigned, he showed me a matrix:

1. Analyst Right; Boss Right	*2. Analyst Right; Boss Wrong*
3. Analyst Wrong; Boss Right	*4. Analyst Wrong; Boss Wrong*

The toughest quadrant for the analyst, he said, was number 2; in his case, the "boss" was, in a real sense, the president of the United States. Hiam does a superb job of showing what happens when an idiosyncratic analyst finds himself ensconced in that quadrant. Sam's very uniqueness means that *Who the Hell Are We Fighting?* brings fundamental questions about the relationship between intelligence and policy into sharp relief. Not only will it enlighten the general reader; it is worthy of inclusion as a case study in any curriculum for intelligence analysts.

[24] For more on this topic, see Jack Davis, "Tensions in Analyst-Policymaker Relations: Opinions, Facts, and Evidence", *Kent Center Occasional Papers,* 2:2-1-13 (January 2003).

An Experiment in Decision Analysis in Israel in 1975

Zvi Lanir and Daniel Kahneman

Knowing when and how to apply structured analytical techniques has been a continual challenge for US Intelligence Community analysts and the subject of IC training courses for years. In this article Nobel Laureate Daniel Kahneman and his colleague Zvi Lanir, then with the Israeli government, attempted to apply a technique to a pressing, real world issue for Jerusalem in 1975. At the time, Lanir was serving as leader of the just-established Center of Research and Political Planning in the Ministry of Foreign Affairs of the State of Israel, an entity similar in function to the Policy Planning Staff of the US State Department. Kahneman was professor of psychology at the Hebrew University in Jerusalem. There, he was involved in research in judgment and decisionmaking.

The two became involved in a research and analysis project requested by the then-minister of foreign affairs, Ygael Alon. Publication was not the objective of the project, which at the time was classified. More immediate policy concerns were at play. Lanir and Kahneman report on it more than 30 years later because, as they point out, some elements of their approach to the task are still relevant today in a variety of domains, including business and international relations. These elements include considerations in choosing structured techniques, communicating the results to senior policy makers, and coping with the mixture of success and failure the two experienced in the effort.

❖ ❖ ❖

“Minister of Foreign Affairs Alon wanted his own analysis of the outlook for the region in early 1975.”

Historical and Intellectual Context

Israel in 1975 was still living the trauma of the catastrophic failure of intelligence that had preceded the costly 1973 war in which more than 2,300 soldiers lost their lives in three weeks—an equivalent loss of life for US forces today would be over 100,000 dead. Confidence in the Israeli intelligence community was badly shaken, and there was interest in new approaches. There was also a belief that decentralization of intelligence appraisal might prevent a recurrence of what was considered—with some benefit of hindsight—to have been blind allegiance to an incorrect conception of the strategic situation and of enemy intentions.

In the tense early months of 1975, Minister of Foreign Affairs Ygael Alon, in particular,

All statements of fact, opinion, or analysis expressed in this article are those of the author. Nothing in the article should be construed as asserting or implying US government endorsement of an article's factual statements and interpretations.

wanted to have his own analysis of the political outlook in the region as US Secretary of State Henry Kissinger engaged in his famous exercise in shuttle diplomacy, attempting to achieve an agreement between Egypt and Israel. One message Kissinger delivered to the Israeli government was the CIA's judgment that failure to negotiate peace would have dire consequences for the region. The Intelligence Branch of the Israel Defense Forces generally concurred with this pessimistic view. The foreign minister was skeptical.

Meanwhile, on the academic scene, the 1970s was probably the heyday of decision research and analysis. Demonstrations of biases in human judgment under conditions of uncertainty were seen as supporting the prescriptive approach of decision analysis, by undermining, if only slightly, faith in the ability of decision makers to reach optimal decisions without aid. Danny was strongly influenced by the Stanford branch of decision analysts, led by the charismatic Ron Howard, who preached that options in complex decisions should be represented by "equivalent gambles," denominated in a common currency of utility or money. That form of decision analysis required an explicit formulation of a decision maker's values, as well as his or her sense of the probabilities of various outcomes—which were normally assumed to agree with the probabilities generated by experts in the organization to which the decision maker belonged.

At the time, Danny accepted the ideals of decision analysis, a field that provided, in his view, a gold standard for rational decisionmaking. However, he was aware of many obstacles to the application of decision analysis to significant choices. In particular, it was obvious that eliciting formal *utilities and value trade-offs* from decision makers was completely unrealistic in many situations, certainly including those involving strategic political and military decisions.

It seemed to us that decision makers could benefit from systematic consideration of the probabilities of significant outcomes and of the effects of their choices on these probabilities.

However, it still seemed to us that decision makers could benefit from systematic consideration of the *probabilities* of significant outcomes and of the effects of their choices on these probabilities. We also believed that properly trained analysts could make fairly sensible quantitative judgments of probability and conditional probability—or at least make judgments that convey useful information.

When Zvi approached Danny about this project, both were naively enthusiastic about what they saw as a chance to improve the rationality of decisionmaking on truly important issues. As a practitioner of intelligence analysis, Zvi's views had been formed in the field, but he was sympathetic to the academic approach and to decision analysis as a tool for improving rational decisionmaking. We worked as a team in designing and implementing the exercise.

The Concept

The ideas that guided our approach to the problem were borrowed from the field of human engineering—the field devoted to making instruments "user-friendly" (a term that became popular much later). The foreign minister had asked for a report, and it was immediately obvious to us that the report should represent the opinions of a wide range of experts. In the spirit of human engineering, our task was to structure a report that would convey information to the decision maker as efficiently as possible and to structure the experts' task accordingly, while keeping their task manageable.

What should replace the "equivalent gamble" as a representation of the decision maker's uncertainty? The proposed solution was to start from the national leaders' *concerns*, the possibilities that sometimes kept them awake at night (the ultimate

decision maker in Israel at the time was Golda Meir, who famously suffered from both worries and insomnia).

We construed "concerns" as events that are feared or hoped for and proposed that a list of these events, each associated with a probability would provide a representation of the "national gamble," the risk profile of the state of Israel. Borrowing an image from a field in which human engineering has been especially useful, the list of concerns is analogous to the display of dials in an airplane's cockpit. In this analogy, every dial the decision maker monitors shows the probability associated with a particular concern. The display in the cockpit is designed to make it easy for the pilot to notice changes in critical parameters.

Critical information must appear reliably and obviously, but the number of dials must be as small as possible because attention is a limited resource. Most of the time, of course, the displays are stable and their changes are predictable, but the early detection of anomalies is crucial for safe flying.

Our fantasy was to design an efficient cockpit for strategic decisionmaking. The key idea was to make it easy for decision makers to focus on new information. Most of the content of the reports decision makers hear or read is already known to them. The cluttered messages make it difficult to identify significant news.

Our plan was to help the consumers of information detect potentially instructive surprises: these are concerns in which the judgments of experts violate the decision maker's expectations. It is worth noting that, unlike standard decision analysis, the numerical values of probabilities do not matter very much in such an application because the focus is on *change* (from one time to the next) and on *differences* (between the decision maker's own assessments and those of the experts).

Our fantasy was to design an efficient cockpit for strategic decision making.

The dials in the cockpit display show current values of the critical variables. Continuous monitoring of these critical probabilities could serve a purpose in providing information to leaders about an evolving set of threats and opportunities. When choices must be made, decision makers require an assessment of *conditional probabilities*. They need to know how the probabilities of critical events may be affected by the selection of different options—in the present image, anticipated settings of the various dials contingent on the choice.

We knew that the assessment of conditional probabilities is difficult, and we therefore provided the expert judges with elaborate instructions on how to make these assessments. As we shall see later, however, we had underestimated the difficulties.

The Project

Minister Alon initially defined the question to be answered:

> *What were the possible consequences of alternative outcomes of the current negotiations?*

Zvi and the minister further refined the question in consultations in attempts to make it precise enough for the proposed method of study.

The consultation with Alon yielded five *contingencies* we were to examine:

- A) The negotiations succeed.
- B1) The negotiations fail, in the view of the US mediators, because of unreasonable demands by Egypt on bilateral issues.
- B2) The negotiations fail, in the US view, because of unreasonable demands by Egypt on issues involving other Arab states.
- B3) The negotiations fail, in the US view, because of Israeli rigidity.
- B4) The United States abandons the negotiations at an early stage, without assigning blame to either side.

The point of the exercise was to provide an independent assessment of the strategic costs and benefits of various contingencies

These contingencies would not be chosen unilaterally by Israel (unlike the options considered in most decision analyses), but their probability of occurrence was partly controlled by its conduct of the negotiations. The point of the exercise was to provide an independent assessment of the strategic costs and benefits of various contingencies—presumably to make it easier for the decision makers to assess the concessions they should be willing to make in order to prevent the worst contingencies from occurring.

The research team defined its task as preparing a summary document for the foreign minister that would present expert judgments on two types of questions:

- ***The First Major Event.*** What would be the *first* major event that could be expected to occur if the negotiations failed for each of the reasons posited in the four failure contingencies?
- ***Critical Events and Concerns.*** What would be the effects of each of the five contingencies on the strategic risks and opportunities facing Israel during that period, defined as the realization of one of a number of critical events or concerns (e.g. a cut in oil supplies, an outbreak of hostilities)?

All of these events were to be identified by the research team.

The goal of the first set of questions was to provide some guidance for the construction of scenarios that would focus decision makers' attention for the period immediately following the negotiations. The second set of questions was intended to facilitate the assessment of the relative *values* of the contingencies by allowing an easy comparison of their anticipated effects on national concerns.

The judgments that were summarized in the report were elicited from 19 individuals selected from three groups: (1) Intelligence analysts in the Ministry of Foreign Affairs; (2) Academic experts in relevant domains (Middle Eastern studies, Soviet Union studies, American studies); (3) Mid-level personnel in the Ministry of Foreign Affairs who were not otherwise involved in the issue at hand.

The judgments were obtained in structured interviews conducted by graduate students sophisticated in probability concepts and trained by Danny. The role of the interviewers was limited to obtaining answers to questions about the concepts of probability and conditional probability. The average duration of the interviews was three hours; some lasted considerably longer. All interviews were conducted over two working days, and the final report was ready three or four days later. The main features of the procedure we devised were to produce (1) a report that represented the views of a large number of knowledgeable individuals and (2) a report that would be much easier to prepare than the fully documented analytical essays (e.g. estimates) that are often used to support decision-making, even though they are not always studied in detail by busy leaders.

The Interview

Each interview began with general instructions explaining the two goals of the project: introducing an experimental procedure for the structured elicitation and transmission of expert opinion to decision makers and provision of an analysis of a current and significant issue. The interview subjects were told that they were expected to summarize the reasoning behind the answer to each of the questions. Each was told: "The listing of arguments is an essential element of the procedure. The analysis of the arguments will make it possible to identify the source of disagreements among participants in the study and will influence the search for additional data that could help resolve these disagreements."

The instructions provided highly specific descriptions of the four failure contingencies (B1–B4)

listed above. In evaluating the contingent probabilities, the respondents were instructed to assume that a failure would occur before April 1975, which was the renewal date for a previous agreement between Egypt and Israel. They were also instructed to assume that no events serious enough to change the political picture would have occurred in the meantime.

The "First Event" Task. The list of "first key events" contained seven items. The instruction given to the respondents specified a key event as one which "dominates the attention of all parties for a significant period and compels them to take new decisions immediately." The respondents' task was to rank the seven events by their probability of being *the first to occur*, conditional on each of the four contingencies for failure of the negotiations.

The respondents were given elaborate instructions about the evaluation of conditional probabilities. In particular, they were told that if they considered one of the contingencies highly unlikely, the occurrence of that contingency would indicate that their current model was probably wrong and that it should be revised.

The seven possible events were:

- Joint American-Russian initiative launched to convene a peace conference in Geneva.
- Joint Russian-Arab initiative launched to convene a peace conference in Geneva.
- War of attrition on the northern front (Syria) ensues.
- Egyptians commit serious violation of the current military agreement.
- Egypt, Syria, or both together refuse to renew the mandate of the UN presence.
- Crisis in the Israel-US relationship occurs.
- A new Egyptian-Russian agreement, including military cooperation, is reached.

They were instructed to assume that no events serious enough to change the political picture would have occurred.

The "Critical Event" Task. The critical events used to characterize the contingencies were selected to represent Israel's major strategic concerns. In the first stage of the procedure, members of Zvi's office independently nominated events to be included on the critical list.

The list was then reduced in several steps. First, all events had to satisfy the "clairvoyance test": the event should be sufficiently well-defined to enable a clairvoyant to determine unequivocally whether the event would or would not occur. Second, all the events had to be major concerns—the kind of events that might keep a decision maker awake at night. Third, dependencies were eliminated, so that if event A entailed event B, only A was included in the list. Finally, events were eliminated if all members of the research team agreed that its probability would not be affected by the outcome of the negotiations. The final list consisted of 22 critical events/concerns.

- General deterioration of American-Soviet relations
- Joint American-Soviet initiative to resolve the conflict without coordination with Israel
- Expulsion of Israel from the UN
- Cancellation of oil supply agreements between Israel and Iran
- Regime change in Egypt leading to a new policy
- Regime change in Saudi Arabia leading to a new policy
- Regime change in Jordan leading to a new policy
- Declaration of the Palestine Liberation Organization (PLO) as a government in exile
- Signing of a formal agreement with Syria

- Signing of a formal agreement with Jordan
- US recognition of the PLO
- Renewal of massive Soviet military aid to Egypt
- Deployment of operational Soviet military units in Egypt or Syria
- War of attrition on the Northern Front (Syria)
- War of attrition on both fronts (Egypt and Syria)
- All-out war with Syria
- All-out war with both Syria and Egypt
- In case of war, deployment of Soviet troops in the region
- In case of war, intensive American effort to resupply the Israel Defense Forces
- In case of war, extreme economic steps by the Arab countries, including oil boycott and disruption of international financial markets
- In case of war, American military intervention to take control of the oil fields
- In case of war, Soviet threat to use nuclear weapons

The instructions to the respondents during the critical events part of the interview were: "We will consider a list of possible events that would have a significant impact on the security of Israel. You will be asked to evaluate the likelihood of these events occurring before the end of 1975, under various assumptions. For each event, we shall ask the following questions:

- What is the probability of this event if the current negotiations succeed?
- Are there substantial differences (more than 10 percent) in the probability of this event that are dependent on how the negotiations fail (B1–B4)?
- If the probability of the event *is not* sensitive to how the negotiations fail, what is its probability in the event negotiations fail for whatever reason?
- If the probability of the event *is* sensitive to how the negotiations fail, what are the probabilities for each of the four contingencies (B1–B4)?

The instructions for probability judgments made use of the then-fashionable idea of a reference gamble.

The instructions for probability judgments made use of the then-fashionable idea of a reference gamble. Respondents were asked to consider a wheel of fortune and to choose between gambling on the target event and gambling on the pointer falling in the winning region of the wheel.

When all interviews were completed, simple statistical analyses were carried out. We were particularly interested in possible differences between the three groups of respondents: the professional analysts—who had access to secret intelligence data—the academic experts, and the well-informed nonprofessionals. Rather to our surprise, we found no systematic differences. This observation on a small sample is compatible with the conclusion that Philip Tetlock reached in a very large study of political forecasting.[1] In these complex situations, the returns to extra knowledge and expertise appear to be rapidly diminishing. A more encouraging observation was that the political leanings and strategic preferences of the judges (hawks or doves) were not easily discernible from their responses to the questionnaire.

The Report

The report we prepared for the Ministry of Foreign Affairs was brief: a total of less than 2,000 words. The main section, labeled "Conclusions," consisted of three lists and a table.

- A list of events that were judged *not* sensitive to the five contingencies—including the

[1] Philip E. Tetlock, *Expert Political Judgement: How Good Is It? How Can We Know?* (Princeton, NJ: Princeton University Press, 2005).

success or failure of the negotiations. This list included 12 events. (See table on the right.) The average rating of likelihood assigned to each of these events was reported, as well as a few sentences summarizing arguments supporting a high or a low judgment of likelihood.

- A list of the events that were judged to be sensitive to the success or failure of the negotiations but not to the reason for the failure. Seven events were listed in this section. The average judgments of likelihood under the two contingencies appeared next to each other, providing a clear representation of sensitivity. A summary of the explanations was again offered. The most significant cost of a failure of the negotiations was an increase in the probability of war, a conclusion on which there was general consensus, although the probability of war was not considered high. Whether the negotiations failed or succeeded was seen as essentially irrelevant to the probabilities of the events that might occur if war did break out. And the success or failure of the negotiations was not expected to influence other events.

- Only three events were judged to be sensitive to the mode of failure (and in particular to whether the failure was attributed to Israeli rigidity).

The next section presented, in tabular format, the answers to the "first event" question concerning the reaction to a failure of the negotiations, contingent on its perceived cause. The only distinction that the judges considered relevant was between the case in which the Israeli side was blamed for the failure and all other contingencies. In the former case, for example, the event considered most likely to occur first was a joint American-Russian initiative to convene a Geneva conference. If the Israeli side was not specifically blamed by the United States, the most likely reaction was a joint Arab-Russian initiative to convene the Geneva conference. The ranks of all seven events were shown, but no summaries of the reasoning were provided.

Sensitivity of Events/Concerns to Negotiation Outcomes

□ NOT sensitive to negotiation outcomes

▲ Sensitive to success or failure of negotiations but NOT to reasons for failure

● Sensitive to reason for failure of negotiations

1.	General deterioration of US-Soviet relations	□	
2.	Joint US-Soviet initiative to resolve the conflict without coordination with Israel	●	
3.	Expulsion of Israel from the UN	▲	
4.	Cancellation of oil supply agreements between Israel and Iran	●	
5.	Regime change in Egypt leading to a new policy	□	
6.	Regime change in Saudi Arabia leading to a new policy	□	
7.	Regime change in Jordan leading to a new policy	□	
8.	Declaration of Palestine Liberation Organization (PLO) as a government in exile	□	
9.	Signing of a formal agreement with Syria	▲	
10.	Signing of a formal agreement with Jordan	▲	
11.	US recognition of the PLO	□	
12.	Renewal of massive Soviet aid to Egypt	▲	
13.	Deployment of Soviet operational military units in Egypt or Syria	□	
14.	War of attrition on the Northern Front (Syria)	□	
15.	War of attrition on both fronts (Egypt and Syria)	▲	
16.	All-out war with Syria	▲	
17.	All-out war with both Syria and Egypt	▲	
18.	In case of war, deployment of Soviet troops in the region	□	
19.	In case of war, intensive US effort to resupply the Israeli defense forces	●	
20.	In case of war, extreme economic steps by the Arab countries, including oil boycott and disruption of international financial markets	□	
21.	In case of war, US military intervention to take control of the oil fields	□	
22.	In case of war, Soviet threat to use nuclear weapons	□	

Presentation of the Report

The report was presented to the director-general of the Ministry of Foreign Affairs, as well as to the

minister. Their reactions were instructive. Both were generally indifferent to the specific probabilities, and the director-general memorably commented on the judged effect of failure of the negotiations on the probability of war with Syria "10 percent increase? That is a small difference." This statement is shocking for a decision analyst, because 1/10 of the disutility of all-out war is hardly a small matter.

The minister remarked politely that the probabilities were "interesting." He then went on to say that he had found the report unusually helpful because of a few instances in which particular judgments or arguments in the report had surprised him. These surprises, he said, caused him to think more deeply about the issues in a way he found enlightening.

An Evaluation

For various reasons, including the sudden death of Ygael Alon and changes in our personal and professional lives, we did not do much to follow up on this exercise. When we discussed the experience recently, we found that we had learned different morals from it and had seen different aspects of it as potentially useful to intelligence communities.

Danny had been particularly impressed by the conspicuous lack of interest in numerical judgments among the readers of the report. This greatly reduced his faith in the applicability of decision analysis. He remained quite pleased with some aspects of the procedure, including the representation of strategic uncertainty by a vector of conditional probabilities of critical events and the highly economical format of the report, which he still considers superior to the essay format in which intelligence assessments are often presented.

Zvi was shaken by the difficulty the respondents encountered in making conditional probability judgments . . . . He was encouraged by the effect of the interviews on respondents.

Zvi was shaken by the difficulty the respondents encountered in making conditional probability judgments, which also reduced his faith in the usefulness of numerical statements of probability. On the other hand, he was encouraged by the effect of the interviews on the respondents: by their own testimony, the requirement to answer specific questions that did not fit naturally with their prior conceptions had compelled them to rethink and deepen their views.[2] Zvi also remained satisfied with the compact format of the report, which made it easy for the decision maker to identify disagreements with the judgments of experts, and therefore to learn from them.

When we recently revisited the details of the original report, we reached a conclusion that shocked us: the basic judgments of conditional probability that were supposed to have been the core of the report were profoundly flawed. Zvi's skepticism about these judgments was fully justified, with consequences that were worse than he had imagined.

We had always known that the numerical values assigned to the probabilities were implausible: far too close to .50 to be taken literally. But the flaw we uncovered after several decades was deeper. The pattern of sensitivity judgments shown above strongly suggests that the respondents were not in fact evaluating the probabilities of critical outcomes conditional on success or failure of the negotiations.

- Instead, they were evaluating the direct causal impact of success or failure on these events.

Thus, the causal connection was immediately obvious to the judges when the probability of all-out war was considered as conditional on the outcome of the negotiations. However, the judges did not indicate that a failure of the negotiations would alter the probability of changes of regime in Jordan or Saudi Arabia. This was certainly a mistake. The

[2] Zvi would go on to write on this subject in *Fundamental Surprise: The National Intelligence Crisis?* (Tel Aviv, Israel: The Center for Strategic Studies, Tel Aviv University, 1983 (Hebrew))

respondents would surely have agreed that an all-out war was bound to increase political instability in the region, and thereby the probability that fragile regimes would fall, but their judgments showed that this obvious inference had not been made.

The pattern of results we saw in 1975 is precisely what the new interpretation of judgment heuristics would have predicted. In this interpretation, intuitive judgment is explained by a process of *attribute substitution*.[3] When a person is asked a difficult question, the answer to a different but related question sometimes comes spontaneously to mind. If this occurs, the answer to the easier question is often mapped onto a corresponding answer to the question that was asked, without the respondent being aware that this substitution had occurred.

In the 1975 experiment, conditional probability was a very difficult attribute to judge, whereas judgments of causal influence

First, we expect that even where judgments of probability are seriously flawed, changes and differences in these judgments are likely to contain useful information.

came easily to mind. As students of human judgment, we are of course not surprised to find assessments of uncertainty that are susceptible to biases and do not conform to the logic of mathematical probability. We were still taken aback by the conclusion that our expert respondents largely failed to deal with the task of assessing conditional probabilities and answered a question they had not been asked.

In spite of this significant blemish, we believe that some elements of the procedure we have described may be useful in other contexts in which a decision maker requires expert help in assessing the uncertainties of a complex situation.

- First, we expect that even where judgments of probability are seriously flawed, changes and differences in these judgments are likely to contain useful information. Returning to the image of the decision cockpit that we introduced earlier, periodic assessments of the probabilities of critical events by a diverse set of experts will convey information to the decision maker when some probabilities change unexpectedly from one occasion to the next, or when a change in the significance of a concern (or an element of reasoning) otherwise violates the decision maker's expectations.

- We still believe that a report that deals with the likelihood of discrete critical events and provides crisp arguments for judgments is an efficient way to convey new information to decision makers and to evoke new thinking from them. This procedure is likely to work best if the list of critical events—the set of dials in the cockpit—accurately represents the leader's concerns and is periodically updated to reflect changes in these concerns.

[3] Daniel Kahneman, "Maps of Bounded Rationality: Psychology for Behavioral Economics," *American Economic Review* 93 5 (2003): 1449–75.

Two CIA Prisoners in China, 1952–73

Nicholas Dujmovic

This article draws extensively on operational files and other internal CIA records that of necessity remain classified. Because the true story of these two CIA officers is compelling and has been distorted in many public accounts, it is retold here in as much detail as possible, despite minimal source citations. Whenever possible, references to open sources are made in the footnotes.

❖ ❖ ❖

“Shot down on their first operational mission, Downey and Fecteau spent two decades in Chinese prisons.”

Beijing’s capture, imprisonment, and eventual release of CIA officers John T. Downey and Richard G. Fecteau is an amazing story that too few know about today. Shot down over Communist China on their first operational mission in 1952, these young men spent the next two decades imprisoned, often in solitary confinement, while their government officially denied they were CIA officers. Fecteau was released in 1971, Downey in 1973. They came home to an America vastly different from the place they had left, but both adjusted surprisingly well and continue to live full lives.

Even though Downey and Fecteau were welcomed back as heroes by the CIA family more than 30 years ago and their story has been covered in open literature—albeit in short and generally flawed accounts—institutional memory regarding these brave officers has dimmed.[1] Their ordeal is not well known among today’s officers, judging by the surprise and wonder CIA historians encounter when relating it in internal lectures and training courses.

This story is important as a part of US intelligence history because it demonstrates the risks of operations (and the consequences of operational error), the qualities of character necessary

[1] Downey’s and Fecteau’s CIA affiliation was revealed as early as 1957 by a disgruntled former USIA official and by early exposés of the Agency, such as David Wise and Thomas Ross, *The Invisible Government* (New York: Random House, 1964). Later brief treatments can be found in William Colby and Peter Forbath, *Honorable Men: My Life in the CIA* (New York: Simon & Schuster, 1978), in which former Director of Central Intelligence Colby identifies Downey and Fecteau as “CIA agents”; John Ranelagh, *The Agency: The Rise and Decline of the CIA* (New York: Simon & Schuster, 1986); William Leary, *Perilous Missions: Civil Air Transport and CIA Covert Operations in Asia* (University of Alabama Press, 1984); Norman Polmar and Thomas Allen, *The Encyclopedia of Espionage* (New York: Gramercy, 1997); Ted Gup, *The Book of Honor* (New York: Doubleday, 2000); and James Lilly, *China Hands* (New York: Public Affairs, 2004). The public also can learn of the case at the International Spy Museum in Washington, DC, and through the Internet’s *Wikipedia*.

Downey and Fecteau were part of a project to divert Chinese resources from Korea.

to endure hardship, and the potential damage to reputations through the persistence of false stories about past events. Above all, the saga of John Downey and Richard Fecteau is about remarkable faithfulness, shown not only by the men who were deprived of their freedom, but also by an Agency that never gave up hope. While it was through operational misjudgments that these two spent much of their adulthood in Chinese prisons, the Agency, at least in part, redeemed itself through its later care for the men from whom years had been stolen.

The Operational Context

John Downey and Richard Fecteau were youthful CIA paramilitary officers: Downey, born in Connecticut, had entered CIA in June 1951, after graduating from Yale; Fecteau, from Massachusetts, entered on duty a few months later, having graduated from Boston University. Both men had been varsity football players, and both were outgoing and engaging with noted senses of humor. They were on their first overseas assignment when the shootdown occurred.

By late 1952, the Korean War had been going on for more than two years. Accounts often identify that war as the reason for the operation Downey and Fecteau were participating in. While largely true, the flight the men were on was part of operations that had antecedents in the US response to the communist takeover of China in 1949. In accordance with US policies, CIA took steps to exploit the potential for a Chinese "Third Force" by trying to link Chinese agents, trained by CIA, with alleged dissident generals on the mainland. This Third Force, while anti-communist, would be separate from the Nationalists, who were assessed to be largely discredited on the mainland.[2]

This Third Force project received new emphasis after the Communist Chinese intervened in the Korean War. At that point, the project aimed to divert Chinese resources from the war in Korea by promoting domestic anti-government guerrilla operations. This was to be accomplished by small teams of Chinese agents, generally inserted through airdrops, who were to link up with local guerrilla forces, collect intelligence and possibly engage in sabotage and psychological warfare, and report back by radio.[3] The operational model was the OSS experience in Europe during World War II, which assumed a cooperative captive population—a situation, as it turned out, that did not prevail in China.

By the time of Downey and Fecteau's involvement in the Third Force program, its record was short and inauspicious. Because of resource constraints, the training of Chinese agents at CIA facilities in Asia was delayed, and the first Third Force team to be airdropped did not deploy until April 1952. This four-man team parachuted into southern China and was never heard from again.

The second Third Force team comprised five ethnic Chinese dropped into the Jilin region of Manchuria in mid-July 1952. Downey was well known to the Chinese operatives on this team because he had trained them. The team quickly established radio contact with Downey's CIA unit outside of China and was resupplied by air in August and October. A sixth team member, intended as a courier between

[2] Declassified reference to Third Force covert operations is available in a National Security Council report on "Current Policies of the Government of the United States Relating to the National Security," 1 November 1952, reproduced in *Declassified Documents Reference System* (Farmington Hills, Michigan: Gale Group, 2006), document CK3100265583. A description of the Chinese Third Force program is also available in the cleared account by former CIA officer James Lilley, later US Ambassador to Beijing, *China Hands: Nine Decades of Adventure, Espionage, and Diplomacy in Asia* (New York: PublicAffairs, 2004), 78–83. Lilley describes the "three prongs" of CIA covert operations against the Chinese mainland at the time: the first was support of Nationalist efforts, the second was the Third Force program, and the third comprised unilateral operations. For a personal story of CIA's China operations in concert with the Nationalist Chinese, see Frank Holober, *Raiders of the China Coast: CIA Covert Operations during the Korean War* (Annapolis: Naval Institute Press, 1999).

[3] Lilly, ibid.

the team and the controlling CIA unit, was dropped in September. In early November, the team reported contact with a local dissident leader and said it had obtained needed operational documents such as official credentials. They requested air-exfiltration of the courier, a method he had trained for but that the CIA had never attempted operationally.

At that time, the technique for aerial pickup involved flying an aircraft at low altitude and hooking a line elevated between two poles. The line was connected to a harness in which the agent was strapped. Once airborne, the man was to be winched into the aircraft. This technique required specialized training, both for the pilots of the aircraft, provided by the CIA's proprietary Civil Air Transport (CAT), and for the two men who would operate the winch. Pilots Norman Schwartz and Robert Snoddy had trained in the aerial pickup technique during the fall of 1952 and were willing to undertake the mission. On 20 November, Downey's CIA unit radioed back to the team: "Will air snatch approximately 2400 hours" on 29 November.[4]

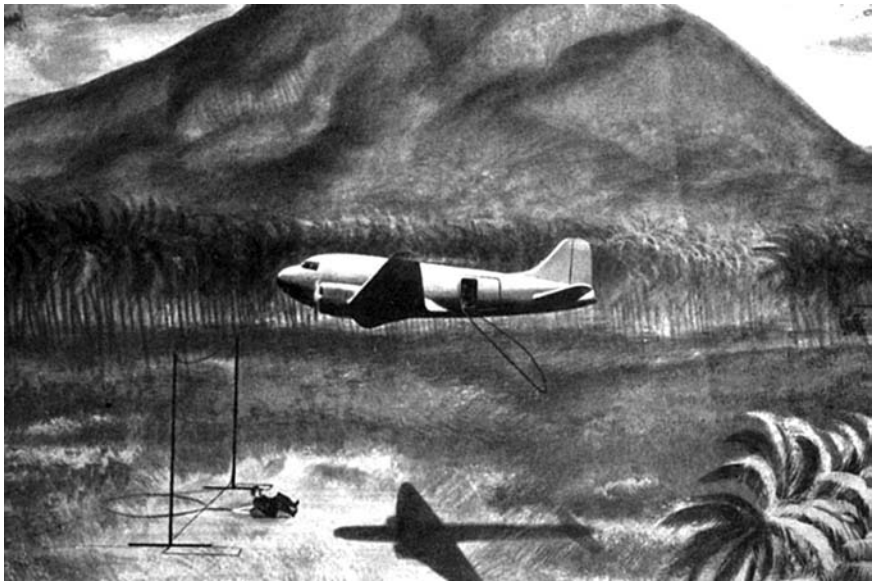


Illustration of snatch pickup, from 1944 US Army Air Forces manual.

The question of who would operate the winch, however, was still unresolved. Originally, Chinese crewmen were to be used, but Downey's unit chief decided that time was too short to fully train them. Instead, two CAT personnel trained in the procedure were identified for the pickup flight, but the CIA unit chief pulled them four days before the mission because they lacked the requisite clearances. Downey, who had been at the unit for about a year, and Fecteau, who had arrived in the first week of November, were directed to fill the breach. They were hurriedly trained in the procedure during the week of 24 November.

Late on 29 November, Downey and Fecteau boarded Schwartz and Snoddy's olive drab C-47 on an airfield on the Korean peninsula and took off for the rendezvous point in Chinese Communist Manchuria, some 400 miles away. It was a quiet, uneventful flight of less than three hours. The moon was nearly full and visibility was excellent. At one point, Fecteau opened a survival kit and noted that the .32-caliber pistol therein had no ammunition—joking about that was the only conversation the men had on the flight.

Mission Gone Awry

The C-47, with its CAT pilots and CIA crew, was heading for a trap. The agent team, unbeknownst to the men on the flight, had been captured by Communist Chinese security forces and had been turned.[5] The request for exfiltration was a ruse, and the promised documentation and purported contact with a local dissident leader were merely bait. The team

[4] For details on the pickup system, see William Leary, "Robert Fulton's Skyhook and Operation Coldfeet," *Studies in Intelligence* 38, no. 1 (Spring 1994), 67–68. The aircraft pickup system in use in 1952 was not, as is sometimes asserted, the Skyhook system developed in the late 1950s by Robert Fulton but was rather a more rudimentary arrangement known as the "All American" system that the Army Air Force had modified during World War II from a system to pick up mail bags.

[5] CIA's Far East Division later assessed that the Chinese agent team probably had been caught and doubled immediately after its insertion in July.

The request for exfiltration was a ruse.

members almost certainly had told Chinese authorities everything they knew about the operation and about the CIA men and facilities associated with it. From the way the ambush was conducted, it was clear that the Chinese Communists knew exactly what to expect when the C-47 arrived at the pickup point.[6]

Reaching the designated area around midnight, the aircraft received the proper recognition signal from the ground.[7] Downey and Fecteau pushed out supplies for the agent team—food and equipment needed for the aerial pickup. Then Schwartz and Snoddy flew the aircraft away from the area to allow the team time to set up the poles and line for the "snatch." Returning about 45 minutes later and receiving a ready signal, the C-47 flew a dry run by the pickup point, which served both to orient the pilots and to alert the man being exfiltrated that the next pass would be for him. Copilot Snoddy came back momentarily to the rear of the aircraft to make sure Downey and Fecteau were ready. On the moonlit landscape, four or five people could be seen on the ground. One man was in the pickup harness, facing the path of the aircraft.

As the C-47 came in low for the pickup, flying nearly at its stall speed of around 60 knots, white sheets that had been camouflaging two anti-aircraft guns on the snowy terrain flew off and gunfire erupted at the very moment the pickup was to have been made. The guns, straddling the flight path, began a murderous crossfire. At this point, a crowd of men emerged from the woods.[8] Whether by reflex or purposefully, the pilots directed the aircraft's nose up, preventing an immediate crash; however, the engines cut out and the aircraft glided to a controlled crash among some trees, breaking in two with the nose in the air.

Downey and Fecteau had been secured to the aircraft with harnesses to keep them from falling out during the winching. On impact, both slid along the floor of the aircraft, cushioned somewhat by their heavy winter clothing. Fecteau's harness broke, causing him to crash into the bulkhead separating the main body of the aircraft from the cockpit, which, he later said, gave him a bump on his head "you could hang your coat on."

Other than suffering bruises and being shaken up, Downey and Fecteau were extremely fortunate in being unhurt. The Chinese apparently had targeted the cockpit, with gunfire passing through the floor in the forward part of the aircraft but stopping short of where Downey and Fecteau had been stationed, although one bullet singed Downey's cheek. Meanwhile, tracer bullets had ignited the fuel. Both men tried to get to the cockpit to check on the pilots, who were not answering Downey's shouts, but their part of the aircraft was burning fiercely and the two had to move away. Whether due to gunfire, the impact, or the fire, the pilots died at the scene.[9] Fecteau later remembered standing outside the aircraft with Downey, both stunned but conscious, telling each other that they were "in a hell of a mess." The Chinese security forces descended on them, "whooping and hollering," and they gave themselves up to the inevitable.

---

[6] See Fecteau's reminiscences as told to Glenn Rifkin, "My Nineteen Years in a Chinese Prison," *Yankee Magazine*, November 1982.

[7] Twenty years later, after his return, Fecteau remembered the recognition signal as a flashlight signal; Downey thought it comprised three bonfires. Both were used.

[8] Beijing recently published a highly fanciful, heroically written version of events that night, which claims the Chinese awaited the CIA aircraft with 37 guns—half of them machine guns, the rest anti-aircraft cannon—along with 400 armed security forces, all of which fired at the plane! The account also asserts erroneously that Downey and Fecteau came out firing small arms before surrendering. See "The Wipe-Out of the American Spies in An Tu County," in *Documentary On the Support to Resist the U.S. and Aid Korea*, (Beijing: China Literary History Publishing House, 2000).

[9] After years of negotiations, the Chinese government in 2002 finally allowed a US Defense Department excavation team into the area, where they discovered fragments of the aircraft. In June 2004, the team found bone and tooth fragments, which later were identified as Robert Snoddy's. To date, no remains of Schwartz have been identified.

"You are Jack. Your future is very dark."

Assessing Field Responsibility

Over the years, various explanations arose within CIA to explain Downey and Fecteau's participation in the ill-fated mission. It seemed incredible to operations officers that two CIA employees, familiar with operations, locations, and personnel, would be sent on a mission that exposed them to possible capture by the Chinese Communists. One of the most persistent myths was that the two must have been joyriding because their participation was, it was thought, a violation of the rules. In fact, the record shows that they were directed to be on the flight and that they had received specialized training in preparation for it. It may have been poor judgment on the part of Downey and Fecteau's boss, the CIA unit chief—who in fixing a tactical problem (the lack of security clearances by aircraft personnel) created a strategic vulnerability—and certainly it appears so in hindsight. In any case, it was only *after* the shootdown that the rules were changed so that no CIA officer would fly over the Chinese mainland.[10]

In addition to the field shortcomings in assigning Downey and Fecteau to the fatal mission, there is the question of whether the field ignored warnings that the deployed team had been turned by the communists. Such is the claim of a former senior operations officer who, as a young man, had served in Downey and Fecteau's unit in 1952. This officer asserts that, in the summer before the November flight, an analysis of two messages sent by the team made it "90 percent" certain, in his view, that the team had been doubled. Bringing his concerns to the attention of the unit chief, the officer was rebuffed for lack of further evidence. When he persisted, he was transferred to another CIA unit. After Downey and Fecteau's flight failed to return, the unit chief called the officer back and told him not to talk about the matter, and he followed instructions—much to his later regret.

No record of an inquiry into the decision to send Downey and Fecteau on the flight appears to exist. It is clear that no one was ever disciplined for it, probably because it was a wartime decision in the field. Moreover, it could be argued that the success of the August and October missions to resupply the team indicated that the team had not been doubled. Many years later, Downey told a debriefer that he felt no bitterness toward the man who sent him on the mission: "I felt for him. It turned out to be such a goddamned disaster from his point of view."

Men without a Future

The Chinese security forces treated Downey and Fecteau roughly as they tied them up. The prisoners were taken to a building in a nearby village—possibly a police station in Antu, which was near the pickup point. There it became clear that the agent team had talked: Across the room, Downey saw the courier they were to pick up looking at him and nodding to a Chinese security officer, a man of some authority with his leather jacket and pistol, who pointed at Downey and said, in English, "You are Jack." Fecteau remembers being told, "Your future is very dark." The man took their names. Fecteau gave his full name, Richard George Fecteau, to warn off potential rescuers if the Chinese sent out a false message from him and Downey. The two CIA officers, with a dozen armed guards, were then taken by truck and train to a prison in Mukden (Shenyang), the largest city in Manchuria, almost 300 miles away. In Mukden, they were shackled with heavy leg irons and isolated in separate cells.

Reaction at Home

Several hours after the scheduled time of pickup, the CIA field unit received a message from the

[10] Internal records make clear that, while the participation of CIA officers on overflights of denied areas was to be minimized, local field commanders were allowed to so decide on their own discretion.

The team was "presumed dead." The DCI sent letters of condolence.

agent team, reporting that the snatch had been successful. However, when the C-47 was overdue for its return on the morning of 30 November 1952, CIA worked with Civil Air Transport to concoct a cover story—a CAT aircraft on a commercial flight from Korea to Japan on 3 December was missing and, as of 4 December, was presumed lost in the Sea of Japan. Downey and Fecteau were identified as Department of the Army civilian employees. Meanwhile, the US military conducted an intensive search of accessible sea and land routes, with negative results. Director of Central Intelligence (DCI) Walter Bedell Smith signed letters of condolence to the men's families, saying "I have learned that [your son/your husband] was a passenger on a commercial plane flight between South Korea and Japan which is now overdue and that there is grave fear that he may have been lost."

By mid-December, CIA had made the official determination that the men were missing in action; however, within the Agency's Far East Division, the strong feeling was that Downey and Fecteau, as well as the pilots, were dead at the scene of the intended pickup. With nothing other than the conviction that the Chinese Communists would have made propaganda use of the CIA men had either remained alive, the Agency declared Downey and Fecteau "presumed dead" on 4 December 1953. Letters to that effect were sent to the families under the signature of DCI Allen Dulles.[11]

The Interrogations

Meanwhile, of course, the men were very much alive, a fact known only to their captors. Separated in Mukden, Downey and Fecteau would not see each other for two years. The interrogations began, with sessions usually lasting for four hours, but some as long as 24 hours straight. Sleep deprivation was part of the game: The men were prohibited from sleeping during the day and the Chinese would invariably haul them off for middle-of-the-night interrogations after a half hour's sleep. An important element of the Chinese technique was to tell Downey and Fecteau that no one knew they were alive and that no one would ever know until the Chinese decided to announce the fact—if they ever decided to do so. At the same time, the men were told that the US government was evil and did not care about them and that they should forget their families. Downey later said, "I was extremely scared…. We were isolated and had no idea of what was going to happen to us and had no idea of what was going on in the world."

During the first two years of their captivity, while no one outside of China knew their fate, the men were subjected to enormous pressure to confess that they were CIA spies, repent of their "crimes," and tell everything they knew about CIA personnel, operations, and locations. The deck was stacked because the Chinese authorities already knew much from this Third Force agent team and from others they had caught. Downey and Fecteau's training had covered subjects like "Resistance" and "Police Methods," but it was inadequate for this dilemma. Fecteau, in fact, lamented the lack of relevant training: "We had none, and it really hurt me. I had to play it by ear as I went along, and I was never sure whether I was right or wrong." He even remembered being told in training that, "if you are captured by the communists, you might as well tell them what you know because they are going to get it from you anyway." Downey, similarly, had been told by an instructor, "If you are captured, you'll talk." It certainly did not help that the men knew so much—Downey was intimately familiar with Third Force operations from his experience over the previous year; Fecteau had been in the field for only three weeks but had carried out his supervisor's order to familiarize himself with the program by reading the operational files for two or three hours every day.

Both men initially tried to stick to their cover story. Unfortunately, both were told before the flight to say they were CAT

[11] The date of the "presumed dead" finding was exactly a year and a day from the date construed by the cover story for loss of the plane.

employees, which was at variance with the official cover story that they were US Army civilians on a commercial flight. Their Chinese interrogators caught them out and made subsequent interrogations more intensive and confrontational.

The men were never tortured physically or, after their initial capture, beaten.[12] Fecteau reported that he wore leg irons constantly for the first 10 months and that he was made to stand during interrogations to the point of falling down from exhaustion, especially after being caught lying or bluffing. Downey remembered the leg irons and the intense psychological pressure of interrogations, plus the added mental stress from concocting new stories after the cover story evaporated—as he later acknowledged, telling lies requires an extraordinarily good memory.

Eventually both men—isolated from each other, battered psychologically, threatened with torture and execution—talked, albeit divulging varying degrees of truth. Downey, hemmed in by the disclosures of the team he had trained, confessed his CIA affiliation on the 16th day. He later recalled that telling what he knew was liberating: "I'm free and they have got to leave me in peace, and thus relieve the psychological strain of resisting…. [They] can't come at me anymore mentally because it is all out there."

Isolated, in irons, and battered psychologically, eventually both men talked.

Fecteau, who was unknown to the captured Chinese assets, had an easier situation to manage:

> *The story I decided to stick to, I decided to keep it as simple as possible, was to tell them only what I needed to know to be where I was. I decided to add nothing else. I decided to shorten my length of service with the Agency from November 1951 [and] changed that to June 1952, to give me only five months in the Agency [to] make it much easier to explain to the interrogators. I thus cut out a lot of the training I had taken, cut down on the number of names they would ask of people I had met within the Agency and so forth. I based it all on "need to know," only what I needed to know to be where I was.*
>
> *They kept asking for names, names, names. I decided that all Agency names except classmates [from training], I would tell them only first names and I stuck with that all the way, instructors, people in Washington, all first names only. As to personnel [in the field], I told them that I had only been there three weeks and I only knew first names there also…. On the names of classmates I knew they would ask not only the names but character descriptions, physical descriptions. I then decided to give the names of my fellow teammates on the Boston University football team [to] be able to give them very good character descriptions.*

Fecteau made his "cover confession" on the 13th day, after thinking it through the previous night. This technique of Fecteau's—which Downey almost certainly could not have employed without tripping up against what the Chinese already knew—enabled Fecteau to withhold information safely for his entire imprisonment, and it turned out to be a huge morale boost: "The thing that sustained me most through the 19 years was the fact that I didn't tell them everything I had known. Whenever I felt depressed, this was the greatest help to me." Even so, both men, but especially Downey, were plagued by feelings of guilt for the information they had given up.[13]

After their first five months in Mukden, the men were moved to a prison in Beijing. They were still isolated and in irons, still undergoing interrogations, still each in a small cell illuminated by a single bulb, with a straw mattress. Fecteau remembers being told to sit on the floor and stare at a black dot on the wall and think about his crimes. For five months after the move to Beijing, he was not allowed a

[12] Internal records over the decades refer to the "brutal treatment" or the "harsh interrogation techniques" the men were subjected to, but the word "torture" was never used to describe what they endured.

[13] Downey later expressed regret for "every bit of information" he had picked up in the Agency "via shop talk, idle curiosity, etc.", and he "thanked God for each instance" in which he had minded his own business.

The DCI' s proposal to press the Chinese for release went nowhere.

bath. His weight dropped by 70 pounds; Downey lost 30 pounds.[14]

Back From the Dead

Two years after their capture, the men saw each other for the first time since the shootdown. They were put on trial together in a secret military proceeding, the authorities apparently having been satisfied with the take from the interrogations. Fecteau remembers being marched into the courtroom and told to stand by Downey, who looked despondent and who was dressed in a new prison suit. To cheer Downey as he stood next to him, Fecteau whispered, "Who's your tailor?" Downey smiled thinly. Such humor in the face of adversity was needed, for the military tribunal convicted Downey, the "Chief Culprit," and Fecteau, the "Assistant Chief Culprit," of espionage. Downey received life imprisonment; Fecteau, 20 years. Downey's immediate reaction was relief, as he had assumed he would be executed. Fecteau could not imagine even 10 years in prison, but he felt sorrier for Downey than for himself. When Fecteau remarked, "My wife is going to die childless," Downey broke into laughter, angering the guards.

That day, 23 November 1954, almost a year after the CIA had pronounced Downey and Fecteau "presumed dead," Beijing declared them alive, in custody, and serving their sentences as convicted CIA spies. The first that the Agency learned of it was through a *New China News Agency* broadcast. At the same time, the Chinese announced the sentencing, also for espionage, of the officers and crew of a US Air Force B-29 aircraft, shot down over China some weeks after Downey and Fecteau's C-47 flight.

Trying to Secure Release

The Agency quickly assembled an ad hoc committee under Richard M. Bissell Jr., then a special assistant to the DCI. Bissell's committee accepted the Chinese declaration as true and changed the men's status from "presumed dead" to "missing in action." Further, the committee decided to backstop the cover story that Downey and Fecteau were Army civilians traveling as passengers on a contract aircraft between Korea and Japan; this required coordination with the Pentagon and dealing with some two dozen persons outside the government who were aware of the CIA affiliation of either Downey or Fecteau: family members, officials of three insurance companies, two banks, several lawyers, and the executor of an estate. Despite the potential for leaks, the true status of the two men was kept secret by authoritative sources for many years, and there was no deviation from the cover story for two decades.

Contrary to the public histories that claim the CIA "abandoned" the men during their captivity, the Agency continually argued for official US efforts to induce the Chinese to free them and monitored such efforts on the part of the State Department and other agencies.[15] As soon as it was known that the men were alive in late 1954, Bissell proposed that the US government put pressure—diplomatic and covert—on Beijing to free the men. Bissell was authorized to convene a working group to study the problem, but his proposal went nowhere. Other US agencies were against forceful action against China; at least one based its opposition on the assessment that Beijing had a good case in international law against Downey and Fecteau.[16]

Throughout the years of the men's imprisonment, senior CIA officers met periodically to discuss the case with counterparts at the State Department and the Pentagon. During discussions in

[14] Cell sizes varied, from 5-by-8 feet to 12-by-15 feet. The men were moved often enough to disorient and anger them.

[15] A recent example is Larry Tart and Robert Keefe, *The Price of Vigilance: Attacks on American Surveillance Flights* (New York: Ballantine, 2001), 53–55. This book makes the preposterous claim that CIA would have nothing to do with the men during and immediately after their captivity.

[16] At one point, CIA officers briefly considered a "commando raid" on the Beijing prison to free the men, but there was too little information on their location.

1955 of a general release of military prisoners associated with Korean War operations, the Agency was rebuffed within the US government in its attempts to include Downey and Fecteau in such a release, despite strong and high-level CIA representations that the CIA prisoners should be treated in the same way as US military personnel shot down and captured by the Chinese.

The rationale given for separating the two categories was that if the same line were adopted for military and civilian personnel, Beijing might then deny the prisoner of war status of the former, and all would remain in captivity. Thus, Washington took the case of its military personnel to the UN General Assembly but did not include Downey and Fecteau in its demand for release.

CIA was alone in the US government in pressing the issue. China released US military prisoners in 1955 but continued to maintain that Downey and Fecteau were on a mission unrelated to the Korean War. And, despite protests from CIA, official Washington kept up the fiction that they were Army civilians whose flight strayed into Chinese airspace. For the next 15 years, US diplomats would bring up the matter during talks with Chinese counterparts in Geneva and Warsaw, but US policy that there would be no bargaining, no concessions, and no recognition of the Communist Chinese government prevented movement.

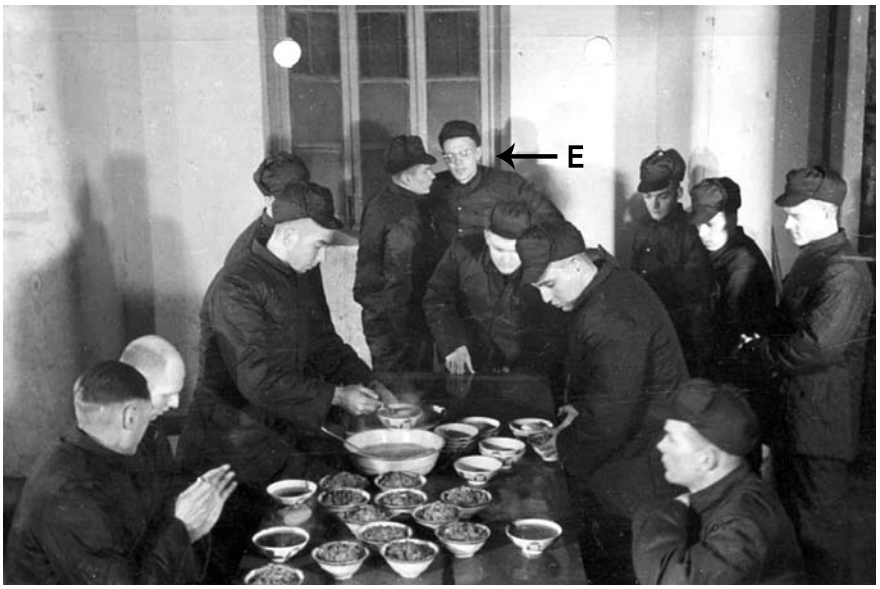
Their captors would improve conditions, providing better food, access to books and magazines, or a luxury such as soap, only to take them away.

The Long Wait

There may be some among us who can imagine 20 days in captivity; perhaps a fraction of those can imagine a full year deprived of liberty and most human contact. But 20 years? Downey and Fecteau have consistently sought to downplay their period of imprisonment; and neither has done what arguably too many former CIA officers do these days with far less justification: write a book. Downey has said that such a book would contain "500 blank pages," and Fecteau says the whole experience could be summed up by the word "boring."[17]

No doubt boredom was among their greatest enemies, but of course the men are downplaying a significant ordeal. What we know is that living conditions in the first few years were harsh, improving after their trials to spartan. Their sparsely furnished, small cells were generally cold and drafty and allowed for little external stimuli—the windows were whitewashed and a dim light bulb burned constantly. Food was simple—almost exclusively rice, vegetables, and bread, with perhaps some meat on holidays. Both spent stretches in solitary confinement that went on for years—one span was six years. While the most intense questioning ended with their trial and sentencing in late 1954, both were subjected throughout

[17] In commenting on a draft of this article, Fecteau expressed his approval for its lack of what he called "hype" and "melodrama."



Downey and Fecteau with captured B-29 crew in a Chinese propaganda photo. ("E" points to Downey; Fecteau is standing to the right of the table, reaching down for a meal.)

Downey and Fecteau always believed that CIA and the US government were doing all they could for their release.

to verbal insults and psychological abuse, particularly of a kind that Fecteau called "the whipsaw": their captors would improve conditions—providing better food, access to books and magazines, or a luxury such as soap—only to take them away.

Worst of all were the hints at early releases. In 1955, for example, Downey and Fecteau were placed together in a large cell housing the Air Force officers and crew of the downed B-29. For three weeks, the group of Americans lived together, with little supervision and expanded privileges. The Chinese allowed the CIA men to believe they would be released with the Air Force group. Then, as Downey recalls, "the axe fell," and he and Fecteau were suddenly removed into solitary confinement.

Both men learned that complaining was usually counterproductive. Once, when Fecteau said the tomatoes in his food gave him indigestion, all he saw for three weeks was tomatoes—green tomatoes. After that, whenever he was asked, "How is the food?" Fecteau would always respond with "adequate."[18] If he complained that there was not enough water for his weekly bath, there would be less water next time. Likewise, the men learned not to request medical treatment until a condition was serious enough to draw attention to it.

Insights from Captivity

Even if Downey and Fecteau do not consider their long captivity suitable for literary treatment, there is great value for today's intelligence officers in how they played the bad hand dealt to them. The men's reflections on their imprisonment—generally made shortly after their release, when impressions were freshest—provide a series of "lessons learned" that could be relevant to others facing long captivity.

Never Give Up Hope. Downey and Fecteau affirmed that they always believed that CIA and the US government were doing everything they could and that eventually they would be released. Both rejected Chinese assertions that they had been abandoned, that no one cared what happened to them. Fecteau, in fact, reasoned that he could never forget he was an American and an Agency man—his captors threw it in his face so often that he never lost his sense of identity and affiliation. Suicide was never contemplated by either man.

Scale Down Expectations. While never losing the strategic conviction that they would return home, the men learned to be wary, on a tactical level, of developments that were too good to be true. Between periods of solitary confinement, for example, they often had one or two Chinese cellmates. If either Downey or Fecteau appeared to be getting on well with a Chinese prisoner, the American might find himself suddenly in solitary for a year. After one such "whipsaw," Fecteau was asked by a guard: "Are you lonely now?" So the men disciplined themselves to lower expectations, to the point that when Fecteau was taken to the Hong Kong border in December 1971, he made himself assume that the release he had been promised was another "whipsaw," until he actually crossed the bridge. Likewise, when Downey was told in 1973 that he was being released, he responded with indifference, saying he wanted to finish the televised ping-pong match he was watching. He recalls, "I had a tight rein on my expectations."

Create a Routine. Both men said that it was essential to busy themselves with a daily schedule, no matter how mundane each task might be. The prison environment, of course, mandated a certain routine, but within that general outline, as Downey put it, one could organize "a very full program every day."

> *I had my day very tightly scheduled—and if I missed some of my own self-appointed appointments, I'd feel uneasy. As a result, the days really moved along. Whereas if you*

[18] Fecteau remembers once being given a food bucket containing a dead sparrow in water. "It had not been cleaned; it had been just boiled in the water and that was lunch."

just sit there and think about home, feeling sorry for yourself, then time can really drag.

Downey would leap out of bed at the prison's morning whistle to begin a day that involved calisthenics, cleaning his cell, meals, reading and studying, listening to the radio, and "free time" with letters, books and magazines from home.[19] Fecteau developed a similar routine but varied it by the day of the week, later saying, "the weeks seemed long but the months went fast." The Chinese occasionally allowed them periodicals like the *New Yorker* and *Sports Illustrated*. In addition, prayer and Bible study, as well as learning Chinese and Russian, composed a big part of Downey's day. Ironically, CIA had assessed Downey in 1951 as disliking both being indoors and keeping to a fixed schedule.

Get Physical. Both men credit exercise—push-ups, sit-ups, chin-ups, jogging, and other calisthenics for as long as two or three hours every day—as vital to coping with the inactivity of imprisonment. Fecteau commented:

I found that, although sometimes it was very difficult to make myself do it, it was a great help to my morale, especially if I was depressed. If I got up, pushed myself to do exercises, it would make a tremendous difference in my spirit. It also made me feel better, made me sleep better, but it was a lot more than just physical [benefit]. The effect on my mental outlook, what I thought of at the time as toughening my mind, was just tremendous.

Both men used their imaginations to good effect.... Downey enjoyed thinking about how is salary was accumulating.... Fecteau became an expert daydreamer.

Keep a Secret Space for Yourself. It is clear that an important coping mechanism was each man's ability to fence off a part of his mind, deriving psychological benefit from keeping its very existence secret from the captors. Not only did Fecteau get a morale boost from being able to manufacture a consistent "cover confession," he also kept in his mind the thought that, as an American and a CIA officer, he was in competition with the guard, the prison, and the Chinese regime. That helped his self-discipline in not shouting or complaining but enduring in silence. Both men reported that they enjoyed telling their captors the opposite of what they were thinking.

Both men used their imaginations to good effect. Downey enjoyed thinking, especially in the presence of an interrogator, guard, or prison official, about how his salary was accumulating—he knew that his $4,000-a-year salary was something none of his captors would ever see. Fecteau said he taught himself to become "an expert daydreamer":

I remembered every kid in my sixth-grade class and where each one sat. I pictured myself leaving my house in Lynn and driving to Gloucester and every sight I'd see on the way…I could lose four hours just like that.

Fecteau also developed in his mind complex stories involving made-up characters—a boxer, a baseball player, a football player, an actor, and a songwriter—that became for him almost like watching a movie. As his imaginative skill increased, he could even mentally change "reels."

Remember that a Brain Cannot be Washed. In 1952, rumors of Chinese "brainwashing" were rampant because of the behavior of returned US prisoners from Chinese custody during the Korean War.[20] It is not surprising, then, that both Downey and Fecteau were fearful, particularly in the early years, that they would be turned into ideological zombies or traitors to the United States. Their concerns were heightened by Chinese rhetoric that they must show true repentance and remold their thinking. While they were allowed non-communist reading materials, from about 1959 to 1969, they were required to participate in daily study and discussions of the

[19] After the first three years, each man could receive letters and one family package per month and send one letter. In addition, they received monthly Red Cross packages. Incoming mail was searched and read, with material objectionable to the Chinese Communists withheld.

[20] See Abbot Gleason, *Totalitarianism: The Inner History of the Cold War* (London: Oxford University Press, 1997), 92–95.

They discovered "you cannot really be brainwashed."

works of Marx, Lenin, and Mao; the Communist Party platforms; and the like. Downey, at first, was agitated by this, but he did not resist, thinking that he could fake enough ideological reform to be granted a pardon when the 10th anniversary of their capture came along in 1962—in retrospect, a vain hope. In any case, he found that he had worried too much:

> *One of the things that relaxed me was the eventual discovery that you cannot really be brainwashed…. There are some things they can't change [and] basically I came out about the same as I went in…. They could scare you into saying just about anything, maybe scare me, I should say, but actually believing it is a much more difficult proposition.*

Likewise, Fecteau observed that "they couldn't wash my brains or change my thinking unless *I* changed."

Both men recognized at least three benefits from the study sessions: They helped structure the days and pass the time; they provided human interaction, however stilted and contrived; and they gave insights into communist thinking and Chinese culture. As Fecteau put it: "I began to understand how they thought and what they meant when they said this or that to me. So then I began to look at the studies a bit differently [as] an opportunity to study them and to understand them."

Care for Each Other. Although Downey and Fecteau saw each other infrequently during the two decades, they developed a communications system. In the first years, they used distinctive coughs to track each other's whereabouts, or wrote words or sports scores in the dust where the other man would see it. Later, they found ways to deliver notes and also used *sotto voce* comments when possible.[21] They were always in the same prison, and not far from each other, which kept their spirits up more than if they had been imprisoned in separate cities.

Even through the years of solitary confinement, each man drew comfort from the thought of his nearby comrade. When Fecteau was told of his impending release, his first question was whether Downey would be coming out, too. After release, Fecteau spurned lucrative offers to tell his story publicly because of the impact it might have on Downey's fate. To this day, the men remain close friends.

Find Humor Where You Can. In recruiting Downey and Fecteau, CIA had noted that each man had a well-developed sense of humor. This quality, far more than any particular training, helped sustain them. There was little in their situation that made for flippancy, but they were able to see the humor in the incongruous and the absurd. Downey, the more serious of the two, was amused at the about-face required in his study sessions, when he was expounding the Soviet line about Albania before he became aware that the new Chinese line was anti-Soviet! Fecteau reflected for long periods on humorous stories he would hear from cellmates: about the man jailed for fortune telling who produced a pack of cards in his cell, or the man ridiculed by his cellmates for believing that the world rested on the back of huge turtle. He was amused by a book he was given, written by an Australian communist, that glowingly described Chinese prison conditions quite at variance with his own experience.

Be Patient. Because of insufficient training, both men acknowledged it took several years to develop effective coping strategies. At the beginning, each thought he was going crazy. Fecteau says he started to have "mental aberrations": "The walls started moving in on me. I would put my foot out in front of me and measure the distance to be sure the wall wasn't really moving." Downey, besides being "extremely scared," was frustrated to the point of despair, seeing every day in prison as a day robbed from him. As the men learned how to deal with their fate, it became easier. Fecteau did not have a vivid imagination at first, but he developed one as a skill. Downey maintained that, had he been released after only

[21] Downey reports he was caught passing notes only twice in 20 years.

five years, he would have come out in far worse shape than he did after 20 years.

On the Home Front

It was the exemplary manner in which CIA headquarters handled Downey's and Fecteau's affairs that partially redeems the disaster that led to their predicament. Once the Chinese had broken the news that the two were alive, the Agency quickly restored them to the active payroll. DCI Dulles had them moved administratively from the Far East Division to a special list maintained by the Office of Personnel (OP). OP officer George Cary handled their affairs until 1957; thereafter, it was Ben DeFelice.

Although no precedent existed for administering the affairs of civilian federal employees subjected to lengthy foreign imprisonment, OP creatively applied existing law in managing the three primary areas: pay and allotments, promotions, and maintenance of accrued funds. In addition, OP representatives took on the delicate matter of dealing with the men's families. In making decisions on behalf of Downey and Fecteau, OP drew guidance from the Missing Persons Act of 1942—intended for military MIAs—and subsequent Agency regulations.

Pay was the easiest area to address. Keeping the men's pay accounts in a current status would allow both the accrual of pay and the immediate payment of funds upon their release. OP also ensured that the men received separation allowances and post differentials, which were applied retroactively and carried for the entire period of their imprisonment in recognition of the "excessively adverse" conditions of the two men's "foreign assignment." Deductions were made for federal income taxes and held in escrow until such time as the men could file.

The Agency creatively applied existing law to manage pay and promotions.

In 1958, when it looked as though the men would not be released for a long time, DCI Dulles approved an OP plan to promote them from GS-7 to GS-11, with a schedule of interim promotions and step increases applied in a graduated, retroactive manner over the previous five years. Once their ranks were in line with their contemporaries, Agency officials ensured regular promotions and step increases as if they had continued unimpeded in their careers. Eventually the Director of Personnel determined that Downey and Fecteau should be promoted to the journeyman level during their imprisonment, which was set at GS-13; then one grade was added to help compensate for the deprivations of captivity. So the terminal rank for the two was established at GS-14, to which both were promoted in 1971, just before Fecteau's release. Both men, after their release, were startled to learn of the promotions and that they were earning some $22,000 per year—they were still thinking in terms of their 1952 GS-7 salaries of just over $4,000.

Of bigger concern to OP was handling the accrued funds responsibly. DeFelice later outlined his philosophy: "We couldn't give them [back] their years of imprisonment, but we could at least assure financial security for their future." Doing so required considerable ingenuity. The accrued funds were initially invested in Series E savings bonds, but the sums soon passed the $10,000 annual ceiling. From 1960 to 1963, the funds were invested in savings accounts under pseudonyms, but this had to be abandoned when the Internal Revenue Service started requiring banks to report interest income to depositors. Then, for about a year, the Agency simply credited the accounts with interest payments at the prevailing bank rate. Finally, in late 1964, OP got DCI John McCone to approve investing the funds through a covert proprietary company. When Fecteau was released in 1971, his accumulated account came to almost $140,000; Downey's in 1973 came to more than $170,000. Each figure represented a nest egg of about seven times each man's annual salary as a GS-14 at the time.

Family Issues

Taking care of the families also required imaginative management. Downey and Fecteau were allowed monthly packages from

Warming relations between the United States and China finally led to the release of Downey and Fecteau.

family, which they relied on for morale and physical health—the food and vitamin supplements augmented their sparse diet. While Downey's mother could afford the cost of these packages, it was a financial hardship for Fecteau's parents. Legally, the Agency could not simply give them the money to pay for the packages. Beginning in 1959, DeFelice's creative solution was to have the Agency apply an "equalization allowance" to the men's pay—typically used to offset the excess cost of living at a duty post; it was a stretch to apply this to life in a Chinese cell. This amount—several hundred dollars per year—was passed along to the families by allotment. It was made retroactive to the date of their capture.

Allotments for the families were authorized based on the presumption of the men's wishes. Educational expenses for Fecteau's twin daughters from his first marriage, for example, were covered by allotments from his pay account. When CIA representatives visited Fecteau's parents and saw their modest standard of living based on a fixed retirement income, allotments to them from Fecteau's pay account were increased, based on the assumption that Fecteau would have so decided.

The Agency also helped family members with the several trips they made to visit the prisoners, starting in 1958 when both mothers and Downey's brother went. CIA could do nothing officially to facilitate the trips because diplomatic relations did not exist with the People's Republic of China and US policy required the prisoners' CIA affiliation to be concealed. The Agency gave the travelers briefings on what to expect—with regard to the communist authorities and the prisoners' likely attitudes—and what topics and behavior to avoid. Because such trips were beyond the means of the families—and to keep the prisoners' accounts from being depleted—DCI Dulles authorized the disbursement of Agency funds to the families through intermediaries for travel expenses.[22]

As the Agency's point of contact for the families, Ben DeFelice held thousands of phone conversations over the years, especially with Downey's mother. Mary Downey was strong willed and capable of lecturing the most senior government officials in every administration from Eisenhower to Nixon on the need for the United States to do more to free her son. DeFelice reported he talked to Mary Downey at least weekly, for up to several hours at a time. Costs of the calls were always borne by the Agency. DeFelice and other OP officials also wrote hundreds of letters and made dozens of visits to family members over the years.

[22] Fecteau's mother was upset by the sight of him in prison in 1958. Fecteau discouraged her from coming again, so she never made a return trip. Fecteau's father refused to go, fearing he would express anger at the Chinese authorities and make his son's predicament worse. After 1958, then, all trips were made by Downey family members.

Release and Readjustment

In the end, of course, this tragic tale becomes a happy one, with the men restored to freedom and the Agency continuing its extraordinary efforts to see these extraordinary men into ordinary retirement. Fecteau's release in December 1971, and Downey's 15 months later, came about in the context of the warming of relations between the United States and China. In particular, 1971 was the year of "ping pong diplomacy," the lifting of US trade restrictions, National Security Adviser Henry Kissinger's secret mission to Beijing, and the seating of the People's Republic of China at the UN. That fall, the two captives were taken to a Beijing department store—for the first time—for new clothing, including overcoats. Fecteau remarked to Downey that "either we are on our way out or we are going to stay in for another 20 years."

On 9 December 1971, Fecteau was summoned to a tribunal, which informed him of his impending release. Asking about Downey, Fecteau was told that Downey's case was more serious and that he would not be going. Fecteau was allowed to leave some of his belongings for

Downey noted that the salute a British soldier tendered on his crossing into Hong Kong was the first act of dignity shown him in 20 years.

Downey, but because a guard stood all the while in front of Downey's cell, Fecteau could not communicate with him. After a train trip to Canton, Fecteau found himself walking across the Lo-Wu bridge to Hong Kong. A British army officer gave him a cigarette and a beer, which he described as "incredible." Fecteau had served 19 years and 14 days of his 20-year sentence.

The CIA evacuation plan, which had existed since 1955, was put in motion and soon Fecteau was being examined at Valley Forge Military Hospital. His physical condition astounded the doctors,[23] but his demeanor was extremely reserved—not used to interacting with people, he spoke in a low voice only when spoken to and preferred to have decisions made for him. Within days, however, he began opening up and taking charge of his new life, and soon he was back at work giving interviews on his experience. Worried about Downey, Fecteau was careful to say in public that he harbored no bitterness toward the Chinese people or their government.

At the time of Fecteau's release, Beijing announced that Downey's sentence had been reduced from life imprisonment to five years from that date—a bitter disappointment both to the Agency and to the Downey family, particularly his mother, by then in her seventies and in failing health. Despite the high-level talks and interventions, it was her severe stroke in early March 1973 that accomplished her son's release. President Nixon's appeal to Beijing on humanitarian grounds—together with his admission the previous month in a press conference that Downey was a CIA employee—led to his freedom after 20 years, 3 months, and 14 days in prison. He crossed the border into Hong Kong on 12 March, noting that the salute he received from a British soldier at his crossing was the first act of dignity shown him in 20 years. He arrived at his mother's bedside the next day. Recovered enough to recognize her son, Mary Downey admonished him: "You're a celebrity now, don't let it go to your head."

[23] Fecteau liked to joke later that his good health could be attributed to "19 years without booze, broads, or butts."

Downey crossing into Hong Kong and freedom in 1973.

Getting on with Life

Both men came home in good physical and mental shape, free of grudges, surprised at their GS-14 rank and accumulated pay, stunned by changes in the American landscape and culture, and grateful for what the Agency had done with their affairs. Both were restored to CIA's East Asia Division as operations officers and underwent a series of debriefings.[24] Each received the Distinguished Intelligence Medal for "courageous performance" in enduring "sufferings and deprivations, measured in decades, with fortitude [and an] unshakable will to survive and with a preserving faith in his country." Fecteau also was awarded the Intelligence Medal of Merit for his conduct following his release, when, in order to protect Downey's chances for release, he refused lucrative offers from the media and publishers to tell his story.

Both men, understandably, were interested in qualifying for retirement, but even with all their years in prison, they were short of the necessary 25 years. To make up the deficit, DeFelice made sure that both received all

[24] By mid-1973, CIA's Far East Division (FE) had been renamed the East Asia Division (EA).

The most enduring lesson is to make every day lived in freedom count.

the annual leave they had accumulated over two decades—90 percent of which had technically been forfeited but was now restored. OP also helped the men gain all the creditable government service due them—both had worked temporary jobs with the post office in the 1940s, and Fecteau had served in the Merchant Marine for a year. The final trick up DeFelice's sleeve was his initiative, following the Pentagon's example with its returning military POWs, to add one year's "convalescent leave" to each man's accumulated sick leave. This allowed Downey and Fecteau to attend to their own affairs while drawing full CIA salaries for some time after coming home. Downey used the time to go to Harvard Law School, and Fecteau worked on home projects, took care of his parents, and sought work as a probation officer. Fecteau qualified for retirement in 1976; Downey, in 1977.[25]

Richard Fecteau and John Downey have lived up to their desire to focus on the future and not dwell on the past. They have refused to make careers out of their experience and instead have lived full lives since returning to America:

- Downey became a respected judge in Connecticut, specializing in juvenile matters. Now retired, he continues to take on cases as needed, working three or four days a week. The Judge John T. Downey Courthouse in New Haven is named for him. He married in 1975; his Chinese-American wife, Audrey, was born in Manchuria not far from where the plane was shot down. They have an adult son.

- Fecteau returned to his alma mater, Boston University, as assistant athletic director, retiring in 1989. He reconnected with his adult daughters, who were two years old when he was shot down, and he remarried his first wife, who had kept him in her prayers while he was in prison.

Both have maintained friendships with former colleagues and retain their sense of Agency affiliation.

DCI George Tenet brought Downey and Fecteau back to the CIA in 1998, 25 years after Downey's release, to present them with the Director's Medal. Their story, Tenet declared, "is one of the most remarkable in the history of the Central Intelligence Agency." On the occasion, Fecteau affirmed "This is still my outfit and always will be," and Downey declared "I am proud to be one of you." Tenet spoke of their "extraordinary fidelity"—words also inscribed on their medals—and told them: "Like it or not, you are our heroes." Downey, speaking for himself and for Fecteau, replied: "We're at the age where, if you want to call us heroes, we're not going to argue anymore, [but] we know better."

John Downey, 22 when he began his captivity and almost 43 when released, is now 76. Richard Fecteau, 25 when shot down and 44 on his return, will be 80 next August. Their story, and the lessons we derive from it, will long outlive them. Their experience in China teaches many things: the importance of good decisions in the field and the costs of bad ones; the ability of men to say "it's not over" when life seems to be at an end; the resilience to get through a bad day—7,000 times in a row; and the strength gained from faith that one is still cared about. But their experience back home is also inspirational, for it teaches us that perhaps the most enduring lesson of all is the absolute necessity of making every day lived in freedom count.

[25] Fecteau's Merchant Marine service allowed him to retire before Downey even though the latter had spent more time in CIA service.

Using Prediction Markets to Enhance US Intelligence Capabilities

Puong Fei Yeh

"Prediction markets can contribute to US Intelligence Community strategic and tactical intelligence work."

In 2001, the Defense Advanced Research Project Agency (DARPA) started experimenting with methods for applying market-based concepts to intelligence. One such project, DARPA's Future Markets Applied to Prediction (FutureMAP) program tested whether prediction markets, markets in which people bet on the likelihood of future events, could be used to improve upon existing approaches to preparing strategic intelligence. The program was cancelled in the summer of 2003 under a barrage of congressional criticism. Senators Ron Wyden and Byron Dorgan accused the Pentagon of wasting taxpayer dollars on "terrorism betting parlors," and that "Spending millions of dollars on some kind of fantasy league terror game is absurd and, frankly, ought to make every American angry."

Americans need not have been angry about FutureMAP. It was neither a terrorism betting parlor nor a fantasy league. Rather, it was an experiment to see whether market-generated predictions could improve upon conventional approaches to forecasting. Since 1988, traders in the Iowa Electronic Markets have been betting with remarkable accuracy on the likely winner of the US presidential elections.[1] Eli Lilly, a major pharmaceutical company, found that prediction markets outdid conventional methods in forecasting outcomes of drug research and development efforts.[2] Google recently announced that it was using prediction markets to "forecast product launch dates, new office openings, and many other things of strategic importance."[3]

The decision to cancel FutureMAP was at the very least premature, if not wrong-headed. The bulk of evidence on prediction markets demonstrate that they are reliable aggregators of disparate and dispersed information and can result in forecasts that are more accurate than those of experts. If so, prediction markets can substantially contribute to US Intelligence Community strategic and tactical intelligence work.

---

[1] http://www.biz.uiowa.edu/iem/media/summary.html.
[2] Rana Foroohar, "A New 'Wind Tunnel' for Companies: Testing economic theories through experiments," *Newsweek*, October 20, 2003. http://msnbc.msn.com/id/3087117.
[3] http://googleblog.blogspot.com/2005/09/putting-crowd-wisdom-to-work.html.

All statements of fact, opinion, or analysis expressed in this article are those of the author. Nothing in the article should be construed as asserting or implying US government endorsement of an article's factual statements and interpretations.

The Policy Analysis Market logo and masthead as they appeared on DARPA's Web site before they were removed in 2003.

FutureMAP and the Policy Analysis Market

When the FutureMAP project began in 2001, DARPA solicited proposals for "market-based techniques for avoiding surprise and predicting future events."[4] Two proposals were selected for further funding, but Net Exchange's Policy Analysis Market (PAM) became the public face of the FutureMAP project until it was terminated.

PAM would have offered trading on the following kinds of contracts: (1) political, economic, and military indicators for Egypt, Iran, Iraq, Israel, Jordan, Saudi Arabia, Syria, and Turkey; (2) global economic and conflict indicators; and (3) on events as they came up, e.g. the likelihood of Hamas recognizing the state of Israel.[5] It also would have offered contracts called conditional derivatives, which would have allowed traders to speculate on events conditional on the occurrence of other related events (e.g., a trader might bet on the likelihood that the Saudi regime will fall if the United States withdraws from Iraq).[6] PAM's creators believed that the conditional derivative would have enhanced the "prediction power" of the market.[7]

Prediction Markets: Theory and Evidence

The theories underlying PAM and other prediction markets are the Efficient Capital Markets Hypothesis (ECMH) and the Hayek hypotheses.[8] These hypotheses explain how information is aggregated such that market prices provide accurate estimates on the likelihood of future outcomes.[9] According to ECMH, capital markets are "extremely efficient in reflecting information about individual stocks and about the stock market as a whole," such that no amount of analysis in an attempt to forecast future stock prices can beat the market.[10]

Expanding on this hypothesis further was the idea of a "random walk." The logic of the random walk is that if information flows without impediments and stock prices immediately reflect that information, then tomorrow's price changes will reflect only tomorrow's news and are independent of today's price changes. But since news is

[4] The FutureMAP Web site or DARPA's Information Awareness Office no longer exists. However, numerous other Web sites have snapshots of the original, displayed above, including their content. *See* http://hanson.gmu.edu/policyanalysismarket.html and http://www.ratical.org/ratville/CAH/linkscopy/PAM/pam_home.htm

[5] John Ledyard, Robin Hanson, and Takashi Ishikida, "An Experimental Test of Combinatorial Information Markets," (February 2005): 4. http://hanson.gmu.edu.

[6] http://www.ratical.org/ratville/CAH/linkscopy/PAM/pam_home.htm. *See also* Robert Looney, "DARPA's Policy Analysis Market for Intelligence: Outside the Box or Off the Wall?", *Strategic Insights* II, Issue 9 (September 2003), 3 (on http://www.ccc.nps.navy.mil.) and Robin D. Hanson, "Impolite Innovation: The Technology and Politics of Terrorism Futures and Other Decision Markets," at HTTP://hanson.gmu.edu/PAM/HansonTalks/ImpoliteInnovation, 10–11.

[7] http://www.ratical.org/ratville/CAH/linkscopy/PAM/pam_home.htm.

[8] Justin Wolfers and Eriz Zitzewitz, "Prediction Markets in Theory and Practice," in *The New Palgrave Dictionary of Economics*, eds. Lawrence E. Blume and Steven N. Durlauf, November 15, 2005 Draft (London: Palgrave Macmillan): 4. *See also* Robert Forsythe, Forrest Nelson, George R. Neumann, and Jack Wright, "Anatomy of an Experimental Political Stock Market," *The American Economic Review, 82, No.5* (December 1992): 1143.

[9] Theoretical explanations for prediction markets have been made on the basis of either hypothesis but not both at the same time. *See* Charles F. Manski, "Interpreting the Predictions of Prediction of Markets," *NBER Working Paper 10359* (March 2004): 1.

[10] Burton G. Malkiel, "The Efficient Market Hypothesis and Its Critics," *Journal of Economic Perspectives 17, No.1* (Winter 2003): 59.

unpredictable, then price changes are also unpredictable. Consequently, prices fully reflect all known information, and even uninformed investors buying a diversified portfolio at market prices will obtain a rate of return as generous as that achieved by the experts.[11] Thus "[i]n an efficient capital market, asset prices reflect all relevant information and thus provide the best prediction of future events given the current information."[12] Oil futures prices, for example, have been demonstrated to act as a function of the spot price and *an estimate about the cost of carrying the commodity until the time of delivery.*[13]

For prediction markets, the theory that price instantaneously reflects information is only part of the story. The other part rests with the Hayek hypothesis. Hayek, criticizing central planning in 1945, sought an answer to the following question: how does one effectively aggregate disparate pieces of information that are spread among many different individuals, information that in its totality is needed to solve a problem?[14]

Market prices for contracts can be interpreted as probabilities of an expected outcome.

Hayek's answer was that market prices are the means by which those disparate pieces of information are aggregated. "The mere fact that there is one price for any commodity…brings about the solution which…might have been arrived at by one single mind possessing all the information which is, in fact, dispersed among all the people involved in the process."[15]

Additionally, the market works even when people have limited knowledge about their surrounding environment and the people with whom they transact.[16] An interesting application of the Hayek hypothesis was the explosion of the NASA space shuttle Challenger in 1986. Within minutes of that explosion, Wall Street traders seemed to identify who would be held responsible for the crash while a presidential commission took nearly four months to conclusively pinpoint the cause of the tragedy.[17] The Challenger study authors' note that "What the Challenger episode adds to Hayek's insights is that securities markets are vehicles for amalgamating unorganized knowledge."[18]

Trading Mechanics

Trading in prediction markets is similar to any haggling kind of transaction: buyers and sellers exchange offers and counter-offers until they agree on a price.[19] In a double auction, the most common mechanism used to clear prediction markets, buyers submit bids and sellers submit asking prices, which are ranked from highest to lowest to generate supply and demand curves. Trades are executed when two prices match (i.e., bid-ask spread is zero or supply intersects demand). In describing Eli Lilly's 2003 experimental prediction market, Vice President for Lilly Research Laboratories Alpheus Beingham noted that, "When we start trading stock [in the drug], and I try buying your stock cheaper and cheaper, it forces us to a way of agreeing that never really occurs in any other kind of conversation."[20]

[11] Ibid. This is essentially behind the proposition that stock market index funds, on average, will out perform actively managed funds.
[12] Paul W. Rhode and Koleman S. Strumpf, "Historical Presidential Betting Markets," *Journal of Economic Perspectives 18, No.2* (Spring 2004): 136.
[13] Anthony E. Bopp and George M. Lady, "A comparison of petroleum futures versus spot prices as predictors of prices in the future," *Energy Economics* 13, No. 4 (October, 1991): 274–76.

[14] F.A. Hayek, "The Use of Knowledge in Society," *The American Economic Review* 35, No.4 (September, 1945): 520.
[15] Ibid., 526.
[16] Ibid.
[17] Michael Maloney and J. Harold Mulherin, "The complexity of price discovery in an efficient market: the stock market reaction to the Challenger crash," *Journal of Corporate Finance* 9, No. 4 (2003).

[18] Ibid., 474.
[19] The Iowa Electronic Markets (http://www.biz.uiowa.edu/iem/trmanual/IEMManual_3.html), InTrade (http://www.intrade.com), and NewsFutures (http://news.us.newsfutures.com/guide.html) provide good users manuals detailing how their respective market platforms operate. Although there are differences, generally they rely on the principle of a double auction. Note that at InTrade, the users guide confuses the meaning of bid and ask.

Market prices are the means by which disparate pieces of information are aggregated.

In prediction markets payoffs are determined by the occurrence (or lack thereof) of outcomes. Consider the following contract: *Senator Hillary Clinton will declare her candidacy for the 2008 presidential election by 1 January 2007*. If the contract has a share price ranging from 0 to 100 cents, the contract would pay 100 cents if, in fact, the senator declares before then. In this case, a trader who bought 10 shares of the contract at 67 cents would realize a profit of 330 cents (1000-670=330); if she doesn't declare, that trader gets nothing.[21] The same trader could also profit by selling his shares to another trader at a price higher than 67 cents before the closing period of the contract.

Prediction market proponents claim that market prices for contracts can be interpreted as probabilities of an expected outcome. In the above example, a contract closing at 67 cents would mean there is a 67 percent probability that Senator Clinton will declare her presidential candidacy before 1 January 2007.

The contention that market prices can be interpreted as probabilistic estimates of future events is not without controversy.[22] One specialist, Charles Manski, argues that it is dangerous to read market prices as probabilities.[23] Others note that little is known about why a trade occurs in prediction markets.[24]

Numerous studies have suggested, however, that markets do lead to predictions that are more accurate than traditional forecasting techniques, including those that rely on expert opinions. A study of the Iowa Electronic Markets during the 1988 US presidential election concluded that market predictions of the two candidates' vote shares were closer to the actual vote shares than were the polling data of six major organizations.[25] Orange juice futures prices have been shown to be better predictors of weather than the National Weather Service's forecasts.[26] A preliminary study of the Goldman Sachs and Deutche Bank's Economic Derivatives market, which allows traders to hedge against surprises in economic statistics like unemployment and GDP data, concluded that prediction markets, "may be useful as a supplement to the other relatively primitive mechanisms for predicting the future like opinion surveys, politically appointed panels of experts, hiring consultants or holding committee meetings."[27]

From Orange Futures to Market Intelligence and Policy Analysis

While some prediction markets outperform experts and polls in predicting winners of presidential elections and weather in Florida, at least two other experiments suggest the markets can perform intelligence and policy analysis functions.

HP Labs and Market Intelligence

In 1996, HP Labs and Caltech conducted a three-year experiment using an "information aggregation mechanism," (IAM) or prediction market.[28] Echoing Hayek's information aggregation

[20] Barbara Kiviat, "The End of Management?" *Time*, July 6, 2004. http://www.time.com/.

[21] At NewsFutures, traders are given the option to trade two contracts: outcome occurs and outcome does not occur.

[22] Justin Wolfers and Eriz Zitzewitz, "Prediction Markets," *Journal of Economic Perspectives* 18, No.2 (Spring 2004): 109.

[23] Charles F. Manski, "Interpreting the Predictions of Prediction of Markets," 6.

[24] Justin Wolfers and Eriz Zitzewitz, "Prediction Markets in Theory and Practice," *The New Palgrave Dictionary of Economics*, eds. Lawrence E. Blume and Steven N. Durlauf, November 15, 2005 Draft (London: Palgrave Macmillan): 4.

[25] Robert Forsythe, Forrest Nelson, George R. Neumann, and Jack Wright, "Anatomy of an Experimental Political Stock Market," *The American Economic Review* 82, No.5 (December 1992): 1148-1149.

[26] Richard Roll, "Orange Juice and Weather," *The American Economic Review* 74, No. 5 (December 1984).

[27] Justin Wolfers and Eriz Zitzewitz, "Prediction Markets," 125.

[28] For a survey of experiments related to the information aggregation problem (testing of the Hayek Hypothesis) see Shyam Sunder, "Experimental Asset Markets: A Survey," *The Handbook of Experimental Economics*, eds. John H. Kagel and Alvin E. Roth (Princeton: Princeton University Press: 1995).

The experiment gave credence to the theory that prediction market prices act as probabilistic estimates.

problem, the study noted that responsibility in businesses for aggregating information in a timely way lies with many different individuals throughout the company and that such efforts have been costly and by most standards inefficient.[29] Moreover, "business practices such as quotas and budget settings create incentives for individuals not to reveal their information."[30]

The IAM experiment involved 12 predictions over a three-year period. Traders were paid if and only if they owned the security that corresponded to the actual sales outcome (e.g., trader owns stock that forecasts the actual unit sales within a given range of units). The IAM aggregated information from 20 to 30 people across different parts of the United States and from HP business, finance, and market divisions. They were selected because they possessed "different patterns of information" (e.g., pricing strategies and client specific data) that "were in need of aggregation."[31] To "provide market liquidity" five participants from HP Labs who were ignorant of HP business-related information also participated.[32]

The experiment was a success. In 75 percent of the predicted events for which there were HP official forecasts, IAM predictions came closer to the actual outcomes than did the official forecasts.[33] The experiment also gave credence to the theory that prediction market prices act as probabilistic estimates of future sales targets.

Thus, if a stock that corresponds to a sales projection interval of 1,201 to 1,300 has a share price of 20 cents, it means that there is a 20 percent probability that actual sales will fall within this range. The study noted that the advantages of using an IAM lie in its ability to "aggregate any type of information possessed by different people," to quantify and give weights "to the opinions of different people," and in its scalability.[34]

The "Saddam Security" Policy Analysis

In contrast to the HP Labs experiments, the Saddam Security study was an experiment to determine if decisionmaking could be informed in real time by existing prediction, financial, and energy markets.[35] One month prior to the US invasion of Iraq in March 2003, Wolfers and Zitzewitz attempted an estimate of the effects of a US decision to go to war with Iraq. The authors examined the relationship between equity and oil spot and futures prices and the Saddam Security, a Tradesports.com contingent security, that paid if and only if Saddam Hussein was out of office by 30 June 2003.

In the weeks preceding the invasion of Iraq, the authors reasoned that the higher the price of the Saddam Security then the higher the probability of the United States going to war. If during the same trading period oil futures prices on contracts for delivery toward the end of 2003 were relatively high, then that would suggest investors expected the war to cause medium disruptions in supply (i.e., no destruction of oil fields). Similarly, if S&P 500 futures prices for one-year ahead during the same period were negatively correlated with the Saddam Security, that would suggest investors believed the war would negatively affect the broader global economy. The rationale for using equity and oil futures prices was that they reflected traders' best guesses on the economic and political conditions at the time of the contract delivery date.

[29] Kay-Yut Chen and Charles Plott, "Information Aggregation Mechanisms: Concept, Design And Implementation For A Sales Forecasting Problem," California Institute of Technology Social Science Working Paper No. 1131 (March 2002): 3. *See also* Ajit Kambli, "You Can Bet on Idea Markets," *HBS Working Knowledge* (December 1, 2003): http://hbswk.hbs.edu/pubitem.jhtml?id=3808&t=innovation.

[30] Kay-Yut Chen and Charles Plott, 3.

[31] Ibid., 5.

[32] Ibid., 10.

[33] Ibid., 11–13.

[34] Chen and Plott, 17.

[35] Justin Wolfers and Eriz Zitzewitz, "Using Markets to Inform Policy: The Case of the Iraq War," *NBER Working Paper* (June 2004).

Markets have the potential to provide informed evaluations of policy proposals before they are adopted.

Researchers Looney, Schrady, and Brown performed similar correlations, but on historical events. Observing that oil-futures prices tended to sharply increase when a crisis breaks and steadily fall back to pre-crisis levels once US naval forces arrived on the scene, the three calculated that these price declines "produced significant cost savings to the United States economy" in the range of $55.2 billion for the US economy in the immediate aftermath of the Iraqi invasion of Kuwait in 1990.[36]

Exploring the possibilities of prediction markets further, others have proposed that these markets should serve as mechanisms to help decide which of several policies options should be implemented. Hanson, for instance, hypothesized the creation of markets to guide policymaking in which, "people could bet on future crime rates, conditional on allowing concealed weapons."[37] Hahn and Tetlock argue that the markets have the potential to provide informed evaluations of policy proposals before they are adopted.[38]

Using Prediction Markets to Enhance Intelligence Capabilities

How then can prediction markets improve the performance of the US Intelligence Community? In many respects the challenge of intelligence goes to the core of the Hayek hypothesis: *How do you aggregate, in a timely way, disparate pieces of information that are spread among and within 15 US intelligence agencies into relevant products?* Putting aside market design questions for now, prediction markets can help address shortcomings in analytical organization and processes, improve long-term intelligence estimates, and perform real-time and ex-ante policy evaluations.[39]

Information and Analytical Aggregation

The 9/11 Commission, in its discussion of how to reorganize the US Intelligence Community, cited the lack of unity of effort in information sharing as the "biggest impediment to all-source analysis—to a greater likelihood of connecting the dots."[40] The lack of information sharing is further compounded by a culture that emphasizes information compartmentalization, suffers from stovepipe mentalities, and bureaucratic distrust.[41] One way to solve these problems is to work on IC-wide software and databases and develop improved protocols for accessing classified information and for providing better coordination of interagency analyses. Another way is to use prediction markets to aggregate information and analyses. In the way HP's IAM fused together information and judgments from different corporate divisions into probabilistic estimates of future outcomes, a prediction market could perform the same function for the Intelligence Community.

A good illustration of the way in which an Intelligence Community prediction market might have worked in the months before the beginning of the 2003 Iraq war is the case of the contested meaning of Iraq's purchase of specialized aluminum tubes in 2001. As is now well-known, Intelligence Community analysts disagreed sharply about their significance, some believing they were intended for Iraq's putative nuclear program. Irrespective of major disagreements, the conclusion that the tubes were part of Iraq's reconstituted nuclear program worked its way into the case for war that Secretary of State Colin Powell made

[36] Robert E. Looney, David A. Schrady, and Ronald L. Brown, "Estimating the Economic Benefits of Forward-Engaged Naval Forces," *Interfaces* No. 31 (July-August 2001), 83-86.

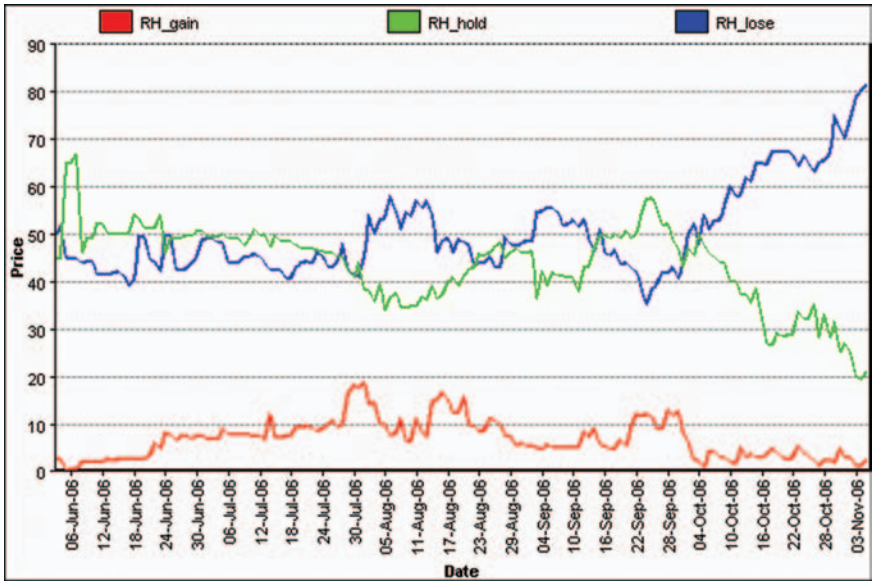
[37] Robin D. Hanson, "Decision Markets," *IEEE Intelligent Systems* (May/June 1999):16-17.

[38] Robert W. Hahn and Paul C. Tetlock, "Using Information Markets to Improve Public Decision Making," AEI-Brookings Joint Center for Regulatory Studies, Working Paper 04-18 (Washington, DC: March 2005): 44-45.

[39] Richard K. Betts, "Analysis, War, and Decision: Why Intelligence Failures Are Inevitable?" *Strategic Intelligence: Windows into a Secret World,* eds. Lock J. Johnson and James J. Wirtz. (Los Angeles: Roxbury Publishing Company): 97–99.

[40] The 9/11 Commission Report, "Final Report of the National Commission on Terrorist Attacks Upon the United States," 416.

[41] Mark M. Lowenthal, *Intelligence: From Secrets to Policy 2nd Edition* (Washington, DC: CQ Press, 2003): 76.



This chart, showing the fluctuation in prices in the 2006 US Congressional Control Market of the Iowa Electronic Markets, illustrates the way in which market players' collective judgment unfolded in the five months before the November mid-term election. (Image courtesy of University of Iowa, Henry B. Tippie College of Business.)

before the United Nations in February 2003.[42] In hindsight, the judgment was wrong.

Turning back the clock, imagine that in February 2001 analysts throughout the community had the opportunity through an Intelligence Community-wide prediction market to bid on the following yearly futures contract (share price ranging between 0 and 100 cents): *The Iraqi-purchased high-strength aluminum tubes are for use in a uranium enrichment program.*[43] The specificity of the contract is noteworthy because it eliminates the ambiguity surrounding a judgment about whether the aluminum tubes *could* be used in a uranium enrichment program.[44] If demand (buyers) exceeds supply (sellers) for the contract (i.e., analysts believe that the tubes are destined for use in the Iraqi nuclear program), then the share price rises. Conversely, if supply exceeds demand (i.e., analysts believe the tubes are not destined for use in the Iraqi nuclear program), then the share price decreases. In other words, the market price of the contract depends on the price at which analysts are willing to bid and ask.

In this example a prediction market could have aggregated the different information and analytic judgments of the different agencies into a single market price. Hypothetically, share prices for this contract would have fluctuated from a high of 87 cents in March 2001 when reports of attempted aluminum purchases were first received to a low of 38 cents in February when uncertainty remained about the end uses of the tubes. Thus when trading closed in February 2003, the closing share price of 46 cents would have told policymakers that the Intelligence Community believed that there was only a 46 percent chance that the aluminum tubes were for use in Iraq's nuclear program.[45]

The judgment about the aluminum tubes was only one of many inaccuracies that underlined the conclusion of the October 2002 National Intelligence Estimate, which said that Iraq was reconstituting its nuclear program. The commission investigating pre-invasion intelligence stated that, "the NIE [October 2002 National Intelligence Estimate] too often failed to communicate the paucity of intelligence supporting its assessments and also contained several inaccurate

[42] Implementing prediction markets and other reform measures should not be mutually exclusive.

[43] This example sidesteps the question of how the initial allocation of shares of this contract and money are conducted in this hypothetical prediction market. The following section on market design issues will explore this issue. One way to do an allocation is to distribute a fixed amount of shares and money equally among "traders" within the 15 intelligence agencies so that the starting share price is at 50 cents.

[44] The Commission on the Intelligence Capabilities of the United States Regarding Weapons of Mass Destruction (March 31, 2005): 49.

[45] With a 46 percent likelihood of this outcome, policymakers would have had to decided if that was a high enough probability to cause them to act.

Because dissenting views affect market prices they have considerably more value in prediction markets than they do in intelligence estimates, where they may end up as unnoticed footnotes.

statements."[46] Prediction markets could have been especially helpful in the formulation of the October 2002 NIE because with prediction markets, uncertainties and certainties are expressed through a probabilistic collective judgment (the market price) rather than through a consensus.

In this respect, because dissenting views affect market prices they have considerably more value in prediction markets than they do in intelligence estimates, where they may end up as unnoticed footnotes. Markets also work better when traders disagree on what is the "truth" since trading by its very nature means that an individual is attempting to profit from another person's perceived poor judgment.[47] Analysts buy (or sell) based on the information they possess. Those willing to pay a higher price to engage in a transaction in expectation of a higher payoff will do so, especially when they think they are right.

Long-Term Estimates (Avoiding Strategic Surprise)

Long-term intelligence estimates provide judgments on the likely path of major issues affecting national security. These issues can range from the proliferation of weapons of mass destruction to terrorism. However, problems of ambiguity of judgment sometimes render an analysis useless and ambiguity of evidence can further muddy the analysis.[48] Criticisms of past intelligence estimates have also pointed out their lack of timeliness. For instance, as the 1979 Iranian revolution unfolded, a long-term estimate on the outlook for Iranian political stability in the works deemed Iran politically stable.[49] Under these circumstances, policymakers may find it difficult to draw any useful conclusions from the intelligence.

How would the IC arrive at a community-wide judgment if intelligence both supports and undercuts the contention that the balance of power in the Taiwan Straits will shift in favor of the Chinese against the United States in 2008? Imagine that analysts bet on the following contract (share prices ranging between 0 and 100 cents):

> *In 2008, China will prevail against the United States in a clash in the Taiwan Straits, conditional on China successfully fielding supersonic sea-launched cruise missiles.*

Further assume that policymakers want the long-term estimate to be completed in three months and that trading occurs during the three-month time frame. Therefore if the closing share price on the final day of trading is 87 cents then policymakers can interpret the closing share price as the IC's estimate that there is an 87 percent probability that the balance of power in the Taiwan Straits will shift in China's favor in 2008. The closing share price of 87 cents also signals that: (1) the fielding of supersonic ship-killing missiles by 2008 is a critical determinant in estimating whether China will prevail in the straits; and (2) the US Navy does not possess adequate countermeasures against sea-borne cruise-missile attacks.

To provide more depth to this analysis, analysts could bet on the probability that China successfully fields sea-launched cruise missiles by 2008, provided that China's current rate of research and development remains constant. They could also bet on China's intentions by speculating on the likelihood that Chinese leaders will seek to forcibly reunify Taiwan by 2008, conditional on Taiwan introducing another referendum on independence.

Prediction markets can function as powerful complements to the traditional process by which long-term estimates are performed. Their power is further multiplied when one imagines that the time and resources saved in running such markets means that several long-term estimates can

[46] The Commission on the Intelligence Capabilities of the United States Regarding Weapons of Mass Destruction, 74.

[47] Wolfers and Zitzewitz, "Prediction Markets," 121.

[48] Betts, 101.

[49] Lowenthal, "Intelligence: From Secrets to Policy," 103.

be run concurrently and updated periodically. At the very least, had a prediction market existed on Iran's long-term political stability in 1979, fluctuations in the share prices of the appropriate contract would have quickly reflected the import of unfolding events and shifts in analytical judgments. Moreover, by allowing analysts to hedge their estimates in the form of conditional contracts, policymakers gain valuable probabilistic estimates, as opposed to wishy-washy judgments which policymakers may easily ignore.

Attack Warnings (Avoiding Tactical Surprise)

Can prediction markets help avoid tactical surprise? Here there are no clear answers. An attack that is truly surprising necessarily results from a failure of strategic intelligence—"*We had no idea they were going to attack us.*"

But a glance at the record of historical intelligence failures suggests that such surprises are the exception and that failures most often result from failure to communicate appropriate warnings or failure to assess evidence correctly.

Thus one difficulty in using prediction markets to forecast tactical problems is that the market requires contracts for explicitly anticipated events. (e.g., what is the probability that Al-Qa'ida will hijack planes and fly them into the World Trade Center, Capitol Hill, and the Pentagon on or around September 11, 2001?)[50]

One difficulty in using prediction markets to forecast tactical problems is that the market requires contracts for explicitly anticipated events.

Such specificity is hard to come by, a fact aptly demonstrated by the often ambiguous nature of the Department of Homeland Security's Threat Advisory warnings. Even if specificity were possible, there remains the question of how much a share price needs to rise (e.g., 38 cents, 52 cents, 61 cents) before it is taken seriously by policymakers.

Where a prediction market might be useful is in speculating on the probability that a certain method would be used in an attack. For example, in the years leading up to 11 September 2001, analysts could have speculated on a yearly futures contract associated with the likelihood of terrorists hijacking planes and using them as aerial suicide bombs. In theory, an NIE on terrorist threats against the United States would display a graph of rising futures prices associated with the aerial suicide bomb contract. But again, this presupposes that analysts had contemplated the method of attack and issued the appropriate trading contract before 11 September 2001.[51]

Hanson has proposed an alternative use for tactical prediction markets in which trading revolves around the probability of red teams (US security teams that act as terrorist cells) penetrating US homeland security defenses (e.g, placing fake explosives on Capitol Hill). He suggests that markets could trade on the rate of red team "wins" conditional on the type of security measures (e.g., private vs. government airport security screeners) used to thwart the mock terrorists.[52] The value of such a market is in identifying weaknesses in homeland defenses without having to experience a market test of an actual terrorist attack.

Assessing Policy Choices

Is the United States winning in Iraq? Will the Andean Regional Initiative decrease the supply of cocaine to the United States? These are just some of the questions policymakers might ask that prediction markets could help answer. If the United States goals in Iraq are to quell the insurgency and to establish a bulwark of democracy in the Middle East, futures contracts issued to the market might revolve around a composite index of economic and political freedoms in Iraq and in the broader Middle East, indicators of civil stability and economic growth, or measurements of oil output and kWH of electricity generation. If analysts believed that the United States was losing the war in the short-term but winning in the

[50] Looney.

[51] The importance of issuing the "right" contracts is addressed in more depth in the Market Design section of this article.

[52] Robin Hanson, *Designing Real Terrorism Futures* (August 2005): 9. http://hanson.gmu.edu/.

Before a system of Intelligence Community prediction markets could be implemented, key market design issues need to be addressed.

long run, then one would expect share prices for short-term contracts to be relatively lower than those for longer-term contracts. These futures contracts could be quarterly, yearly, or two-year contracts. Thus different share prices at different points in time for different futures contracts would provide policymakers with a more nuanced real-time evaluation of whether US policy in Iraq is working.

Prediction markets could also be used to make ex-ante evaluation of policies. Take the question of whether the United States should continue to fund the Andean Regional Initiative (ARI). Analysts could bet on two futures contracts: (1) *the tons of cocaine that will be exported from the countries affected by the ARI to the United States in 2009, conditional on the United States continuing ARI*; and (2) *the tons of cocaine that will be exported if ARI is terminated.* The difference in the two estimates would tell policymakers how much of a reduction (or increase) in cocaine analysts expect from the implementation of ARI. A more realistic assessment would most likely involve analysts speculating on several futures contracts with different expiration dates.

Prediction Market Design Issues

Before a system of Intelligence Community prediction markets could be implemented, key market design issues need to be addressed. For example, does the number of traders in a market matter? The HP experiment was successfully conducted with fewer than 30 participants, but contracts traded at Tradesports or the Iowa Electronic Markets have participants many times that number. Must traders be subject matter experts on the issue for which they are betting, or can they be somewhat in the dark, like the traders in the Hayek's story or the HP Labs participants?

Public versus Private Prediction Markets

Prediction markets aggregate information and judgments, but whose information and judgments should be aggregated for the best estimate of future events? The report on the HP experiment noted that there is only limited theoretical knowledge about the proper balance between participants with much relevant information versus those without any or limited relevant information.[53] Hanson has suggested that prediction markets "can be used to aggregate information from any given set of participants."[54]

Since the objective here is to effectively aggregate information and analyses of the entire Intelligence Community, implementation of prediction markets on a community-wide basis is preferable to intra-agency markets. Ideally, anyone with the relevant information should trade. If the traded contract relates to aerial suicide bombs, then even airport luggage screeners, in addition to homeland security analysts, are potential market participants. This necessarily means that expert knowledge on a particular subject is not required before making a bet.

A more difficult question is whether there are circumstances under which the general public should be allowed to trade. Certain issues might require the aggregation of information and opinions on subjects intelligence officers may know little or not enough about. On the other hand, making public certain markets might be inadvisable because doing so might signal adversaries about intelligence interests.

A compelling case can be made for making diversity a key criterion. Diversity means that market participants have different pieces of information about their surrounding environment and consequently different judgments on the event for which they are betting. The HP experiment aggregated information

[53] Chen and Plott, 9.

[54] Robin Hanson, "Chapter 6: Foul Play in Information Markets," *Information Markets: A New Way of Making Decisions in the Public and Private Sectors*, ed. Bob Hahn and Paul Tetlock (Washington DC: AEI-Brookings Press, 2006): 92. http://hanson.gmu.edu.

A difficult question is whether there are circumstances under which the general public should be allowed to trade.

across several corporate divisions. Economic theory and empirical evidence suggests that "thick" markets are preferable to "thin" ones.

Contract Specification and Determination

The market prices of prediction markets are only meaningful if the contracts address the right questions and address them clearly. Wolfers and Zitzewitz note that a prediction market works best when contracts are clear, "easily understood and easily adjudicated."[55]

Another consideration is avoiding situations in which traders are punished for guessing correctly. This happens, for example, when traders are asked to speculate on whether Boeing's Future Combat Systems will deliver a battlefield communications network to the Army on time, and in response to sagging market prices the Army extends the deadline. The solution to this example is to specify two conditional contracts: (1) what is the likelihood that Boeing will deliver the product on time, conditional on a contractual change; and (2) the same question but conditional on *no* contractual changes.

The final consideration in contract specification is in determining whether the contract is realized when it expires. Someone has to act as the final adjudication authority in deciding whether, in fact, the balance of power in the Taiwan Straits has tilted in China's favor against the United States—short of the market test of an actual conflict. For contracts involving measurements such as the real-time or ex-ante evaluation of policies (e.g., US cocaine imports), the methodology of measurement should be fixed in advance. Traders need certainty that they will be rewarded for advice that is correct. Serious thought needs to be given to deciding who in the Intelligence Community should set the contracts for trading and judge whether the contractual outcomes are realized.

Soundness of the Theoretical Basis

The fact that prices in prediction markets fully and instantaneously reflect and aggregate all known information is an extension of the Efficient Capital Markets and Hayek hypotheses. In recent years behavioral finance theory has challenged the efficient markets hypothesis, which holds that rational actors account for stock market volatility.[56] Behavioral finance theory asserts that human psychology affects financial markets. It argues, for instance, that the feedback phenomenon in which enthusiasm begets enthusiasm explains the rise and burst of the Internet stock market bubble. In response, proponents of ECMH argue that markets are efficient in spite of irrational human behavior because in the long-run "true value" overcomes the "voting mechanism."[57]

For intelligence consumers the concern is that speculative bubbles will drive prices away from the "true price," thereby misleading policymakers. And even if speculative bubbles eventually burst, policymakers do not always have the time to wait for that to occur. There are also the problems of recognizing a speculative intelligence bubble and what to do if one occurs. Could one establish, for example, an instrument like the Federal Funds rate that an Intelligence Community equivalent to the Federal Reserve chairman could use to deflate a bubble? Wolfers and Zitzewitz note that further lab experiments are central to learning more about bubbles in prediction markets since "it is possible for the experimenter to

[55] Wolfers and Zitzewitz, "Prediction Markets," 120.

[56] *See* Robert J. Shiller, "From Efficient Markets Theory to Behavioral Finance," *Journal of Economic Perspectives* 17, No.1 (Winter 2003).

[57] Malkiel, "The Efficient Market Hypothesis and Its Critics," 61. Other economists have suggested that speculative bubbles are more prone in stock markets because of restrictions on short-selling; not all prediction markets restrict short-selling. *See also* Andrei Shleifer and Robert Vishny, "The Limits of Arbitrage," *Journal of Finance* 52, No.1 (1997) and Chapter 11 of Surowiecki, *The Wisdom of Crowds*.

Attempts to manipulate markets actually increase the accuracy of information markets.

know the 'true price' and, hence, to observe deviations."[58]

Regardless, the possibility of speculative bubbles in prediction markets should not be the sole basis for a decision not to implement prediction markets if, on average, prediction markets outperform conventional forecasting methods. Certainly, the October 2002 NIE was prone to a form of speculative intelligence bubble. The stock market, in spite of its drawbacks, still manages to allocate hundreds of billions of dollars of equity capital to industry sectors more efficiently than any other social institution, especially those that rely on central planning.

Market Manipulation and Bias

In the summer of 2003, one criticism of PAM was that market manipulation would render its results useless. Analysts might engage in trading behavior to fit a certain policy outcome (a specialized form of politicization) or worse, terrorists could manipulate the market to mislead the IC or even use the market to finance attacks. "Historical, field, and laboratory data, however, have failed to find substantial effects of such manipulation on average price accuracy" and instead attempts to manipulate markets actually increase the accuracy of information markets.[59]

Rhode and Strumpf noted that attempts to manipulate presidential betting markets in the early 20th century as well as their own attempts to manipulate prices of presidential candidates during the 2004 election year had a negligible impact on prices.[60] Empirical evidence notwithstanding, one simple preventative would be to limit participation in prediction markets.[61] The key consideration in implementing this measure is similar to considerations in deciding the scope of the prediction market: what scale and level of participation is required for information aggregation to work?

In addition to market manipulation, there may be concerns that trader's judgment or behavioral bias might influence market prices. This bias occurs when traders trade according to the outcomes they desire rather than a dispassionate assessment of what is likely. An analogy is that in the run-up to the Iraq war, intelligence analysts were so convinced that Iraq had reconstituted their WMD programs that any evidence, regardless of its veracity, only served to harden their earlier convictions.

Forsythe, Nelson, Neumann, and Wright examined the phenomenon of judgment bias in their study of the Iowa Presidential Stock Market in 1988 and concluded that these biases were prevalent.[62] However, despite those biases, market predictions proved remarkably accurate on account of the marginal-trader hypothesis. Under this hypothesis, the marginal trader determines market prices. The authors noted that marginal traders essentially act as arbitrageurs by profiting in buying stocks from one set of biased traders and selling them to another set of biased traders. And by engaging in arbitrage, the marginal traders set the market price despite the fact that the average trader was biased.[63]

Real- vs. Play-Money: Accuracy, Motivation, Legal, and Moral Issues

The evidence on whether real-money prediction markets lead to forecasts that are more accurate than those of play-money markets is inconclusive. Some experts believe that markets in which traders have to "put their money where their mouth is" produce better results than markets in which traders do not risk their

[58] Wolfers and Zitzewitz, "Prediction Markets," 119.

[59] Robin Hanson and Ryan Opera, *Manipulators Increase Information Market Accuracy* (July 2004, revised): 9. http://hanson.gmu.edu.

[60] Cited in Wolfers and Zitzewitz, "Prediction Markets in Theory and Practice," 5.

[61] Robin Hanson, "Chapter 6: Foul Play in Information Markets," 92.

[62] Robert Forsythe et al., "Anatomy of an Experimental Political Stock Market," 1156–57.

[63] Ibid., 1157–60.

money.[64] Essentially, these experts argue that the profit-motivation in real-money markets contributes to a working market.

One study that compared the predictions of the two markets (Tradesports, a real-money market, v. NewsFutures, a play-money market) concluded that the play-money markets performed as well as the real-money markets.[65] The implications of this finding go beyond the accuracy issue since there are also legal, financial, and ethical issues involved in setting up a real-money market. PAM, for instance, was forced in part to consider conducting a public market trial due to restrictions on government inter-agency transfers of money. In any event, PAM presumably would have had to comply with US gambling laws; TradeSports, which deals in real-money trades, is based in Ireland so as not to run afoul of US gambling laws.

If real-money markets are set up, then decisions are needed on the value of the payoff per outcome (e.g., 100 cents is paid if event "A" occurs) and whether to allocate cash to market participants, and if so how much.[66] Morally, one might limit the value of the payoff per outcome to as low as 100 cents to avoid the appearance of rewarding analysts for correctly predicting bad outcomes (e.g., US troop deaths in Iraq will exceed 3,000 by some date). In a public real-money market payoff limits could mitigate concerns of "bad guys" using the market to finance their illicit activities. If play-money markets were implemented, other incentives might be needed, for example, mechanisms for granting "community bragging rights."[67]

Much more thought is required to ensure that policymakers and intelligence chiefs will value the results of prediction markets.

Conclusion

The record of prediction markets is impressive. For the US Intelligence Community, prediction markets offer a method by which to improve analytical outcomes and to address some of the deficiencies in analytical processes and organization. In the realm of intelligence analysis, prediction markets can contribute to more accurate estimates of long-term trends and threats and better cost-benefit assessments of ongoing or proposed policies.

Further study is needed on how prediction markets can improve tactical intelligence, and much more thought is required to ensure that policymakers and intelligence chiefs will value the results of prediction markets if they are attempted. Without their engagement, there would be no motivation to trade, and market performance would suffer.[68]

Despite everything that prediction markets can do to enhance US intelligence capabilities, at the end of the day, prediction market results are just probabilistic estimates of future outcomes. A stock price that shows a 15 percent probability of a Sino-Japanese clash over disputed territory in the East China Sea in 2010 still only means that there is a chance, albeit a low one, that the outcome will occur. Policymakers still must decide on the threshold for action. And as often is the case, human intuition will carry the day when definitive intelligence is lacking.

---

[64] Robin Hanson, "Impolite Innovation: The Technology and Politics of 'Terrorism Futures' and Other Decision Markets," 4.

[65] Emile Servan-Schreiber, Justin Wolfers, David M. Pennock, and Brian Galebach, "Prediction Markets: Does Money Matter?" *Electronic Markets* 14, No. 3 (September 2004): 9–10.

[66] At the very minimum, the costs of setting up either a real-money or play-money prediction market include costs related to developing and fielding a trading software platform.

[67] *See* Emile Servan-Schreiber et al., "Prediction Markets: Does Money Matter?," 10. NewsFutures, which is a US-based prediction market, uses play money and awards prizes to the market's top predictors (top play money earners) and ranks its "richest" players. http://us.newsfutures.com/topwin.html.

[68] Wolfers and Zitzewitz, "Prediction Markets," 121.

In the Shadow of the Sphinx: A History of Counterintelligence

James L. Gilbert, John P. Finnegan and Ann Bray. Department of the Army: Fort Belvoir, 2005. 174 pps., appendix, photos, bibliography.

Reviewed by Michael J. Sulick

In the Shadow of the Sphinx takes its title from the mythical figure epitomizing wisdom and secrecy that became the symbol of army counterintelligence, the subject of James L. Gilbert's monograph. Gilbert traces the colorful history and complex evolution of army counterintelligence from its roots in the American Revolution through World War II, the post-war occupation of Europe, and to the espionage battles of the Cold War. Gilbert draws heavily on previously published sources but includes new material and effectively weaves individual counterintelligence stories and larger strategic issues together into a concise overview. In his preface, Gilbert acknowledges that the monograph relies heavily on the work of John Finnegan, author of *Military Intelligence*, and Ann Bray, the Army major who edited a 30-volume unpublished official history of army counterintelligence. Both are included as coauthors, but Gilbert also wisely decided to supplement their histories in his narrative with photos and personal stories.

The individual stories Gilbert weaves in are among the highlights of this eminently readable history. As one example, in World War II, two *nisei* (second-generation Japanese) agents of the Army Counterintelligence Corps (CIC) went undercover as draft-dodging seamen to collect information on Japanese sabotage plans in the Philippines; one was eventually caught and tortured, but he still managed to slip information to Filipino guerrillas before he eventually escaped. Another intriguing vignette—reminiscent of a romantic spy novel—involved the recruitment of Sybille Delcourt, the mistress of a German spy chief in Belgium, as a CIC double agent, who would compromise hundreds of German agents. In yet another instance, after the war ended, a Bavarian-born CIC captain posed as a Hitler sympathizer and infiltrated a group of would-be saboteurs. While supposedly driving them to an arms cache, he took a detour and delivered the agents directly to CIC headquarters in Munich. These few examples of the two dozen or so similar accounts of individual heroism and professionalism in the book characterized the wide range of CIC accomplishments.

After a brief review of military counterintelligence in the revolutionary and civil war periods, Gilbert explores the development of army intelligence in World War I, which grew from an office of "two officers and two clerks" to become a Military Intelligence Division, which was divided into "Positive" (intelligence collection)

and "Negative" (counterintelligence) Branches, the latter name perhaps an inauspicious one to launch the concept of CI in the military. Gilbert focuses most heavily on CIC's exploits during World War II. Gilbert provides a detailed account of Army counterintelligence operations in every combat theater, from Italy, France, and Germany in Europe to the Philippines, Burma, and China in the Pacific. Army CIC was at the forefront of every major campaign, and the narrative reflects the vital role it played, among them the capture of German and Japanese spies and saboteurs, seizure and intelligence exploitation of key enemy documents, neutralization of enemy radio transmitters, and arrest of war criminals, such as Gestapo chief Ernst Kaltenbrunner and the "Butcher of Dachau."

While Gilbert extols Army counterintelligence successes during World War II and the post-war occupation period, he balances the generally laudatory account by underscoring the "devastating critiques" of CIC by the Army Inspector General (IG) and others. As Gilbert notes, IG evaluations gave CIC a "mixed report card," criticizing the organization for lack of productivity, time-consuming investigations of marginal threats, and aggressively exercising more zeal than judgment. In one comic opera episode recounted in the book, CIC planted a bug in the hotel room of an army sergeant suspected of communist links, who was also a close friend of Eleanor Roosevelt. At the time, the president's wife happened to be staying in the same hotel. The White House learned to its chagrin that CIC believed the sergeant and Mrs. Roosevelt were involved in a romantic liaison and called for heads to roll when the sergeant's female companion ultimately was identified as his fiancée. During the occupation period, the Army IG assessed one major CIC office in Europe as "bewildered, inept and chaotic," and Gilbert also notes that Army counterintelligence spent disproportionate amounts of time monitoring and reporting on political activities in post-war Japan and Korea (although he adds that this monitoring enabled CIC to discover a communist plan to seize control of the Korean peninsula).

Army counterintelligence also monitored political activities in the United States at various times in its history. Pendulum swings of policy on the controversial subject of counterintelligence activities is a recurring theme in Gilbert's discussion of army CI. During World War I army counterintelligence secretly placed agents among the troops in efforts to sniff out radical activities. In addition, it monitored civilians suspected of opposition to the draft or impeding the production of war materiel. Counterintelligence even relied for assistance in these efforts on the American Protective League, the shadowy union of vigilante groups infamous for its excesses in pursuit of suspected subversives.

After the war, the Army prohibited monitoring of non-military personnel, but the ban was lifted again during the Depression. In a move that would undoubtedly be controversial by today's standards, counterintelligence agents were dispatched to investigate potential unrest that might be fomented by the "Bonus Army," veterans petitioning Congress for increased pensions. An interagency agreement eventually removed the Army from the domestic counterintelligence job but, in yet another swing of the pendulum, CIC was tasked again by the Army staff to monitor anti-war protests in the Vietnam era. Counterintelligence agents infiltrated protesters during the anti-war march on Washington and resumed collection on a dramatic scale against internal subversion, using, as Gilbert notes, a "vacuum cleaner" approach to gathering information on citizens affiliated with churches, universities,

and groups opposed to the Vietnam War. According to Gilbert's candid commentary, CIC often expended resources for marginal information, and its personnel even joked among themselves that there were more agents than activists at anti-war rallies. Following Senate hearings on violations of civil liberties in 1971, the Army suspended its counter-subversive activities. Gilbert's detailed analysis of this theme provides compelling historical lessons for the impassioned post-9/11 debate over the role of the military in counterterrorist activities on American soil.

Besides monitoring domestic subversion, throughout its history, Army counterintelligence performed tasks beyond its immediate counterespionage and countersubversion missions that Gilbert reviews in the narrative. As Japan retreated from its Asian conquests during World War II, CIC agents, because of their linguistic capabilities and immersion in local cultures, were called on to support civic action projects by recruiting native labor to rebuild destroyed roads and bridges and distribute food and medical supplies. In another instance, a CIC agent who resembled Franklin D. Roosevelt posed as his double during the Tehran Conference with Churchill and Stalin.

The mission that Gilbert portrays best is the Army CIC role as an intelligence collector. The line between counterintelligence information and positive intelligence is often blurred, and counterintelligence can yield nuggets of interest to a policymaker or military commander. Gilbert provides several striking examples of Army CIC agents' contribution to the overall intelligence mission, whether capturing codes for the U.S. Navy to entrap German U-boats in World War II or acquiring intelligence on North Korea from refugees during the Korean conflict.

In spite of these successes, the development of Army counterintelligence was frequently hindered by internal obstacles. Gilbert traces the evolution of Army counterintelligence against a backdrop of resistance and distrust that often plagues practitioners of the craft, by necessity "black-hatters" bearing news unwelcome to recipients. Gilbert notes that "tradition-minded officers disliked the business of counterintelligence" and field commanders often failed to appreciate the necessity, or the contributions, of CIC. He particularly emphasizes the rivalry and turf squabbles between intelligence collectors and counterintelligence agents that plagued the overall military intelligence effort at the start of the Cold War, until both sides were eventually unified into INSCOM, the Army Intelligence and Security Command.

In the Shadow of the Sphinx is not only an overview of army counterintelligence but a study of an organization that consistently managed to overcome these prejudices through concrete achievements and evolved into an integral element of army combat operations. The US Army command alternated between dismantling army counterintelligence and reviving it. Gilbert traces in detail the evolution of army counterintelligence through seven major reorganizations since World War II. In Gilbert's commentary on each of these reorganizations, the reader must at times plow through a dizzying litany of changing unit designations, acronyms, and restructuring measures that may only be of interest to the military historian. Still, the narrative captures the difficult development of a military counterintelligence capability. Gilbert describes the book as an "overview linking fragments" of army counterintelligence history. However, his stories of

the prowess and courage of individual agents and his frank assessment of Army counterintelligence flaws, its problematic role in the domestic subversion arena, and difficult evolution into an accepted part of the Army mission all make *In the Shadow of the Sphinx* a compelling story for historians, intelligence and counterintelligence professionals, and general readers who simply like good spy yarns.

La Reforma de la Inteligencia: Un Imperativo Democratico [The Reform of Intelligence: A Democratic Imperative]

Andres Villamizar. Colombia: Editorial Kimpres Ltda., 2004.

Reviewed by Manuel A. Orellana Jr.

La Reforma de la Inteligencia was published in September 2004 by the Fundacion Seguridad y Democracia [Security and Democracy Foundation], a think tank in Bogota promoting public debate over Colombia's national security policies. Its author, Andres Villamizar is a national security expert in Colombia who has taught at the University of the Andes in Bogota. In this book, Villamizar limits himself to calls for political transparency and increased effectiveness in the Colombian intelligence reform process and successfully reminds readers that the United States is not alone in its struggle to reform and improve national intelligence capabilities.

The government of Colombia's recent victories against insurgents and narcotics traffickers is well documented and impressive for many reasons. However, these victories defy explanation when one considers the material Villamizar presents in *La Reforma de la Inteligencia* that, in effect, tells us that Colombia lacks a functional intelligence community. In Colombia, intelligence agencies operate independently, are routinely assigned to carry out intelligence functions under vague control mechanisms, and suffer through repeated instances of duplication of effort, inter-service jealousies and professional rivalries. These are all products of poor institutional development and the absence of a professional foundation. Lacking are clearly defined missions and roles, foreign collection capabilities, and the trust of the country's highest political and military circles. Without these, Colombia's national intelligence assets are incapable of guaranteeing public security and safety and in uncovering current and potential strategic security threats.

If Colombian intelligence capabilities are in disarray, how then have Colombian successes against the insurgents and drug traffickers been possible? How were the weaknesses of a group of confused and misguided state intelligence agencies overcome? According to Villamizar, operational successes have been possible thanks only to the limited intelligence capabilities of the Colombian armed forces at the tactical level. In *La Reforma de la Inteligencia*, Villamizar says that is not good enough. He demands reform of Colombian intelligence

organizations at *all* levels, and reminds readers of the enduring importance of intelligence, not just as a battlefield accessory, but as an enduring, strategic-level decisionmaking tool.

Presumably because Villamizar believes change must be the product of an informed public discussion, he invests time in this book explaining intelligence, something that has received little attention in Colombia's public media. Many of his definitions will be familiar to US intelligence professionals. He defines intelligence as a decisionmaking tool to reduce uncertainty. He presents a general review of the theory and functions of state intelligence agencies and discusses the theories and components associated with commonly known intelligence processes. In doing so, he cites numerous sources, including US Marine Corps Doctrinal Publications, Joint Military Intelligence College (JMIC) papers, passages from the Bible, the works of intelligence analyst Mark Lowenthal and military theorist Sun Tzu. The second chapter is a thorough, postgraduate-level primer of intelligence concepts. Chapter three reviews the reform processes experienced in Latin America and Eastern Europe following the Cold War and the 9/11 terrorist attacks against the United States. Villamizar effectively leads the reader through a definition of important terms, a review of the intelligence collection process, and a history of the origins and development of Colombian intelligence agencies. He then offers an analysis of the strengths, weaknesses, missions, and roles of the Colombian intelligence apparatus. In the last chapter, the author presents what he believes to be the basic path toward a profound reform of the intelligence entities within Colombia and provides recommendations on how to realign the focus of these institutions in support of internal and external threats.

What then do these recommendations include? Reform, Villamizar writes, must involve the public by encouraging interest and debate on the subject. It must end inter-agency confusion regarding roles and core competencies and should lead to an improvement in the way appointed intelligence agencies develop their strategic role. Much improvement, he argues, can come from the creation of a clear, legal, and precise framework, with well-developed and well-defined intelligence roles and specialized skills.

Such definition would also increase the likelihood that intelligence organizations will cooperate with each other. Moreover, Villamizar advocates clarification of the way in which intelligence and law enforcement agencies operate, asserting Colombia's need to de-conflict its international, domestic, criminal, and foreign missions. The Colombian intelligence agencies must be given specific charters that direct them away from law enforcement duties, and criminal investigation units must be directed to steer clear of strategic intelligence missions. He proposes a structure that defines the roles, mission priorities, and the incentives for institutional inter-cooperation and calls for reformed intelligence institutions to possess a professional and apolitical character and subsequently to develop the capability to produce strategic-level reports and analysis in support of decisionmakers.

Villamizar advocates the appointment of a director of Colombian intelligence who is capable of developing and managing professional, independent civilian intelligence agencies. This director would answer directly to the executive branch on

matters of strategic intelligence, and complement military and public security intelligence efforts currently focused on criminal and internal threats.

Many of the author's observations transcend the requirements for a renaissance of Colombian intelligence. His reaffirmation of the value of intelligence and his recommendations for reform are applicable to any country with a developing or active intelligence program. The post-Cold War era has been a time in which intelligence agencies have been forced to adapt to new domestic political conditions—as in the former states of the Warsaw Pact and the Soviet Union[1]—and to take on such threats as drug trafficking, transnational gangs, decentralized terrorism cells, and the illegal proliferation of weapons. Although Villamizar does not address the possibility of US involvement in reform in his country, US security officials should take an interest in the developments in Colombia, as they have elsewhere. Discreet participation in such reform efforts offer US intelligence professionals opportunities to assist in this difficult undertaking and to learn from host nation counterparts. Lessons learned in the pursuit of intelligence reform abroad can then be analyzed at home and can prove invaluable within strategic efforts to work with other governments to protect and advance mutual security interests and policies.

Villamizar's observation that reformation of intelligence agencies by national governments elsewhere in Latin America have been indicators of democracy at work suggests a challenge for US decisionmakers. Villamizar believes that reform of intelligence capabilities along the lines he suggests in Colombia can only strengthen that government's security and stability in a time of peril and improve the prospects for the survival and enhancement of democratic ideals. If he is right, the same should hold true as new intelligence entities are developed in Iraq and Afghanistan. In that light, *Reforma de la Inteligencia* forces us to consider the development of intelligence capabilities in keeping with democratic ideals as an important piece of future national building efforts.

---

[1] See Larry L. Watts, "Intelligence Reform in Europe's Emerging Democracies," *Studies in Intelligence* 48, no 1 (2004).

The Intelligence Officer's Bookshelf

Compiled and Reviewed by Hayden B. Peake

Featured

Guests of the Ayatollah: The First Battle in America's War With Militant Islam—Mark Bowden

Current

Al Qaeda In Europe: The New Battleground of International Jihad—Lorenzo Vidino

Cobra II: The Inside Story of the Invasion and Occupation of Iraq—Michael R. Gordon and General Bernard E. Trainor

Hide and Seek: Intelligence, Law Enforcement, and the Stalled War on Terrorist Finance—John A. Cassara

House of War: The Pentagon and the Disastrous Rise of American Power—James Carroll

Open Target: Where America is Vulnerable to Attack—Clark Kent Ervin

General Intelligence

Covert and Overt: Recollecting and Connecting Intelligence Service and Information Science—Robert W. William and Ben-Ami Lipetz

The Craft of Intelligence—Allen W. Dulles

Detecting Deception: A Bibliography of Counterdeception Across Time, Cultures, and Disciplines—Barton Whaley

Intelligence: From Secrets to Policy, Third Edition—Mark Lowenthal

Historical

French Covert Action in the American Revolution—James M. Potts

The OSS and Ho Chi Minh: Unexpected Allies in the War Against Japan—Dixee R. Batholomew-Feis

OVERTHROW: America's Century of Regime Change from Hawaii to Iraq—Stephen Kinzer

To Dare and To Conquer: Special Operations and the Destiny of Nations from Achilles to Al Qaeda—Derek Leebaert

The World Was Going Our Way: The KGB and the Battle for the Third World—Christopher Andrew and Vasili Mitrokhin

Intelligence Around the World

Historical Dictionary of Israeli Intelligence—Ephraim Kahana

Man in the Shadows: Inside the Middle East Crisis with a Man Who Led the Mossad—Efraim Halvey

Profiles of Intelligence (Pakistan)—Brigadier Syed A. T. Tirmazi

Mark Bowden. ***Guests of the Ayatollah: The First Battle in America's War With Militant Islam*** (New York: Atlantic Monthly Press, 2006), 680 pp., endnotes, appendix, maps, photos, index. (audio CD; abridged)

Onetime physics student, Mohammad Hashemi, certain the Marine guards would shoot to kill, said the Muslim prayer for martyrdom on 4 November 1979 and set off to lead a four-day "set in" of university students inside the American Embassy in Tehran. No one stopped them when they stormed the compound. Then the Ayatollah encouraged them to stay, and 444 days later on 20 January 1981, 52 hostages went home. *Guests of the Ayatollah* tells the story from both sides, from start to finish.

In addition to utilizing contemporaneous newspaper and TV accounts—which he sharply critiques—author Mark Bowden makes full use of material he gathered during five years of interviewing former hostages and former hostage takers, members of the governments on both sides, and participants in the failed attempt to rescue the hostages. The result is a forceful, stimulating, yet often disturbing, account that explains why the onetime Iranian students viewed United States as the Great Satan, what they thought they could accomplish, why both sides were surprised in different ways, and what went on in Iran and Washington during those 444 days.

The book is divided into five parts and an epilogue. Part one deals with the planning, occupation, initial interrogations and consequent unexpected events on both sides. The embassy in Tehran had been occupied briefly earlier in the year, and the hostages at first assumed the occupation would be more of the same. And in fact, the leaders—including the current president of Iran, Mahmoud Ahmadinejad—had not prepared for a prolonged stay nor had they informed the country's political and religious authorities beforehand of their intent. In the initial confusion, several of the embassy staff and visitors avoided capture and Bowden tells how, with the help of the CIA and the Canadians, they made their way home. But overall, it is surprising how rapidly administrative, logistical, and the initially conflicting political issues were dealt with. The routine that was established quickly included hostage identification, interrogation, feeding, and housing.

Parts two and three cover the initial Western press coverage, the reactions at home, the routines the hostages adopted, and how they dealt with periods of blind-folded isolation between interrogations. It is here that we first learn of the students, calling the embassy a "den of spies," one reason given for holding the hostages. They truly believed that the foreign services officers were just spies under cover, and that made life more difficult for genuine foreign service officers. The captors quickly realized the power of television to grab world

attention and began allowing radical American pro-Iranian activists to call and visit the hostages in hopes of influencing US public opinion. Bowden goes on to explain that while this was going on the first of several CIA agents were inserted into Tehran as plans for the unfortunate hostage rescue attempt took shape. This he, too, describes in all of its sorry detail.

The initial group of hostages was reduced by 13 when all but two of the women and African-Americans were released. At the same time, the Ayatollah announced that the remaining 53 would be tried as spies, although it never happened. After one more was released because he had a serious health problem, 52 stayed the course involuntarily. Three of them were held at the Iranian Foreign Ministry, where they had a telephone line to the State Department for much of the time, but even their confinement took its toll. In an unusual form of rebellion, Bowden tells how one took to wandering the ministry building in the nude at night in search of escape routes.

The officers and staff at the embassy included only three fluent in Farsi. From their exchanges with the interrogators, one gets a sense of the Iranian ignorance in Western matters, even though several had been educated and lived in the United States. Bowden's characterization of Nilufar Ebtekar—as "screaming Mary"—who became the spokeswoman for the hostage takers, is a fine example. She had grown up in Philadelphia and spoke English with an American accent. After berating the United States for "the inhuman, racist decision" to drop the atomic bomb on Japan, she was shocked to learn that Japan had started the war by bombing Pearl Harbor. Later she asked Bowden to help find an agent for the book she planned to write.

Three of the embassy hostages were CIA officers. Bowden interviewed the two who are still alive. Tom Ahern, in the only interview he has given on the subject, tells how he had been chief of station just four months at the time of the takeover and the error that led to his exposure as CIA. William Daugherty's story was the subject of a memoir, *In the Shadow of the Ayatollah: A CIA Hostage in Iran* but Bowden fills in blanks and adds names where Daugherty could not, as for example the name of the soldier who revealed Daugherty's CIA affiliation.[1] It was Daugherty who told Ebtekar about Pearl Harbor. The treatment these officers endured, the devices they employed to deal with their interrogators despite physical abuse, and the clever schemes they adopted to cope with solitary confinement, is essential but often not pleasant reading.

Guests of the Ayatollah also attempts to answer the question that arises in any discussion of the embassy takeover: why did they do it? Bowden argues that at the outset, the student radicals really believed that the entire embassy was in fact a "den of spies" who sought to restore the deposed shah as had happened in 1953. This conviction grew, he suggests, when the shah was allowed into the United States for cancer treatment and when President

[1] William Daugherty, ***In the Shadow of the Ayatollah: A CIA Hostage in Iran*** (Naval Institute Press, 2001).

Carter refused to return him to Tehran. Understanding this as anything but a direct insult to Islam was beyond the radicals. The intensity of the student movement was unexpected, Bowden explains, because, at the shah's insistence, "For years, little intelligence was collected from Iran that did not originate with the shah's own regime." In other words the CIA was dependent on SAVAK, the shah's secret service, and had a distorted picture of Iranian political reality.

In part five, *Guests of the Ayatollah* concentrates on the gradual realization of Iran's rulers that holding the hostages was doing more economic, financial, and political harm than good. At several points during the crisis secret talks had been held to resolve the issue, but Iran always demanded too much. Bowden tells how the Ayatollah rationalized dealing with the Great Satan and describes the negotiations that led to the hostages' release, adding that all the hostage takers were convinced that the decision to wait until President Carter was out of office was a deliberate insult to the man who helped the shah. (629) In the epilogue, Bowden describes what has happened to the hostages since their return to the United States. *Guests of the Ayatollah* is a superb book that shows how Americans dealt with a national historical humiliation at the hands of Muslims of a mediocre mindset and emerged the stronger for the experience.

Current

Lorenzo Vidino. ***Al Qaeda In Europe: The New Battleground of International Jihad*** (Amherst, NY: Prometheus Books, 2006), 403 pp., end of chapter notes, maps, index. Foreword by Steven Emerson.

The Investigative Project is a private organization that monitors terrorist activities throughout the world. It is headed by terrorism expert Steven Emerson, who wrote the foreword for this book. Author Lorenzo Vidino, a lawyer who speaks seven languages, is Emerson's deputy. *Al Qaeda In Europe* has four parts. The first and most disturbing, describes the lengthy development, recruitment, education, training, and financing of radical Islamic cells and networks throughout Europe. Perhaps the most unsettling aspect of this portion is the discussion of the very successful, albeit cynical, al-Qa'ida policy of invoking the power of the converted in recruiting disaffected Christians and Muslims with passports to their cause. These super adherents reduce the potential utility of profiling techniques in preventing them from achieving martyrdom. Vidino also documents the work of radical groups that motivate the faithful in the mosques: "only a violent jihad will bring about the dream of making the word of Allah the only religion in the world." In Britain, the group al-Muhajiroun, seeks "to turn Britain into an Islamic country following a Taliban-style interpretation of Islamic law." (24)

The other three parts of the book are devoted to case studies of the major Islamic networks and their operations in Europe and the Middle East. Included are the Algerian network and its recin plot; al-Qa'ida in Italy,

Afghanistan, and Iraq. The book concludes with analysis of the Madrid bombings and the Dutch Van Gogh assassination. Undiscouraged by setbacks, these groups take a long view, says Vidino. They justify their barbaric acts as an "Islamic rite of revenge." (326) The future for radical Islamists in Europe, if the past is prologue, is optimistic. Vidino argues persuasively that Europe no longer has to import terrorists; it is "growing its own." (359) Finally he warns that events in Europe have a way of affecting the United States. Well documented, well told, and alarming.

Michael R. Gordon and General Bernard E. Trainor. ***Cobra II: The Inside Story of the Invasion and Occupation of Iraq*** (New York: Pantheon Books, 2006), 603 pp., endnotes, appendix, photos, index. (audio CD: abridged)

COBRA I was the codename given to General Patton's successful breakout thrust from France toward Germany during World War II. COBRA II is a detailed account of the equally successful thrust that took Baghdad in 2003. While the majority of the book focuses on that operation, significant portions are devoted to the invasion planning and follow-up, which the authors find deeply flawed. They name names, describe incredible bureaucratic infighting, identify errors in strategic guidance, and conclude that civilian decision making has no place in deciding the details involved in executing tactical military operations. Curiously, the terms intelligence, CIA, DIA, and Weapons of Mass Destruction (WMD) do not appear in the index, but they appear frequently in the text. It is here that the authors describe the Defense Department's attempt to assume intelligence primacy from the CIA. In this connection they argue that the judgment of a National Intelligence Council officer that the degree of contact between al-Qa'ida and Iraq was incidental is dismissed because DOD had already decided otherwise, with insufficient evidence. The CIA and DIA analyses regarding WMD are discussed in detail, with emphasis on Secretary Powell's speech to the UN. The initial reliance on a suspect defector's claims about biological weapons labs is described, as is the subsequent decision that it made no difference whether reports were accurate since the decision to go to war had been made. The consequences of the failure to account for Saddam's irregular forces that would become the postwar insurgents, coupled with inaccurate assumptions that the Iraqi army would not fight, the coalition forces would be received as liberators, and the Iraqi institutions of government would survive the war, are analyzed in deplorable detail. *COBRA II* ends in 2003, with a discussion of the decisions made to dismantle the Iraqi military and government and the problems that have occurred since. It is not a pleasant story, but with its devastating documentation it is one that is hard to challenge.

John A. Cassara. ***Hide and Seek: Intelligence, Law Enforcement, and the Stalled War on Terrorist Finance*** (Washington, DC: Potomac Books, 2006), 204 pp., endnotes, maps, index.

The five-year CIA career of onetime operations officer John Cassara ended when he decided, before he received approval to do so, to tell his fiancé who was not an American citizen, that he worked for the Agency. He then found a position with the Treasury Department where over the next 20 or so years, he

served in nearly all organizations under its jurisdiction, including the Secret Service, while sandwiching in a tour at the State Department. Much of his experience was with Treasury's *Financial Crimes Enforcement* Network (FinCEN) where he focused on narcotics traffickers, arms dealers and money launderers in the United States and overseas. In *Hide and Seek* he argues that he learned enough about illegal money transfer to sever the "life blood of terrorism," but he is short on details. He does offer suggestions for correcting the deficiencies that allow al-Qa'ida to use the diamond and opium trades and various banking techniques to acquire the funds they need to support their operations, but these suggestions also lack specificity. The book does provide a good generic explanation of the no-documentation technique of transferring money—the practice of *hawala* used by al-Qa'ida. But Cassara fails to indicate how the process can be monitored, stopped, or controlled. The best that can be said of *Hide and* Seek is that the book identifies some serious problems, but they are not new. That is not surprising when one discovers his documentation is a mix of secondary sources, government studies, interviews, and personal experience. He concludes by recommending "new investigative tools for the War on Terrorist Finance," but he doesn't identify them. In short he lists well-known problems without providing specific solutions. As a result, the book is not as helpful as it might have been.

James Carroll, ***House of War: The Pentagon and the Disastrous Rise of American Power*** (Boston: Houghton Mifflin Company, 2006), 657 pp., endnotes, bibliography, photos, index.

In his prologue, author James Carroll asks, "What does the Pentagon mean, actually, to the United States of America?" Some 500 pages later the question remains unanswered. Only the author's tortured obsession with this building as a metaphor for evil is crystal clear. Carroll's claim that his views should matter are summed up in the assertion that "I have the eyes of a soldier's son, through which, unfortunately, I see everything." (xiv) But this statement is inaccurate. Carroll's father, Joseph, was not a soldier. He was, in 1947, one day a senior FBI special agent and the next an air force brigadier general. Brigadier General Carroll first headed the Office of Special Investigations (OSI) and in 1962, as a lieutenant general, became the first director of the Defense Intelligence Agency (DIA). But by that time son James, a one time ROTC cadet, had become a dedicated anti-war activist permanently estranged from his father. Young Carroll subsequently became a Catholic priest, then a family man, novelist, and newspaper columnist. These are the eyes that explain the views in this often spiteful book.

House of War does provides unique insight into the life of the father and the origins of DIA. Carroll, the instant air force general, overcame deep-seated resentment from his fellow flag officers to establish an effective institution that, inter alia, stood fast when its estimates on the Vietnam War proved unpopular and played an important role in the Cuban Missile Crisis. The book also gives a short description of the origins of the Pentagon itself. But, it quickly emerges that Carroll's focus is on blaming the Pentagon and its culture of power for everything from the unnecessary World War II policy of *unconditional surrender* and the unforgivable use of the atom bomb, to equal,

if not greater, responsibility for the Cold War than the Soviet Union. Thus, he concludes, the Pentagon is responsible for other avoidable wars—Korea, Vietnam, and the war on terror.

In many cases Carroll attempts to buttress his assertions with references to intelligence. For example, concerning the possible cooperation with the Soviet Union on the use of atomic power in the late 1940s, Carroll claims that Stalin, based on reports from his agents Donald Maclean and Kim Philby, "had secret intelligence that the US initiatives toward cooperation were duplicitous." (167) But the sources he cites for this claim do not address the issue. This is designer history and is characteristic of a book that also claims "the Red Army's terror tactics were duplicated by the British and Americans, but impersonally, without the heat of passion and overt sadism." On this point no references at all are indicated.(494)

In sum, *House of War* ascribes the evils of post-war Western society to power improperly exercised by those in the five-sided building in Arlington, Virginia—"the Pentagon has, more than ever, become a place to fear." (511) Fortunately, these assessments are not supported by his facts. Read with care.

Clark Kent Ervin. ***Open Target: Where America is Vulnerable to Attack*** (New York: Palgrave Macmillan, 2006), 260 pp., endnotes, index.

We have "taken care of" aviation as a threat in the years since the last attack, according to an administration spokesman cited in Clark Ervin's book. (211) Ervin, former inspector general of the Department of Homeland Security (DHS), doesn't believe it. (211) He does believe that "it is still just as easy today to sneak guns, knives and bombs past airport screeners as it was in 2001 and…al-Qa'ida continues to consider new and novel methods for planning and conducting attacks against the United States." (212) All of a single chapter is devoted to explaining why. The balance of the book examines every facet of homeland security: port, mass transit, infrastructure targets, customs and borders addressed since 9/11. The conclusions are the same. While some progress has been made, albeit wastefully, and it is harder for terrorists to attack now than it was five years ago, he argues persuasively that it is still much easier than it should be. Unable to convince his superiors of the urgency of correcting well-documented technical and bureaucratic deficiencies, and having made no secret of his judgments about the overabundance of mismanagement and old fashioned incompetency, Irvin resigned after two years on the job.

Ervin ends with a chapter offering suggestions for "closing the vulnerability gap," but none are original. He concludes that we need to do the things DHS was chartered to do three years ago. This is a frustrating, even frightening, but important book.

General Intelligence

Robert W. William and Ben-Ami Lipetz (ed.). ***Covert and Overt: Recollecting and Connecting Intelligence Service and Information Science*** (Lanham, MD: Scarecrow Press, Inc., 2005), 250 pp., end of chapter notes, photos, index.

> This collection of 17 articles covers many aspects of intelligence and information science from World War II to the present as practiced in the British and American military and civilian intelligence services. There are chapters on the use of open sources and the problems associated with estimates based on incomplete data. Two chapters cover the literature of intelligence and information sciences. Another deals with the problem of defining intelligence itself, but no conclusions are reached, and the official definition in Executive Order 12333 is ignored. The final papers explain how the intelligence requirements of an analyst differ from those of scholars and scientists and discuss the early application of computer technology to intelligence, though the material here is outdated. Gently thought provoking.

Allen W. Dulles. ***The Craft of Intelligence*** (Guilford, CT: The Lyons Press, 2006), 279 pp., bibliography, photos, index. Reprint of second revised edition.

> The first edition of *Craft of Intelligence* was published in 1963; the second followed in 1965, with additional comments on cases made public in the interim. The current edition is identical to the second. Despite the chronological disparity, the book is an easy read and excellent introduction to the profession, as it deals with both the history and functional aspects of the topic. Beginning with intelligence in Biblical times, it is later illustrated from the author's personal experience as it surveys the field down into the 1960s. There is a chapter on counterintelligence, a very valuable one on myths and mishaps, as well as chapters on the analysis and collection functions, intelligence and policy makers in the Cold War, and the legal aspects of espionage. While the emphasis is on Soviet espionage, the principles are consistent with today's threats. Although Dulles went over various manuscript drafts, the book was written by a group of retired CIA officers headed by Howard Roman.[2] The group included Roman's wife, Jane, and Walter Pforzheimer. It is definitely the best book on intelligence written by a committee.

Barton Whaley. ***Detecting Deception: A Bibliography of Counterdeception Across Time, Cultures, and Disciplines***, 2nd edition, CD version (Washington, DC: Office of the Director of National Intelligence, National Intelligence Council, Foreign Denial and Deception Committee, 2006), 676 pp., searchable pdf, 3MB, no index.

> Compiling a comprehensive annotated bibliography is labor intensive and time consuming in any area of study. The topic of deception compounds the problem because it is dependent on a number of overlapping fields:

[2] The drafts were given to the Yale University library.

counterintelligence, analysis, forensic science, cognitive psychology, police investigation, magic, surprise, and political-military theory, to name a few. Dr. Barton Whaley's epic *Detecting Deception*, with its 2,444 entries covering books, magazines, journals, and various reports is a unique, extremely valuable, and often (to the newcomer) surprising contribution to the field.[3] In the surprising category, see for example, the entries for actor and illusionist Orson Wells.

Beyond identifying works published, there are two primary benefits to be derived from the bibliography. The first is the star-rating system assigned, 0-5, 5 being among the best contributions to deception. Perhaps more important is the second, Whaley's candid, incisive, and robust opinions; they will save the reader considerable time. The organization of the bibliography is strictly and intentionally alphabetical. Whaley has not created a table of contents or listed books by category. This would mean multiple entries because so many books cover more than one field. It would also limit browsing, something he wishes to encourage. Many annotations include an indication of where the less well-known or more rare items may be found (the "LOC" entry). Entries vary in length from a page or more to short one-paragraph statements. Second, opinions from reviewers are often quoted and cited, and related fields of interest are indicated. In all but 71 cases in which he relied on an expert in the field, Whaley examined the item himself.

This digital book has three other valuable features: a list of other related, some distantly, bibliographies, and two appendices. Appendix A is a list of 184 public exhibitions of fake, forged, counterfeit and otherwise deceptive documents. Appendix B lists 159 conferences on the topics included in appendix A.

If the bibliography has a weakness, it is the absence of any keywords in the entries to guide the reader. A code such as CI (counterintelligence) in a keyword field would focus the search to entries on the topic. An attempt to deal with this problem appears in the section "In Lieu of an Index," but it is only partially successful.

For those interested in denial and deception the Whaley bibliography is a gateway contribution, the place to start.

Mark Lowenthal. ***Intelligence: From Secrets to Policy***—Third Edition (Washington, DC: CQ Press, 2006). 334 pp., end of chapter notes, bibliography, appendices, tables, index.

The second edition of this introduction to the Intelligence Community was published in 2000. With all that has occurred since, it is not unreasonable to expect the third edition to be a major revision. That is what Professor Lowenthal has given us! Seventy more pages, two more chapters, numerous changes and emendations throughout the text, along with new organizations,

[3] The first edition of Whaley's deception bibliography was published in 2005 and contained 2146 entries.

the impact of reforms, shifting priorities, and the like. As an introductory text, this book gives the reader an understandable functional view of the national Intelligence Community. It lays out the fundamental missions, the organizational participants, tells what they should do, how they are related, and the general constraints under which they function. At the outset the author makes clear that he intentionally avoids the *how-to* details of the profession which are covered nicely elsewhere.

The two new chapters deal with intelligence reform and foreign intelligence services. The former anticipates some of the difficulties foreseen in that area and since encountered in practice. The foreign intelligence services chapter describes only five nations—Britain, France, China, Israel, and Russia—but the references list reliable Web sites that discuss the services of most other countries. Changes in basic chapter content include descriptions of the Office of the Director of National Intelligence, the Under Secretary for Defense for Intelligence, and the Department of Homeland Security. All that and it is still not up-to-date as the author acknowledges; only a constantly revised digital version can accomplish that. For many years teachers and students clamored for a basic intelligence text. Now we have it.

Historical

James M. Potts. ***French Covert Action in the American Revolution*** (Lincoln, Nebraska: iUniverse, Inc., 2005), 192 pp., endnotes, bibliography, appendices, photos, index. (digital edition available)

That France provided clandestine support to the United States during the War of Independence has long been recognized by historians of the period.[4] Questions about how the relationship was initiated, when it began, the types of materials involved, and the impact it had on the war effort, have been matters of speculation. Working in the French government archives on the American revolution, scholar and former CIA officer James Potts found the answers among documents that had never been translated. *French Covert Action in the American Revolution* tells the story. The covert action involved was against the British, not the Americans. Its purpose was to weaken Britain by helping create a power that would make it less likely that the British would make war on France. After the Declaration of Independence, the French foreign minister, the Comte de Vergennes dispatched a representative to Philadelphia to assess America's determination and the need for warmaking materials. Convinced of American resolve and the acute shortage of weapons and gunpowder, France created a "proprietary" that met these needs for the first two years of the war. Potts shows that without this help Washington could not have sustained his army in the field until the critical battle of Saratoga, a battle won with materials supplied by France.

---

[4] See for example, G. J. A. O'Toole, *Honorable Treachery: A History of U. S. Intelligence, Espionage, and Covert Action from the American Revolution to the CIA* (New York: Atlantic Monthly Press, 1991).

The British were aware of what the French were doing; their secret service had penetrated the new American mission in Paris. In telling this part of the story, Potts introduces us to some familiar players in Benjamin Franklin, Silas Deane, double-agent Edward Bancroft, and the Chevalier Charles-Geneviève de Beaumont d'Eon. Franklin and de Vergennes maintained the fiction that the French government was not involved. At the same time, Deane worked with French playwright and covert action operator, Pierre-Augustine Caron de Beaumarchais to arrange supplies. Bancroft, Franklin's secretary and an agent of the British Secret Service, reported on events, but he never could establish an official connection to the French that would justify a British military response—this despite his knowledge that the French were supporting American privateers that ravaged "English shipping… in the years before France openly entered the war" after Saratoga. The Chevalier d'Eon, the French officer who had masqueraded as a women in the Russian and British courts, was also a British agent who tried to upset the operation by blackmailing the French over incriminating papers he had stolen.

After the war, the principals did not all fare well. The secrecy arrangements were such that George Washington was unaware of the French connection, as Congress never revealed the source of his supplies. As president he refused to repay the "unofficial" debt owed the French. Beaumarchais and Deane could not document all their transactions through private lenders, some of whom didn't exist and Beaumarchais' heirs did receive some compensation in 1838, long after his death. Both were discredited and died in poverty. D'Eon, after being bought off by Beaumarchais, retreated to Britain, where his true gender was revealed only in death. Covert actions tend to have unintended consequences.

French Covert Action in the American Revolution is a very well documented and well-told treatment of the first covert action involving the United States.

Dixee R. Bartholomew-Feis. ***The OSS and Ho Chi Minh: Unexpected Allies in the War Against Japan*** (Lawrence, KS: University Press of Kansas, 2006), 435 pp., endnotes, bibliography, photos.

One day in September 1969, I walked past the office of OSS veteran Paul Hoagland and noticed that he was visibly upset—there were tears in his eyes. Observing my concern, he said that Ho Chi Minh had died. Having just returned from Vietnam, I was perplexed at his distress. Paul quietly explained that Ho had not always been an enemy of the United States and that an OSS medic, Private First Class Hoagland, had saved his life in 1945. The Ho that Paul described was soft-spoken, kind, polite, thoughtful, pro-American, and an effective leader, a rather different image from the one I had acquired. Buena Vista University history professor, Dixee R. Bartholomew-Feis, tells the Hoagland-Ho part of this story while expanding on the wartime links between OSS and Ho's Vietnamese faction. This is not the first time the relationship has been discussed by historians, but it is the first book devoted to the subject.[5] The mission of the OSS team, designated Deer, was to work

[5] See, for example, Archimedes L. A. Patti, *Why Vietnam?: A Prelude to America's Albatross* (Berkeley: University of California Press, 1980).

with the Vietnamese and conduct sabotage, intelligence collection, and morale operations against the Japanese in Indochina. While it might be expected that with the end of the war in view, cooperation from all anti-Japanese participants in the region would have been smooth and effective, Professor Bartholomew-Feis leaves no doubt whatever that the reality was otherwise. OSS conflicts with the colonialist French were the most frustrating, but an American naval officer was a close second, and even the British and Chinese created supply and subordination problems as they too jockeyed for advantageous postwar positions. The anti-OSS desk barons in Washington were equal-time contributors to the dissension.

The OSS and Ho Chi Minh describes these circumstances and the field operations with their limited successes, their predictable failures, and the long-term consequences. Bartholomew-Feis also tells of the differing viewpoints of the field and Washington when it came to wartime and postwar support of Ho and Indochina. The decisions were not clear cut, she argues. Many viewed him as a dedicated communist. Recommendations from the field, where the tendency was to obstruct if not ignore headquarters, were inconsistent. The tendency in Washington, especially after President Roosevelt died, was to take the path of least resistance and support the colonialist aspirations of wartime ally France. This policy assured French support in Europe and in the formation of the United Nations. In the event, when Ho was ignored he turned to the only other alternative, and the rest is familiar history. In her otherwise very well documented study, Professor Bartholomew-Feis concludes with some speculation about what might have happened had US policy been otherwise. Perhaps Paul's view of Ho as a potential ally was right.

Stephen Kinzer. ***OVERTHROW: America's Century of Regime Change from Hawaii to Iraq*** (New York: Henry Holt and Company, 2006), 384 pp., endnotes, bibliography, index. (audio CD unabridged)

"The United States has assumed the right to intervene anywhere in the world, not simply by influencing or coercing foreign governments but also by overthrowing them." (3) With this premise clearly established, author Stephen Kinzer commences his assessment of "regime change," a term he applies retroactively to US foreign policy since the Hawaiian revolution in 1893. The book is divided into three parts: the "Imperial Era," roughly the period 1893–1945; the "Covert Action" era from Iran (1953) to the Reagan presidency; and the "Invasions," Grenada, Panama, Kuwait, and Afghanistan and Iraq. Kinzer gives examples in each part to support his proposition that regime change generally progresses as follows. First, US firms experience commercial difficulty functioning in a country. Second, they persuade the US government to apply political pressure on the country to resolve the problem in the company's favor. Third, failing political success, the United States resorts to forceful liberation or regime change and solves the immediate issue while simultaneously creating long-term, unintended, though predictable, negative consequences. The CIA is the nefarious manager in the final two parts. Kinzer does not identify terrorism as a potential cause of necessary regime change, dismissing it as the product of "fateful misjudgment by five presidents." (275)

OVERTHROW doesn't contain new facts—it is based entirely on secondary sources. Kinzer's contribution is the summary of well-known covert action operations in a single volume and his attempt to establish policy links, followed by conclusions. He is less successful in accomplishing the second than the first. If there be a common thread linking all regime-change operations, it is not apparent—not even commercial interests explain all. Likewise, his conclusion that America is "singularly unsuited to ruling foreign lands" (309) ignores the fact that it never set out to do that. Other conclusions reflect his own views more than the data he presents, as for example, his assertion that the idea behind all the invasions he discusses is "that Americans have the right and even the obligation to depose regimes they consider evil.… [this is] one of the oldest and most resilient of all the beliefs that define the United States." (302)

No one can argue that the events Kinzer cites did not take place. But at the same time, there is no evidence that the regime changes he alleges were "*simply a substitute for thoughtful foreign policy [and that] in most cases diplomatic and political approaches would have worked far more effectively.*" (320; emphasis added) There is a barely latent malevolence in this book. Kinzer doesn't approve of covert action but despite his best efforts, he has not succeeded in justifying its demise.

Derek Leebaert. ***To Dare and To Conquer: Special Operations and the Destiny of Nations from Achilles to Al Qaeda*** (Boston: Little Brown & Company, 2006), 675 pp., endnotes, bibliography, photos, endnotes.

No matter how elevated the position of the claimer, nothing can be reinvented! But things can be rediscovered, and that, according to the onetime Marine and now Georgetown professor Derek Leebaert, has been the case with special operations. In *To Dare and To Conquer* he chronicles the origins and development of such operations from the Greeks and their Trojan horse to modern era American Special Forces units, the CIA special operations teams, and Islamist terrorists with their sacrificial passion. In between, he covers all the major wars and confrontations traditionally described by historians in terms of battles fought by armies, navies, and air forces, supplying the lesser known contributions of special operations. He argues persuasively that while the vocabulary so common today "is barely a century old… the activities of special warfare…are as old as civilization." (9) His first chapter spends considerable time discussing what constitutes special operations today and the characteristics of the personnel who conduct them. Special operations, he demonstrates, originate from necessity and require personnel possessing ingenuity, daring, a willingness to accept risks, and skill in the methods of special warfare.[6] Throughout the book we find examples of the special units

[6] On the topic of personnel recruitment Professor Leebaert makes an odd—seemingly incongruous—and unexplained assertion that American "special forces personnel are recruited from the ranks of civilian amateurs."

required to conduct these operations, including Vikings, soldiers of Wellington's Peninsula Campaign, the Soviet Spetsnaz, the British SOE, the American OSS, and their post-war successors.

Successful examples of special operations include the British victory in "removing Napoleon from Egypt," (314) their role in the Boer War, Cortez's defeat of the Aztecs, their application by Britain's Long Range Desert Group in World War II, the assassination of Admiral Yamamoto in the Pacific theater of that same war, after which "the Japanese never won another naval battle," and the rapid insertion of CIA teams into Afghanistan in 2001. Special operations don't always go well, professor Leebaert writes. Examples, with their reasons, include the attempts to rollback the Soviets in Eastern Europe after Hitler's defeat, their use in the Korean war, and in North Vietnam, and the failure to use special operations before 9/11, despite multiple indications of al-Qa'ida's intent. Then there are the problems created by bureaucratic infighting and the conflicts between high-ranking military and civilians that resulted in the failure to follow up the opportunity to get Usama bin Laden when he was trapped in Tora Bora.

To Dare and To Conquer is a vast undertaking. For those concerned with military history it offers much—often in the form of lessons not learned—on a subject not dealt with in this magnitude elsewhere. And, atypically for historical treatments, the role of intelligence is a major factor throughout. Those concerned with this aspect of the issue have genuine reasons for concern if Professors Leebaert's assessment that our current special operations capabilities "will take much more than the declared five years, if ever, to rebuild." (591) Superbly documented and well written, this book deserves studied attention.

Christopher Andrew and Vasili Mitrokhin. ***The World Was Going Our Way: The KGB and the Battle for the Third World*** (New York: Basic Books, 2005), 677 pp., endnotes, bibliography, appendices, photos, index.

The operational material former KGB Colonel Vasili Mitrokhin brought with him from Russia in 1992 was initially viewed with skepticism by some academic critics because they could not have access to the documents cited in the endnotes. Two approaches to this question of source validation soon put the matter to rest—one traditional, one not. The traditional way involved comparison with existing and newly released material in which the Mitrokhin data confirmed earlier assessments and, in other cases, filled gaps. The unusual, and to some extent unexpected, way involved interviews with people who were directly involved and who admitted their heretofore unacknowledged roles as agents. The most shocking example was the case of octogenarian Melita Norwood, the longest serving and most important female British KGB agent. When asked by the press about the claims in the book, Ms. Norwood quickly stepped forward and proudly admitted her role. It is all true, she said, and under the same conditions, "I would do it again. I thought I had got away with it."[7] From then on Mitrokhin was taken seriously.

[7] *The London Times*, 28 June 2005.

Mitrokhin brought out so much material that it had to be published in two volumes; this is the second. The first book focused on KGB operations in the West. This one looks at four geographic regions: Latin America, the Middle East, Asia, and Africa. In the foreword, coauthor Christopher Andrew presents new details of Mitrokhin's early life, his KGB career, the reasons for his defection, and other personal data that could not be presented while Mitrokhin was still alive.

Each of the four geographic parts of the book begins with an introduction wherein Professor Andrew describes the political circumstances of the period concerned and lays out the often surprising role the KGB played in promoting Soviet foreign policy in the region. In the substantive portions of the book Mitrokhin's files portray KGB activities in the Third World in great detail. Of particular interest is the extent and variety of KGB forgery and disinformation operations. Clearly, the Soviets intended to spread communism in third world countries as a step towards achieving their goal of a worldwide communist state—they said so unequivocally. Many of the cases are familiar from evidence collected and published by Western intelligence services. Cuba is an example, though new details are added, as for example the role of Raul Castro in gaining Soviet support. The chapters on India, on the other hand, discuss KGB support for some important Indian leaders and the extent to which the government had been penetrated. These specifics were new, at least to the Indians, and caused a major flap. Stories about how the KGB recruited political figures and influenced policy were in the local papers for weeks.

There is extensive detail about KGB operations in Nicaragua and Africa, where in the late 1970s and early 1980s, the Soviets publicly denied attempting to apply any influence. These claims were believed by many in America. The KGB role in Afghanistan is particularly interesting, as are the attempts to influence Egypt and Iraq. In the case of Vietnam, where the Soviets kept a low profile, what they told the North Vietnamese left no doubt as to their long-term goals. In 1980, KGB Chairman Yuri Andropov told the Vietnamese interior minister that "the Soviet Union is not merely talking about world revolution but is actually assisting it.… Why did the USA and the other Western countries agree on détente in the 1970s and then change their policies? Because the imperialists realized that a reduction of international tension worked to the advantage of the socialist system. During this period, Angola, Mozambique, Ethiopia and Afghanistan were liberated." (471) This was the distorted KGB view of Soviet reality.

In retrospect, it is hard to comprehend that anyone in the Soviet government really thought they were ever on the road to making the world communist. Volume one shows how hard they tried to subvert the West. Volume two leaves no doubt that the KGB made an even greater attempt to achieve this goal by subverting Third World nations. And almost until the end they believed that the world was really going their way.

Intelligence Around the World

Ephraim Kahana. ***Historical Dictionary of Israeli Intelligence*** (Lanham, MD: The Scarecrow Press, Inc., 2006), 369 pp., bibliography, appendices, chronology, no index.

The track record for the historical intelligence dictionary series from Scarecrow Press is mixed. The first volume on British intelligence, by Nigel West, is quite good. The second, on US intelligence, by Michael Turner, is dreadful.[8] The latest volume, written by Israeli scholar Ephraim Kahana is worthwhile. It has useful case summaries, but it is incomplete in surprising areas. For example, the description of the "Lillehammer incident" in Norway, where an innocent man was mistakenly assassinated, doesn't describe the incriminating data revealed by the captured assassins. With regard to the entry on convicted Israeli spy Jonathon Pollard, Kahana fails to mention Pollard's lies about his academic record and that he had been rejected by the CIA (which the Navy didn't learn about until his arrest). Nor does Kahana mention the classified material on China found in Pollard's apartment or the fact that his wife Anne had made her own approaches to the Chinese government. Kahana is candid about Pollard's operational errors and, despite claims to the contrary on *60 Minutes*, states flatly that "economic motivation was of the utmost importance to Pollard." (233) The entry on James Angleton ends with the curious statement that "after Angleton's dismissal in 1975 [sic: 1974], the liaison unit (with the Mossad) was dismantled." (13) On the other hand, there is new information on some cases, as for example the Mordechai Louk spy-in-the-diplomatic-trunk incident. Similarly, the domestic security service, often called Shin Bet, is discussed under its formal name, the Israeli Security Agency (SHABAK). There is a very useful chronology describing the evolution of the various Israeli intelligence services and the officers that headed them. The introduction is a valuable summary of how Israeli intelligence operates, citing missions, failures, oversight, the importance of HUMINT, and a look to the future. Overall this is a valuable reference book.

Efraim Halvey. ***Man in the Shadows: Inside the Middle East Crisis with a Man Who Led the Mossad*** (New York: St. Mars Press, 2006), 292 pp., index.

The author was a career Mossad officer who headed the service from 1998 to 2002. The first 10 chapters concern his views on Israel's political problems since its creation and leave the reader wondering about Halvey's Mossad role. Only in the final chapters does he describe intelligence operations in which he was involved, abortive assassination attempts in Jordan being the most important. He spends considerable space describing the problems that arise when the political masters, in his case Prime Minister Benjamin Netanyahu, attempt to manage operations directly. He includes comments on the

[8] See Hayden B. Peake, "Bookshelf," *Studies in Intelligence* 50, No. 2 (2006): 83.

organization of Mossad, other heads of state with whom the author had contact, and the difficulties of providing intelligence to the boss when it could have adverse political impact.

On present events, Halvey admits Mossad was caught by surprise on 9/11. He goes on to support the war on terror and Washington's current approach. On a personal note, he compares the working relationship with the CIA's James Angleton, when he handled the Mossad account many years ago, with the more recent experience under DCI George Tenet. He concludes with a depressing assessment that suggests the world has yet to see the worst that radical Islamists have to offer. Halvey leaves the impression that he has more to say.

Brigadier Syed A. T. Tirmazi. ***Profiles of Intelligence*** (Lahore, Pakistan: Fiction House, 1995), 363 pp., photos, no index.

Brigadier Syed Tirmazi was born in Rawalpindi, Pakistan, and attended the University of the Punjab before being commissioned an artillery officer. After attendance at the Intelligence Bureau School and the School of Military Intelligence, he held positions in Pakistan's Intelligence Bureau, eventually serving as its directorate general, and the Inter Services Intelligence (analogous to the Office of the Director of National Intelligence in the United States), interspersed with a tour as Army attaché in Tehran during the Iran-US hostage crisis. For reasons not entirely made clear, he took early retirement in 1985 and wrote this book some 10 years later.

Tirmazi employs the word "profiles" in the sense of case summary or study. At first he summarizes his career and outlines the Pakistani intelligence structure generally. Then he turns to intelligence in five geographic areas: the United States, India, Libya, Israel, and Iran, and three functional topics: the threat to Islam (from the West and India), domestic security, and the problems stemming from political corruption. In each area he describes counterintelligence cases, his specialty. Although somewhat admiring of "imperialist" America, he is critical of what he perceives as the CIA role in various changes of governments. He asserts that US post-war policies with regard to Iran resulted in the hostage crisis. In his judgment, had the rescue operation reached Tehran, all the hostages would have been killed. He also claims Pakistan was very much aware of US interest in the Pakistani nuclear program and thus managed to avoid attempts to close it down. He is candid about the high quality of the Israeli services but leaves no doubt as to his political views: "Most ills that have enveloped the world today can be traced back to Tel Aviv…." (225) Without explanation, the chapter on the KGB in Pakistan is only five pages long and says little.

Counterintelligence and security operations—defections and agent recruitments—are described in each chapter. Tirmazi argues that despite limits imposed by initially primitive technology, the basic espionage techniques were still effective, as illustrated in his discussion of the "Mata Hari from India" case. In a more general sense, he provides valuable insights into the cultural and the practical problems to be faced when dealing with the

Muslims generally, and the Pakistani services in particular. Of special concern, although it is an underlying theme throughout the book, is the unsolved problem of attempts to shape intelligence for political purposes. The final chapters deal with lessons learned and with the author's views for the future. This book is a valuable contribution.

Books Reviewed in *Studies in Intelligence* in 2006

Current Topics and Issues

After Fidel: The Inside Story of Castro's Next Leader by Brian Latell (50 1 [March], Bookshelf)

Al Qaeda In Europe: The New Battleground of International Jihad by Lorenzo Vidino (50 4 [December] Bookshelf)

Cobra II: The Inside Story of the Invasion and Occupation of Iraq by Michael R. Gordon and Bernard E. Trainor (50 4 [December], Bookshelf)

The Central Intelligence Agency: Security under Scrutiny by Athan Theoharis (ed.) (50 3 [September], Bookshelf)

Executive Secrets: Covert Action and the Presidency by William J. Daugherty (50 2 [June], Bookshelf)

Forecasting Terrorism: Indicators and Proven Analytic Techniques by Sundri Khalsa (50 3 [September], Bookshelf)

Fulcrum of Evil: The ISI-CIA-Al Qaeda Nexus by Maloy Dhar (50 3 [September], Bookshelf)

The Future of American Intelligence by Peter Berkowitz (ed.) (50 3 [September], Bookshelf)

Hide and Seek: Intelligence, Law Enforcement, and the Stalled War on Terrorist Finance by John A. Cassara (50 4 [December], Bookshelf)

House of War: The Pentagon and the Disastrous Rise of American Power by James Carroll (50 4 [December], Bookshelf)

Iraq Confidential: The Untold Story of the Intelligence Conspiracy to Undermine the UN and Overthrow Saddam Hussein by Scott Ritter (50 2 [June], Bookshelf)

JAWBREAKER: *The Attack on Bin Laden and Al-Qaeda - A Personal Account by the CIA's Key Field Commander* by Gary Berntsen and Ralph Pezzullo (50 3 [September], Bookshelf)

New Frontiers of Intelligence Analysis by Carol Dumaine and L. Sergio Germani, eds. (50 1 [March], Bookshelf)

The Next Attack: The Failure of the War on Terror and a Strategy for Getting It Right by Daniel Benjamin and Steven Simon (50 2 [June], Bookshelf)

Plunging Point: Intelligence Failures, Cover-ups and Consequences by Lance Collins and Warren Reed (50 1 [March], Bookshelf)

Open Target: Where America is Vulnerable to Attack by Clark Kent Ervin (50 4 [December], Bookshelf)

State of War: The Secret History of the CIA and Bush Administration by James Risen (50 3 [September], Bookshelf)

Transforming U.S. Intelligence by Jennifer E. Sims and Burton Gerber, eds. (50 1 [March], Bookshelf)

Uncertain Shield: The U.S. Intelligence System in the Throes of Reform by Richard A. Posner (50 3 [September], Stanley Moskowitz)

Who Is Watching the Spies?: Establishing Intelligence Service Accountability by Hans Born, Loch K. Johnson, and Ian Leigh (eds.) (50 2 [June], Bookshelf)

Following book titles and author names are the *Studies in Intelligence* issue in which the review appeared and the name of the reviewer. All Bookshelf reviews are by Hayden Peake.

Books Reviewed in 2006

General Intelligence

Detecting Deception: A Bibliography of Counterdeception Across Time, Cultures, and Disciplines by Barton Whaley (50 4 [December], Bookshelf)

Covert and Overt: Recollecting and Connecting Intelligence Service and Information Science by Robert W. William and Ben-Ami Lipetz (50 4 [December], Bookshelf)

The Craft of Intelligence by Allen W. Dulles (50 4 [December], Bookshelf)

Ethics of Spying: A Reader for the Intelligence Professional by Jan Goldman (ed.) (50 3 [September], Bookshelf)

Geographic Handbook of the CIA (*Geograficheskiy Spravochnik TsRU*) (in Russian) (50 1 [March], Joseph A. Baclawski)

Intelligence: From Secrets to Policy, Third Edition by Mark Lowenthal (50 4 [December], Bookshelf)

Intelligence and Statecraft: The Use and Limits of Intelligence in International Society by Peter Jackson and Jennifer Siegel (eds.) (50 2 [June], Bookshelf)

Intelligence and Strategy: Selected Essays by John Robert Ferris (50 2 [June], Bookshelf)

Shades of Gray: National Security and the Evolution of Space Reconnaissance by L. Parker Temple III (50 1 [March], Bookshelf)

Historical

The Admiral's Advantage: U.S. Navy Operational Intelligence in World War II and the Cold War by Christopher Ford and David Rosenberg (50 1 [March], Bookshelf)

Assignment Algiers: With the OSS in the Mediterranean Theater by Erasmus H. Kloman (50 1 [March], Bookshelf)

At the Dragon's Gate: With the OSS in the Far East by Charles Fenn (50 2 [June], Troy Sacquety)

Blind Spot: The Secret History of American Counterterrorism by Timothy Naftali (50 1 [March], Bookshelf)

Burn Before Reading: Presidents, CIA Directors and Secret Intelligence by Stansfield Turner (50 1 [March], Bookshelf)

The CIA and Congress:The Untold Story from Truman to Kennedy by David M. Barrett (50 1 [March], L. Britt Snider)

COLOSSUS: Bletchley Park's Greatest Secret by Paul Gannon (50 3 [September], Bookshelf)

To Dare and To Conquer: Special Operations and the Destiny of Nations from Achilles to Al Qaeda by Derek Leebaert (50 4 [December], Bookshelf)

Directors of Central Intelligence as Leaders of the U. S. Intelligence Community 1946–2005 by Douglas F. Garthoff (50 3 [September], Bookshelf)

Engineering Communism: How Two Americans Spied for Stalin and Founded the Soviet Silicon Valley by Steven T. Usdin (50 1 [March], Bookshelf)

French Covert Action in the American Revolution by James M. Potts (50 4 [December], Bookshelf)

Guests of the Ayatollah: The First Battle in America's War With Militant Islam by Mark Bowden (50 4 [December], Bookshelf)

Historical (continued)

The Haunted Wood: Soviet Espionage in America—the Stalin Era by Allen Weinstein and Alexander Vassiliev (50 2 [June], William Nolte)

Her Majesty's SpyMaster: Elizabeth I, Sir Francis Walsingham, and the Birth of Modern Espionage by Stephan Budiansky (50 1 [March], Bookshelf)

Historical Dictionary of United States Intelligence by Michael A. Turner (50 2 [June], Bookshelf)

How The Cold War Began: The Gouzenko Affair and the Hunt for Soviet Spies by Amy Knight (50 2 [June], Bookshelf)

The Imperfect Spy: The Inside Story of a Convicted Spy by Andy J. Byers (50 3 [September], Bookshelf)

In the Shadow of the Sphinx: A History of Counterintelligence by James L. Gilbert et al. (50 4 [December], Michael J. Sulick)

Intelligence Co-Operation Between Poland and Great Britain During World War II: The Report of the Anglo-Polish Historical Committee, Volume 1 by Tessa Stirling, Daria Natźcz, and Tadeusz Dubicki (eds.) (50 1 [March], Bookshelf)

The Jedburghs: The Secret History of the Allied Special Forces, France 1944 by Lt. Col. Will Irwin (Ret) (50 3 [September], Bookshelf)

The KGB File of Andrei Sakharov by Joshua Rubenstein and Alexander Gribanov (eds.) (50 2 [June], John Ehrman)

Last of the Cold War Spies: The Life of Michael Straight, The Only American in Britain's Cambridge Spy Ring by Roland Perry (50 1 [March], Bookshelf)

A Life in Secrets: The Story of Vera Atkins and the Lost Agents of SOE by Sarah Helm (50 1 [March], Bookshelf)

My Father, The Spy: An Investigative Memoir by John H. Richardson (50 1 [March], Bookshelf)

My FBI: Bringing Down the Mafia, Investigating Bill Clinton, and Fighting the War on Terror by Louis J. Freeh with Howard Means (50 2 [June], Bookshelf)

Operation Jedburgh: D-Day and America's First Shadow War by Colin Beavan (50 3 [September], Bookshelf)

The OSS and Ho Chi Minh: Unexpected Allies in the War Against Japan by Dixee R. Batholomew-Feis (50 4 [December], Bookshelf)

OVERTHROW: America's Century of Regime Change from Hawaii to Iraq by Stephen Kinzer (50 4 [December], Bookshelf)

The Pirate Coast: Thomas Jefferson, the First Marines, and the Secret Mission of 1805 by Richard Zacks (50 1 [March], Bookshelf)

A Question of Torture: CIA Interrogation from the Cold War to the War on Terror by Alfred W. McCoy (50 3 [September], Bookshelf)

Special Agent, Vietnam: A Naval Intelligence Memoir by Douglass L. Hubbard (50 4 [December], Michael J. Sulick)

Spying on the Bomb: American Nuclear Intelligence from Nazi Germany to Iran and North Korea by Jeffrey T. Richelson (50 3 [September], Bookshelf)

Steel From The Sky: The Jedburgh Raiders, France 1944 by Roger Ford (50 3 [September], Bookshelf)

Thailand's Secret War: The Free Thai, OSS, and SOE during World War II by E. Bruce Reynolds (50 1 [March], Troy J. Sacquety)

Twilight Warriors: Covert Air Operations Against the USSR by Curtis Peebles (50 1 [March], Bookshelf)

What Stalin Knew: The Enigma of Barbarossa by David E. Murphy (50 1 [March], Donald P. Steury)

Who the Hell Are We Fighting? The Story of Sam Adams and the Vietnam Intelligence Wars by C. Michael Hiam (50 4 [December], Robert Sinclair)

Wild Rose: Rose O'Neale Greenhow, Civil War Spy by Ann Blackman (50 1 [March], Bookshelf)

The World Was Going Our Way: The KGB and the Battle for the Third World by Christopher Andrew and Vasili Mitrokhin (50 4 [December], Bookshelf)

Intelligence Around the World

Aden Insurgency: The Savage War in South Arabia 1962-1967 by Jonathan Walker (50 3 [September], Bookshelf)

Gertrude Bell by H.V.F. Winstone (50 3 [September], Bookshelf)

Historical Dictionary of British Intelligence by Nigel West (50 1 [March], Bookshelf)

Historical Dictionary of Israeli Intelligence by Ephraim Kahana (50 4 [December], Bookshelf)

Intelligence: A Security Weapon by D. C. Pathak (50 2 [June], Bookshelf)

The Iron Fist: Inside the Archives of the Bulgarian Secret Police by Alexenia Dimitrova (50 2 [June], Bookshelf)

La Reforma de la Inteligencia: Un Imperativo Democratico [The Reform of Intelligence: A Democratic Imperative] (Spanish) by Andres Villamizar (50 4 [December], Manuael A. Orellana Jr.)

Man in the Shadows: Inside the Middle East Crisis with a Man Who Led the Mossad by Efraim Halvey (50 4 [December], Bookshelf)

MAO: The Unknown Story by Jung Chang and Jon Halliday (50 2 [June], Bookshelf)

Open Secrets: India's Intelligence Unveiled by Maloy Krishna Dhar (50 2 [June], Bookshelf)

Profiles of Intelligence (Pakistan) by Syed A. T. Tirmazi (50 4 [December], Bookshelf)

Raid On The Sun: Inside Israel's Secret Campaign that Denied Saddam the Bomb by Rodger W. Claire (50 2 [June], Bookshelf)

The Rise and Fall of the Pahlavi Dynasty: Memoirs of Former General Hussein Fardust by Ali Akbar Dareini (ed.) (50 3 [September], Bookshelf)

On South Africa's Secret Service: An Undercover Agent's Story by Riaan Labuschagne (50 1 [March], Bookshelf)