A Wealth of Experience

An Interview with Adm. William O. Studeman (S)

William Nolte

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William Nolte works for the National Security Agency.

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Editor's Note: Former Deputy Director of Central Intelligence (DDCI) Adm. William O. Studeman, USN (Ret.), was interviewed at CIA Headquarters on 22 February by William Nolte, a member of the Editorial Board of Studies in Intelligence.

Let's begin with some background. Did you intend to have a career in intelligence when you joined the Navy?

No, not really. I was commissioned through Officers' Candidate School, which is principally a pipeline for surface officers. At OCS, I wanted to go into aviation. My family has had a long history in aviation, my father being an aviation pioneer. So, I went through preflight and flight school at Pensacola. I wore glasses at the time, but the Navy had a program both for pilots and naval flight officers. I was in training for the latter, when Washington sent down a directive saying that the people who finished first through fifth in my class and the

class behind me would have to go into intelligence because there was a shortage of intelligence officers in the Navy. (U)

This upset the aviators, but I was committed to the intelligence pipeline. I began my career in 1963 as all young naval intelligence officers start off, as a specialist in air intelligence. The Navy has two officer career fields built around intelligence, one in intelligence and one in cryptology. (U)

Did most of your subsequent assignments remain in the intelligence track versus cryptology?

Right. In Navy terms, I am an intelligence officer, a "straight-stick" intelligence guy. All of my tours were Washington-based or fleet-based operational intelligence tours, including command of the Suitland Naval Operational Intelligence Center, the predecessor to the Maritime Intelligence Center. I was also Director of Long-Range Planning,

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In some small way, I like to think that this effort had a role in ending the Cold War

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And from there to Director of Naval Intelligence, followed by Director of NSA. NSA must have been your first full-time "technical intelligence" assignment.

Well, naval intelligence is highly technical. The naval intelligence generalist in the Navy is brought up with the idea that most of the intelligence we deal with is technical. It is acoustic—it is SIGINT. Naval intelligence does not have much HUMINT, and much of what we have is overt. The HUMINT activities we do have in the Navy have always had to struggle to compete with technical intelligence. The cultural ethos of naval intelligence has always been technical, but within that technical framework, multidisciplinary, with emphasis on putting things together and building processes for moving that intelligence to the user. You need to have constant interactions with the user, and proximity to the customer is one of the most important dynamics of the system. (U)

So, I dealt extensively with SIGINT, SIGINT issues, and SIGINT liaison throughout my career. There really were no surprises to me when I came to NSA. What was different was getting to know the culture and the bureaucracy as a Defense agency, as a Combat Support Agency, and as part of the Intelligence Community (IC). (U)

Did the Navy's emphasis on proximity to the user influence your actions as Director of NSA and later as DDCI?

There is the sense that the SIGINT system is isolated, that it exists somewhere at Fort Meade. And to a degree, CIA has the same potential problem or at least the perception. One thing the agencies have had to deal with is the need to be better connected with their customers on the one hand and their counterparts in the IC on the other. What you always worry about is the danger that an NSA, for example, becomes a closed culture. And you have to "manage around" that perception when you come into a leadership position in an organization like NSA or CIA as an outsider. (U)

How much of a struggle was that in your NSA and DDCI positions?

It is not really that much of a struggle. I find that, if you appeal to people to reach out and consider those wider issues, they will do it. Sometimes they need to be nagged, but throughout this period the idea of community or corporateness has been so important that it could not be ignored or denied. Sometime you have to attach a "no kidding" message to this effort, but we really are required to build within the IC an analog to the jointness efforts that exist in the military. This Community should operate as a community; if it does, the whole will be greater than the sum of the parts. We are also obliged to reduce duplication. Clearly, there was a lot of duplication in the system. So, I was fortunate in being able to work in one culture at NSA and then to come over here to CIA and the Community environment to work on projects that furthered the concept of community. (U)

The analogy between the Defense community as it has tried to work out the problems of jointness and the IC is an interesting one. Where is the IC in that process, compared to a community that has been at the process for a longer period?

I think the IC has made significant progress. The orientation of the leadership has shifted substantially. Certainly by the time Bob Gates came in as DCI, there was the recognition that the Community was the most important consideration he had to manage. When he moved the Community Management Staff (CMS) here to Langley, it began to displace the CIA in its ability to capture the interest and attention of the DCI, and, to a degree, the CMS assumed greater control of the agenda of the DCI and DDCI. As CMS gained more responsibility over policy, architecture, and issues like that, it gained more access to the DCI. Director Woolsey continued in that direction, and you were able to create a viable ability to drive the Community through a Community structure, but one that was "lean and mean" enough to have to work through the other parts of the Community, not as a stand alone. (C)

Beyond the CMS, the increased visibility of the Community-based centers, the use of the National Intelligence Council as a participatory body, and even NSA's decision to bring a Cryptologic Support Group (CSG) to CIA, have all had an impact. As you recall, NSA was reluctant to establish CSGs in the Washington area because they could become bottomless pits draining off

resources.

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Certainly it would have been more common before 1991 or 1992 for an NSA officer to spend part of his or her career in the UK at Government Communications Headquarters (GCHQ)

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86-36 **(b)(3)** *Is all this driving around the Beltway worth it?*

That is an interesting question from several dimensions.

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The second point is that we are burdened by the fact that the Community is spread out from Fort Meade to the new National Reconnaissance Office facility near Dulles Airport. This physical separation is a problem, because it keeps the cultures apart. As much as we thought things like secure videoconferencing would solve the problem, that really has not been case. The truly frustrating point about the problem of physical separation is that it has the effect of keeping apart organizations and cultures that are actually similar

That is a sentiment I've never heard expressed.

It is true. I came down here after having been through a whole set of issues at NSA, and I found the same problems. Take the glass ceiling, for example. CIA was a year behind, the two agencies took characteristically different approaches—CIA hired a contractor, NSA worked it in-house—but the conclusions were remarkably the same. In all the essentials of the dynamics at work, the two cultures represented identical "lay down" matches for each other. You could have taken the NSA report, exported it down here, and it would have fit 100 percent. But we were so far apart at that time that it never occurred to either side to compare notes. We probably could have saved the taxpayers a quarter of a million dollars. Personnel management issues, again. The nature and character of the way civilians are managed are also "lay down" matches. (C)

Among the common issues the agencies are dealing with are those associated with the implementation of quality management, the requirement to get people out of their fortresses, the needs of technologies, and the family orientation of the personnel. You can go on and on. These

are at least sibling organizations, from the point of view of management challenges. (U)

Would you want to see the recognition of these similarities and the move toward jointness extend to the creation of a Foreign Intelligence Service, analogous to the Foreign Service, where people get hired into the service and then assigned to one agency or another?

No. I think an efficiency expert who does not know anything about the business areas of the agencies might suggest that. But I would not. These are distinct business areas, each of which requires core competencies that are difficult to sustain, even given the scale of the existing supporting cultures. The SIGINT and INFOSEC businesses, for example, are very complex. If you are going to discharge effectively the responsibilities associated with those businesses, or any of the other business lines in the Community, you have to establish a center of gravity. That means you have to establish accountability and coherence. Otherwise, you would find the business areas watered down by considerations that would make it difficult to keep focus on the various primary missions we are set up to deal with. It is just like corporate life: consolidation is important, but one has to recognize points of diminishing returns. These are large structures, tens of thousands of people even with downsizing, so the idea that you could package all of this effort in a single structure is an idea whose time has not arrived, if it ever will. (U)

You mentioned downsizing, and that is the environment you encountered both at NSA and as DDCI and Acting

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DCI. How serious a problem has that been for the leadership?

Let me elevate the question a level. The fundamental problem of recent years has been moving the IC from the Cold War to a different world, one that is not yet clearly defined. With that challenge up front, a whole host of issues present themselves, not least of which is "What is the world of tomorrow going to look like?" Ultimately, instruments like Presidential Decision Directive 35 will define the grounds on which intelligence has to operate. During this time, we had to deal with downsizing and reengineering issues. And we had a number of problems, especially for CIA, and even more particularly for the Clandestine Service—with Ames, the French spying issue, Guatemala, class action suits or individual suits by women in the Agency—and these greatly complicated the work of the leadership in making the transition. (U)

But that transition remained the most important objective. And I think the leadership of the intelligence agencies understood that. I certainly would like to think they understood that. We put heavy emphasis on studies and task forces to look at various aspects of the issue. By the time Jim Woolsey left, we were probably looking at upwards of 125 studies and task force efforts on various aspects of the transition problem, everything from politicization to covert action. And that is the essence of the legacy of this transition period. (U)

I believe this effort has put us in front of the rest of the Federal Government in the reinvention effort. We started downsizing before any-

one else did. Only history is going to tell us whether these actions were the correct ones, but I do not think we had any alternative but to make these transitions. We've gotten out ahead on issues affecting incentives in downsizing, with ideas on civil service reform, which I think Director Deutch is going to be talking about in the near future. (U)

We had a major task in shutting down much of the Cold War architecture and determining what our future architecture was going to be. There has been an incredible richness in the issues confronting us during this period, and they all come together to define the future of intelligence. None of the rest of the Federal Government is close to doing the sort of work we've done on our future. (U)

The problems we have encountered and the transition we have been dealing with have left a negative morale effect, and that has been part of the downside. But, in the long run, I think it has been fortuitous for CIA, and with it the IC, to go through this process. At times, it has seemed like we have been hit between the running lights with a two-by-four, but maybe that has been a wake-up call. The benefit may be that we will be reformed before anybody else. We

have an opportunity to use our internal work, along with the work of the Aspin-Brown Commission, IC 21, and all the other external studies, to process this work, go forward with legislation where required, and gain a renewed endorsement for American intelligence. (U)

Let's return to the endorsement issue in a bit, but it is very clear that you see all the effort and turmoil of recent years as ultimately necessary and even therapeutic.

Absolutely. You captured the essence of what I have said in a few words, and I think it is true—if we take advantage of it. If we somehow or another do not listen to the messages that are conveyed through this process, we will find ourselves falling back to our old ways. By that I mean going it alone, doing things in ways that violate the Community context, and so forth. If we do that, we will not realize our goal of creating a sum greater than its parts, and we will all lose. We need to define an alternative future for NSA, for CIA, and

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There is a strategic plan for doing that; it is another area we have worked on for over a year. But I fear that the implementation of that strategic plan is going slowly. I fear that

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There is a very significant technical dimension to that exercise, including important access issues. Again, if we do not achieve that, we are all the losers. (C)

One part of your reputation that preceded you here was your interest in management techniques and your belief that we had not incorporated management practices, especially quality management, in what we do. It will not surprise you to hear that some people do not share your enthusiasm.

I worked hard to bring quality management here, and now there are quality councils in both CIA and the CMS. These concepts need to be tailored to the culture and the business areas you are working with.

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It could have been done better, and many of the problems can be, in my view, attributed to management. Of the seven or eight issues that are at the top of
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(b)(3)   the agenda of   the implementation of quality management practices is the first. (C)

Beyond issues of internal management, there is always going to be some skepticism—in Congress, among the public—that what we do is inherently suspect. Tolerable during wartime perhaps, but less so in peacetime.

I think you are getting at the openness and demystification issue, and there is no doubt we could have done a better job articulating to the American people and others who count, including Congress, why we

need a capable, robust intelligence system. What I worry about is that you cannot assume we are going to make the commitment as a nation to maintaining a strong intelligence capability for the future. World War II and the Cold War represented heyday periods, in which intelligence made extraordinary contributions. Unfortunately, we have been so closed that I do not think this contribution is appreciated by decisionmakers, by historians, and by the country at large. We have an obligation to be more open—and we now operate under a directive to be more open. Openness is a difficult issue to manage, and you are always going to be struggling over where to draw the line. (U)

One of the things you do not want to do is be naive about how much people really know out there. The recent series of *Baltimore Sun* articles on NSA prove that, if some serious investigative reporter wants to network around and do a serious look at an agency, the reporter can ferret out more information than the system is going to be comfortable with. That said, the example points to the dilemma of having to be more open. Jim Woolsey always cautioned about the use of the term "openness," because we did not want to imply that we were fundamentally open to having people come in and just forage around. I do not think that is what we have meant by openness, but it is a difficult process to define

what it means to be selectively open. It is a tricky issue. After all, this is fundamentally a "secret" business. (U)

One aspect of the endorsement issue is endorsement by oversight bodies, giving them a picture we cannot give the public at large and in effect having them vouch for us. How would you describe your experience with the oversight committees?

We all have tactical frustrations, but I am a big fan of oversight, whether it's from Congress, from the President's Foreign Intelligence Advisory Board, or from within. The way I look at it is this: intelligence, in order to do its job, has to be out there at the leading edge of propriety and legality all the time. Our obligation is to penetrate targets that represent threats to the United States. To penetrate those targets, you have to be aggressive in your technology and in your operational applications. You really want and need an oversight process to protect you from yourself. With regard to resource debates, you might conclude that the interaction between Congress and the Executive Branch has wasted some taxpayer money, but the products of that interaction have been more positive than negative. In fact, dramatically positive. So I have an upbeat view of oversight. (U)

I do hope that the Brown Commission will come out with some recommendations to "thin down" our oversight burden. The number of committees to which we are accountable for various functions creates a lot of drag for the Community, using resources that could better be expended on targets. As a manger, I want to put mission

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first. I told the Brown Commission that if you told me declassification would cost $200 million per year, and if I had the option to spend that on modernized SIGINT, I would rather buy the SIGINT. (U)

We are headed toward a real investment crunch, and I would always rather buy tooth than tail. (U)

Where is that crunch going to occur?

I am worried about our lack of technology and investment in technology, about our dependence on industry for commercial off-the-shelf technology which is ultimately as available to our competitors and counterparts in other countries as it is to us. So we have to retain our internal research and engineering capabilities, and we are falling dangerously below the line in those areas, especially in SIGINT, but in every other domain as well. (S)

One of the significant issues of the last decade has been the emergence of open-source information and its impact on policymakers. Have we managed that effectively?

I do not think we have managed it at all badly. We have come to the realization that the post–Cold War world is more open and that information exists today that would not have been available earlier. The fundamental availability of information—which will only accelerate—is going to alter the context in which intelligence is produced and perceived. We have our secret sources, but we need open-source information to frame our problems and provide context, to allow us to manage collection efficiently, so we do not target our scarce resources against targets we

can attack through open sources. We can use open sources to cover information we produce at classified levels, and the creation of the Community Open-Source Project Office, is an important direction for us to go. Acquiring the information, creating the internet or intelink-like architectures, with push-pull capabilities, to allow intelligence producers to grab open-source information and mix it effectively with secret information—all these are crucial issues. And there are significant issues of security, the creation of adequate firewalls, and so on, associated with this effort, but these can be handled. Open source is a important trend, and the Community is going to have to adapt to that. (C)

If you had the opportunity to take on, at this stage of your career, a study to deal with any single aspect of our business that has nagged at you, what would that be?

I do not know. There are so many areas of interest, I am not sure I could pick just one.

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There are dimensions to this problem that represent important potential capabilities if we do it right. If we screw it up, the consequences are going to be just as significant. (C)

Clandestine activity is the thing that has the highest risk for embarrassment, as you have experienced.

Sure, but there are structural changes you can make to manage this. Counterintelligence is another area of interest, and it is an area we tend to take for granted. The whole issue of foreign intelligence and its coordination with law enforcement, information warfare, information security (especially as it relates to commerce and banking)—there are any number of areas you could deal with. That is what makes this business so interesting at the moment. It will mean that DCIs now and in the future will have to build on the work that has been done by some of the studies we have talked about. No matter where you turn, there are interesting issues out there. (U)

Overall, how do you think we have done in convincing Congress and others that this is a principled, competent set of agencies capable of performing their missions?

I am not trying to be political in making this statement, but I do not think we have been successful with the current administration in even being defined as being a relevant part of the national security team. And I am sure the DCIs have been frustrated by it. When you have CNN announcing that the President is meeting with his national security team and you know intelligence is not represented, that is a source of concern. (U)

That reflects the priorities of the administration, with domestic issues as first priority, economic competitiveness has been the second priority, and traditional national security

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issues have been a third priority. That is not to say that there are not issues of great concern, but intelligence has to find a role in that environment. And we cannot take it for granted that people will continue to give us the resources we need. If we can no longer bring to the table the results of successful, deep-penetration efforts that have real impact on the consumer, you are less valued, you are going to be supported at more and more marginal levels, and you are going to enter into a downward spiral. It is that spiral I fear. The lesson here is that you have to look to your first obligation, which is to penetrate targets. Everything else should be put in a secondary status.

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If we are not successful against the [_____] for example, we're not that useful. We are out there doing the job, but if we are not delivering against [_____] the other targets that occupy the current interests of the key decision-makers, we can get into this spiral. The challenge for the IC for tomorrow is to deal with establishing the partnerships that are going to allow us to obtain deep penetration on difficult issues. Take the relationships between NSA and CIA. If effective partnership becomes peripheral to either or both, or if it is merely the dream of a few people, it is not going to have the needed energy and focus. (S)

Over the last year, we seem to be developing a real emphasis on the hard targets, figuring, for example, that we may have a stronger role to play in reporting on
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True, but be careful. The analogy is instructive.
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But because we did not have adequate connections to some of our key customers,
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they did not get the warning. The prisms other US Government agenci
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not providing an accurate picture of what was happening. We therefore created a double crisis for ourselves. First, we warned, but the customer did not hear the warning. The customer was then late developing a response, and that response then became a liability to the administration [_____] Second, and worse yet, they hated us even more when Congress, through its investigations, tried to determine what actually happened. It became

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the classic intelligence conundrum of the skunk at the garden party. The message here is that you can collect all the right information, but if you cannot connect with the customer, you have not done your job. You cannot sit at Langley or Fort Meade and just toss electronic product over the transom. You have to be doing briefings, you have to be interactive with the customer. And this is a lesson we are still learning. (S)

We have talked about a lot of ups and downs affecting intelligence in this transition period. If you were speaking to undergraduates or graduate students considering a career intelligence, would you encourage them?

Nothing is more wonderful. I spoke this morning to the National Youth Leadership Forum, a group of high school students interested in intelligence, diplomacy, and defense. I concluded my remarks by telling them there was never a day—no matter how bad things got—that I did not get up and look forward to coming to work in the business of . intelligence. It is that fascinating, particularly if you step back and truly understand its importance to the security of the country. And, when you think about the nature and character of the people in the Community, nowhere in the Federal Government have I run across the skills and character, even management ability, that you find in the IC. It is a unique set of people, and I think even those of us in the business need to reflect more frequently on that. (U)

Admiral Studeman, thank you.