

The Future of U.S. Intelligence Outsourcing

ARMIN KRISHNAN
Visiting Assistant Professor
University of Texas at El Paso

INTELLIGENCE OUTSOURCING HAS GONE TOO far in terms of overall contribution and scope and should be scaled back inasmuch as it concerns inherently governmental functions. Furthermore, the U.S. government should aim to achieve more transparency and accountability in intelligence outsourcing by reducing secrecy and by emphasizing the exploitation of open sources by the private sector instead of their involvement in clandestine collection.

The outsourcing of intelligence gathering is not necessarily a problem in itself and is certainly nothing new in the United States. The U.S. government has a long history of reliance on contractors and private companies in the field of intelligence. The main problems associated with intelligence outsourcing are secrecy, control, oversight, and accountability, which can result in or encourage politicization, corruption, waste, and abuse of government powers. These issues are generally not new either, but the current scope and scale of intelligence outsourcing are now very different from those of the past.¹ In the twentieth century, U.S. intelligence was for the first time given a permanent institutional foundation, which restrained the role of the private sector in intelligence to some specific functions—the development, maintenance, and operation of collection systems and serving as fronts for intelligence operations.

After the Cold War, the intelligence community (IC) shrank substantially along with the rest of the U.S. defense establishment. This laid the groundwork for the tremendous private sector expansion that began in the late 1990s, one of the biggest changes in U.S. national security over the last ten years.² The

ARMIN KRISHNAN is a visiting assistant professor of security studies at the University of Texas at El Paso. He is the author of a book on military contracting (*War as Business*) and military robotics (*Killer Robots: The Legality and Ethicality of Autonomous Weapons*).

Copyright © 2011 by the *Brown Journal of World Affairs*

downsizing of the U.S. national security sector led to a great shortage of intelligence personnel in the wake of President George W. Bush's Global War on Terror, which could be overcome only by hiring contractors. This subsequently resulted in the rapid expansion of the IC since 2001.

Government agencies can more easily hire contractors instead of government employees because of the federal budgeting process, which treats contractors like commoditized goods available to be purchased at a moment's notice.³ This flexibility in hiring and firing as needed makes employing contractors more efficient. Since certain contractors with relevant unique skill-sets (e.g., fluency in certain languages) are underrepresented in the IC, the result is a situation in which the Department of Defense and the IC have become critically dependent on contractors for carrying out their core missions.⁴ The Director of National Intelligence (DNI) indicated that about 70 percent of the \$75 billion intelligence budget in 2009 was spent on contracts and private contractors.⁵ An extensive 2010 *Washington Post* investigation found that there are almost 2,000 companies in 10,000 locations across the United States doing work related to counterterrorism, homeland security, and intelligence, employing 265,000 individuals with top secret security clearance.⁶ This number compares to about 100,000 government employees in the IC (as of 2006).⁷ The Office of the DNI estimated in 2007 that "27 percent of those contract personnel support collection and operations; 22 percent support enterprise information and technology [...]; 19 percent support analysis and production; 19 percent support what we call enterprise management and support [...]; 4 percent support something called mission management, basically a coordinating function; and the rest [28 percent] support processing, exploitation, and research and development activities."⁸

Some agencies, especially those that carry out work in the area of technical collection, are particularly dependent on contractors to carry out their mission. For example, the National Reconnaissance Office (NRO)—which develops and operates spy satellites—spends 95 percent of its \$8 billion budget on contracts.⁹ This includes—apart from the acquisition of collection systems—outsourcing a major part of the NRO's research, program management, and oversight functions to private contractors, which now represent 90 percent of the NRO workforce.¹⁰ A less extreme example is the CIA: Former CIA case officer Robert Baer, who was considered in his 21-year intelligence career to have been the best field officer in the Middle East, estimated in 2007 that contractors make up 50 to 60 percent of the CIA workforce.¹¹

The main intelligence contractors and suppliers of contract personnel are primarily large companies heavily entrenched in the defense and national

security business, such as Lockheed Martin, Northrop Grumman, Raytheon, Boeing, Science Applications International Corporation (SAIC), and Booz Allen Hamilton, among others. Another facet to the current privatization of intelligence is the use of the private sector for intelligence collection and domestic surveillance.¹² Increasingly, giant telecommunications and information technology companies like AT&T, Verizon, and Google are legally compelled to collect and store data on their customers and were, according to an industry insider, “providing total access to data” in the context of the White House’s Terrorist Surveillance Program.¹³ It seems that the companies have largely complied with the government’s requests, turning the private sector into a massive government surveillance and intelligence operation.¹⁴

The trend toward intelligence privatization and outsourcing is a cause for concern for many reasons:

- It breeds corruption and gross inefficiency.
- It has resulted in massive abuses of civil liberties and human rights.
- It weakens the quality of intelligence products, as national intelligence becomes dominated by private interests with strong incentives for biased reporting.
- It creates difficulties for the control and oversight of intelligence activities, as it is more difficult for the government to monitor contracted companies and private companies have less obligation to turn over information to Congressional oversight bodies.
- In the long term, it will cause a loss of core competencies and expertise to the private sector, especially as it concerns technology.

PRIVATIZED INTELLIGENCE COLLECTION AND PROCESSING

Most of the money that is spent on intelligence privatization and outsourcing goes into the development of new technical collection systems, such as new imagery and signals intelligence satellites. This goes back to the development of the U-2 spy plane and the Corona satellites by Lockheed Skunk Works and other companies from the 1950s onward.¹⁵ Developers of collection systems maintain and even operate these systems since the necessary expertise is unavailable elsewhere. New technical collection systems such as supersonic reconnaissance planes like the SR-71 or spy satellites can be extremely expensive. There is the risk of outright mismanagement, incompetence, and corruption on the part of the IC and its major contractors, which is indicated in many publicized cases

such as the NRO's Integrated Operational Space Architecture and Future Imagery Architecture, the National Security Agency (NSA)'s Trailblazer software, the National Geospatial-Intelligence Agency (NGA)'s GEOSCOUT software and the National Counterterrorism Center (NCTC)'s Railhead software. Taxpayers have paid billions of dollars for these flawed and failed procurement projects. Cost- and time-overruns and the eventual termination of large IC procurement programs also weaken national security. This can create capability gaps when new collection systems are not available as planned. The biggest known failure in this respect is the aforementioned Future Imagery Architecture (FIA), which was intended to replace the KH-12/KH-13 satellites. Boeing led the development of FIA between 1999 and 2005. After spending six years and \$10 billion, Boeing had little to show for the time and money, so the program was turned over to Lockheed Martin.¹⁶ Congress canceled the program when it was discovered that a single satellite might cost more than a *Nimitz* class carrier.¹⁷ Dependence on intelligence contractors such as Boeing for the development of new large-scale collection systems or IT systems is often so great that companies do not even get penalized if they fail to deliver.¹⁸

180

The substantial efforts of the IC to modernize its computer and software systems have also resulted in costly failures as a result of ever more complex technology and the difficulty of managing and overseeing large IT projects. In particular, substantial amounts of money are directed toward IT and the automated processing of data derived from databases and Internet traffic. For this purpose, the NSA hired SAIC, a major contractor for the IC, to develop a counterterrorism project called "Trailblazer," which was meant to be a giant data mining system capable of sifting through two billion documents every four seconds.¹⁹ The great tragedy is that the NSA was close to having an in-house development ready by 2001 called "Thin Thread" that could do the job of Trailblazer and that could have possibly prevented 9/11. Thin Thread cost only \$3 million dollars, but the NSA favored a private sector solution.²⁰ Trailblazer ended up costing four billion dollars and was declared by a CIA veteran to be "a complete and abject failure."²¹

Failures like this may explain why the NSA decided to take a different approach with respect to data collection and processing. In 2005, the *New York Times* discovered that the NSA had been illegally eavesdropping on U.S. citizens through its Terrorist Surveillance Program by cooperating with major telecommunications companies.²² The three biggest U.S. telecommunications providers—AT&T, Verizon, and BellSouth—gave the NSA access to the connection data of their 200 million customers.²³ According to NSA expert James

Bamford, AT&T and Verizon had “outsourced the bugging of their entire networks—carrying billions of American communications every day—to two mysterious companies with very troubling foreign connections.” Bamford claims that the respective two companies (Verint and Narus) are controlled by Israeli intelligence, allowing Israel to spy on the U.S.²⁴ He alleges that Congress is too sloppy in overseeing contracted private companies, and there seems to be no political will to investigate the matter despite the fact that it is widely known within the U.S. government that Israeli espionage against the U.S. is fairly extensive.²⁵ When the story of the illegal eavesdropping broke, the Justice Department wanted to investigate the illegal domestic spying, but it was told by the NSA that it lacked the necessary security clearances.²⁶ Human rights lawyer Maureen Webb writes that the private sector has been very willing to turn over private information, and the government has also bought personal data on Americans and foreigners from commercial data aggregators.²⁷

The government’s excess data collection on individuals is highly problematic because it is both expensive and ineffective.

At the same time, it would be wrong to assume that information sharing between the government and private sectors is entirely one-sided. The FBI’s Terrorist Screening Center has a terrorist database that is shared with companies.²⁸ The government’s excessive data collection on individuals is highly problematic because it is both expensive and ineffective. More and more individuals with no terrorism connection whatsoever become wrongly listed as terrorists because of data anomalies. According to the American Civil Liberties Union, there are already more than one million Americans listed as suspected terrorists.²⁹

The involvement of the private sector in intelligence collection goes beyond technical intelligence (TECHINT) and even includes human intelligence (HUMINT) abroad. In the early 2000s, the IC faced a massive shortage of Arab linguists who were needed as translators for interrogations in Iraq. Because of the long and complicated process of screening and hiring personnel in the IC, the task was simply outsourced to long-term intelligence contractors like Titan and CACI that could hire personnel quickly and with little screening. These companies were under such pressure to fill translator and other positions that their employees could not be properly vetted or even have their criminal records checked.³⁰ This rush to expand HUMINT in Iraq led to a situation in which contracted translators, who had not been properly trained for the job, were performing enhanced interrogations and committing related human rights abuses, which were exposed during the Abu Ghraib scandal in 2004.³¹

The job of field operatives who recruit agents and direct spies has also been outsourced, which has raised numerous concerns about the accuracy and objectivity of intelligence obtained from contractors. National security analyst R.J. Hillhouse claims in the *Washington Post* that half of the National Clandestine Service (the clandestine arm of the CIA) staff members are contractors and that “[t]hese firms [Abraxas, Booz Allen Hamilton, Lockheed Martin and Raytheon] recruit spies, create non-official cover identities and control the movements of CIA case officers.”³² In some locations like Islamabad, contractors outnumber CIA officers three to one.³³ Robert Baer points out that “after 1997, practically all training is done by contractors” and that the “CIA is even hiring contractors as station chiefs in other countries.”³⁴ Former CIA officer Duane Clarridge even created his own private espionage network in Afghanistan and Pakistan, which he claims includes 10 case officers who run 20 principal agents and have 40 sources.³⁵ The *New York Times* notes that Clarridge has his own interventionist agenda and quotes a Department of Defense spokesman, who said in general terms that the Department “believes that reliance on unvetted and uncorroborated information from private sources may endanger the force and taint information collected during legitimate intelligence operations.”³⁶

PRIVATIZED INTELLIGENCE ANALYSIS

Numerous think tanks and academic institutions provide invaluable defense and foreign policy analysis to political decision-makers. The academic analysts typically rely exclusively on unclassified open sources that can be clearly identified and usually checked. Much more worrisome is when private intelligence organizations base analysis on classified information that was collected independently and clandestinely. In such cases, the potential for biased reporting and politicization grows exponentially. Contractors are heavily involved in creating the most authoritative intelligence products, such as the President’s Daily Brief, and thus can influence U.S. foreign policy at the highest level.³⁷ Intelligence has been politicized in the past by contracting private companies to produce intelligence in line with particular policies favored by certain elements in the government.

One important case in point is SAIC’s Iraqi weapons of mass destruction (WMDs) analysis in the lead-up to the Iraq War. In 1997, the company established the Center for Counterterrorism and Analysis. In anticipation of a war with Iraq, it made the case that Iraq had WMDs and that the Iraqis were “ready to take the war [...] overseas. They would use whatever means they have

to attack us.”³⁸ This analysis was very much in accordance with the foreign policy objectives of neoconservatives in the Bush administration, who went to extraordinary lengths to fix intelligence on Iraq. In order to create the pretext for war, the Pentagon created its own intelligence boutique, the Office of Special Plans, which bypassed the IC and was tasked with producing intelligence that linked Iraq to al Qaeda and the attacks of 9/11. These reports included some raw intelligence from Arab press sources that was not vetted or fact-checked.³⁹ The CIA reporting on Iraq was flawed, but in the end much more objective. The Agency should be praised for successfully resisting political pressure to claim a nonexistent Iraq-al Qaeda connection.⁴⁰

Counterterrorism threat analysis by companies like SITE and IntelCenter also exemplifies the danger of privatized analysis resulting in fabricated intelligence. The SITE Intelligence Group monitors jihadist websites and provides analysis to the U.S. government with respect to the al Qaeda/jihadist threat. SITE and IntelCenter have obtained various videos and tapes from al Qaeda since 2006, although there are suspicions that the two companies may have produced some of the videos themselves.⁴¹ Privatized intelligence analysis can enable foreign powers to manipulate perceptions and influence policy; is very easily politicized; and has a tendency to greatly overestimate threats to national security in order to sustain demand for national security-related products and services.

PRIVATIZED SPECIAL OPERATIONS AND COUNTERTERRORISM

Of greatest concern associated with private intelligence companies is their classified work in the field of covert special operations, which overlaps with, and sometimes includes Private Security Companies (PSCs). Some PSCs and defense contractors, most importantly Xe Services (formerly known as Blackwater), have been closely involved in extraordinary rendition and targeted killing, although these activities were never completely outsourced.⁴² After 2001, the Bush administration greatly expanded the practice of extraordinary rendition of terrorist suspects—transferring a person from one country to another without judicial oversight. Typically, this meant illegally arresting or abducting suspected terrorists and taking them to a network of secret prisons in eastern Europe, North Africa, Cuba, the Middle East, and central Asia, where they have been detained for interrogation, sometimes involving torture.⁴³ In order to accomplish this in a clandestine fashion, the CIA used numerous front companies and private contractors to manage the air transport of rendered persons. In one documented

case, Boeing subsidiary Jeppesen Dataplan provided aviation services in connection with the CIA's rendition program, which has led to a court case against the company.⁴⁴

With the election of Barack Obama, the emphasis of the Global War on Terror shifted from rendition to targeted killing and from Iraq to the Afghanistan/Pakistan theater, effectively expanding the war in Afghanistan to the tribal regions of Northern Pakistan.⁴⁵ Private companies are now involved in virtually every aspect of the drone strikes. Tim Shorrock, a recognized authority on intelligence outsourcing, claims that Lockheed Martin is providing intelligence in Pakistan to "locate people and do *Predator* strikes."⁴⁶

The other big company in the assassination business is Blackwater, which became infamous during the occupation of Iraq. It consequently changed the company name to Xe Services Worldwide in 2007. Xe is heavily involved in the CIA's targeted killing program and, according to Blackwater expert Jeremy Scahill, has done "everything but pull the trigger in several countries."⁴⁷ Xe plays a particularly important role in Pakistan, where it is involved in renditions and targeted killings. According to Scahill, Xe manages and plans targeted killings in Pakistan on behalf of Joint Special Operations Command and also secretly works as a subcontractor for a Pakistani PSC, which carries out interdiction and raids involving Xe employees.⁴⁸ United Press International reported in 2010 that Xe contractors outnumber Pakistani police in Islamabad by 2,000.

184

Considering that the CIA and Xe have done serious damage to U.S.-Pakistani relations, it is time to end these highly damaging and covert operations.

The leader of a political party in Pakistan complained that this would undermine Pakistan's democratic government.⁴⁹ In January 2011, the Pakistani authorities arrested Xe employee Raymond Davis after he fatally shot two Pakistanis in Lahore.⁵⁰ Davis was apparently collecting intelligence on the terrorist organization Lashkar-e-Taiba and may have been connected to the CIA drone program.⁵¹ Nevertheless, it remains unclear what Davis's role was and whether it was sanctioned by the United States.

The involvement of contractors in lethal action is problematic for two reasons. First, they are not subject to the same scrutiny and resulting consequences for excessive collateral damage as military personnel and thus may conduct air strikes even when there is great risk of harm to innocent bystanders. Second, they are unlawful combatants under international law because they do mission-planning and targeting activities in hostilities as civilians, which can be considered to amount to direct participation in hostilities. This is why only the military should

be allowed to carry out targeted killings.⁵² Considering that the CIA and Xe have done serious damage to U.S.-Pakistani relations, it is time to end these highly damaging and dangerous covert operations and the Xe presence in Pakistan, as they seem to lack oversight, democratic accountability, and legitimacy.

THE ISSUE OF GOVERNMENT CONTROL AND ACCOUNTABILITY

The outsourcing of intelligence has become a \$50 billion industry, and its rapid growth since 9/11 has resulted in the expansion of the surveillance state and a greater private sector role in national intelligence matters without sufficient oversight. This has been detrimental to democracy and national security. The reliance on contractors and the private sector seems to be unavoidable because of the advanced technology used by the IC, as well as the great demand for analysis that technical collection generates. The more technologically advanced society becomes, the more data will be available for surveillance and intelligence, and the harder it will become for governments to keep up with collecting and exploiting data because of resource constraints. For example, the NSA intercepts, stores, and processes 1.7 billion communications per day, but it is only able to sort a fraction of the data in databases. This explains the drive to co-opt the telecommunications industry for assisting with data collection and processing.⁵³

There must be clear boundaries between the government and the private sector; otherwise individual rights that are necessary for a healthy democracy cannot be protected.

Two things are fundamentally wrong with this trend. First, there must be clear boundaries between the government and the private sector; otherwise individual rights that are necessary for a healthy democracy cannot be protected. Second, the ever-growing blanket surveillance of the U.S. population and, to some extent, the world population is extremely expensive and has dubious value for national and international security. The scale of these activities should be reduced, and the role of the private sector should be appropriately limited. There are intelligence activities that should be considered to be inherently governmental functions and should never be outsourced. In particular, activities related to counterterrorism such as targeted killing, rendition, and enhanced interrogations should not involve the private sector in any mission-critical role or function. Similarly, the private sector should support the intelligence collection and analysis of government agencies, but never should have been allowed to collect and analyze intelligence with little or no managerial control

or democratic oversight.

It is completely unrealistic to expect private companies to put the public interest before their private business. Private businesses exist to make money. If they also serve the public good, then it is only because the government uses incentives, performance monitoring, and other control mechanisms to ensure their compliance with government policies and public values. It is fair to say that the government has fallen dramatically short in this respect. The necessary secrecy involved in intelligence activities makes government control and democratic oversight of outsourced intelligence particularly challenging. The most sensitive intelligence programs are highly compartmentalized, meaning that anybody working on these programs knows only the very small part essential for his or her own work. Most secret are the Pentagon's Special Access Programs, which are financed by black budgets that are not itemized and identified on congressional budget reports. Some of these "black" projects seem to largely escape scrutiny by Congress. According to a 1990 House of Armed Services report, only five to ten percent of all Special Access Programs are reviewed in depth by Congress.⁵⁴ *Wired* magazine has calculated that the Pentagon's black budget, which funds unacknowledged defense and intelligence projects, is about \$56 billion for 2011—more than the entire defense budget of the United Kingdom.⁵⁵

186

The result of this extreme secrecy is rampant waste within the Pentagon and the IC. For example, Robert Dreyfuss reported in *The American Prospect* that the National Reconnaissance Office "lost track of a \$2 billion slush fund because it was so highly classified even top intelligence officials had no control over it."⁵⁶ The true scale of the problem is apparent in Donald Rumsfeld's pre-9/11 announcement that "according to some estimates we cannot track \$2.3 trillion in transactions."⁵⁷ CBS News reported that the Pentagon's own auditors admit that the Department of Defense cannot account for roughly 25 percent of what it spends.⁵⁸ Even more worrying than simple waste and corruption is the possibility that funds can be used for intelligence activities that are virtually outside the control of the highest authorities in the U.S. government simply because there are too many active programs to effectively oversee. According to the *Washington Post*, there are only a handful of so-called super users who have access to information on all of the Department of Defense's classified programs and can exert control and oversight. In practice, they would not have the time and capability to even be aware of each program.⁵⁹

The privatization and outsourcing of intelligence has made the control and oversight issue much more severe. Rogue elements within the U.S. government or even the private sector could use government funds and resources for

activities that are illegal, immoral, or contrary to declared U.S. policy. In this context, the Iran-Contra affair must be mentioned. The operations circumvented Congressional oversight by generating budgets beyond the control of Congress through illegal arms sales. Although generally backed by President Reagan, the operations lacked sufficient government control because the National Security Council (NSC) set up its own parallel government to conduct private foreign policy and intelligence operations using numerous front companies and private individuals. According to Lawrence Walsh who investigated the affair as independent counsel, “using a complex web of secret Swiss bank accounts and shell corporations managed by Willard Zucker at Compagnie de Services Fiduciaires (CSF) in Geneva, they [the NSC] built a lucrative Enterprise from covert-operations business assigned to them by Lt. Col. Oliver L. North.”⁶⁰ There was even a grander design for creating what Oliver North called an “off-the-shelf, self-sustaining, stand-alone” covert operations capacity funded by citizens and foreign heads of state.⁶¹ The Iran-Contra scandal already showed the inherent problems of outsourcing intelligence operations, namely the issues of control, oversight, and the danger of private actors undermining and subverting official foreign policy. This seems to be the case of the role of contractors in the Afghanistan/Pakistan theater.⁶²

THE FUTURE AND CONCLUSION

The lessons of Iran-Contra are worth bearing in mind as we consider the future of privatized intelligence operations and analysis. Key aspects of U.S. foreign policy—especially the U.S. role in Nicaragua and diplomatic relations with Lebanon, Israel, and Iran—were effectively privatized in the 1980s since private funds were used and the official government bureaucracy was circumvented. This resulted in a largely contradictory U.S. foreign policy and international embarrassment since the Reagan administration was secretly negotiating with terrorists and selling weapons to Iran, while at the same time cracking down on states that did the same. Now a similar development has taken place with respect to Pakistan, where one arm of the U.S. government seems to prop up the Pakistani regime, while the clandestine other arm is deliberately destabilizing it through drone strikes and other means. This is inconsistent and, like in the case of Iran-Contra, will spell disaster. It is certainly true, as Middlebury College professor Allison Stranger argues, that a post-industrial foreign policy means embracing the new reality of greater involvement by the private sector. But this can only work if there is sufficient transparency and accountability, and

if there are safeguards so that private actions and influence are appropriate and in the best interests of national and international security.⁶³ Undoubtedly, there is an important and legitimate role for contractors in the field of intelligence. However, unless control, management, and oversight issues are resolved and appropriate roles for contractors clearly defined, intelligence outsourcing will be more of a problem than a solution for national security.

There is, in principle, nothing wrong with taking advantage of expertise and capabilities available in the private sector. In the dynamic field of high

Intelligence outsourcing is often used to enhance the secrecy of intelligence operations and to deliberately undermine democratic accountability and oversight.

technology, private sector involvement in national security is practically unavoidable and even desirable. At the same time, it is absolutely critical in times of constrained budgets that the

tremendous amount of waste that has resulted from the rapid and uncontrolled expansion of the privatized national security sector since 9/11 is reversed. It is necessary to limit the private sector role overall in order to avoid what President Eisenhower warned is the danger of “unwarranted influence [...] by the military-industrial complex.”⁶⁴ This requires ensuring that major intelligence work remains under tight government control with plenty of accountability mechanisms built in so that waste and abuse are minimized. In order to ensure accountability, much more transparency than currently exists is needed, which goes against the common practice of government secrecy in national security matters. Although secrecy is sometimes crucial in the field of intelligence, there are also strong indications of its widespread abuse. Intelligence outsourcing is often used to enhance the secrecy of intelligence operations and to deliberately undermine democratic accountability and oversight. It thus becomes a shield for hiding waste, corruption, and incompetence. It encourages contractors to overcharge the government and engage in activities that are illegal, immoral, or otherwise detrimental to national security. Secrecy and security are not the same, and secrecy has to be rolled back to a healthy minimum level.⁶⁵ Congress and the courts must once again have the ability to exert oversight over the IC and its private sector components. The fact that the Department of Justice could not investigate NSA operations because it lacked the security clearance certainly does not bode well for the current state of intelligence accountability. As pointed out by Senator Daniel Patrick Moynihan, “[a]nalysis, far more than secrecy, is key to security.”⁶⁶ Secrecy rarely improves analysis and information that is more accountable—less secret—tends to also be much more reliable.

One area where the private sector clearly has an edge over the government, and where it should be utilized most, is the exploitation of open sources for intelligence (OSINT). This includes international media, gray literature (literature in the public domain but with very limited circulation), human experts, the Internet, and the analysis of commercial imagery.⁶⁷ A main advantage of OSINT is that sources can be identified and often fact-checked in real time by multiple sources.⁶⁸ This means there is much more transparency and accountability, which provides for better quality control and oversight. When it comes to the collection, processing, and analysis of classified intelligence, it is critical that civil servants and not contractors lead, manage, and monitor these activities. In this respect, government needs to recruit, train, and retain competent intelligence personnel and managers so that dependency on the private sector is reduced. The private sector role should be always supplementary rather than dominant in the area of national security. The practice of what Allison Stranger calls *laissez-faire* outsourcing, or outsourcing oversight of outsourced activities, is particularly detrimental to national security.⁶⁹ The private sector acts in its own best interest. Competent government employees with a strong ethos and dedication to public service are uniquely suited to serving the public interest.

Ultimately, the private sector will also benefit from more transparency and oversight. This will make their contribution more legitimate and worthwhile. Current practices of intelligence outsourcing resulting in civil liberties violations, tremendous waste, corruption, demoralized government employees, and private foreign policies are simply not sustainable and will cause great harm to U.S. foreign interests, national security, and political legitimacy. The U.S. government and Congress should aim to reduce the tremendous influence of the private sector on national security policy by protecting the government's core competencies against infringement by private interests. It is crucial to clearly define what inherently governmental functions are, thereby limiting the roles of private business and the scope of its contribution. The only way to improve U.S. intelligence is to make it more accountable through greater transparency and by exercising greater control over intelligence contractors. There is no outsourced solution to good government. ●

NOTES

1. During the Civil War, the Union used the Pinkerton Detective Agency for counterintelligence and espionage in the Confederate states. The Pinkertons consistently inflated Confederate strength and were generally amateurish in their espionage efforts; so poor were they that President Lincoln fired General McClellan and his spymaster Allan Pinkerton in 1862. See: Rhodri Jeffreys-Jones, *Cloak and Dollar: A History of American Secret Intelligence* (New Haven:

Yale University Press, 2002), 24-34; Glenn James Voelz, *Managing the Private Spies: The Use of Commercial Augmentation for Intelligence Operations: Discussion Paper no. 14*, (Washington, DC: Joint Military Intelligence Press, 2006), 5-11, <http://www.fas.org/irp/eprint/voelz.pdf>.

2. Tim Shorrock, *Spies for Hire: The Secret World of Intelligence Outsourcing* (New York: Simon & Schuster, 2008), 12-13.

3. Jeremy Scahill, "Former top CIA Spy: How Intelligence Became Big Business," *The Nation*, July 7, 2010.

4. Voelz, *Managing the Private Spies*, 13.

5. The 70 percent figure includes everything provided by the private sector to the IC (also heating, catering, computers, office equipment, etc.). Ronald Sanders, *Results of the Fiscal Year 2007 U.S. Intelligence Community Inventory of Core Contractor Personnel*, August 27, 2008, http://www.dni.gov/interviews/20080827_interview.pdf. See also: Kimberley Dozier, "Defense Intelligence Agencies Seek Savings," *Associated Press*, August 11, 2010.

6. For fact regarding the number of CIA-contracted companies, see: Dana Priest and William M. Arkin, "A Hidden World, Growing Beyond Control," *Washington Post*, July 19, 2010; For fact regarding the number of contractors with top secret clearance, see: Julie Tate, "CIA Brain Drain: Since 9/11 Top Officials Have Moved to the Private Sector," *Washington Post*, April 12, 2011.

7. John D. Negroponte, interviewed by Chris Matthews, *Hardball with Chris Matthews*, MSNBC, September 11, 2006, http://www.dni.gov/interviews/20060911_interview.pdf.

8. Sanders, *Results of Fiscal Year 2007*.

9. Shorrock, *Spies for Hire*, 16.

10. Tim Shorrock, "Domestic Spying Inc.," *CorpWatch*, November 27, 2007, <http://www.corpwatch.org/article.php?id=14821>.

11. Robert Baer, "Just Who Does the CIA's Work?," *Time Magazine*, April 20, 2007.

12. Kim A. Taipale, "Transnational Intelligence and Surveillance: Security Envelopes, Trusted Systems, and the Panoptic Global Security State," *Watson Institute for International Studies Working Paper*, May 19, 2005, <http://www.watsoninstitute.org/gs/beyondterror/taipale.htm>.

13. Maureen Webb, *Illusions of Security: Global Surveillance and Democracy in the Post-9/11 World* (San Francisco, CA: City Lights, 2007), 56.

14. See: "Privacy Alert: 10 Biggest Threats of 2010," *PC World*, December 28, 2010, <http://www.pcworldme.net/2010/12/28/privacy-alert-10-biggest-threats-of-2010>; Scott Shane, "Attention in N.S.A. Debate Turns to Telecommunications Industry," *New York Times*, February 11, 2006.

15. Shorrock, *Spies for Hire*, 74-75.

16. Noah Schachtman, "Rogue Satellite's Rotten Legacy," *Wired Danger Room*, February 20, 2008, <http://www.wired.com/dangerroom/2008/02/that-satellite>.

17. Turner Brinton, "Lawmaker Blasts DNI's Choice of Satellite Imaging System," *Space News*, January 31, 2009, <http://www.spacenews.com/military/lawmaker-blasts-dnis-choice-satellite-imaging-systems.html>.

18. Patrick Radden Keefe, "Don't Privatize Our Spies," *New York Times*, June 25, 2007.

19. Shorrock, *Spies for Hire*, 216.

20. "The Espionage Act: Why Tom Drake Was Indicted," CBS News, May 22, 2011.

21. For four billion dollar figure, see: "Mike McConnell, Booz Allen and the Privatization of Intelligence," *Democracy Now!*, January 12, 2007, http://www.democracynow.org/2007/1/12/mike_mcconnell_booz_allen_and_the. For quote, see: Keefe, "Don't Privatize Our Spies."

22. Simon Chesterman, "'We Can't Spy...If We Can't Buy!': The Privatization of Intelligence and the Limits of Outsourcing 'Inherently Governmental Functions,'" *European Journal of International Law* 19, no. 5 (2008): 1059.

23. Leslie Cauley, "NSA Has Massive Database of Americans' Phone Calls," *USA Today*, May 11, 2006.

24. James Bamford, *The Shadow Factory: The Ultra-Secret NSA From 9/11 to the Eavesdropping*

on America (New York: DoubleDay, 2008), 236.

25. Former CIA officer Philip Giraldi wrote: "Among nations considered to be friendly to Washington, Israel leads all others in its active espionage directed against American companies and the Defense Department. It also dominates two commercial sectors that enable it to extend its reach inside America's domestic infrastructure: airline and telecommunications security. Israel is believed to have the ability to monitor nearly all phone records originating in the United States, while numerous Israeli air-travel security companies are known to act as the local Mossad stations." See: Philip Giraldi, "Mossad in America," *The American Conservative*, August 23, 2010, <http://www.theamericanconservative.com/blog/mossad-in-america/>. FBI counterintelligence officer John Cole said: "Over 125 investigations into Israeli Espionage in America... stopped due to political pressure..." See: Jim W. Dean, "Phil Giraldi Spills the Beans on Israeli Espionage in America," *Veterans Today*, June 8, 2011, <http://www.veteranstoday.com/2011/06/08/phil-giraldi-spills-the-beans-on-israeli-espionage-in-america/>. Concerning Bamford's comment see: Christopher Ketcham, "Full Spectrum Penetration: Israeli Spying in the United States," *CounterPunch*, March 12, 2009, <http://www.counterpunch.org/2009/03/12/israeli-spying-in-the-united-states/>; compare also Christopher Ketcham, "An Israeli Trojan Horse", *CounterPunch*, September 27-28, 2009, <http://www.counterpunch.org/2008/09/27/an-israeli-trojan-horse/>.

26. Scott Shane, "With Access Denied, Justice Department Drops Spying Investigation," *New York Times*, May 11, 2006.

27. Webb, *Illusions of Security*, 89.

28. "FBI up for private screens," *Washington Post*, March 26, 2004.

29. "Terrorist Watch List Hits One Million Names," *American Civil Liberties Union*, July 14, 2008, <http://www.aclu.org/technology-and-liberty/watch-lists>.

30. Pratap Chatterjee, *Outsourcing Intelligence in Iraq: A CorpWatch Report on L-3/ Titan*, <http://www.corpwatch.org/article.php?id=15253>.

31. *Ibid.*, 8.

32. R.J. Hillhouse, "Who Runs the CIA? Outsiders for Hire," *Washington Post*, July 8, 2007.

33. Keefe, "Don't Privatize Our Spies."

34. Pratap Chatterjee, "Politics: Artificial Intelligence?," *Inter Press Service News Agency*, March 16, 2005.

35. David Ignatius, "When the CIA's Intelligence-Gathering Isn't Enough," *Washington Post*, March 18, 2010.

36. Mark Mazzetti, "Former Spy with Agenda Operates Private CIA," *New York Times*, January 20, 2011.

37. R.J. Hillhouse, "Outsourcing Intelligence: How Bush Gets His National Intelligence From Private Companies," *The Nation*, July 31, 2007.

38. Donald L. Barlett and James B. Steele, "Washington's \$8 Billion Shadow," *Vanity Fair*, March 2007.

39. Robert Dreyfus and Jason Vest, "The Lie Factory," *Mother Jones*, January 26, 2004.

40. Ron Suskind, *The One Percent Doctrine: Deep Inside America's Pursuit of Its Enemies* (New York: Simon & Schuster, 2006), 190-91.

41. Kim Zetter, "Researcher's Analysis of al Qaeda Images Reveals Surprises – Update," *Wired Danger Room*, August 2, 2007, <http://www.wired.com/threatlevel/2007/08/researchers-ana>.

42. A *Washington Post* article revealed that the Bush administration considered using contractors as global hit squads for hunting down senior al Qaeda members. This plan came never to fruition and the secret and outsourced assassination program was terminated by CIA Director Leon Panetta in June 2009. See: Joby Warrick and R. Jeffrey Smith, "Sources Say CIA Hired Blackwater for Assassination Program," *Washington Post*, August 20, 2009.

43. "Rendition and Secret Detention: A Global System of Human Rights Violations," *Amnesty International Report*, March 30, 2006.

44. For Boeing's role in rendition, see: Jane Meyer, "The CIA's Travel Agent," *The New Yorker*,

October 30, 2006. For the court case see: Liam Stack, "U.S. Court Allows Rendition Lawsuit against CIA Contractor," *Christian Science Monitor*, April 29, 2009.

45. Peter Singer, "The Future of National Security, By the Numbers," *Joint Forces Quarterly*, May 2011, http://www.brookings.edu/articles/2011/05_national_security_singer.aspx.

46. Quoted in William Hartung, *Prophets of War: Lockheed Martin and the Making of the Military-Industrial Complex* (New York: Nation Books 2011), 220.

47. Jeremy Scahill, "Former Top CIA Spy: How US Intelligence Became Big Business," *The Nation*, July 28, 2010.

48. Jeremy Scahill, "The Secret US War in Pakistan," *The Nation*, November 23, 2009; Jeremy Scahill, interview by Laura Flanders, *Blackwater's Secret War in Pakistan*, GRIT tv, November 25, 2009, <http://grittv.org/2009/11/25/blackwaters-secret-war-in-pakistan/>.

49. "More Blackwater Contractors than Cops in Pakistan's Capital," *United Press International*, February 8, 2010, <http://www.commondreams.org/headline/2010/02/08-6>.

50. Conn Hallinan, "Raymond Davis Incident Shows How Tangled U.S.-Pakistan Web Is," *Foreign Policy in Focus*, February 28, 2011, <http://www.commondreams.org/view/2011/02/28-6>.

51. Leila Hudson and Colin S. Owens, "Drone Warfare: Blowback from the New American Way of War," *Middle East Policy* 18, no. 3 (2011): 128.

52. There is no legal framework for holding intelligence contractors accountable, and in the case of Raymond Davis, the contractor claimed diplomatic immunity and was freed without prosecution. Former CIA case officer Ishmael Jones said in an interview, "CIA contractors have no oversight, no accountability." Christopher Ketcham, "Former CIA Agent Once Played by George Clooney Explains Why He Quit DC and Is Holing Up in the Rockies," *Counter Punch*, November 5, 2009, http://www.alternet.org/story/143738/former_cia_agent_once_played_by_george_clooney_explains_why_he_quit_dc_and_is_holing_up_in_the_rockies; for contractor involvement with lethal action, see: Gary Solis, "CIA Drone Attacks Produce America's Own Unlawful Combatants," *Washington Post*, March 12, 2010.

53. Priest and Arkin, "A Hidden World, Growing Beyond Control."

54. "The Navy's A-12 Aircraft Program," *House Armed Services Committee* no. 101-84, December 10, 1990, 67.

55. Adam Rawnsley, "Go Inside the \$56 Billion 'Black' Budget," *Wired Danger Room*, February 18, 2011, <http://www.wired.com/dangerroom/2011/02/go-inside-the-56-billion-black-budget>.

56. Robert Dreyfuss, "Orbit of Influence: Spy Finance and the Black Budget," *American Prospect*, March 1, 1996; compare also "The Spy Agency That Lost \$2 Billion," *New York Times*, February 1, 1996; compare also Whitfield Larrabee, "Black Holes: How Secret Military and Intelligence Appropriations Suck Up Your Tax Dollars," *Humanist*, May-June 1996, http://find-articles.com/p/articles/mi_m1374/is_n3_v56/ai_18292690/.

57. "The War On Waste," *CBS News*, January 29, 2002, <http://www.cbsnews.com/stories/2002/01/29/eveningnews/main325985.shtml>.

58. *Ibid.*

59. Priest and Arkin, "A Hidden World, Growing Beyond Control."

60. Lawrence E. Walsh, *The Final Report of the Independent Council For Iran-Contra Matters* (Washington, DC: Court of Appeals for the District of Columbia Circuit, 1993), 173.

61. Loch Johnson, "Covert Action and Accountability: Decision-making for America's Secret Foreign Policy," *International Studies Quarterly* 33, no. 1 (1989): 89.

62. Jeremy Scahill even alleges that "the prospect that senior members of the Obama administration and the military chain of command could be out of the loop on this [the outsourced Joint Special Operations Command operations in Afghanistan and Pakistan]...is very real," Scahill, *Blackwater's Secret War in Pakistan*.

63. Allison Stranger, *One Nation Under Contract: The Outsourcing of American Power and the Future of Foreign Policy* (New Haven: Yale University Press, 2009), 162-84.

64. Dwight D. Eisenhower, "Farewell Address to the Nation," January 17, 1961, <http://www>.

famous-speeches-and-speech-topics.info/presidential-speeches/dwight-d-eisenhower-speech-farewell-address.htm.

65. Steven Aftergood, "Telling Secrets," *Foreign Policy*, October 18, 2010.

66. Daniel Patrick Moynihan, *Secrecy: The American Experience* (New Haven: Yale University Press, 1998), 222.

67. Robert Steele, "Open Source Intelligence," in Lock K. Johnson, *Handbook of Intelligence Studies* (New York: Routledge, 2007), 138.

68. Noah Shachtman, "How to Restore Spies Credibility: Go Open Source," *Wired Danger Room*, December 14, 2007, <http://www.wired.com/dangerroom/2007/12/how-to-restore>.

69. Allison Stranger points out the example of the Coast Guard Deepwater program where program management and oversight were outsourced to the main contractors tasked with the development, which resulted in billions of [dollars in] cost overruns and in reduced Coast Guard capabilities. See Stranger, *One Nation Under Contract*, 150-52.