Fragile and Provocative: Notes on Secrecy and Intelligence

MICHAEL WARNER*

ABSTRACT Students of international relations should seek to understand the ways in which power in international relations can be amplified by secrecy. Discussions of ‘decision advantage’ over rival states have explained information asymmetries and means for competitors to gain advantages by keeping secret their sources of information or the special insights they gain even from information that is widely available. The histories of war, diplomacy and intelligence illuminate such advantages, and also show various ways in which secrecy amplifies ‘action’ advantages as well as ‘information’ advantages. That amplification often seems to be accomplished by the same people and organizations, and this essay suggests the prime reason for this common institutional co-location of secret functions can be termed the ‘economy of secrecy’. The key to grasping this point is to set aside traditional and academic distinctions between knowledge and action, and information and implementation, when viewing the moves of sovereignties. Sovereign leaders opt to co-locate their secret activities when they judge it too risky (e.g. potentially expensive and dangerous) to distribute secret-information and secret-action functions around too many different offices. The handful of subordinates that receive these functions are what we now call ‘intelligence agencies.’ Finally, a firmer grasp of the economics of secrecy can improve oversight of secrets and the offices that deal with them.

Through the study of secrecy, we encounter what human beings want above all to protect: the sacred, the intimate, the fragile, the dangerous, and the forbidden.1

Secrecy has earned its bad reputation. Philosophers and ethicists from Jeremy Bentham through Sissela Bok have lamented its effects on official decision-making. Contemplative political leaders from Lord Acton to Daniel Patrick Moynihan have waxed poetic on its tendency to foster corruption and mediocrity.2 ‘Secrecy is for losers’, Moynihan concluded after leading a blue-ribbon study of it for the US government in 1997.3 No critic of secrecy,  

*Email: warner@american.edu

2Ibid., pp.25–6, 105–6, 174, 282.
however, appears willing to forego it entirely, whether for inter-personal or international affairs. How then, to explain secrecy’s prevalence and institutional endurance, even in democracies? What advantages can something so problematic truly bring to statecraft?

Recent discussions of the roles that intelligence activities play in shaping the inter-relations between states have focused on the concept of ‘decision advantage’, a concept related to those propounded by students of military thought like John R. Boyd and others since the late Cold War. As explained by Georgetown University’s Jennifer Sims, decision advantage posits a modified Realist paradigm of semi-anarchic inter-state relationships and concludes that leaders can gain a competitive edge over leaders in other states (and enhance their relative power) by imparting higher degrees of accuracy and speed to the information and decision processes that serve them. To gain such advantages, decision-makers have to grasp a situation, formulate a response, and implement their desires in one of two ways. Either they achieve a more precise approximation to an ideal solution than their opponents’ solution, or take action faster and thus pre-empt a competitor’s move (forcing him to lose time by obliging him to go anew through the steps of grasping how a situation has changed, formulating his response, and implementing it). In either case, a decision-maker’s advantage over his or her opponent need only be relative and temporary to be decisive; indeed, in some forms of competition, relative and temporary advantages may be the only kind available to either side.

Many of the components that contribute to relative accuracy and speed are transparent and well-known. These include clear lines of authority, efficient collecting and sharing of relevant information, swift and effective consultation, and lieutenants who are trained, equipped, and empowered to act. Other attributes, though perhaps less well known, can also play a role in decision advantage. This second set may include knowledge, actions, or processes that hinder an opponent’s understanding of a situation or his ability to act upon it. Several components of accuracy and speed, moreover, must be less ‘transparent’ to either side of a competition for the obvious reason that they provide a competitive edge if a cloak of secrecy is maintained around them. The adversary must not know what you know and how you know it. Keeping these elements of one’s own decision processes

---

4Boyd’s ideas gave impetus to the Revolution in Military Affairs. See, for instance, his explanation of why it is that ‘In a competitive sense, where individuals and groups compete for scarce resources and skills, an improved capacity for independent action achieved by some individuals or groups constrains that capacity for other individuals or groups’, quoted in Frans P. B. Osinga, *Science, Strategy and War: The Strategic Theory of John Boyd* (New York: Routledge, 2007), p.132.

obscure to hostile observers, and divining the inner workings of their
decision-making mechanisms, provide opportunities to manipulate the
information picture upon which that adversary bases understanding and
his actions.

Decision advantage between sovereign powers often contains some
portion or admixture of secrecy intended to guard and extend the quality
of certain competitive knowledge, actions, or processes. That portion has
not infrequently – but rather imprecisely – been labeled ‘intelligence’ in the
service of security and diplomacy. Conventional wisdom tells us that better
intelligence leads to more accurate and timely decisions and actions, and
thus to relative advantage vis-à-vis one’s competitors. Intelligence thereby
has to be an important part of decision advantage in international relations.
Yet what exactly is ‘intelligence’? Does it have to mean secrecy? Is
intelligence fundamentally about secrets, with some non-secrets involved?
Or is it fundamentally about non-secrets, with some secrets involved?
Devotees of ‘intelligence theory’ also argue over the wideness of the
definition of intelligence. Does it include covert action – operations
that create public effects that are nonetheless unattributable to their real
sponsors – or is covert action really policy implementation by another name,
and hence not really ‘intelligence’ at all?

Both debates hold relevance for our understanding of decision advantage.
Does the intelligence function that supports decision advantage by its nature
mean primarily obtaining and exploiting better information than one’s
competitors, whatever the source and methods of the exploitation? Or does
it naturally include more active impairment of an opponent or even covert
manipulation of his decision processes? The former understanding of
intelligence might include passive denial or security dimensions that keep
competitors from seeing the details of what we know and how we know it,
while also denying that intelligence properly understood comprises decep-
tion or covert manipulation. The latter would seem to include both.

One can find examples of arguments on either side. Kristen Wheaton and
Michael Beerbower have argued that covert action is emphatically not
intelligence, and that secrecy is not essential to an understanding of
intelligence. Jennifer Sims is not so sure – holding that secrecy is important
but can be sacrificed for decision advantage, and agreeing that covert action
generally is not intelligence, but that some intelligence operations (e.g.
‘offensive counterintelligence’) are covert and productive of both unattribu-
table effects and decision advantage. Len Scott, James Der Derian, Peter Gill,
and Mark Phythian see both secrecy and covert action as constituent
elements of intelligence.6 Abram Shulsky and Gary Schmitt agree that covert
action is a form of intelligence and always has been.7

6I narrate these and other discussions of this issue in my recent article ‘Intelligence as Risk
Shifting’ in Peter Gill, Mark Phythian and Stephen Marrin (eds.) Intelligence Theory: Key
7Abram N. Shulsky and Gary J. Schmitt, Silent Warfare: Understanding the World of
This debate has both empirical and normative aspects. Both sides seem to agree that sovereign powers have good reasons for their practice of employing secret intelligence practices and secret action measures. The argument is over whether such practices and measures are wisely combined in the same institutional home, and to a lesser degree over whether intelligence properly speaking is essentially a synonym for the analytical faculties and offices of government, or whether it is a term that is best reserved for those rarer components of the state that deal primarily in secrets. Critics of secrecy in democratic settings also raise the issue of oversight, especially for internal security practices, and wonder how safe it is combine analytical and operational functions in secret settings.

While these arguments continue, scholars and practitioners probably can form no commonly accepted ‘theory’ to use in explaining intelligence to policymakers, scholars, citizens, and intelligence officers. This is not to discount the value of the scholarly work already completed and its advancement of our understanding of these issues, only to say that it is not yet complete. A sound grasp of decision advantage in world affairs requires a deeper insight into the way in which some competitive advantages are amplified by secrecy. To wit, our current notions of decision advantage may have an incomplete understanding of the place and role of secrecy in gaining and maintaining decision advantage. This is not so much an error as a lacuna. Filling it might help us understand how sovereignties manage secrecy in their dealings with competitors, and how different regimes have varying tolerances for secrecy.

Information in Competitive Situations
We need no immediate resolution to the aforesaid arguments over the place of secrecy or covert action in order to develop and test ideas about the place of intelligence in providing decision advantage. It might be wise, however, to understand the relevant knowledge gap that underlies these definitional arguments before adding too much intellectual weight to a theory of intelligence for decision advantage that excludes (or includes) secrecy or covert action as constitutive dimensions of intelligence. How then, to survey and explore that structural gap in our knowledge? Is it merely a divergence between empirical and normative explanations, or is something else involved? One way is to chart the place of secrecy in decision advantage.

8I have tried to avoid the words ‘nation’ and ‘state’ in this essay, preferring instead the looser but more precise term ‘sovereignty’. Sovereignty denotes an armed entity intent on gaining or maintaining effective control over people, resources, and territory. Sovereignties include classic Westphalian states, of course, but also ancient city-states and empires as well as modern, large and sophisticated terrorist or revolutionary entities – all of which are seekers of decision advantage vis-à-vis their competitive rivals, and both targets and practitioners of intelligence. One can read the reasons for this in detail in my essay ‘Intelligence as Risk Shifting’.
We should consider how secrecy can be an additive to the information that decision-makers use and the actions they take.

The difficulty in doing so is compounded by the very obscurity that has long clouded the innermost sanctums of decision advantage; i.e. its intelligence functions. The increased availability and diversity of declassified intelligence documents has lifted this veil to some extent over the last generation, though the evidence that scholars can obtain can be sketchy and far from comprehensive. Enough has come out from the secret archives, however, to allow for well-informed discussions of information asymmetries and of the ways in which competitors can gain advantages by keeping secret certain privileged sources of information or the special insights they gain even from information that is widely available. Before investigating this topic, however, it may be useful to state some assumptions.

Any large organization is a sort of factory and reservoir of information acquired, processed, and preserved on behalf of decision-makers in that organization with an interest in making it act effectively. The effectiveness of that organization, we are assuming, depends in some significant way on the accuracy and timeliness of the information available to its decision-makers. In short, they desire to know enough true and relevant information in time to make the decisions they must make to help the organization achieve its aims. That information will be publicly available to some degree, but some remainder will always be proprietary, personal, or otherwise ‘privileged’. Both the public and privileged forms of information can come from inside or outside their organizations, and both can give decision-makers insight into the situation of their own organizations and on their competitors. Because we will ultimately bring this discussion back to matters pertaining to competitions between states, we will concentrate on the privileged category of information in the discussion that follows.

Whether public or privileged, and whether timely and accurate or not, information comes into the organization in two ways: people share it with members of the organization, or members of the organization find ways or processes to produce it. Information in the former case comes from ‘sources’, and in the latter it comes from ‘methods’. The goal of improving the quality of actions thus constitutes the common feature of both types of privileged information.

Privileged information can (but need not) help expand the depth and breadth of a decision-making process, allowing in broader consultation and more evidence. This is what Sissela Bok called ‘administrative secrecy’, and it is often a characteristic of medical and legal information, as well as corporate and governmental. It can be vital to making an informed decision, but its disclosure would curtail either the provider’s or the receiver’s willingness to share or seek information in the future. When it comes to certain matters, people feel more willing to seek expert advice, and experts are more willing to offer it, when both feel assured of confidentiality.9

9Bok, Secrets, p.125.
Privileged sources and methods can also help a decision-maker to verify open information. Here we must bear in mind the so-called ‘Hawthorne Effect’ – the phenomenon by which observed parties act differently than non-observed ones. The very act of observing people changes their behavior, as researchers noted in the 1920s while investigating the effects of workspace lighting on worker productivity at Western Electric’s Hawthorne Works outside Chicago. When the study team made a factory space brighter, productivity increased. When they dimmed the lights, productivity also increased. When they did nothing at all but pretended to adjust the lighting, productivity still increased. In other words, no one learned anything useful about the relative effects of lighting levels on productivity as long as employees felt they were being watched.\textsuperscript{10} People the world over speak and act differently in settings they believe are private.

The element of competition between organizations makes people ‘interested’ (whether for material reasons, or for intangible political, spiritual, or ideological ones) in the course and result of competitive events. Decision-makers working in competitive environments might feel especially interested in verifying the information they receive from or about competitors, or information about their own capabilities vis-à-vis those competitors. In both of these ways, and in others as well, privileged information might be key to the success of an action. Competition thus sharpens the divide between the public and privileged forms of information flowing to and around an organization. In other words, the smaller, privileged portion will represent information that has one of two characteristics: it may be known only to a few individuals who share it exclusively with relevant decision-makers in the hope of improving their competitive strengths; or it has been acquired by or produced on the behalf of a decision-maker in the hope that it will yield some insight as yet unknown to other parties interested in his or her decisions – and thus render those decisions actions more effective against rivals.

The degree of care with which decision-makers and organizations handle information varies with its value for achieving desired results in competition; in other words, with its value for ‘decision advantage’. That value may indeed be perishable; i.e. the sources and methods that produce it need protection from an opponent’s displeasure if they are to keep on yielding accurate information. Perishability in turn is determined by two factors: fragility and timeliness. We will talk more about timeliness in the next section, but it is important to discuss fragility here.

Fragility is a function of the information’s origin. This pertains when the information comes from sources or methods that can be swiftly and cheaply curtailed by an opponent. Such fragile means may include instances in which information is either derived directly from data taken from a competitor without his knowledge, or educed by some process unseen by a competitor from data that he has left in public view. The key is that the insight occurs to

the decision-maker via some source or method that the competitor has the
power and presumably the willingness to eliminate – or which a clever
opponent might even adulterate. In other words, mere exposure of the
source or method must be deemed equivalent to its loss, for the opponent has
merely to stop talking to a confidant or publishing certain data for the source
or method to become instantly useless. Analysts in the American Office of
Strategic Services (OSS) during World War II, for example, tallied obituaries
of officers in German newspapers to estimate *Wehrmacht* losses on the
Eastern Front. The data that OSS analysts exploited were thus ‘public’ in the
broadest sense of the term, but their technique for extracting meaning from
those data was still sensitive because it could safely have been neutralized by
Berlin through the simple expedient of halting the publication of
obituaries.11

**Competition between Sovereignties**

The above considerations pertain to information for decision in any
competitive environment. Certain kinds of competition, however, merit
special attention. The extreme stakes of inter-sovereign competition drive
decision-makers to seek information by fragile means and to hold it very
closely. Sovereign decision-makers are those who seek to dominate the
resources and people of a certain territory, and who are willing and able to
employ organized violence to gain or maintain that dominance. Whether
policymakers or commanders, they will work hard to preserve the secrecy of
some of the information they receive and employ in dealing with competing
sovereignties under certain conditions.

The information that sovereign powers use can be quite fragile. That
derived from espionage is among the most fragile of all forms, for a spy,
being by definition within the reach of an opponent’s security forces, is
virtually defenseless once identified. Electronic transmissions or emissions
represent another source of fragile information; an opponent can mask
them, or simply turn off his equipment and make the signals vanish
altogether. In both of these cases, an opponent with little risk or effort can
stop a source from informing a rival decision-maker.

Thus there are degrees of secrecy, with the most valuable, fragile, and
timely information sources and methods being held most secretly.
Information exists on a spectrum of perishability. What we call intelligence
is that on the more perishable end of the spectrum. Indeed, there is nothing
that is innately ‘intelligence’ per se; what is intelligence will vary according
to the chances and circumstances that surround a decision-maker
contemplating a specific action. What does not pertain to that action and
inform the decision-maker’s choice is not information, and thus it cannot be
intelligence (though it could, of course, be valuable in the future when
decision-makers face new circumstances).

---

Generally what distinguishes intelligence from internal security, diplomacy, and reconnaissance – the three activities its most closely assists – is its fragility; i.e. the greater ability of an opponent to curtail the source or method that yields it:

- Internal security is guarding one’s own and enforcing one’s laws against spying and criminal activity. There is little or nothing an opponent can do about it, since it falls within the orbit of a decision-maker’s juridical processes. Intelligence for security, however, means security by secret means, meaning the use of sources and methods that are put at risk of denial or deception by an opponent. Police work can take on an intelligence character, for instance, when it involves the use of secret informants or clandestine surveillance that criminal elements could and presumably would swiftly neutralize if discovered.

- Diplomacy by definition involves the information sharing with other sovereign powers that proceeds according to some form of shared, inter-sovereign understanding of permissible conduct. An opponent might not like such exchanges of information, but he can stop diplomats only by flouting what is permissible in mishandling his rival’s emissaries – or accusing them of engaging in ‘activities inconsistent with their diplomatic status’. Diplomacy verges on intelligence when it involves just such activities; i.e. information gathering and or sharing that a hosting government does not publicly condone and would presumably halt if publicly known.

- Reconnaissance is the monitoring of an opponent’s armed forces. It can be stopped by an adversary, but always at some risk to some of his forces, and can only be eliminated by capturing the territory from which the reconnaissance is launched – an endeavor that may be too costly and perilous. As with police work, reconnaissance verges into intelligence when the ways of monitoring the opponent lie within the opponent’s power to stop cheaply and swiftly.

**Secret Action for Decision Advantage**

Acquiring and processing information for decision-making constitutes only a subset of the actions that a sovereignty undertakes on a daily basis. Any regime or international actor seeks to reduce risks, mitigate threats, and use opportunities to strengthen itself and influence other actors, in part because there is no binding international law (or world police to enforce it) that might protect that sovereignty against its opponents. After all, sovereignties operate in something that can only inadequately be described as a ‘competitive environment’; they are locked in a struggle in which the rules are unsettled and in which the stakes are life and death. Nations or groups that fail are destroyed; rulers who lose wars or territory are ousted and even killed; generals who lose battles squander the lives of their troops and are relieved of command; traitors and spies are ruined and sometimes executed.12

---

12 Stating such is not to applaud such practices or to wish their spread; it is merely to observe their ubiquity.
Sovereignties do not gather information and then act; they are always acting, and always gathering information to guide future actions, and all their actions change the types and quantities of information available to them (and vice versa). Like planets with their gravitational fields, the very existence of a sovereign power is itself an act with consequence for other sovereignties. Everything that a sovereignty does (or does not do) reflects either a conscious policy choice or the residue of some choice made by default (or 'standard operating procedure'). Their conscious decisions and unconscious momentum are always perceived by other sovereign actors as hostile or friendly or something in between. Indeed, only in textbooks can such reflexive sovereign actions be discussed in terms of separate 'information', 'decision', and 'implementation' phases. Individuals may walk through such a step-by-step process in deciding and acting, though the findings of social scientists over the last two generations have increasingly blurred once-clear lines between reflection and action even for individuals. Sovereignties and their components, like their foreign ministries or armies, are not individuals; they do not study or sleep, but act all the time. Doing ‘nothing’ for them is always doing something. Thus a rigid action–information distinction is still less tenable for them than it is for individuals.

The easiest way to understand this nexus between action and information for sovereign powers is to explore the ramifications of the information-gathering and -processing activities that lie toward the more perishable (and hence more secret) end of the overt–covert spectrum. These are sources and methods to produce information for decision-making that themselves depend on valuable yet fragile means, which, if spotted, could easily be curtailed by an opponent. Some of these means can consistently be expected to be regarded (by opponents who spot them) as provocative. The reactions they provoke among opponents and onlookers may take one or more of several forms.

Some such information comes from means that, if aired, will provoke a reaction contrary to the decision-maker’s goals; they could provoke an opponent to take steps to frustrate his plans. Here is where we encounter the virtue of timeliness that was mentioned above. Such information is typically crucial to making an action work when a decision-maker needs to it work; it facilitates or safeguards the proper timing of an action. After that decision is taken, however, the information need not be guarded so closely. This form of information is often found in military planning. Its premature disclosure could expose weaknesses in a decision-maker’s position, or in an enemy’s position that could lead a foe to improve his defenses. Once the conflict ends or combat shifts to another front, however, the information may no longer be so important and might even be discussed publicly with no ill effects.\footnote{In the United States such information is deemed ‘Classified Military Information’, the sharing of which is governed by a succession of National Disclosure Policy documents.}

Some sources and methods which can be curtailed can also be adulterated by a clever opponent and used to feed misinformation to a decision-maker. This can be worse than the complete loss of a source or method, because
while a decision-maker might miss the information it provided, he or she presumably knows it has been lost and thus knows there is a lack. A ‘turned’ or deceptive source or method, on the other hand, can swing decision advantage in the opponent’s direction, as it makes a decision-maker more likely to move or act in ill-judged or ill-timed fashion.

Some information gathering and sharing needs protection because its source – while it may not be curtailed by an opponent and thus is not fragile – is itself regarded as somehow tainted or controversial. As if to add to the complexity of this topic, such degrees of fragility and provocation may indeed change over time; what might seem innocent in one time or context may prompt a dangerous overreaction in another situation. Consulting some sources or methods might provoke negative reactions among a decision-maker’s allies or neutrals, as it is the obtaining of information from suspect or even hostile parties; or it comes via a controversial manner that might prompt criticism at home or abroad; or its mere consideration hints at a decision-maker’s willingness to reverse long-standing policies; or because its very collection and evaluation might stir up a reaction among a decision-maker’s constituents or allies that costs him or her the support needed to make an action effective. The use of torture against terrorism suspects might be one example. Examples also abound in the literature on intelligence liaison relationships, as Jennifer Sims and Len Scott have separately noted.14

Two instances come quickly to mind. The initial contacts in 1945 between American Office of Strategic Services station chief Allen Dulles and SS General Karl Wolff, commander of German forces in Italy in the final months of World War II, exemplify discussions with tainted sources and in ways hitherto deemed off-limits. Wolff brokered a separate surrender for his troops – with Dulles as a key facilitator – thus ending the Italian campaign a week before V-E Day and saving hundreds if not thousands of lives on both sides. The fact that Wolff was treating with OSS at all, however, was withheld (ultimately unsuccessfully) from Stalin, who worried that his allies in London and Washington might negotiate their own peace with Hitler.15 To cite yet another example, OSS’s contemporaneous and clandestine contacts with the government of Thailand in Bangkok also had to be tightly held for fear of provoking an outright Japanese occupation of the country.16 The ability to carry on such covert diplomacy – albeit usually on

16Thailand was an ally of Imperial Japan that had actually declared war on the United States and Britain in 1941. Washington had ignored the declaration at the request of the Thai ambassador; the British had not.
less-momentous matters – was a mainstay of the Central Intelligence Agency’s business for at least its first half-century, reported a Congressional study in 1996. As a former Deputy Director of Central Intelligence noted to the staffers compiling that study, the CIA’s operational directorate was the sole action arm in the Community and hence ‘the DCI and the President depend[ed] on it not only to collect intelligence but to act on it with foreign governments, with liaison, and in other ways’.17

Sometimes the mere collection and consideration of information looks (or is) bellicose and could heighten international tensions. Spying on foreign soil has always been regarded as a hostile act by the foreigners whose citizens and secrets were compromised; aggressive reconnaissance, moreover, has often been viewed as a precursor to war. President Dwight Eisenhower knew this when he worried that sending U-2 flights over the Soviet Union might provoke an armed retaliation or even conflict, though he thought the risk worth taking (after Moscow publicly rejected his ‘Open Skies’ proposal) because of anxieties over Soviet nuclear weapons developments. Eisenhower insisted, however, that the U-2 program be held in the tightest secrecy – and thus run by the CIA instead of the US Air Force – and that the aircraft and pilots be made to seem as ‘non-military’ as possible in case one were to be downed.18

These collection techniques employ fragile and provocative means to inform and facilitate a decision-maker’s actions. Indeed, the very employment of such means is action, and is viewed by opponents, allies, and neutrals, as the premeditated quest of policy objectives. Here we have slipped almost imperceptibly from information gathering to ‘policy implementation’. We did not notice a gap between the activities because there was none. Secret implementation and action may be separate for individuals, as we noted above, but for sovereignties that distinction is artificial, and worse, arbitrary – it does not follow logically, and its application is subjective.

The key to grasping this point is to realize the blurriness of the lines between knowledge and action, and information and implementation, when viewing the moves of sovereignties. Regimes employ secrecy to protect and cloak the information they need to take action, and they use it to cloak the action itself, and they use it to cloak the results of the action (such results often manifest themselves as additional information that is useful for the decision-maker). The information presumably informs the action, and the action develops, creates, and changes the information, such that there is a reflexive dynamic between the two. There is a chicken-and-egg quality about them, which means it is meaningless to argue that one or the other ‘comes first’. Because – for sovereignties – information and action cannot be readily separated, there really is no point in artificially decreeing that scholars of

17US House of Representatives, Permanent Select Committee on Intelligence [Staff Study], ‘IC21: The Intelligence Community in the 21st Century’, 104th Congress, 1996.
intelligence should study only the ‘information side’ or the ‘action side’ of decision advantage.

A sovereignty’s actions might seem transparent by definition, and hence hardly secret, but perception is not always reality. A state may act invisibly, partly by gathering information by active means, and partly by working in ways to strengthen friends, isolate enemies, and turn neutrals into allies. As with the information-gathering sources and methods discussed above, these secret (or covert) actions are not unique in and of themselves but are actually clandestine varieties of more conventional practices of the diplomatic, security, and military establishments. Their aim is not so much to gather information for a decision-maker but to employ secret sources and methods in order to deceive an opponent or separate him from real or potential allies:

- Internal security can be enhanced by counterintelligence. Security is the prevention and mitigation of hostile penetrations, while counterespionage is the catching of an opponent’s spies. Both actions are readily spotted by an alert opponent. In contrast, counterintelligence properly understood is the use of secret sources and methods to penetrate and then divert or even control a hostile intelligence service. The key is that the opponent is not to know that his secret eyes and ears have been co-opted or deceived.

- Diplomacy works to strengthen one’s allies, to turn neutrals into allies, and to turn enemies into neutrals. The object is to divide and attenuate the strength of opponents, and secret sources and methods can assist in all phases. The Zimmermann Telegram is perhaps the classic example; a secret attempt by Germany in 1917 to enlist Mexico to distract the neutral United States from potentially aiding the allies was intercepted by the British and turned by secret means into the key element in persuading Washington to enter World War I on the side of the British and French against the Germans.

- Military forces constantly seek to surprise an enemy, attacking him when and where he least expects or can least afford to be attacked. They employ secret sources and methods to ensure and extend such surprise. The Anglo-American FORTITUDE deception to mislead Hitler about the strength and thrust of the 1944 invasion of France makes an excellent case study, as the operation was mounted and protected by interlocking layers of intelligence and counterintelligence efforts relying ultimately on the ULTRA decryptions of German military, diplomatic, and intelligence messages. Any one of these efforts, if spotted or even suspected by the Germans, might have led to the unraveling of the entire deception plan.

---

19Sun Tzu expands on this in Chapter III of The Art of War; noting ‘what is supreme importance in war is to attack the enemy’s strategy; next best is to disrupt his alliances; the next best is to attack his army. The worst policy is to attack cities. Attack cities only when there is no alternative’. Sun Tzu, The Art of War, trans. Samuel B. Griffiths (London: Oxford, 1971 [1963]) pp.77–78.
Managing Secrets

This discussion helps us understand how and why fragile and provocative sources and methods are likely to be employed comparatively rarely. After all, most government agencies and officers have nothing to do with secret information or action functions, despite their daily engagement in informing and implementing the policies of sovereign decision-makers. Fragile and provocative means are employed in situations when decision-makers (rightly or wrongly) perceive that the stakes are high, the price of failure is steep, and other means are also being used – but (so far) without decisive results. That is why fragile and risky means are hazarded – because the threat is grave and the more obvious and reliable means are not fully working. What is key here is the regime’s perceptions of the threat relative to the costs of using fragile and provocative means. A dictator who perceives himself surrounded by enemies will defend himself with whatever weapons he can. On the other hand, a democratic state at peace with its neighbors might well judge the potential embarrassment of being caught running spies to be too high a price to pay for the information they collect. This calculus can explain why sovereigns choose not to employ intelligence in certain situations or against particular rivals, or why they might employ only specific intelligence means at their disposal, leaving others in reserve for emergencies.

The difference that makes something ‘intelligence’ rather than simply ‘security’ or ‘diplomacy’ or ‘reconnaissance’ is therefore a subtle one related to the degree of fragility or provocation associated with the source or method. Intelligence history shows various ways in which secrecy amplifies ‘action’ advantages as well as ‘information’ advantages, and it also shows that that amplification often seems to get done by the same people and organizations.

In the United States, both of the first two ‘national’ intelligence agencies grew by acquiring and building secret intelligence and action missions and capabilities. William Donovan established the first of these in 1941 at the behest of President Franklin Roosevelt. Donovan’s Office of the Coordinator of Information (soon restructured and renamed the Office of Strategic Services) began with an ambiguous charter and a bold vision; Donovan wanted the office to conduct strategic analysis on an industrial scale, and to mount guerrilla and sabotage efforts behind enemy lines. He rapidly took on two espionage units separately volunteered by the Army and the Navy, and within a year of its creation, his organization was conducting a range of activities unified only by their common reliance on secret sources and methods.20

The OSS experience was admittedly a hasty and ad hoc wartime experiment that proceeded along the lines laid down by its visionary but idiosyncratic chief. The accretion of secret activities by the Central Intelligence Agency, however, proceeded by a remarkably similar logic.

despite the Truman administration’s conscious break with the OSS example. Planning for a new post titled the ‘Director of Central Intelligence’ (DCI) in late 1945 envisioned the DCI exercising a central coordinating role over both the intelligence reporting sent to the White House as well as overall clandestine activities that the United States undertook on foreign soil. Both responsibilities were assigned to the new DCI in early 1946, and the first DCIs spent much of their time acquiring and building their secret information and action arms. Furthermore, when Truman’s National Security Council contemplated the revival of a covert action capability in 1947, that portfolio came to the new CIA after Secretary of State George Marshall decided that covert action was too diplomatically sensitive to be run by his department.21

Lest these examples be considered too American, or too modern, ancient authors also speak of the almost natural confluence of secret information and secret action. Sun Tzu’s treatise *The Art of War* emphasizes the importance for commanders of the foreknowledge provided by spies and also argues that ‘secret operations are essential in war; upon them the army relies to make its every move’. He explains how spies can be used to gather information, to spread disinformation and sow dissension in the opponent’s councils, to help catch enemy spies, and even to assassinate enemy leaders. Hundreds of miles and an entire culture removed from ancient China, the Indian author Kautilya wrote similarly in his manual for princes, the *Arthasastra*. Kautilya emphasized the ways in which spies could defend the kingdom at home and abroad, watching both the citizenry and foreign opponents for signs of hostile intent, provoking malcontents to speak out so they could be arrested, and poisoning rivals. For both of these ancient authors, secret action and secret information were supposed to come together in tightly controlled spy nets, by which the ruler or commander secretly monitored and influenced his opponents.22

The Economics of Secrecy

Why should sovereign decision-makers feel the need to appoint the same people to manage both secret information alongside secret action? My hypothesis is that as the need for secrecy increases, the need to manage the two activities jointly does as well. Authoritarian regimes have tended to allow their ministers leeway to blend intelligence and law enforcement with collection and even covert action, both against foreign and domestic targets, at the departmental level of government.23 Democracies, on the other hand, tend to attempt some formal separation of the information and action

---

23See, for instance, Larry L. Watts, the discussion in ‘Intelligence Reform in Europe’s Emerging Democracies’, *Studies in Intelligence* 48/1 (2004), <https://www.cia.gov/library/
functions, or, if they are conjoined, to give them close executive oversight, which is why conjoined secret information-action arms (like the Central Intelligence Agency) typically report to the head of state rather than to the ministers who serve him.

A light application of economic analysis seems to clarify the historical results noted above. David Kahn argues convincingly that military intelligence enables commanders to make more efficient use of their resources.\(^\text{24}\) He was thinking of resources in terms of men and materiel, but he might also have mentioned an occasionally vital resource: time. Actions can succeed with slender means if they are timely; they can fail with ample resources if hazarded too early or too late. Decision-makers always want more time, but often fear to take too much to make a decision. Secrecy boosts decision advantage by prompting or enabling a decision-maker to act at the right moment – i.e. when he’s ready and his opponent is not – or to avoid acting in certain ways because he will never be ready for their accomplishment or their consequences. The chief product of secrecy therefore may not be security but timeliness.

As soon as we start discussing how actions increase or conserve resources and products, of course, we are in the realm of economics – the science of managing costs and benefits. The prime reason for the common institutional co-location of secret functions that we noted above can be termed the ‘economy of secrecy’. We have examined a number of the real and perceived benefits of secrecy. Sovereign decision-makers can be expected to attempt to maximize such benefits (i.e. the ways in which secrecy buys them time and enhances timeliness) in at least two ways:

- Decision-makers can increase the speed with which secret information reaches them and results in action, or increase the tempo with which secret actions are contemplated and implemented. This acceleration can be facilitated in part by ensuring the freer flow of information toward the decision-maker and his or her lieutenants in the government. Secret agencies are rarely averse to sharing good news up the chain of command, however reluctant they might be to share with one another.
- Decision-makers also seek to increase the accuracy and relevance of secret information, and the efficacy of secret action. This can be done in part by ensuring synergies across the various disciplines and building expertise in employing clandestine sources and methods. Both accuracy and relevance can be helped by professionalization and specialization in the workforces that deal with secret sources and methods; a more able workforce will make fewer mistakes, and recognize and report more opportunities for decision-makers to exploit. Accuracy and timeliness can also be enhanced by ensuring that officers who employ secret sources and

methods have the closest proximity (physically and socially) to the most important decision-makers in other sovereignties, for instance by basing secret personnel in foreign capitals.

The costs of secrecy, on the other hand, can be sorted into two categories: costs of failure, and costs of success. The former can be inferred from the above discussions of the fragile and provocative nature of secret sources and methods. Failure results in the loss of assets, the waste of resources, the damage to plans and prestige, and even the precipitation of conflict. Even the successful employment of fragile and provocative (hence secret) means, however, has its own costs.

The price that a sovereign pays for successful secret actions is accounted in three ways: direct costs (‘a few hundred pieces of gold’, to quote Sun Tzu in his chapter on the use of spies), inefficiency (the extra drag and friction imposed on the decision-making process by the need to hold some information, discussions, and orders in greater confidentiality), and a final consideration that we might call a tax on the quality of information received.25

Direct expenses for secrecy are straightforward and need not be discussed in detail here. Such costs are difficult to estimate, as there are so many possible ways of accounting for them. One methodologically interesting estimate is that provided annually by the Information Security Oversight Office (ISOO) of the US government. ISOO’s most recent (2010) report to the president estimated that ‘security classification activities’ – a decent index of secrecy if not a strict proxy – cost the US government $8.8 billion in FY 2009.26

The second type of cost, however, merits a closer look. In dealing with opponents, most sovereignties surely prefer ‘overt’ methods of understanding or influencing an adversary. Secret means may in some cases be faster – which is part of their allure – but often they are not because of the extra degree of care and precision necessary to protect their sources and methods. That is another reason why overt means are generally preferred to secret ones, at least in democracies where the perceived threats are not imminent or existential. Police work, diplomacy, or direct military action are instruments of power that for any regime are, all things considered, comparatively safer, faster, and surer (and thus more efficient) than the clandestine sources and methods employed by intelligence operatives. Anything done in secret, by contrast, imposes a degree of ‘friction’ on a sovereignty’s decision-making processes.

The third cost of secrecy is a sort of intellectual tax on the quality of decision-making that secrecy can exact. Moynihan and Bok examine this in eloquent detail, which need not be summarized here. Suffice to say that secret consultations among smaller circles of advisers can make decisions

smartier, or dumber. ‘Secrecy has this disadvantage’, said one of E.M. Forster’s characters: ‘we lose the sense of proportion; we cannot tell whether our secret is important or not’.27 Even high-quality secret information can degrade a decision-making process if it causes insufficient coordination and consultation. The lack of transparency foments a lack of objectivity which may make decisions easier to reach but less efficacious, or more costly in political or resource terms.

Sovereign leaders try to control the costs of secrecy by co-locating their secret activities when they judge it too risky (e.g. potentially expensive and dangerous) to separate and distribute their secret-information and secret-action functions around different offices. The offices that receive these functions are what we moderns, by widespread convention, now call ‘intelligence agencies’.

Conclusion

In contests between sovereign powers, the life-or-death nature of the competition has convinced many a leader to pay high premiums for ‘foreknowledge’ and the capability to manipulate rivals in secret. Intelligence, of course, cannot be the main or even a primary source of information for decision-makers and government offices. Even in Stalinist regimes, the bulk of their information must always come in the usual way, to paraphrase Christopher Robin, because intelligence by its nature is too limited, too inefficient, and too expensive to provide the scope and granularity of data needed by governments or even government bureaus. Similarly, clandestine activities are perforce too small in scale and limited in resources to supplant the open means of diplomacy, security, reconnaissance. Secret means are generally reserved for targets where (1) the stakes are perceived to be high, and (2) the open means available to the government cannot (at least not at an acceptable cost) accomplish everything that needs to be done.

Secrecy can allow a decision-maker to act at the right time, but secrecy also costs time, and makes one less efficient in the process of decision-making. The mere fact of a competition between two goods, however, is not necessarily a problem. Social scientists spend careers studying the relationships between competing goods like privacy and security, or safety and convenience. Economists would say here that there is a dynamic relationship of two opposed variables that seek equilibrium. Just like supply and demand seek to find their way into balance and predict a position of optimal utility where markets clear, sovereign decision-makers and their regimes also have to calculate where their desire for greater secrecy can only be achieved at an unacceptable cost in speed and efficiency, and vice versa. What this implies is a set of opportunities for additional scholarship on the ‘economics’ of secrecy for decision advantage.

One obvious thread to pull on is the argument’s use of American examples (not counting Sun Tzu and Kautilya, who of course cannot be verified from this remove). It may well be the case that other nations routinely keep clandestine information and action functions well separated, instead of lumping them together as we in the United States do. But stating that other countries might keep them separate (if they even have both functions) proves or disproves nothing at all. A surmise is not a fact. In the light of the clear evidence from the American example that clandestine information and action offices have repeatedly been lumped together, the burden of proving the negative (that they typically remain separate) seems to lie with anyone who wishes to argue that the American cases are mere exceptions to a more universal rule.

A second area for inquiry might be that which would promote a better grasp of the place of intelligence in the larger information and action process that creates decision advantage. Many discussions of intelligence are actually discussions (or complaints) about problems in the way that a government gathers and uses information – bringing us back to the aforementioned blurring of the empirical and the normative approaches to this topic. Many people want to improve the flow of information to and through and from governments, with the hope of ensuring that decisions are made on the basis of information that is accurate, timely, and complete. This is a good thing, and there is nothing wrong with improving the production and flow of information in a government – but this is not intelligence reform, because the various forms of information for decision-makers are not intelligence.

If the notion of an ‘economy of secrecy’ survives these tests, then it seems we have something useful. What all this suggests is that we can potentially devise a methodology for assessing the costs and benefits of secrecy in government (to help with privacy or declassification decisions, for instance), and possibly even for determining which portions of government might profitably be added to (or subtracted from) a nation’s intelligence system. It might also help us understand why so many regimes make secrecy their default position in dealing with other sovereignties and even in governing their own people.

Acknowledgments

This draft is a reflection on the nexus of secret information and secret action that we ordinarily call ‘intelligence’, and on the logic of its support for decision advantage. It was prepared to spark discussion at a panel on Intelligence and Risk at the 2011 conference of the International Studies Association in Montreal. The views contained herein are solely the views of the author and do not reflect official confirmation or policies of the Department of Defense, or any other US Government entity.