The US intelligence community and the private sector: How rational are privatization rationales?

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This paper examines the US government’s rationales for the intensification of public-private intelligence cooperation in the years that followed the 9/11 attacks. Following the end of the Cold War, the US political context and the evolution of the threat faced by the US constituted a permissive environment in which the privatization of national security burgeoned. In the time of crisis that followed 9/11, policy-makers and intelligence managers considered that staff shortages needed to be filled rapidly and as a result the Intelligence Community (IC) increasingly turned the private sector to augment its capabilities. US officials have been keen to present this privatization of intelligence as a necessity resulting from the requirements that were faced by the IC at the time. Yet, this explanation downplays government responsibility by presenting privatization in pragmatic terms. The intensification of public-private intelligence “partnerships” from 2001 onwards can also be traced to the risk-averse and spendthrift national security policy favoured by the US body politics in the Global War on Terrorism.

The US government’s consumption of private intelligence

In the years following the 9/11 attacks, public-private intelligence cooperation proliferated and diversified. In May 2007, a senior procurement executive at the Office of the Director of National Intelligence (ODNI) revealed that 70 percent of the intelligence budget, more than $28 billion, was spent on private contracts the year before and suggested that government spending on intelligence contractors roughly doubled from 1996 to 2006. At the National Security Agency, procurement spending doubled from 2000 to 2004 and was forecast to double again in the following decade. Considering human capital, in 2008, 27 percent of the intelligence community’s workforce, that is to say 37,000 contractors, was engaged in “core” intelligence tasks. According to a national security expert, in 2007, in the most sensitive

3 This number is based on information provided the ODNI: Sanders, Results of the Fiscal Year 2007 U.S. Intelligence Community Inventory of Core Contractor Personnel, 12-4; Office of the Director of National
division of the CIA, the National Clandestine Service, over half of the workforce was made up of contractors. Similar figures reportedly applied to the National Geospatial-Intelligence Agency (NGA) throughout the mid-2000s, while at the Defense Intelligence Agency, contractors constituted around 35 percent of the workforce in 2007. In 2003 alone, the NSA executed some 43,000 contracts, and in 2004 the SIGINT agency contracted with as much as 2,690 businesses. These figures confirm that contractors have constituted a significant part of the U.S. intelligence community’s workforce in the early twenty-first century, and this paper seeks to answer why the US government has come to rely so extensively on the private sector to provide intelligence supplies and services.

Following the end of the Cold War, the US political context and the evolution of the threat faced by the US constituted a permissive environment in which the privatization of national security burgeoned. In the time of crisis that followed 9/11, policy-makers and intelligence managers considered that staff shortages needed to be filled rapidly and as a result the IC increasingly turned the private sector to augment its capabilities. US officials have been keen to present this privatization of intelligence as a necessity resulting from the requirements that were faced by the IC at the time. Yet, this explanation downplays government responsibility by presenting privatization in pragmatic terms. The intensification of public-private intelligence “partnerships” from 2001 onwards can also be traced to the risk-averse and spendthrift national security policy favoured by the US body politics in the Global War on Terrorism.

A permissive environment

In the second half of the twentieth century, economic and political views supporting privatization gained increasing appeal and reached the realm of national security. The foundations for privatization were actually laid in the 1950s in academia and in politics. The so-called “Chicago school” provided an economic rationale for unfettered free markets and a series of government decisions set up the policy of contracting-out commercial activities. The end of the Cold War prompted the prominence of a capitalist ideology and similar economic arguments that consider privatization as a positive solution to the shortfall of government resources, capabilities and performance. Proponents of privatization argued that

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6 Cahlink, “Security agency doubled procurement spending in four years.”


shifting the production of goods and services from the government to the private sector allows cost-savings in the long term because the existence of public-private competition and comparative advantages within the private sector would drive costs down. For example, when contracting out its activities, the government would not have a lifetime obligation regarding the health care and retirement benefits of the people it hires.

In the US, these economic arguments were relatively well received by a people whose belief in self-government has historically been strong. Popular political leaders such as Ronald Reagan introduced privatization on the national agenda in the 1980s in a deliberate effort to reduce the scope of the government and change the balance between public and private sectors. In his inaugural address, President Reagan famously argued that “government is not the solution to our problem; government is the problem”. The administration thus set up a procedure to review the operations of government, determine their “commercial” or “inherently governmental” character and compare efficiency in the public and private sectors. Privatization became increasingly normal and the US government started to outsource a considerable amount of government activities, among which military support services. For example, in the 1980s, the Army started planning its reliance on civilian contractors with the Logistics Civil Augmentation Program (LOGCAP).

The privatization trend was not limited to just Republican presidents. After a lull under President George H. W. Bush, the Clinton administration streamlined privatization across multiple areas. In 1993 Vice-President Al Gore initiated the national performance review, which intended to determine how to transform the government bureaucracy in an “entrepreneurial government” in order to guarantee better public performance levels. Capitalism and privatization, it was expected, would reinvent the government. Deregulation was deemed to guarantee better public performance levels. A series of legislations modernised government procurement and partly redefined “inherently governmental

9 For a similar argument applied to the CIA, see: Michael Rubin, “Privatize the CIA”, Weekly Standard 12/20, 5 February 2007 <http://staging.weeklystandard.com/Content/Public/Articles/000/000/013/220wwwna.asp> (accessed 21 June 2010).
functions”. On the White House website, Gore drew a list of achievements resulting from this initiative and announced that “with 377,000 fewer employees, the federal government is now the smallest it has been since President Eisenhower”. This policy also affected the defence and intelligence communities whose workforces were significantly downsized during the 1990s. According to the former Chief Human Capital Officer at the Office of the Director of National Intelligence (ODNI), the intelligence community was “decimated” and some agencies lost as much as 40 percent of their capability. Meanwhile, the defence and intelligence communities started to rely more extensively on contractors’ supplies and services to support their missions. The First Gulf War (1991) and then the American intervention in Bosnia (1995) confirmed the importance but also the difficulty to manage private contractors supporting the military.

At the turn of the twenty-first century, the intelligence community and the Pentagon, in particular, increasingly sought to meet its requirements through technology solutions provided by the private sector. Many of these technologies were found to be “superior and cheaper than those developed by the government.” As the private sector improved and diversified its offering, for example in the sector of satellite imagery services, the intelligence

18 Ronald Sanders, Office of the Director of National Intelligence, Media Conference Call, 14 January 2010, p.6, <http://www.dni.gov/interveiws/20100114_interview.pdf> (accessed 20 August 2011). See also: Appendix, Figure 7.
19 Mark M. Lowenthal, Statement before the US Senate Committee on Homeland Security and Governmental Affairs, Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, Intelligence Community Contractors: Are We Striking the Right Balance?, Hearing, 112th Congress, 2nd sess., 20 September 2011, p.5. Mark Lowenthal is a former Assistant Director of Central Intelligence for Analysis & Production, and President of the Intelligence & Security Academy, LLC.
community increasingly relied on commercial companies to collect information and support its missions.\textsuperscript{22} Companies like ManTech provided support services to Army intelligence during the First Gulf War, and then in Bosnia, Kosovo and Albania.\textsuperscript{23} In the US, as a result of the broader privatization movement, the critical information infrastructure shifted gradually towards the private sector, which generated concerns about its vulnerability to hostile infiltration.\textsuperscript{24} Intelligence community leaders recognized that the security and fates of the public and private sectors had become increasingly intertwined and devised a series of policies to make the best out of civilian augmentation. At the turn of the century, in the words of Michael Hayden, the former director of the NSA, the strategy was to “shift to a greater reliance on American industry.”\textsuperscript{25}

President George W. Bush strongly endorsed privatization. As many other senior policy-makers in the US, President Bush, Vice-President Cheney, Secretary of Defense Rumsfeld had extensive experience in the private sector. The President’s management agenda emphasized market-based performance and the outsourcing of products and services that were not “inherently governmental.”\textsuperscript{26} The outsourcing of services was particularly prevalent. In 2003, the Office of Management and Budget revised its circular A-76, which regulates competition for commercial services and among other aims, to support the administration’s goals towards more competitive sourcing. This revision was supposed to help downsizing the civilian workforce in the Department of Defense by 50 percent.\textsuperscript{27} From 2000 to 2010, federal spending on service contracts increased from $164 billion to $343 billion.\textsuperscript{28} In this context, the 9/11 attacks and the wide support they generated for the Bush administration constituted an opportunity to further its belief in privatization, including in the realm of national security intelligence.

Adapting to the threat environment

From the early 1990s onwards, the nature of the threat facing the US called for a disaggregation of its security strategy and an increasing reliance on the private sector. With the disintegration of the Soviet Union, US intelligence agencies were faced with a diversified set of new challenges while their workforce was downsized. In 1993, the new Director of

\begin{itemize}
\item\textsuperscript{23} Tim Shorrock, \textit{Spies for Hire: The Secret World of Intelligence Outsourcing} (New York: Simon and Schuster, 2008), 102-3.
\item\textsuperscript{24} National Security Agency/Central Security Service, Transition 2001, December 2000, 32.
\item\textsuperscript{25} Michael V. Hayden, Statement for the Record before the Joint Inquiry of the Senate Select Committee on Intelligence and the House Permanent Select Committee on Intelligence, October 17, 2002, 8; Bender, “New Intelligence Policy Gives Private Sector Larger Role;” 1.
\item\textsuperscript{26} White House, Executive Office of the President, Office of Management and Budget, The President’s Management Agenda, 2002, 17, <http://www.cfo.doe.gov/budget/03budget/content/appendix/mgmt.pdf> (accessed February 12, 2011).
\item\textsuperscript{28} David Berteau et al., “DoD Workforce Cost Realism Assessment,” Report of the CSIS Defense-Industrial Initiatives Group, May 2011, 1.
\end{itemize}
Central Intelligence (DCI), James Woosley, famously underlined this shift when he told Congress: “we have slain a large dragon, but we live now in a jungle filled with a bewildering variety of poisonous snakes. And in many ways the dragon was easier to keep track of.”

Less than a decade later, when George W. Bush became President, Woosley’s metaphor held true. If anything, US intelligence managers faced more and more snakes. In the words of a senior intelligence officer, the intelligence community had to focus on “literally the entire world, all of the peoples, all of the cultures, all of the languages.” Moreover, the end of bipolarity paved the way for the emergence of wars where the military is facing adversaries such as insurgents that cross the traditional nation-state boundaries, tend to use unconventional methods and work in conjunction with criminal organizations. As a result, the intelligence increasingly focused on individual threats and networks.

Terrorists’ ability to penetrate open societies and their indiscriminate targeting of civilians called for greater cooperation between the civilian entities that may be targeted in the American homeland such as transportation, communication networks, energy circuits, and the government. Since citizens constitute the quintessential targets of terrorism, they were asked to notice any unusual trend or fact to the intelligence community. The government aimed to create a new “information sharing environment” in which both the public and private sectors would share prevention strategies and warning about specific attacks. This emphasis on surveillance in the homeland fostered the emergence of commercial companies specialized in gathering, fusing, analyzing and disseminating intelligence to government agencies. Some of these companies offered “tailor-made security solutions,” arguing that they could gather information that is closer to the source of the threat, closer to society. This situation was also reinforced by US law which restricts government access to private information and imposes fewer restrictions on the private sector. As a result, the government began to rely

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29 James R. Woosley, Testimony before the Select Committee on Intelligence of the United States Senate, Nomination of James R. Woosley to be Director of Central Intelligence, Senate Select Committee on Intelligence, 103rd Congress, 1st sess., February 2-3, 1993, 76.


increasingly on private-sector databases such as the ones created by credit card marketing companies to gather private information.\textsuperscript{35}

One of the common wisdom that emerged from security circles in the 1990s is that \textit{it takes networks to fight networks}.\textsuperscript{36} In the world of national security intelligence, the so-called open source revolution generated enthusiasm for the development of networks of experts bridging the public-private divide. In an article published in 1993, Robert Steele, a specialist on open source intelligence, imagined “an extended network of citizen analysts, competitive intelligence analysts in the private sector and government intelligence analysts, each able to access one another, share unclassified files, rapidly establish bulletin boards on topics of mutual interest.”\textsuperscript{37} From this perspective, the privatization of intelligence would be particularly relevant to broaden not only producers but also the consumer base for intelligence products. The open source intelligence movement was livening up a basic truth of intelligence, society constitutes a pool of knowledge, global reach, experience and skills that intelligence agencies cannot overlook. In this context, it seems logical that the US government has come to rely increasingly on the private sector for research and development, the collection and analysis of information.\textsuperscript{38} At the dawn of the twenty-first century, this focus on networks was coupled with an emphasis on technology which solicited a deeper alliance between the public and private sectors. This nexus between networks and technology was expected to revolutionize the sectors of defense and national security, and did indeed prove very effective in the early days of the wars in Afghanistan and Iraq.\textsuperscript{39}

**Emergency growth and structural conditions**

The unprecedented growth of public-private intelligence “partnerships” in the GWOT can be traced to the structural conditions under which an overwhelming increase in demand for intelligence occurred. Following the 9/11 attacks, the legitimization of the role of the government in securing the homeland constituted a key dynamic behind the privatization of


intelligence. Since public-private intelligence ties have existed throughout American history, the growth of the intelligence community logically instigated further public-private intelligence interactions. In other words, the growth of the intelligence budget from 2001 onwards generated an increase of the intelligence community’s reliance on the private sector in absolute terms. The IC reliance on the private sector also increased in relative terms when compared to the pool of government employees and in order to justify this relative growth, intelligence managers have repeatedly evoked the structural conditions that constrained the US intelligence community. From this perspective, the intensification of the outsourcing of intelligence in the twenty-first century stems from the government’s lack of strategic planning in the area of human capital. After the downsizing of the 1990s, a significant part of the national security workforce shifted to the private sector. Following 9/11, the requirements for intelligence products and services dramatically increased and managers were expected to provide a rapid and effective answer to the crisis. However the scarcity of resources and loss of institutional knowledge within the IC meant that new challenges could hardly be met by the community alone. To support the surge in intelligence requirements, senior policymakers decided to augment the capabilities of the intelligence community. According to the ODNI, “more than 50% of the Intelligence Community workforce was hired after 9/11.” This reaction was based on the debatable conclusion that the US “intelligence agencies on 9/11 just didn’t have enough people to do the job.” With hindsight, some commentators have criticized the decision to comfort the US intelligence community’s “bureaucratic instinct that bigger is always better.” Nevertheless, Congress effectively sanctioned the growth of the intelligence community by granting it vast amounts of money. In the decade following the 9/11 attacks, the intelligence community’s budget roughly doubled. In addition, the use of supplemental appropriations and overseas contingency operations funding to carry out the GWOT, which are renewed on a yearly basis, made it “very difficult to hire government employees” because these latter are “very difficult to hire one year at a time.” In this situation of emergency, the intelligence community expanded vastly, rapidly and in a relatively unplanned fashion.

40 Ronald Sanders, Results of the Fiscal Year 2007 U.S. Intelligence Community Inventory of Core Contractor Personnel, August 27, 2008, 2.
42 Sanders, interview with Mr. Andrew Pourinski, 2.
44 US Congress, Pub. Law 107-38, An Act Making emergency supplemental appropriations for fiscal year 2001 for additional disaster assistance, for anti-terrorism initiatives, and for assistance in the recovery from the tragedy that occurred on September 11, 2001, and for other purposes, 107th Congress, 1st sess., September 18, 2001.
45 James Clapper, cited in US Senate, Select Committee on Intelligence, Nomination of Lieutenant General James Clapper, Jr., USAF, Ret., To Be Director of National Intelligence, 11; US Senate, Post-Hearing Questions for the Record Submitted to Paula Roberts From Senator Daniel Akaka, Intelligence Community contractors: Are We Striking the Right Balance?, September 20, 2011, 72.
The loss of experience that occurred in the 1990s effectively created a need to replace knowledge and skills. As a result, the government started to rely more heavily on commercial companies providing the services of former experienced government employees to augment particular intelligence capabilities. An unclassified document released by the ODNI notes that the “dramatic surge required people with the institutional knowledge and tradecraft to fill skill gaps and train new hires. Much of that expertise existed among our retired ranks, who answered the post-9/11 call to duty as a de facto “intelligence reserve corps.””46 Similarly, Michael Hayden, the former director of the CIA, is keen to note that the intelligence community was not experiencing a new growth but it was simply “buying back capacity, buying back capability, buying back resources and personnel that we had lost in the decade of the ‘90s following the collapse of the Soviet Union.”47 In this view, when outsourcing intelligence, the government was able to keep talented professionals close to the community.

The alternative, which was not followed at the time, was to hire new government employees. However, recruiting and training new government employees typically takes time and this was a resource policy-makers appeared to lack following the 9/11 attacks. According to Michael Chertoff, the Director of the Department of Homeland Security between 2005 and 2009, the intelligence community needed the flexibility and the responsiveness of the private sector.48 Following the 9/11 attacks, contractors were expected to fill the intelligence community’s capability gaps temporarily, until the government would catch up.49 The government could not have directly augmented its number of full-time employees because it is a very slow bureaucratic process. Government employees need to be vetted and trained for years in order to acquire the necessary experience and work efficiently. Outsourcing government activities to former employees with security clearance typically proceeds faster, often only a few weeks. Moreover, once an activity is outsourced, a commercial company can get started quickly, direct important sums of money towards the product or the activity and then absorb early expenses in the following years. In contrast, because of bureaucratic constraints, the government typically spends its money in a more linear fashion.50 As a result, it is more difficult for intelligence agencies to spend vast amounts of money in a short period of time. Outsourcing is also more flexible because it binds the government for the length of contracts, generally for a few years. In this sense, contractors can provide a solution to some of the problems of resources allocations and prioritization faced by intelligence managers.

46 Office of the Director of National Intelligence, Key Facts About Contractors, 2.
50 Former senior US intelligence official, interview with author, August 8, 2011, Washington DC.
In terms of resource allocation, intelligence managers are limited by the congressional ceiling imposed on each agency’s personnel.\textsuperscript{51} Although Congress can move these ceilings, it has been reluctant to do so. In an interview, Michael Hayden noted that “money was always easier to get increased than it was to get end strength… because [raising the end strength] has an air of permanence about it, whereas money appropriated for this fiscal year, that’s a good idea.”\textsuperscript{52} Therefore intelligence agencies used supplemental appropriations to hire contractors and raise their capability temporarily. In this way, the intelligence workforce grew without being limited by bureaucratic impediments. This explains why the use of contractors can sometimes be “driven by factors unrelated to mission.”\textsuperscript{53} Furthermore, the reliance on contractors can minimize resource allocation problems by focusing government employees on key tasks and orienting contractors towards support tasks. Contractors can act as a temporary fix in order to palliate some of the capabilities gaps caused by the uncertain variation of intelligence requirements.

The federal government’s intention to use contractors as a temporary fix, partly explains why the lack of planning behind the community’s increasing reliance on contractors was deemed acceptable. Interestingly, this managerial perspective presents the privatization of intelligence in a-political and pragmatic terms as an aggregation of \textit{ad hoc} managerial adjustments aiming at restoring security rapidly. This perspective plausibly explains why, when problems involving public-private “partnerships” occurred, the leaders of the intelligence community did not seem to have kept an eye on them. Overall the proliferation and deepening of public-private intelligence interactions was necessary given the conditions that prevailed at the time in the US, and, in a situation of emergency, the privatization of intelligence was hastily endorsed by the US government.

\textbf{Privatizing for personal profit}

Some commentators have suggested that the US government has occasionally turned to the private sector in order to circumvent regular channels of intelligence accountability, or even to further some government officials’ private interest. In 2004, an article in the Financial Times titled “Contract Interrogators Hired to Avoid Supervision.”\textsuperscript{54} Similarly, many academic studies point out that, under some specific conditions, privatizing security allows government reducing political costs, depoliticizing decisions or even evading accountability all together by shifting responsibilities and removing basic decisions from the public to the private realm.\textsuperscript{55} Considering some of the controversies that surrounded the use of intelligence

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\textsuperscript{52} Hayden, interview with Frontline.
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agencies by policy-makers, such as the Watergate scandal or the use of raw intelligence by the Bush administration to support its case for a war in Iraq, this type of argument is conceivable. However, while executive aspirations provide a plausible intent, a more careful examination of the events following the 9/11 attacks weakens the argument that privatizing intelligence reduces political costs. First, as the policy failure in the lead-up to the 2003 Iraq War demonstrated, decision-makers do not need to rely on the private sector to circumvent traditional intelligence processes or gain more power. Experienced policy-makers can use the bureaucracy to their own ends. For example, when Rumsfeld created an Office of Special Plans, he effectively created an extra layer of bureaucracy that sidestepped the traditional intelligence processes.\(^{56}\) Second, in the case government officials would outsource an activity to hide some wrongdoing, the fact that they could outsource actually brings more people in the loop, not just the public actors but also some private actors. Inevitably the more people know about a secret, the more likely it is that it will be revealed. Considering the attention security and intelligence contractors have drawn, at least since 2004, the continuing government reliance on contractors despite the political headache such arrangements have sometimes caused, suggests that the government had more significant other reasons to rely on the private sector.

Certain experts have argued that outsourced activities are often less transparent than political and bureaucratic structures. Dana Priest, an investigative journalist for *The Washington Post*, holds that outsourcing masks “the fact that the government was growing in response to the 9/11 attacks.”\(^{57}\) Although Priest is not wrong, in the realm of national security intelligence agencies have never been controlled by completely overt bureaucratic and political structures, and even since the institutionalization of congressional oversight in the 1970s the intelligence committees mostly meet in secret. Moreover, if privatization really turns out to weaken intelligence accountability, it does not mean that decision makers intended to do so. For instance, there has been some confusion - not to say conflation - between the use of the private sector as a cover to protect intelligence agencies’ sources and methods and its use to cover agencies’ wrongdoings. While the former situation is part of the daily challenges of intelligence, such abuses do surface occasionally and are often difficult to prove.

Privatization is sometimes considered as a strategy adopted by policy makers and intelligence officials to further their own interest and the interest of their former colleagues who moved to the private sector. This strategy can be opportunistic in an electoralist and nepotistic sense if the decision-maker intends to reward political allies. Allegations of cronism have been widespread in the intelligence-industrial complex and are supported by at least two phenomena: the revolving door or the flow of individuals moving from the public to the private sector (and vice versa) and the American system of political funding. The first phenomenon feeds allegations that some government employees developed strong ties with

\(^{56}\) Seymour M. Hersh, “Selective Intelligence. Donald Rumsfeld has his own special sources. Are they reliable?,” *New Yorker* 79, no.11, May 12, 2003, 44.

some commercial companies and awarded them government contracts in order to obtain a job with one of these companies when they left the government. Although this sequence of events may actually not breach the law, the revolving door does give an incentive for senior policy-makers to make favors to commercial companies for which they have worked or those that are willing to hire them in the future. The second phenomenon that feeds allegations of personal interest is the funding of political campaigns by some of the companies that are involved with the intelligence community. It is reasonable to suppose that these companies expect political favors in exchange to their funding and, in at least two cases, this kind of cronyism has been proved illegal. In 2006, former Republican congressman Randy Cunningham (R-CA) was convicted for using his position as a member of the House appropriations and intelligence committees to earmark contracts for MZM Inc. with the Pentagon’s Counterintelligence Field Activity (CIFA). Cunningham was sentenced to eight years in prison. In 2007 Kyle Foggo, then executive director at the CIA, was convicted for using his position to steer public money towards one of his friends’ defense company. Both cases suggested that mechanisms controlling the regularity of contracts and ethics within the Department of Defense and the CIA were imperfect. However, overall, they do not provide a satisfying rationale for the substantial intensification of public-private intelligence “partnerships” in the twenty-first century. These two cases, whilst attracting considerable attention, remain relatively isolated.

A necessity to consider carefully

An overview of the weight of some of these rationales was provided by the ODNI in 2008 during a conference held by the agency’s Chief Human Capital Officer, Ronald Sanders. The ODNI’s study confirms the unique character of some of the services provided by the private sector, with 56 percent of core contract personnel providing “unique expertise” to the intelligence community in 2007. This percentage corroborates arguments that the private sector is essential to the IC. The presentation also confirmed that some of the decisions to privatize are based on: cost-effectiveness; the uncertain nature of intelligence activities; and surge requirements related to the GWOT. Overall, the information presented by the ODNI is revealing but incomplete. The ODNI figures are based on a part of the aggregate intelligence budget for 2007, the budget for the National Intelligence Program (NIP) and not its totality (which would also include the budget for the Military Intelligence Program). They only account for core contract personnel and leave out other types of contractors.

60 Office of the Director of National Intelligence, Letter to the Author, FY 2007 Results, US Intelligence Community, Inventory of Core Contractor Personnel, 5; Sanders, Results of the Fiscal Year 2007 U.S. Intelligence Community Inventory of Core Contractor Personnel, 3.
There is strong evidence that the US intelligence community’s reliance on the private sector has so far been truly essential to US national security. Intelligence, because of its nature, could not function without the private sector. This explains why the relationship between the IC and the private sector is here to stay. The fiercest opponents of the intelligence community’s reliance on the private sector, those who argue that intelligence (as a whole) should not be privatized, do not properly take into account the fact that government bureaucracy is unable to provide all the innovation, flexibility and critical knowledge necessary for the craft of intelligence.\textsuperscript{61} Public-private coordination is essential to intelligence because the government needs the expertise of the private sector to carry out its mission and for intelligence agencies not to rely on the private sector, government would have to grow so significantly that the United States may transform into a burdensome and, potentially less democratic, security state.

Despite this necessity, on the whole, the rationales behind privatization have sometimes been contradictory. For example, the need to ramp-up following the 9/11 attacks has conflicted with the longer-term logic of improving government effectiveness. The evolution of public-private “partnerships” in the market for intelligence is also problematic because this market is characterized by the veil of secrecy that shrouds intelligence activities, and therefore it cannot be perfect. Although the reliance on the private sector presents certain advantages, the outsourcing of intelligence is not a silver bullet. In a new era of decreasing budgets, senior officials should refrain from using privatization policies to escape hard decisions about the limited national security resources at their disposal. In the realm of national security intelligence, performance is barely quantifiable and competition is hardly free, thus privatization is a perilous choice that must be carefully planned and implemented.