Politicization of Intelligence Reporting

Evidence from the Cold War

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Introduction I

- Do intelligence agencies pander to their political masters?
- Implications for foreign policy and national security
- Anecdotal evidence (e.g. Iraq's WMD)
- But no quantitative analysis
- Collect data from Cold War era intelligence reports on Soviet nuclear capabilities
- Compare to post-Cold War estimates of *actual* Soviet strength to construct measure of intelligence errors
- Find "hawkish" presidents systematically received upwardly-biased reports: consistent with model based on career concerns

Introduction II

- Intelligence organizations are effectively media organizations (albeit with a very specific set of consumers)
- Extend models of media bias and reputation to intelligence reporting
- Model predicts that intelligence errors should be increasing in Presidential "hawkishness"
- Top Secret nature of documents rules out collusion
- Results inconsistent with turnover in agency staff
- Results persist after controlling for US/Soviet relations
- Longer-term reports more sensitive to ideology: also consistent with the model

Anecdotal Evidence

- In Vietnam, data was fudged to fit the Johnson administration's belief that the war was winnable:

  "American forces and firepower, it was believed, must be defeating Asian peasant soldiers... intelligence must reflect that supposed reality" (Andrew 1995)

- Similar story in the lead up to the Iraq War:

  "Analysts accepted whatever supported the case for war...The CIA...desperately sought the White House's attention and approval...by telling the president what he wanted to hear" (Weiner 2007)

The Model I

- Infinite time horizon
- Two players: a President and an Agency Director
- President wants to match action, $a \in \{L, H\}$ to state, $S \in \{L, H\}$
- Director gets signal, $s \in \{L, H\}$ and produces report, $r \in \{L, H\}$
  - "Good" directors report state with certainty
  - "Normal" directors get correct signal wpr π and can lie
- President decides whether to reappoint director
- Directors have career concerns
- Presidents differ in their "hawkishness", $\theta = P(S = H)$

The Model II

- After director's report, the state is revealed with probability, μ
- μ exogenously determined each period and can be high or low
- The Director faces a trade off:
  1. If state is not revealed: better off pandering to President's prior
  2. If state is revealed: better off reporting truthfully
- If signal corresponds to President's prior: report truthfully
- If it doesn't: choose probability of misreporting to trade-off two effects
- When μ is high the second effect dominates: less pandering

Predictions

- Can use equilibrium strategies to calculate the expected report error: $E(\text{report} - \text{state})$
- Predictions about the report error:
  1. Increasing in θ: hawkish Presidents should receive more upwardly biased reports
  2. Independent of μ: the probability of state verification should have no direct effect on the report error
  3. Potentially an interaction effect between μ and θ: the effect of ideology should amplified when the probability of state verification is low

The Data I

- Declassified reports for the years 1956 to 1988 on the Soviet strategic arsenal
- Reports contains estimates of current number of Soviet Bombers, SLBMs, and ICBMs and forecasts for a varying number of future years
- Observations indexed by itt'
- "The number of weapon system i the report in year t predicted that the Soviets would have in year t'"
- Overlapping nature of reports gives around 300 observations covering 7 presidents

The Data II

- For each weapon system also have post-Cold War estimates of the actual number the Soviets had
- Data constructed in 2005 by the Bureau of Atomic Scientists
- Can construct report error:

$$\text{reported}_{itt'} - \text{actual}_{it'}$$

- This is our dependent variable

Empirical Approach I

- Need measure of Presidential hawkishness, θ
- Use President's DW nominate score and a unique text-analytic measure
- Also need to control for π and μ:
  1. Weapon system fixed effects
  2. Linear/quadratic time trend to account for unobserved improvements in monitoring technology also dummy *keyhole* that equals one after keyhole spy satellite became operational
  3. *Prediction length*, $t' - t$
  4. Also look for interaction effect between ideology and a dummy *forward* which equals one for forward predictions

Empirical Approach II

- Assume linear functional form with error term:

$$\text{report error}_{itt'} = \beta_0 + \theta_t \beta_\theta + (t' - t)\beta_1 + x_t' \beta + \delta_i + \varepsilon_{itt'}$$

- Main prediction: $\beta_\theta > 0$ "hawkish" presidents receive upwardly biased reports
- Standard errors clustered by president

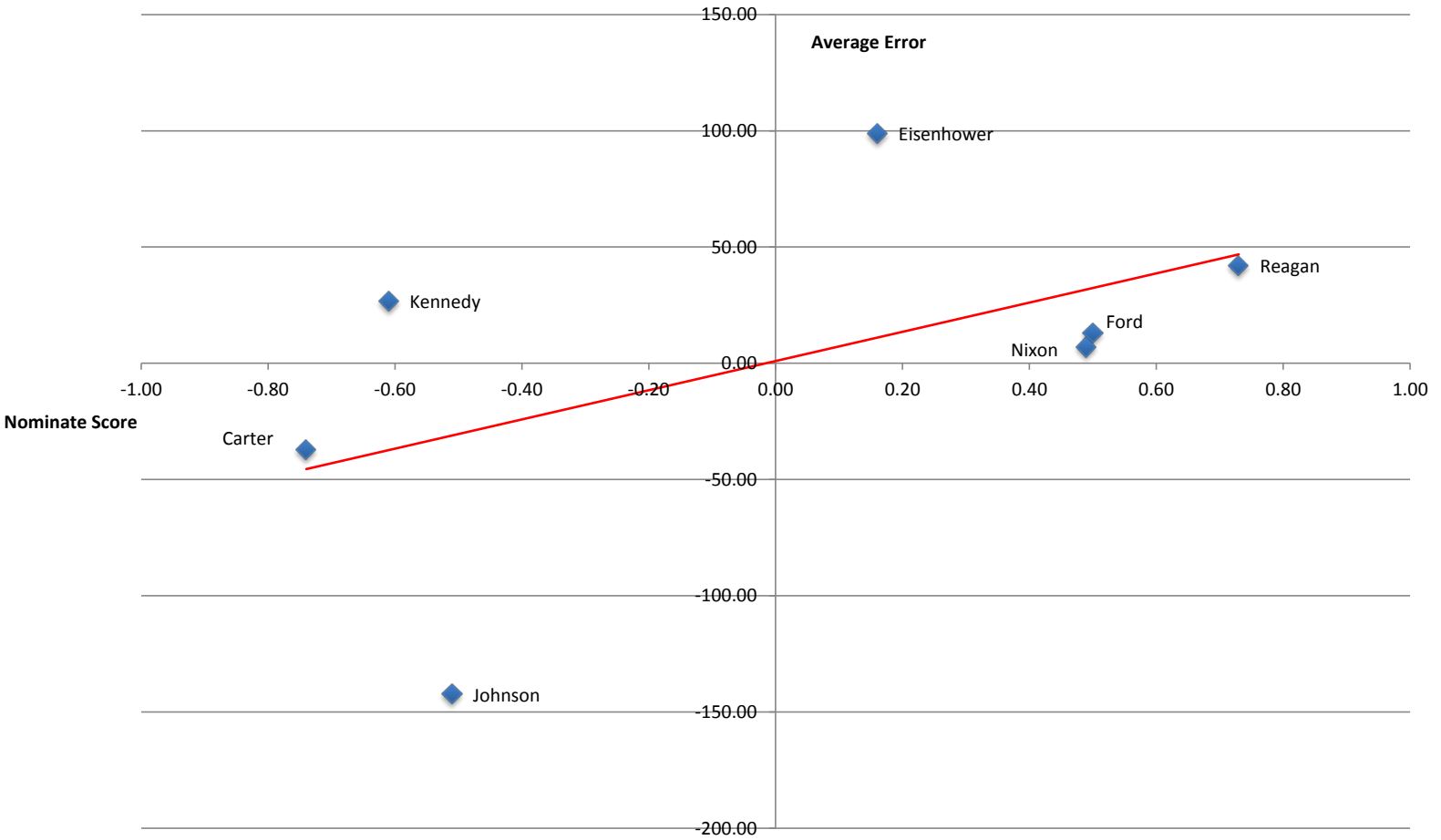
Endogeneity I

- Endogeneity Issues:
  1. Measurement Error
  2. Reverse Causality
  3. Perhaps ideology effect driven by changes in superpower relations
- Alternative mechanisms:
  1. Turnover in agency staff
  2. Collusion

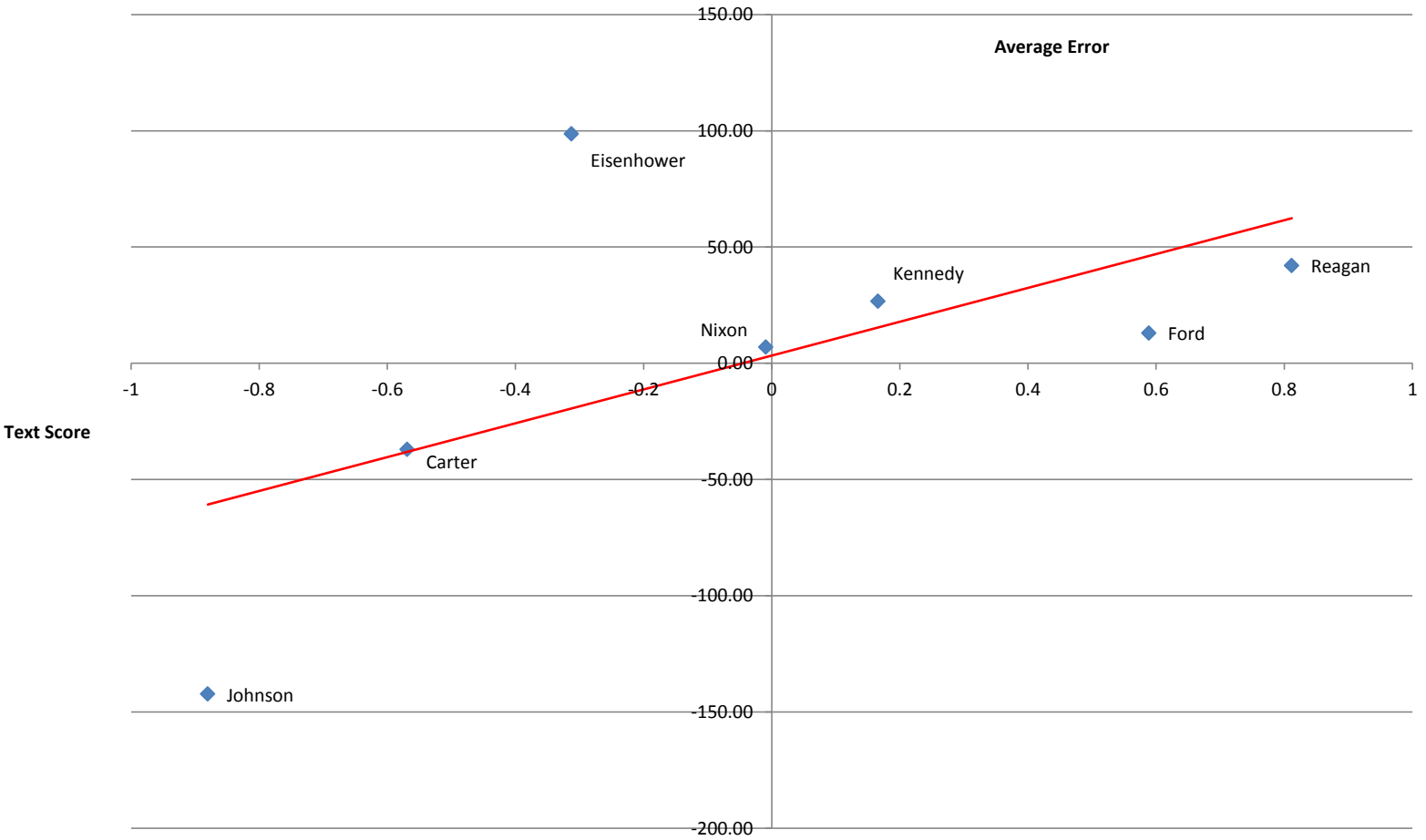
Endogeneity II

- Reports Top Secret: not being used to convince public/congress
- Legacy concerns unlikely to be an issue
- Text-based measure of hawkishness mitigates reverse causality/measurement error
- Control for Soviet/US tensions as a robustness check
- Rule out staff turnover story by restricting sample to period where turnover did not occur and controlling directly for identity of DCI

Average Bias By Nominate Score



Average Bias By Text Score

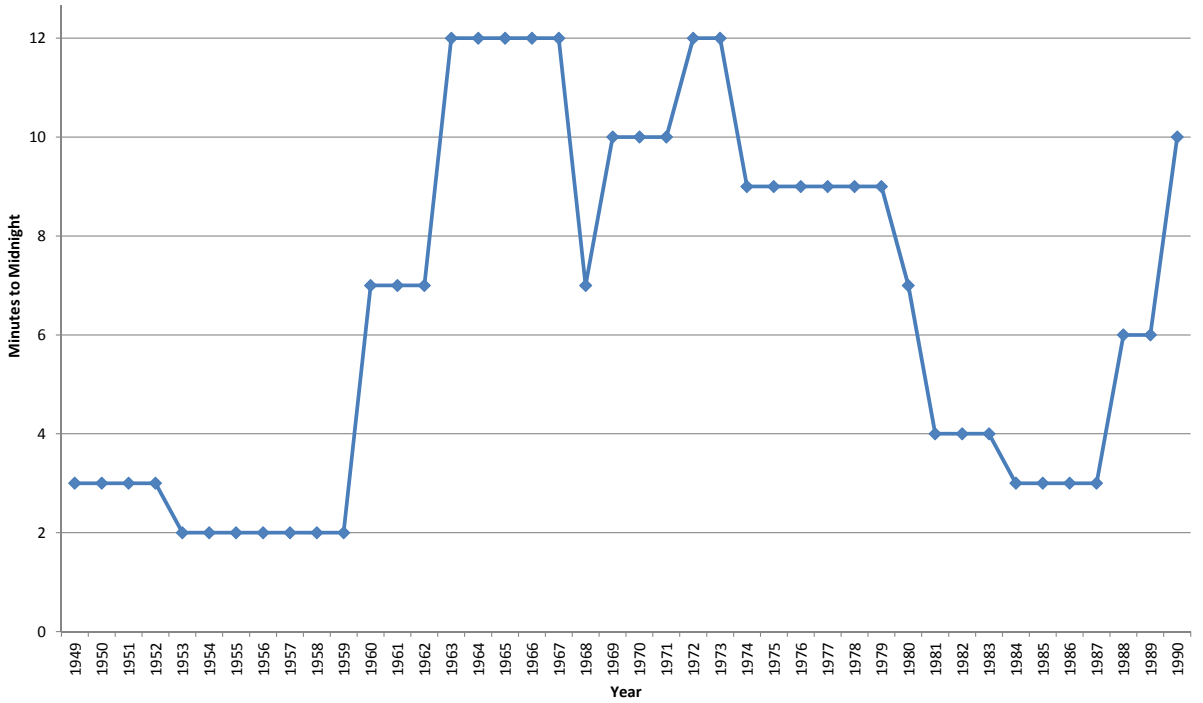


Baseline Results

	(1) Raw Error	(2) Raw Error	(3) Raw Error	(4) Raw Error
nominate	122.7780**	-	41.7981**	-
	(43.9328)	-	(11.9131)	-
nominate x forward	-	-	122.2863*	-
	-	-	(60.2285)	-
textscore	-	128.3956**	-	67.9675
	-	(41.4920)	-	(42.7537)
textscore x forward	-	-	-	97.5168*
	-	-	-	(45.7739)
prediction length	-12.3360	-11.5837	-13.0829	-10.4313
	(9.4133)	(9.4294)	(7.6841)	(8.0283)
icbm	-89.2173	-86.4642	-87.4130	-84.8373
	(79.9567)	(79.3773)	(78.8349)	(78.6334)
bomber	1.3863	2.4523	1.5947	2.2492
	(20.3192)	(19.8592)	(20.5393)	(20.1107)
keyhole	147.8808*	84.3208	167.1798**	102.8801
	(64.1984)	(72.1566)	(59.7965)	(60.9977)
trend	-8.8676***	-7.5588	-8.9400***	-7.7697
	(1.8497)	(4.5205)	(1.7793)	(4.6217)
constant	158.3686**	168.8970*	160.3360**	170.3417*
	(49.3107)	(70.7754)	(47.9906)	(70.5820)
N	317	317	317	317
R^2	0.2071	0.2109	0.2299	0.2251

Controlling For US/Soviet Relations I

- Is the ideology effect driven by changes in the perceived Soviet threat?
- Use BoAS "Doomsday Clock" as proxy:



Controlling For US/Soviet Relations II

	(1) Raw Error	(2) Raw Error	(3) Raw Error
nominate	-	83.2905**	-
	-	(32.1732)	-
textscore	-	-	89.9572**
	-	-	(27.4089)
mins to mnight	-18.1584**	-8.1579	-9.7031***
	(6.4276)	(4.4896)	(2.1837)
pred length	-12.3318	-12.1513	-11.4700
	(8.8778)	(9.2179)	(9.2378)
icbm	-90.6895	-89.1198	-86.6780
	(80.8267)	(80.1773)	(79.6334)
bomber	1.4630	1.3081	1.9667
	(21.8917)	(21.0606)	(20.8078)
keyhole	-95.0202	52.1905	-1.7127
	(67.7006)	(79.8556)	(70.2310)
trend	3.2053	-4.1881	-2.8699
	(3.7535)	(3.1947)	(2.6922)
constant	188.3393**	178.7725**	194.5345**
	(53.4925)	(52.2663)	(56.7386)
N	317	317	317
R^2	0.1973	0.2132	0.2239

Robustness and Additional Results

- To exclude staff turnover, show results persist when:
  1. Restrict data to period when appointments were non-partisan
  2. Control directly for DCI ideology
  3. Include DCI fixed effects
- Baseline results also robust to:
  1. Controlling for lagged Soviet strength
  2. Different trend specifications
- Estimate separate effects for each year of presidential term:
  1. Find evidence of phase-in: effect becomes larger over a presidency
  2. No evidence of electoral effects

Conclusion

- First quantitative study of intelligence errors
- Positive correlation between Presidential ideology and intelligence errors
- Also true when we use a text-based measure that bypasses some endogeneity concerns
- Suggestive of pandering by analysts
- But:
  1. small sample size reduces precision
  2. can't completely exclude that effect runs through superpower relations
  3. but, even this effect is interesting and has policy implications