

Date: Sat, 21 Nov 2009 14:34:57 -0500

To: "Dr. Baruch Fischhoff - Chair, National Academy of Sciences Study on Social & Behavioral Science and Improving Intelligence for National Security" <baruch@cmu.edu>

From: Lloyd Etheredge <lloyd.etheredge@policyscience.net>

**Subject: Fresh thinking: Experiments to reduce terrorism and UDC violence.**

Dear Dr. Fischhoff and Colleagues:

The National Academy of Sciences might want to recommend experiments to reduce terrorist recruitment and violence. The experiments should be designed, and the data collected and analyzed, quickly and with as much rigor as possible. The quasi-experimental analysis methods pioneered by Donald Campbell et al. can be used to draw policy lessons.

- Reducing youth unemployment in selected UDCs is an example of a worthwhile experiment (and also justified on humanitarian grounds.)

**Youth Unemployment: The US Intelligence Community's Theory and the CCC Experimental Intervention**

The US intelligence community believes that youth unemployment rates are an important cause of UDC violence (violent crime and violent gangs; ethnic violence, civil war and insurgencies) and recruitment to terrorist movements. The DNI/NCI Global 2025 forecasting report [published in November 2008, before the extraordinary effects of the global economic hardship were known and included] already was focusing on this mechanism, even given the prospect of continued economic growth in some UDCs, as a result of demographics and a failure of institutions to respond to the problem:

*""The current youth bulges in . . . the West Bank/Gaza, Iraq, Yemen, Saudi Arabia, and adjacent Afghanistan and Pakistan will persist through 2025. Unless employment conditions change dramatically, youth in weak states will continue to go elsewhere - externalizing volatility and violence."*

*"The populations of already parlous youth-bulge states - such as Afghanistan, Democratic Republic of Congo (DROC), Ethiopia, Nigeria, Pakistan, and Yemen - are projected to remain on rapid growth trajectories. Pakistan's and Nigeria's populations are each projected to grow by about 55 million people. Ethiopia and DROC will likely add about 50 million each, while the populations of Afghanistan and Yemen are projected to grow more than 50 percent larger than today's. All will retain age structures with large proportions of young adults, a demographic feature that is associated with the emergence of political violence and civil conflict" (pp. 22-23).*

*"Terrorism[']s appeal could diminish if . . . youth unemployment is mitigated in the Middle East." (p. 68).*

*"In the absence of employment opportunities and legal means for political expression, conditions will be ripe for disaffection, growing radicalism, and possible recruitment of youths into terrorist groups." (p. 68).*

### **The CCC: An Attractive Model and Experiment**

We have an attractive model for an effective response, and experiment, in the CCC (Civilian Conservation Corps) used in the US Depression. It provided basic employment (food, health care, and housing in CCC camps at worksites plus additional wages that could be sent to families) for three million young men. The initiative produced a wide range of worthwhile environmental/public works projects and also was designed to leave the young men with useful experience and vocational skills.

It will take a great deal of work to organize these experiments quickly. What **N** and other features would your National Academy of Sciences group recommend? Who could organize them, if the US government is not the right organization and if local governments might divert the funds? How much of an allocation from the \$75 billion/year to detect current terrorists would be justified from the intelligence (or USAID or other) budgets? Are there international partners who could be enrolled? What data systems/analysis should be deployed to learn lessons quickly, for refining the experiment or (on the analogy of early review of clinical trials in medicine) expanding it quickly if it works? What projects should be included - environmental, public works and construction, health, broad support for NGOs? Who could run/manage them to provide useful experience and vocational skills? How

soon - and where - could they begin?

### **Other Effects?**

It is possible that CCC analogies, supported from the international community during the current global economic emergency, could honor and encourage youthful idealism - i.e., recognized contributions to the environment, health, NGO's. So there also may be strong upsides (and other effects) that also could be part of the experimental design and data systems for evaluation.

### **Administration Alliances for CCC Projects; Health-related Projects?**

I began to think about the CCC analogy last month, in connection with the (attached) use of a policy sciences framework to think about ideas for the CSIS Smart Global Health Policy Commission. I was suggesting - for these purposes - perhaps \$1 - \$3/day for 50,000 as a startup. But if the intelligence community's belief/theory is correct and this could be a powerful avenue to reduce terrorist violence and other violent conflict and political unraveling, a much larger project could be justified. [There is, reportedly, \$10 billion+ in the pipeline for global health and - if connections for experiments are made at Admiral Blair's level - your recommendations could help the creative process of planning in the Obama Administration.]

- There also is a wider public diplomacy dimension, of expressing overarching humanitarian concerns and human rights values.

I am taking the initiative to send a copy of this message to Mr. Muhtar Kent, a member of the CSIS Commission on Smart Global Health Policy, whose company (Coca-Cola) might be part of a network of many partners who could bring a visionary project for youth employment + teaching vocational skills to life in these countries.

- I also attach a copy of Admiral Blair's updated warning to Congress (as reported in Newsweek), about growing political violence and instability. And the historical lessons from the Depression about the sequences that can unfold without good forecasting models and timely responses.

with my best regards,  
Lloyd Etheredge

Dr. Lloyd S. Etheredge - Fellow, World Academy of Art & Science

Director, Government Learning Project  
Policy Sciences Center Inc.  
127 Wall St., Room 322 - Box 208215  
New Haven, CT 06520-8215  
URL: [www.policyscience.net](http://www.policyscience.net)  
301-365-5241 (v); [lloyd.etheredge@policyscience.net](mailto:lloyd.etheredge@policyscience.net) (email)

By MARK HOSENBALL and  
MICHAEL HIRSH

**I**N 1930, FEW PEOPLE THOUGHT political turmoil in Germany was the most significant event in the world—not with a global Depression underway. Only the year before, in the German national elections of 1929, Adolf Hitler had still been regarded as “something of a joke, a minor figure from a fringe far-right group” whose Nazi Party managed to win just 2.6 percent of the vote and 12 seats in the Reichstag, Liaquat Ahamed writes in his magisterial new history, “Lords of Finance.” But the next year, with unemployment soaring and Berlin about to default on its international debt payments—and with the German equivalent of “Hoovervilles” rising in the cities—Hitler drew tens of thousands to his rallies by promising to restore prosperity and purge the profiteers. The Nazi Party leapt into second place in the Reichstag with 107 seats. It was the beginning of a downward political spiral that ultimately eclipsed the economic crisis that sparked it, turning the European continent into a slaughterhouse and changing the world forever.

No one sees any Hitlers on the horizon today, and the current global recession is, as yet, nowhere near as devastating as the Great Depression. But the CIA and other U.S. intelligence agencies—with the approval of President Obama—are taking a hard look at the political implications of a worldwide crisis that is being compared more and more to that earlier era. When retired Navy Adm. Dennis Blair took over as Obama’s “intelligence czar” in January, he told his staff he wanted concerns about the recession at the top of his annual “worldwide threat assessment” to Congress. Among the questions: Would Russia be destabilized? What about China and India? Does a huge new humanitarian crisis loom in Africa? As originally drafted, these economic warnings were mentioned along with more familiar issues, like terrorism. But Blair told his new staff that he wanted to do more than list his concerns about the economic crisis—he wanted to open his presentation with them. “He sharpened it,” says one intelligence official familiar with the process who would discuss it only on condition of anonymity.

Blair’s declaration to the Senate intelligence committee on Feb. 12 was blunt. No longer was fighting terrorism or stopping nuclear proliferation at the top of his agenda, though they remained important. “The primary near-term security concern of the United States is the global economic crisis and its geopolitical implications,” the

director of national intelligence said. Last week the new CIA director, Leon Panetta, announced unexpectedly to reporters that his agency had begun to produce a new secret daily bulletin, called the Economic Intelligence Brief, to supplement the President’s Daily Brief (PDB) on more traditional threats. The new CIA assessment is distributed to top economic policymakers in the administration such as Larry Summers and Treasury Secretary Tim Geithner, and items in it may now also be included in the PDB.

Most of the intelligence community’s attention is focused on how the economic crisis could produce internal upheaval in other countries, which in turn could have an impact on U.S. foreign-policy decisions. But in an interview with NEWSWEEK, Deputy Secretary of State James Steinberg

ing the Baltic states, where the collapse of financial markets is already causing political instability, as seen in the recent ouster of the Latvian prime minister. One question is whether Russia, despite being weakened itself by the plunge in energy prices, might move to reassert influence in that region, its sphere of influence during the Cold War. Russia is also working hard to raise its profile in Central Asia at the expense of the United States. Last month Moscow persuaded Kyrgyzstan to kick the U.S. Air Force out of the Manas Air Base, compromising supply lines to Afghanistan. At the same time, Russia has offered to expedite supplies by train via Uzbekistan, which also neighbors Afghanistan. Moscow’s apparent message: we’ll help you Americans succeed in Afghanistan, but butt out of our backyard.

#### INTELLIGENCE

## There’s a World of Trouble Out There

The CIA faces a threat it’s never been great at analyzing: the fallout from global recession.

says the administration is also concerned with ensuring that America maintain its position as global leader. The worry is that if Washington isn’t seen as staying ahead of the crisis, other countries will scapegoat the United States, protectionism will rise and the global economic system could begin to disintegrate. “History doesn’t repeat itself in the same terms,” Steinberg says. “But if we don’t find ways to work together we could well find ourselves in a beggarthy-neighbor situation not unlike in the 1930s.” One potential sign of waning U.S. influence came two weeks ago, when Secretary of State Hillary Clinton, visiting Beijing, forthrightly asked China to keep buying U.S. Treasury bonds. Clinton also said that “human-rights issues can’t interfere” with the critical U.S.-Chinese economic relationship. (Even so, Clinton later signed off on a tough human-rights report on Chinese abuses.)

The CIA’s task is, for the moment, more tightly focused than contemplating the collapse of the global system. Intelligence officials are studying the impact of the crisis on Central and Eastern Europe, includ-

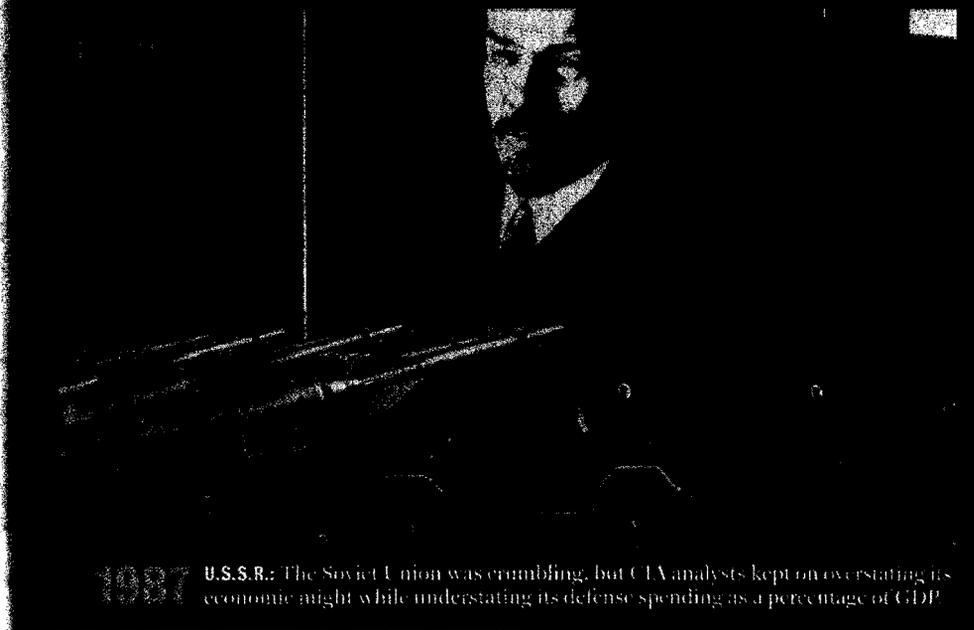
The Obama administration is also examining whether Latin America will endure a repeat of the financial crises that caused political upheaval in the ’80s and ’90s. And it is concerned that China and India may not have the economic strength to pull the world out of recession.

Some critics argue that the U.S. intelligence community is not well equipped for such a giant new task—not when it is still getting up to speed on jihadism. Melvin Goodman, a former top Soviet analyst for the CIA who now is a frequent critic of the agency, says that in the past the CIA’s reputation for economic analysis was damaged by a series of flawed predictions about trends inside the Soviet Union. The CIA was behind in estimating the behavior of the Soviet ruble, defense spending and the ultimate implosion of the Soviet economy, Goodman says. For much of the 1970s and ’80s the CIA officially reported to the president that the Soviet Union was economically stable, and that Soviet defense spending was only a small part of GDP. The agency’s leadership, ensconced in their secretive lair at Lang-

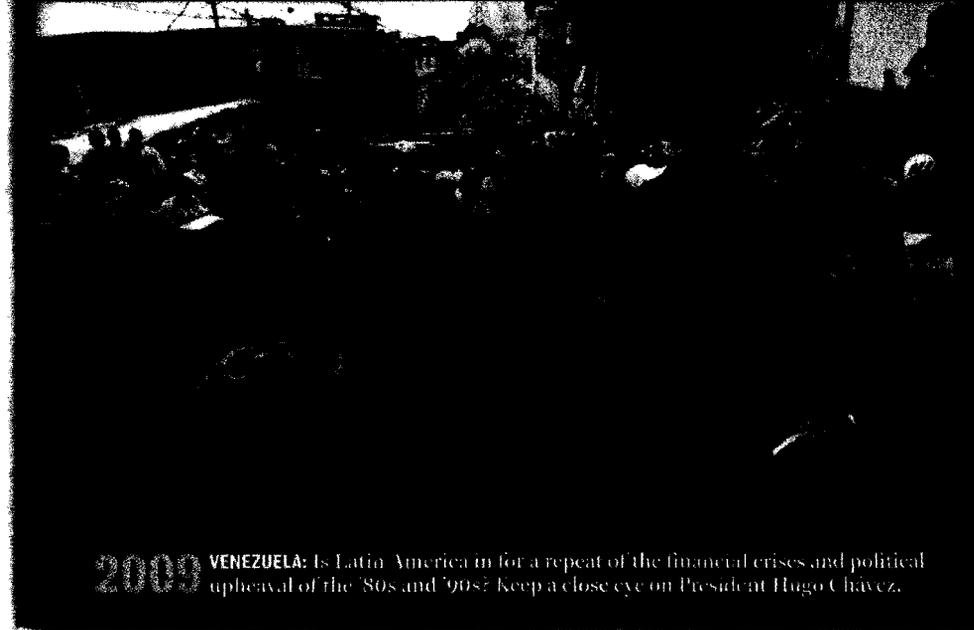
of  
ti-  
ter  
es-  
ng  
gy  
in  
ng  
rd  
he  
th  
ick  
Air  
to  
ias  
via  
ors  
ge:  
in  
rd.



**1933** GERMANY: The world regarded Hitler as a joke until the Depression tilted German voters toward the Nazis. In March 1933 he seized power as dictator.



**1987** U.S.S.R.: The Soviet Union was crumbling, but CIA analysts kept on overstating its economic might while understating its defense spending as a percentage of GDP.



**2009** VENEZUELA: Is Latin America in for a repeat of the financial crises and political upheaval of the '80s and '90s? Keep a close eye on President Hugo Chávez.

m-  
e a  
sed  
Os.  
dia  
to

lli-  
for  
till  
vin  
for  
the  
A's  
vas  
ons  
The  
av-  
ing  
viet  
of  
re-  
viet  
hat  
rall  
tip,  
ng-

PAGES

ley, Va., ferociously rejected alternative views, including a very accurate one from Igor Birman, a young Soviet émigré. Birman, an economist, estimated that the U.S.S.R.'s defense spending was huge, at least 25 percent of GDP. That indicated the Soviet economy was in deep trouble. It was only when such outside analyses were taken onboard that government policymakers developed an accurate read of Soviet decline.

Several critics say private-sector analysts and other government departments not limited by the CIA's culture of secrecy are better suited to produce accurate predictions based on "open source" economic data. Intelligence officials counter that the CIA did produce accurate readings of the Asian financial crisis a decade ago, and they point out that Wall Street analysts

### Terrorism and nuclear proliferation are no longer at the top of the agenda.

don't earn high marks themselves for predicting the current financial debacle. Philip Zelikow, a counselor to former secretary of state Condoleezza Rice who wrote one of the earliest studies of the CIA's capacity for economic analysis, defends the intelligence estimates made by individual analysts within the CIA during the Cold War, and he thinks it's good the agency is getting back into these areas. Zelikow says the government is "breaking new ground here." But he adds that the only way the new approach will work is in coordination with other domestic agencies abounding in economic expertise, like the Treasury Department and the Federal Reserve.

And because the current crisis began in America, the need for information-sharing across the government is all the greater today. As Zelikow notes, "Where it gets hard is when you have to make judgments that include analyses of what the American economy will do. The CIA doesn't like to analyze the American economy," because, he says, the agency's legal mission is to confine itself to overseas threats. "This is why the CIA alone can't do the job. But the CIA pooled together with other agencies can." We can only hope they get it right this time.

With OWEN MATTHEWS in Moscow, MELINDA LIU in Beijing and JOHN BARRY in Washington

Date: Mon, 12 Oct 2009 22:47:24 -0400

To: "Admiral William Fallon - Co-chair, CSIS Commission on Smart Global Health Policy" [wjf@wjfallon.com](mailto:wjf@wjfallon.com)

From: Lloyd Etheredge [lloyd.etheredge@policyscience.net](mailto:lloyd.etheredge@policyscience.net)

Subject: Global health: Would a CCC component be useful?

Dear Admiral Fallon and Commissioners:

The greatest natural resource of UDCs is their young people. The CCC (Civilian Conservation Corps) in the US Depression (1933-1942, three million men) was used for environmental/natural resource projects. It might be a useful model that can be used in the US strategy for rapid progress in global health.

As part of a smart global health strategy it is a "three for . . ." idea:

- 1.) An extraordinary opportunity to employ jobless youth, whose numbers are growing in UDCs in the global recession and whose alternative futures might otherwise be as recruits for political violence;
- 2.) Health projects. These will include manpower assistance to participating NGOs; also new construction (digging wells and improved sanitation; construction for clinics and hospitals); insect/mosquito control, emergency work; and other projects identified by the Commission.
- 3.) Vocational training. (This also was an important part of the CCC.)

### **Clean Drinking Water: An Example**

I assume that your Commission will organize a fast-action plan to solve clean water problems in the world's UDCs (e.g., digging wells in rural areas). It could be worthwhile to contact Bechtel, which has abundant experience in UDC engineering projects. They might provide volunteer engineers and equipment for rapid well-drilling teams that will begin to move across the landscape of Africa. The project could be designed to leave

the participating young workers with vocational skills.

### Costs

In the poorest countries there are huge (and growing) numbers of unemployed youth and (in Africa) subsistence levels of \$1/day to \$3/day. How much would it cost to feed and house, and provide a minimal wage to, 50,000 young people for three years to support the work of NGOs?.

I am deeply concerned about the potential for increasing violence in UDCs as a result of growing economic hardship. America could build an alliance with these young people - to employ them at worthwhile jobs helping their people, and to leave them with new vocational skills and experiences they can use.

Lloyd Etheredge