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DRAFT REPORT TO THE PRESIDENT ON ORGANIZATION AND MANAGEMENT OF THE FOREIGN INTELLIGENCE COMMUNITY

December 16, 1975
I/R-75/S-665

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16 December 1975

MEMORANDUM FOR: Secretary of State
Secretary of Treasury
Secretary of Defense
Attorney General
Director, Central Intelligence
Chairman, Joint Chiefs of Staff

25X1A

FROM: [redacted] 25X1A

SUBJECT: Options Paper for the President on Organization and Management of the Foreign Intelligence Community

Transmitted herewith is the latest draft of the options and recommendations paper for the President concerning the organization and management of the foreign intelligence community. I understand that the text of the options paper has been reviewed by your working group representative.

The deadline for your comments and recommendations to the President with respect to the various policy options is Noon, Thursday, December 18. I appreciate the shortness of this deadline, but it is necessary in order to ensure that the President has the benefit of your views.

Thanks.

Attachment

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ORGANIZATION AND MANAGEMENT OF THE FOREIGN INTELLIGENCE COMMUNITY

EXECUTIVE SUMMARY

The primary objective of the foreign intelligence community is to provide quality intelligence on a timely basis to both policy-makers and operational officials. Any organization and management of the Community -- its collectors, processors, and producers -- must be shaped to accomplish this objective. To assure public confidence and support, organization and management must be structured to prevent potential abuses and to make maximum use of limited resources.

Demands from Congress for information on intelligence operations and substantive intelligence will force the Intelligence Community to operate in a more public arena. Diffusion of political and economic power, proliferation of nuclear and sophisticated conventional weapons, and growth in terrorism are creating broader demands for timely integrated analysis. Ever-increasing demands for high quality intelligence assessments, especially in crisis situations, will require increased use of advanced technological systems as well as the more traditional human intelligence sources. Any restructuring of the organization and management of the Community must respond to these challenges.

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Executive Branch safeguards are necessary to prevent potential abuses. Options include: (1) guidelines defining the scope of permissible intelligence activity and (2) mechanisms to improve Executive Branch oversight.

To improve quality and direction in the Intelligence Community, four major structural options -- three requiring legislative action -- are examined:

#1: Creation of a new expanded intelligence agency, headed by a Director of Intelligence, with resource and line control over the national programs -- the CIA Program (CIAP), Consolidated Cryptologic Program (CCP), and the National Reconnaissance Program (NRP). This option is based on the premise that national programs are best managed if centrally funded and controlled, and that gains from centralization outweigh disadvantages resulting from separation of collectors from their primary consumers.

#2: Creation of a Director-General for Intelligence (DGI) with resource control over the CIAP, CCP and NRP, but line control only over his immediate staff. This option is based on the premise that a central leader with resource control and without a vested interest in any one element of the Community is needed. Option #2A differs from Option #2 by giving the DCI line control over present CIA production elements.

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#3: Creation of a Director of Foreign Intelligence (DFI) with broad coordination powers but neither resource nor line control over any part of the Intelligence Community. This option is based on the premise that an intelligence leader, independent of any organization within the Community, would be best able to coordinate its activities, and that the Defense Department requires a major voice in resource and line control of intelligence assets. Option #3A differs from Option #3 by decentralizing intelligence production responsibilities through transfer of present CIA production elements to the relevant departments.

#4: Retention of current Community relationships with the addition of a second full Deputy to the DCI with management responsibility for the CIA and perhaps with expanded or restructured Executive Committees and production responsibilities. This option is based on the premise that major organizational changes may be undesirable, and that improved Community leadership structures are possible through administrative action.

The study also discusses moving the covert action capability out of CIA and placing it in a new, separate agency.

Finally the study also discusses certain possible management improvements.

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ORGANIZATION AND MANAGEMENT OF THE FOREIGN INTELLIGENCE COMMUNITY

I. INTRODUCTION

On November 14, 1975, the President initiated a study of the organization and management of the foreign intelligence community, including an examination of:

- -- the basic structure of the Community,
- -- key problems of organization and management,
- -- definition of requirements,
- -- systems design and selection,
- -- resource allocation,
- -- guidance mechanisms,
- -- consumer-producer relationships, and
- -- relevant recommendations of the Rockefeller and Murphy Commissions.

Based upon the results of these reviews, the study was directed to:

- -- evaluate the need for changes in the current organization of the foreign intelligence community,
- -- present options for a possible reorganization of the foreign intelligence community, and
- -- submit the recommendations of each addressee [the Secretaries of State, Treasury, and Defense, Attorney General, Directors of OMB and CIA, and Chairman of the Joint Chiefs of Staff] on the options presented.

The study group determined that its charge did not include counter-intelligence or assistance to law enforcement agencies, because these areas include components outside the foreign intelligence community, primarily the FBI.

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Exempt from general
declassification schedule of E.O. 11652
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II. CURRENT AND FUTURE TRENDS

The foreign intelligence community serves a wide variety of consumers, not only at the national level but also in the field. These include the members of the NSC -- the President, Vice President, and Secretaries of State and Defense -- the Secretary of Treasury, and, to a lesser extent, the Secretaries of Commerce and Agriculture and the other members of the economic policy community. Also included are Ambassadors, trade negotiators, and military command authorities -- all stationed outside of Washington. These consumers use intelligence to guide policy decisions in the military, diplomatic, political, and economic areas.

Analysts and producers of intelligence include parts of the CIA, the Defense Intelligence Agency (DIA), the State Department's Bureau of Intelligence and Research (INR), Treasury and elements in the armed services. Collectors of intelligence include the CIA, the National Security Agency (NSA) and military Service Cryptologic Agencies, the National Reconnaissance Office (NRO), members of the Foreign Service Officer corps, Treasury, Agriculture, Commerce and Defense attaches, and elements of the armed services intelligence staffs. The chart on the facing page displays relationships in the foreign intelligence community.

The Director of Central Intelligence (DCI) is currently charged by the President with leadership of the Intelligence Community. His four major responsibilities are:

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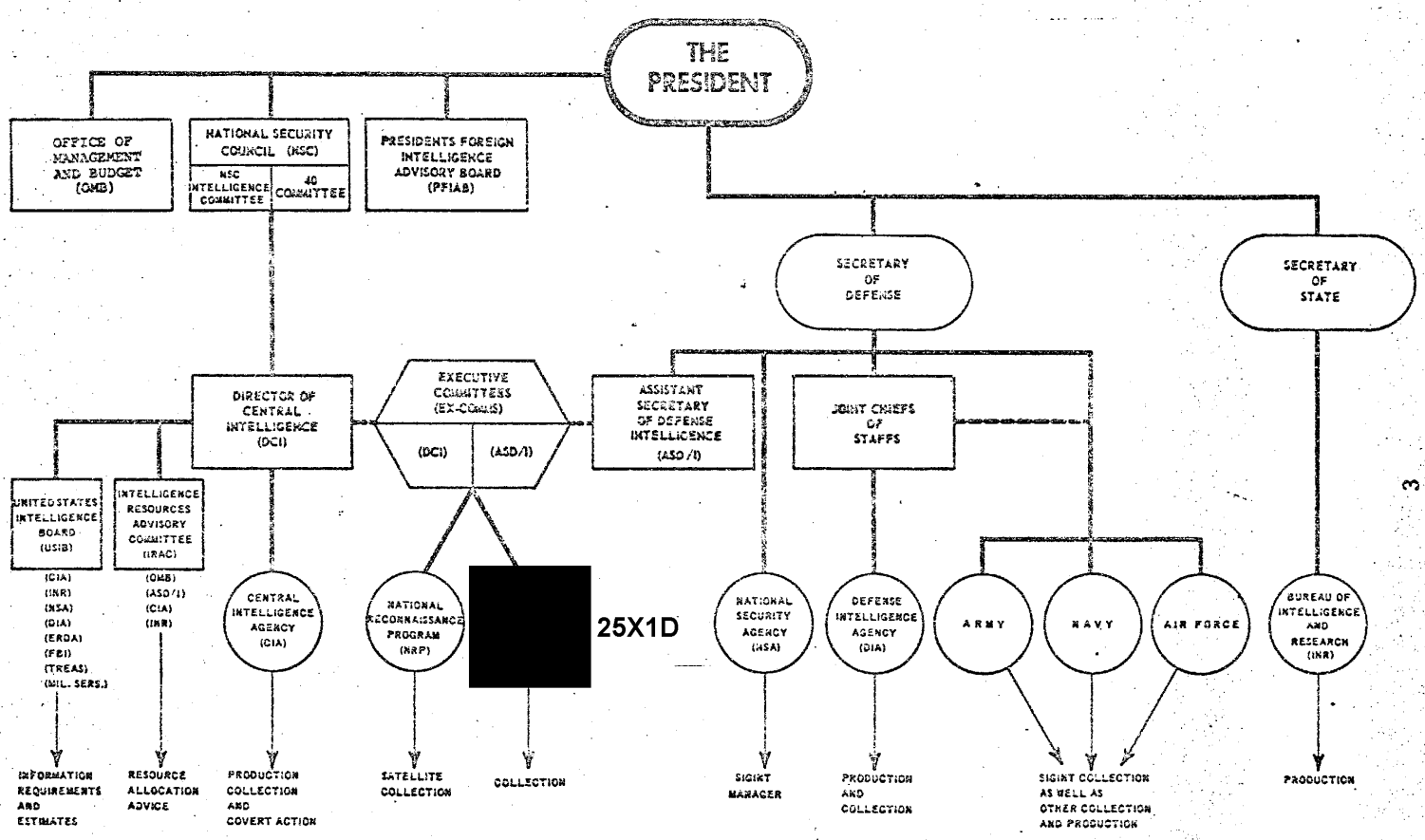
INTELLIGENCE COMMUNITY ORGANIZATIONAL STRUCTURE



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-- Planning and reviewing all intelligence activities and the allocation of all intelligence resources.

-- Producing national intelligence required by the President and other national consumers.

-- Chairing and staffing all Intelligence Community advisory boards or committees.

-- Reconciling intelligence requirements and priorities within budgetary constraints.

The DCI exercises both resource and line control over the CIA. The Defense Department exercises resource and line control over the Consolidated Cryptologic Program (CCP), the National Reconnaissance Program (NRP), and the General Defense Intelligence Program (GDIP). The DCI exercises the responsibilities outlined above through his line control over CIA production and collection components, through chairmanship of Community advisory committees on requirements, resources, and production, and through his authority to establish collection requirements and priorities. He is also chairman of an Executive Committee (ExCom) which sets budgetary and operating policy for the NRP. Finally, the DCI annually presents his recommendations on the total Intelligence Community program to the President.

Resources and personnel available to the Intelligence Community reached a peak during the Vietnam War and have declined in real terms since. An agency and functional picture of the 1976 intelligence budget request is shown on the facing page. CIA has about [redacted] of the total

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national intelligence resources with the bulk of its efforts concentrated in human intelligence collection, production, and various support functions. Almost all other intelligence resources are carried in the Defense budget, with [redacted] 25X1A 25X1A [redacted] dominating the picture.

National intelligence resources can be described in three different ways:

- By function, about [redacted] per cent are dedicated to collection and processing, about [redacted] per cent to analysis and production of intelligence and the balance to support. 25X1A 25X1A
- By target area, over [redacted] per cent of foreign intelligence assets are directed at the communist world, primarily the USSR; 25X1A
- By output category, about [redacted] per cent relate to the size and status of foreign military forces (including scientific and technical information), and the remaining [redacted] per cent cover political and economic subjects. 25X1A 25X1A

Future Trends

The USSR and Communist China will remain our major intelligence targets. There are, however, developing international trends and issues which will pose new challenges to the Intelligence Community over the coming years:

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- Largely because of the spread of new technology and the growth of global interdependence, more nations will acquire some measure of leverage in world affairs.
- The proliferation of nuclear and sophisticated conventional weapons, the organization of cartels such as OPEC, and the growing demand for raw materials will make coercive power increasingly available to foreign governments and non-governmental groups, including terrorist organizations.
- The gap between the have and have not nations will continue to widen. Issues such as mass starvation and overpopulation will grow in importance. The conflict between economic realities and social welfare aspirations will continue to create fertile fields for communist subversion, political turbulence, and growth of terrorist threats (perhaps involving nuclear weapons).
- [redacted] 25X6

In the coming years, additional challenges to the Intelligence Community will be posed by the acceleration of international events requiring the capability to assess and respond on a near real-time basis. New collection and data systems will produce large amounts of information requiring a need for improved communications between agencies, better management and information handling capabilities, more advanced analytical methodoligies, and new types of product presentation.

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A great variety of demands, issues and opportunities face the Community's leadership:

- Notwithstanding the increased sophistication of collection systems, there is a rising demand, particularly in crisis situations, not only for the kind of intelligence available from technical sensors, but also for intelligence which can normally be acquired only from human sources.
- The need for confident monitoring of Soviet compliance with SALT and other agreements and support of MBFR negotiations will require more detailed intelligence on Soviet and Eastern European military targets.
- Collection systems must be able to survive and be useable in wartime to satisfy combat needs.
- Congress will demand more substantive intelligence. Policies will have to be developed to determine what intelligence should be provided, how sensitive information is to be protected from public disclosure, and how to avoid inhibitions on the analytic independence of the Community.

Changes in the world at large, and in the means of perceiving and assessing their significance, have complicated the tasks and challenged the resourcefulness of the Community. These challenges do not argue

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for any particular organization of the Community; they illustrate the diversity and scope of the demands upon the Community and suggest the potential significance of the way in which the Community is structured.

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III. PROBLEMS IN INTELLIGENCE

The Intelligence Community has made many vital contributions to the national security of the United States. Throughout its history efforts have been made to improve Community performance. Inevitably, in any study of this type, the focus must be on problems, rather than achievements, in intelligence. Problems in intelligence can be viewed in the context of three major objectives for management and organization of the Intelligence Community:

- Create proper safeguards against future abuses;
- Provide customers with quality intelligence on a timely basis; and
- Ensure that intelligence activities are well-directed.

A. Proper Safeguards Against Future Abuses

The current public focus on the Intelligence Community evolved from a concern over alleged abuses: surveillance of Americans, domestic electronic intercepts, mail openings, and assassination plots. The Commission on CIA Activities within the United States (the Rockefeller Commission), the Murphy Commission and recent Congressional investigations all concluded that existing safeguards against abuses, including guidelines, have been inadequate. The Commissions made a number of recommendations aimed at (1) ensuring that top policy-makers were aware of possibly questionable activities, and (2) promoting deliberative consideration of such activities.

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Inadequate safeguards were found within the Intelligence Community, the Executive Office of the President, and Congress. Although many Community-wide directives have existed for assignment of responsibilities and other management purposes, directives on proper conduct have been rare. The DCI, the leader of the Community, has no clear authority to inspect activities except within the CIA. Particular problems within the CIA identified by the Rockefeller Commission include the limited role of the Inspector General and General Counsel, absence of written regulations on this subject, and over-compartmentation of some activities. Within the Executive Office, inadequate mechanisms exist to review the legality and propriety of intelligence activities. Responsibilities for propriety rest primarily with the head of each operating component. Within the Congress, oversight of the CIA and other components of the Intelligence Community was conducted until quite recently by a senior group of Senators and Congressmen. This small group of Congressmen reviewed Community activities and approved intelligence budgets.

The recurring theme in oversight and safeguards against potential abuse at all three levels is the inadequacy of review mechanisms and insufficiency of attention to propriety. Because attention was not focused on this responsibility, certain activities were conducted without the top level attention they merited.

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B. Quality Intelligence on a Timely Basis

Production of quality intelligence on a timely basis extends deeply into the management of the whole intelligence effort. It includes the process by which resources are allocated to collectors, processors and producers; the quality and organizational placement of collection and production functions; the nature of the research and development efforts; and even the development of programs which provide necessary support for intelligence activities. While the leadership will continue to be challenged by the need to provide efficient management of Community resources, major attention must be devoted to intelligence production.

The Intelligence Community has been criticized for failing to predict major events and crisis situations such as the 1973 Middle East War. Over the years, however, the Community has dealt successfully with many different crises such as the 1967 Middle East War. Success or failure in forecasting events rests on the perceptiveness of the estimative judgments of the Community as well as the sufficiency of timely, relevant and accurate intelligence from which judgments of intent could be derived.

The Community's performance with respect to longer term estimates has also been mixed. The production of such estimates is complicated by (a) the paucity of hard evidence and (b) the fact that judgmental accuracy hinges on future decisions or actions of foreign governments, or on U.S. decisions or actions to which the estimators are not privy. Accuracy

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apart, the utility of estimates is also complicated by problems of dialogue and feedback between intelligence consumers and intelligence producers. While senior policy officers have often felt that intelligence assessments are not sharply focused on their real needs and concerns, these policy officials often do not clearly articulate their needs. The estimates production process, however, does compel an orderly review of all new intelligence and analysis and forces old assumptions to be retested and discarded or revalidated.

Estimates of concrete, factual subjects -- e.g., military capabilities -- are generally well regarded and thought to be useful. In those addressing political and economic subjects, the judgment quotient is much higher. They elicit a more mixed reception and represent areas in which State and Treasury rely heavily on their own analytical resources.

A number of problem areas in provision of quality intelligence have been identified:

Consumer relations with the Intelligence Community. While intelligence produced for policy-makers in recent years has improved in quality and timeliness, certain problem areas remain that impact adversely on the intelligence product and on the efficiency of the intelligence process. There is inadequate guidance and feedback from senior policy officials, compounded by a traditional reluctance to make certain sensitive policy or operational information available to intelligence officials. When intelligence

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personnel are in close contact with policy and operational activities, their appreciation of the priority issues is vastly improved. [redacted] 25X6

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The NSC Intelligence Committee (NSCIC) has been criticized for not performing the product review and consumer guidance functions for which it was organized. However, the NSCIC working group now meets regularly, has provided some guidance on requirements, and has initiated a consumer survey.

Consumers are often inadequately informed as to the resource implications of their requirements. Although they need not be intimately involved or knowledgeable concerning the details of the intelligence resource allocation process, they should be informed when the cost of their intelligence requirements has significant cost or trade-off implications.

Crisis management. The consumer relationship becomes especially crucial during crises. It is essential that intelligence analysis in critical circumstances proceed from an understanding of operational policy decisions so that the likely reactions of the other side can be assessed. The White House, State, Defense and the DCI all have major roles to play in improving procedures to develop better intraagency, interagency and White House ties.

In times of crisis, each Agency organizes itself to maximize support for its chief who participates in crisis management decision-making through

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the NSC's Washington Special Action Group or less formal arrangements. These generally work well; but, there is little overall coordination of agency activities. They often result in a large volume of unevaluated information at the top. Timeliness of intelligence reporting has taken precedence over careful analysis and interagency coordination. The future challenge is to ensure adequate analysis and timely reporting and to provide for more interagency dialogue.

National intelligence support to field commanders. National collection systems can provide information to military commanders at the level of detail needed for planning and conducting military operations, but their utility as wartime assets remains to be tested. Military intelligence is an essential element of the combat commander's force. National collection assets offer promise of contributing significantly to the commander's intelligence needs. If the national assets cannot meet requirements for timeliness, accuracy, availability, dependability and survivability in a combat environment, however, combat commanders will remain understandably reluctant to become overly dependent on national collection systems. An effort is currently under way to provide processed information directly to military commanders at the theater level and below.

Secrecy and compartmentation. Access to some intelligence information at both the policy and operational levels requires special clearances, which are considered necessary to protect sources and methods of

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intelligence and other sensitive information from unauthorized disclosure. A classification system established by an Executive Order, reinforced by unusual employment termination authorities over employees of CIA and NSA, and a series of less than airtight criminal statutes are used with varying degrees of effectiveness to protect intelligence. For many years, it has been recognized that these procedures and sanctions are inadequate to accomplish their task and to allow the DCI to fulfill his statutory responsibility to protect sources and methods.

In part because of the inadequacy of classification and statutory sanctions, a number of special control systems for particular types of intelligence information have been developed. Compartmentation, properly applied, permits a broader dissemination of less sensitive material while protecting the most sensitive. However, procedures to remove classified information from control systems are usually elaborate and time consuming. A continuing problem is the difficulty of ensuring that consumers have access to the kinds of intelligence products they require. Separate control systems also inhibit useful intelligence analysis and production. Compartmentation procedures in some organizations artificially divide the intelligence data base and make it difficult -- in some cases impossible -- to store and integrate information collected at great costs. Much has been done to sanitize and decontrol intelligence to make it more widely available. More remains to be done. In undertaking such changes, sensitive material must be protected.

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C. Well-Directed Intelligence Activities

Consideration of the third objective -- ensuring well-directed intelligence activities -- starts with the National Security Act of 1947 which gave CIA the responsibility to advise and make recommendations to the NSC and to correlate and evaluate intelligence relating to the national security. Existing Presidential directives state that the DCI "shall assume leadership of the Community in planning, reviewing, coordinating, and evaluating all intelligence programs and activities, and in the production of national intelligence." Today, the DCI has resource and line control authority over only one part of the Intelligence Community -- the CIA. His Community responsibility to set requirements and priorities for collection is established in NSC directives and is exercised through a variety of committees and ad hoc arrangements. The DCI must coordinate all national intelligence resources to assure that military, economic and political concerns receive appropriate emphasis. The Secretary of Defense must ensure that his military intelligence organization, as an integral part of the national intelligence community, provides information to all echelons of command. The increasing capability of national collection assets to provide intelligence to field activities calls for closer interagency cooperation in a number of areas:

Peacetime/wartime transition. In peacetime, centrally-managed technical collection systems such as the National Reconnaissance Program

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and the Consolidated Cryptologic Program are controlled by a variety of mechanisms in which the DCI's influence varies. In wartime, Defense intelligence requirements are paramount.

For transition to wartime, the Joint Chiefs of Staff and the DCI have concluded formal understandings governing military/CIA command relationships at the theater level in war and contingency situations. There is, however, no peace/war transition agreement at the national level. Closely related is the question of whether existing arrangements provide for an effective transition to crisis and hot war conditions. Formal agreements concerning DCI and CIA support to Defense in time of war could enhance collaboration between the two organizations in time of peace.

Control over Community resources. The DCI has direct resource control over the CIA, less direct control but substantial influence over the National Reconnaissance Program, and influence through the requirements process and the recommended program budget over the General Defense Intelligence Program and Consolidated Cryptologic Program.

Budget development and execution occurs primarily within the departments. However, the National Reconnaissance Program budget developed by an Executive Committee (ExCom) made up of the DCI and the Assistant Secretary of Defense for Intelligence.

Although the budget is handled primarily within the departments, the DCI submits each year a set of program recommendations to the President

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for his consideration in preparing next year's budget. In this document the DCI discusses important aspects of the U.S. Foreign Intelligence Program, presents his position on budget issues, and displays a recommended level of Community resources for the coming year. Because it is superimposed on the normal budgetary process, there have been problems of timing associated with this submission. It must be formulated after the preliminary budgets are formed and the issues defined and debated, but before the President's budget is assembled.

The DCI also uses two interagency advisory review mechanisms:

- The United States Intelligence Board (USIB). The USIB was established to advise the DCI and identify information needs and requirements. When the information requirements can be readily translated into resource requirements, they influence resource levels.
- Intelligence Resources Advisory Committee (IRAC). The IRAC was established to advise the DCI on the preparation of the intelligence budget and the allocation of resouces among programs. It has as members the DCI and senior representatives from State, Defense, the CIA and OMB.

There is no single central controller of intelligence resources. Trade-offs among collection, processing and production functions seldom are made, in part because of the diverse budget review process. It is

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difficult to relate resource inputs to product outputs. While there is a tie between processed intelligence input and finished analytical output, the relationship of product to processing and collection activities except in isolated circumstances is difficult to quantify. Further, decisions tend to be made in terms of particular sensor collection capabilities to the exclusion of consideration on an across-the-board basis among available resource options.

Clandestine collection and covert actions. CIA, and to a limited extent the military services, conduct clandestine collection abroad. The importance of such collection remains high in learning about the secret activities, plans and intentions of foreign states.

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Cover is essential to CIA's clandestine collection. Few foreign governments could tolerate an openly identified CIA contingent. As the

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Clandestine collection by its nature is often extremely sensitive politically. Because of the importance of secrecy in these matters, coordination of sensitive clandestine collection has tended to be worked

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[redacted]

Covert actions, including political and psychological projects and paramilitary warfare, have been carried out by the CIA almost since its inception. Proposals for moving covert action out of the CIA have been made many times but have always been rejected.

Review, coordination, and approval of covert operations is the responsibility of an NSC subgroup, the 40 Committee. The Murphy Commission and congressional observers have criticized this committee for inadequate deliberation and staff support and for failure to represent a broad enough diversity of policy-makers. At times in the past, 40 Committee meetings have not been held; decisions were made by telephone or written correspondence. Inadequate time for staff consideration has been a criticism both within the government and outside. Although the 40 Committee charter calls for annual reviews of ongoing programs, this direction has not always been followed. The Attorney General has served on the 40 Committee in the past, but served more as a trusted Presidential aide than as the government's chief legal adviser.

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D. A Need for Change?

Since 1947, major changes have occurred in the size and scope of the responsibilities and activities of the Intelligence Community. Over this period the DCI's Community leadership has remained basically constant; however, the intelligence leadership structure within Defense has become increasingly centralized. A wide assortment of committee arrangements has been developed to advise the DCI, who has coordinating authority, and managers within the Community, who have resource and line authority.

In the oversight area, new arrangements seem required. Although the publicity of the last year was probably the most effective safeguard possible against potential impropriety, the preferred prescription for the future is not continued exposure, but rather sound oversight within the Community, at the Executive Office level and in Congress.

With respect to the management and control of Intelligence Community resources, the 1971 Presidential Directive gave the DCI a resource review responsibility for the entire Intelligence Community but no statutory or fiscal authority to enforce such a responsibility. Arguments for centralization based upon the growing resource management task stress the DCI's lack of real authority and the Intelligence Community's increasing reliance on expensive collection systems which require central management to serve the full range of potential consumers. Counter-arguments stressing the need for greater, or at least unimpaired, departmental authority point to

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the substantial influence that the DCI has exercised under present directives and arrangements. They also contend that major technological collection programs, such as the National Reconnaissance Program and Consolidated Cryptologic Program have worked well, are responsive to national requirements, and represent a form of Community management that while decentralized makes effective use of scarce resources and expertise.

Proponents of major organizational change believe that new institutional arrangements at the top of the Community are necessary for effective consideration and solution of many complex problems. Opponents, on the other hand, believe major organizational change is not required and would be disruptive, reduce morale and actually decrease efficiency, at least in the short run.

As a final point, it is generally agreed that the House and Senate Select Committees will make proposals for reorganization and that the President would be well advised to set forth his own proposals which could be useful as guides for Congress in its deliberations. On the other hand, while such proposals will be advanced, there is no certainty that Congress will act.

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IV. ACTIONS TO PREVENT ABUSES

Recent events have demonstrated the need for improvement in existing control procedures over the Intelligence Community within the Executive Branch and in Congress. Changes in both organization and procedures to provide additional control are examined below.

A. Guidelines for Propriety and Restrictions

A code of standards for the conduct of intelligence activities is needed. A draft Executive Order has been prepared for intelligence agencies (excluding the FBI) which sets restrictive guidelines for domestic activities (e.g., mail opening, infiltration of dissident groups, illegal electronic surveillance, inspection of tax returns, collection of information on U.S. citizens and drug testing) and which limits activities which can be taken to protect intelligence sources and methods. Approval and dissemination of an Executive Order is a necessary first step toward providing the guidelines within which the Intelligence Community must operate.

B. Oversight

A number of legislative proposals have already been introduced to enhance the congressional oversight role. Two distinct possibilities are emerging:

- Establishment of a joint oversight committee with responsibility to review all intelligence activities; and
- Establishment of a wider General Accounting Office role in review of intelligence.

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Against this backdrop, three tiers of potential options exist within the Executive Branch:

1. Executive Branch oversight -- within the Intelligence Community. The DCI currently utilizes an Inspector General (IG) to review only CIA activities. Each agency is responsible for carrying out an inspection function of its own activities. Special clearances and sensitive aspects of intelligence functions have inhibited deep scrutiny in the past. Two options can be considered:

- Strengthen the inspection function in each agency;
- Establish a Community IG under the DCI.

Establishment of a Community IG should reflect the planned future role of the DCI. Conflicts may arise between a Community IG and the intelligence agencies regarding access and degree of authority. Also relevant is the decision on the need for a Counsel to the President, as addressed in the following section. The arguments for either a Community IG or oversight at the Presidential level are fairly clear, but the functions of the two would overlap. Some would question the need for both.

2. Executive Branch oversight -- outside the Intelligence Community. A decision in this area should address the following:

- Usefulness to the President of an independent oversight official;
- Ability of this official to gather useful information; and
- Public perception of the change -- substantive or cosmetic.

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Three options have been identified:

- The Attorney General, who would advise the President through use of a staff established within Justice to monitor intelligence activities; or
- A Special Counsel to the President, together with an appropriate staff, who would be responsible for advising the President on the legality and propriety of intelligence activities; or
- A government-wide Inspector General, who would also respond for the President to improprieties in Federal activities beyond the Intelligence Community. His appointment would demonstrate a willingness to address other Executive Branch improprieties.

3. Executive Branch oversight -- by outside Government personnel. Another approach to oversight involves the use of a non-government group to advise the President. Two options are identified:

- Adding an oversight responsibility to the President's Foreign Intelligence Advisory Board (PFIAB); or
- Establishing a new oversight group.

The Rockefeller and Murphy Commissions both strongly endorsed the concept of expanding the PFIAB charter. The key question to be resolved here is the extent to which an advisory group (even with a permanent and expanded staff), meeting on an occasional basis, could effectively oversee ongoing intelligence

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operations. Expansion of the PFIAB charter should probably be coupled with appointment of a more diversified membership. Determination of whether to use the PFIAB or to establish a new group depends heavily on consideration of the extent to which the PFIAB's primary role in the past -- encouragement of the Intelligence Community to do the best job possible -- would be diluted by, and perhaps even conflict with, this new responsibility.

C. Intelligence Policy Coordination

A number of intelligence activities impact on policies -- domestic, diplomatic and military -- outside the Community. The NSC has the statutory duty of integrating domestic, foreign and military policies. This duty is currently carried out through NSC directives and NSC committees. Coordination of intelligence activities, in large part due to their highly sensitive nature, remains a difficult problem. Ad hoc arrangements have, with varying effectiveness, been used to integrate policy in intelligence-related areas such as surveillance of Americans, official cover for clandestine operations and communication intercepts.

The organizational focus within the Executive Office should address:

- The ability to coordinate the efforts of foreign intelligence, counterintelligence, and domestic intelligence on specific projects; and
- The public and Congressional perception of Executive Office control over intelligence activities.

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Three options have been identified:

- Expanded Use of the NSC Structure. The NSC structure could be better used to integrate policies involving domestic and foreign intelligence. NSC Committees could be augmented to include Justice and Treasury. Other departments could be brought in as the subject demands. Either a new committee could be established, or the functions assigned to the NSC Intelligence Committee could be expanded.
- Intelligence Adviser to the President. One person located in the Executive Office could be assigned responsibility for integrating those interagency policies affecting foreign and domestic intelligence activities. A special adviser would have some authority and high public visibility. Ad hoc committees could work with the intelligence adviser and his staff on designated problems; oversight responsibility could also be assumed. Conflicts with the NSC could occur, however, because the special adviser's responsibilities would overlap those of the NSC.
- Improved DCI/Agency Coordination. Foreign and domestic policy considerations involving foreign intelligence efforts could be handled through existing informal mechanisms directly between the DCI and involved agency heads without White House participation. This would require re-examination of the current role of the DCI.

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D. The 40 Committee

The NSC's 40 Committee provides policy approval for covert actions. The group is chaired by the Assistant to the President for National Security Affairs and includes the DCI, State, Defense and the Joint Chiefs of Staff. The Attorney General is formally a member but has not been an active participant in recent years.

While formal review procedures have been established, there is a general perception by Congress and independent commissions that there has been an inadequate substantive review of proposed actions. Improved review might be achieved by:

- Reinstituting formal committee meetings on all significant covert and sensitive requests;
- Redesignating the Attorney General as a committee member with additional representation from other departments as the subject demands (with attention paid to possible conflict of roles for the Attorney General if he is designated as the President's intelligence inspector); and
- Adding staff to provide non-departmental substantive analytic input on the need, risk and potential benefits of each operation.

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V. INTELLIGENCE COMMUNITY ORGANIZATION OPTIONS

In the context of addressing the problems discussed in Section III, the study group examined a wide variety of Community leadership alternatives, ranging from total centralization of all intelligence resources and programs to elimination of any central intelligence coordinator. Four organizational options were analyzed in depth. These options are intended to present a range of choices and need not be adopted in their entirety. Key elements of these options are:

- Identification of the overall leader of the Intelligence Community and definition of his place within the hierarchy of the Executive Branch and the Intelligence Community;
- Specification of operational responsibilities;
- Specification of analytic and production responsibilities;
- Specification of resource responsibilities; and
- Definition of the jurisdictions and organizational inter-relationships of the major components of the Intelligence Community.

All options would accommodate an intelligence leader who could either continue in his traditional role as adviser to the NSC or himself become a member of the NSC. Full NSC membership, by increasing the intelligence leader's stature, would strengthen his role within the Community. Conferral of Cabinet rank or statutory direct access to the President could serve the same purpose. Retention of the adviser role has the advantage of keeping

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intelligence separated from policy and precludes over-identification of the Government's chief intelligence officer with specific policy choices.

Of the four options considered, legislation would be required to implement the first three. The fourth could be accomplished through administrative action.

Certain elements are common to all options. First, all options would accommodate an Inspector General under the direction of the Community leader to ensure legality and propriety in the conduct of intelligence activities. The more control the leader of the Community had, the more authority and access his Inspector General would have.

Second, all options envisage the head of the Intelligence Community as Community spokesman in relations with Congress including the presentation of an overall intelligence budget and provision of substantive intelligence. The extent to which the DCI would speak for the Community is greater under options envisaging increased centralization than in those stressing departmental roles.

Third, all options envisage continuance of departmental intelligence production to support departmental missions and to contribute to national intelligence production.

Finally, all options would relieve the DCI of responsibility for day-to-day management of CIA and for reviewing tactical intelligence resources.

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SUMMARY OF
INTELLIGENCE COMMUNITY LEADERSHIP OPTIONS

SUMMARY	OPTION #1 CENTRALIZED NATIONAL INTELLIGENCE PROGRAM	OPTION #2 CENTRALIZED RESOURCE CONTROL	OPTION #3 DEPARTMENTAL EMPHASIS	OPTION #4 MODIFIED CURRENT ARRANGEMENTS
Leadership of Community	Director of Intelligence (DI)	Director General for Intelligence (DGI)	Director, Foreign Intelligence (DFI)	Director, Central Intelligence (DCI)
Operational Responsibilities	DI line authority over CIAP, CCP, NRP	DGI no line authority	DFI no line authority	DCI delegates CIA line authority to a 2nd Deputy
Resource Responsibilities	DI controls CCP, NRP, CIAP resources	DGI controls CCP, NRP, CIAP resources	DFI review only; Chairman, NRP ExCom	DCI controls CIAP; Chairman NRP & SIGINT ExComs; Reviews other resources
Collection Responsibilities	DI controls all CIAP, CCP, NRP elements	DGI establishes requirements & priorities	DFI establishes requirements & priorities	DCI establishes requirements & priorities
Production Responsibilities	DI produces all national intelligence	DGI produces national estimates; tasks other production elements OPTION #2A: Provides DGI line control over present CIA production	DFI produces national estimates; tasks other production elements OPTION #3A: Transfers CIA production components to departments	DCI produces national estimates; controls CIA production
Committee Structure	Most existing committees can be eliminated	Retain existing or similar committees; Eliminate IRAC	Retain existing or similar committees	Retain existing committees; Add SIGINT ExCom
Legislation Required	Yes	Yes	Yes	No

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OPTION #1

CENTRALIZED NATIONAL INTELLIGENCE PROGRAM

RATIONALE

This option is based on the premise that the present intelligence system suffers from a division of responsibility and control of resources and operations, and that the best approach to the problem is to centralize every element that reasonably can be centralized -- the CIA Program (CIAP), the Consolidated Cryptologic Program (CCP), and the National Reconnaissance Program (NRP). This option assumes that the gains in centralizing intelligence resources outweigh any disadvantages resulting from transferring some collection agencies from their primary customers. This new agency would serve the Government's intelligence needs much as the Justice Department serves its legal needs.

SUMMARY DESCRIPTION

The major and most costly national intelligence activities, CIAP, NRP and CCP, would be combined into a single agency, headed by a Director of Intelligence. Departmental analysis and production centers would be retained, permitting the presentation of contrasting points of view in national intelligence production.

While this option creates the maximum centralization of intelligence of all the options presented, it does not encompass all intelligence. Thus, departmental intelligence components would remain basically unchanged.

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PRIMARY CHANGES AND EFFECTS

Leadership of Community

The Director of Intelligence would have line authority over national foreign intelligence activities, including the CCP, NRP and CIAP. This provides the maximum leadership authority of all the options.

Operational Responsibilities

The Director of Intelligence would be fully responsible for operational and other aspects of national intelligence, including the CIAP, the CCP and the NRP.

Resource Responsibilities

The new agency would include the budgets of the CCP, NRP and CIAP, which the Director of Intelligence would review and approve. The Director of Intelligence would develop and submit the overall intelligence budget to the President and Congress.

Collection Responsibilities

All collection elements included within the CIAP, the CCP and the NRP would be contained in the new agency. Their organization would be left to the Director of Intelligence.

Production Responsibilities

Production of national intelligence (national current intelligence production, national estimates, maintenance of national intelligence data, and specialized intelligence research) would be centralized in the new agency,

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but other departments would continue to produce departmental intelligence. ~~The nucleus for the production component would be centralized in the new agency but other departments would continue to produce departmental intelligence.~~ The nucleus for the production component would be the production elements of what is now the CIA, possibly with augmentation from analytical elements of other departments.

Committee Structure

The Director of Intelligence would have authority to settle disputes without recourse to the present committee structure; however, some form of committee structure would be required for interaction with other departments.

Effect on Intelligence Product

Centralization of control over national programs under the authority of one individual could result in improvements in overall product quality as collection, processing, and production resources are focused on highest priority problems. However, diversity and competition of views will be submerged to the extent that production is centralized at the expense of the departments.

Effect on Intelligence Management

Combining resource and management control in one agency could result in the most effective and efficient intelligence management system of all options by eliminating conflicts between responsibility and control.

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A short-coming is the possibility of decreased responsiveness to the requirements of Defense which currently generates the preponderance of intelligence requirements. At the outset, realignment and reorganization would be unsettling and would adversely affect efficiency.

The proposal to establish a new intelligence agency would encounter congressional and departmental opposition.

Finally, establishment of such an agency would focus attention on the intelligence budget and might increase demands for more open consideration of it.

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OPTION #2

CENTRALIZED RESOURCE CONTROL

RATIONALE

This option is based on the premise that there is a need for a stronger Community leader, but that Defense, with its military requirements, must retain a strong voice in the management of certain intelligence assets now under its direct control. This option strengthens the leader by giving him resource control over the national intelligence programs -- the CIAP, NRP and CCP -- while leaving Defense's operational control over the NRP and CCP intact. The leader is separated by statute from the CIA, reducing the conflict between his present roles as head of the Intelligence Community and head of the CIA. These changes are intended to strengthen the leader of the Community and relieve him of vested interest in any one segment of the Community.

SUMMARY DESCRIPTION

The DCI would be separated from CIA and renamed the Director General for Intelligence (DGI). He would have no operational responsibilities but would continue to be the President's chief intelligence adviser. He would have control over the national intelligence budget which includes the CIAP, CCP and NRP. Defense would continue to manage the NRP and CCP; and a newly created Director of CIA would manage the CIAP. The Director of CIA would report to the NSC through the DGI. The Director of CIA would be responsible

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for day-to-day management of CIA and for management of national intelligence production, drawing on other agencies, as now.

A variant of this option discussed as Option #2A below would give the DGI direct management responsibility for intelligence analysis and production.

PRIMARY CHANGES AND EFFECTS

Leadership of Community

The DGI would be charged with overall policy direction for the Intelligence Community, without direct line management over any of its operational elements. His leadership authority would rely on resource control and independence from agency ties.

Operational Responsibilities

The DGI would have a staff similar to the present DCI Staff, i.e., the National Intelligence Officers (NIO's) and the Intelligence Community Staff (IC Staff), but no operational responsibilities. Operational control of the NRP, CCP and GDIP would be retained in Defense. Operational control of the CIAP would be vested in a Director of CIA.

Resource Responsibilities

The DGI would control budgets for the three major national intelligence programs. Funds for these programs would be appropriated to the DGI for reallocation to program managers. The DGI would develop and submit the overall intelligence budget to the President and Congress.

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Collection Responsibilities

The DGI would provide guidance concerning information requirements, review the adequacy of collection requirements developed by the Community, and make recommendations for necessary improvements. He would use his control over the budgetary process to insure adherence to his policy guidance.

Production Responsibilities

The DGI would be directly responsible through his NIO Staff for the production of national intelligence estimates. He would be responsible for providing guidance to the Intelligence Community on needs and priorities and for arranging for the provision of intelligence support to the President, the NSC and Congress.

Committee Structure

The DGI would require USIB, IRAC, ExComs or similar bodies to insure effective coordination and integration of resource and operational matters. This option presents an opportunity to streamline the committee structure.

Effect on Intelligence Product

By giving the DGI basic authority over the resource allocation process, he should be able to focus collection systems on high priority production requirements and to evaluate the performance of both collectors and producers in meeting consumer needs. DGI control over resource decisions concerning the CCP and NRP might provide insufficient assurance of adequate resources

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to meet the needs of military customers. Defense operational control over the CCP and NRP would be an offsetting factor.

Over the longer term, development of a resource review process in which fundamental trade-offs can be considered, and costs and benefits can be evaluated, could have a positive effect upon overall product quality.

Effect on Intelligence Management

The changes proposed would give one individual, the DGI, effective authority to establish a comprehensive and integrated resource review process for the three major national intelligence programs. This arrangement allows the DGI to establish priorities and effect trade-offs in developing an optimal intelligence program. By leaving operational control over the CCP in Defense, and by maintaining existing NRP arrangements, Defense would continue to exercise significant control over these programs in order to satisfy essential military requirements.

A potential problem with such an arrangement, most particularly in the case of the CCP, is whether a program manager could efficiently carry out his responsibilities while reporting to Defense on operational matters and to the DGI on resource matters. This could also create problems in ensuring that Defense planning was adequately related to resource decisions made by an independent DGI. However, analogous procedures, including the NRP ExCom, exist elsewhere in government.

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OPTION #2A

This option is identical in all respects to Option #2 except that, under this variant, in order to concentrate his efforts on improving the national intelligence product, the DGI would retain full responsibility for line management of present CIA production components.

The principal advantage of this variant is that it would give the DGI line control over production resources to carry out the substantive responsibilities given to him under the option. Also, it would disassociate present CIA production elements from operational components of CIA. The principal disadvantage of this variant is that it gives the DGI line management responsibility for a sizeable [redacted] production program, thereby reducing his ability to carry out an impartial resource management role as established under the basic option. 25X1A

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OPTION #3

DEPARTMENTAL EMPHASIS

RATIONALE

This option is based on the concept that the necessary independence of the DCI within the Intelligence Community is compromised by his ties to the CIA, and that the responsibilities of the Department of Defense require a major voice for the Secretary of Defense in the development and management of intelligence assets. This option attempts to increase the DCI's stature as an independent leader of the Community by divesting him of his management responsibilities over the CIA, while retaining his role in major resource decisions. Resource control would reside in the departments and agencies.

SUMMARY DESCRIPTION

Under this option, the present DCI would be renamed the Director, Foreign Intelligence (DFI); and the DFI would be organizationally separated from the CIA. The DFI would take the NIO structure and IC Staff from the DCI organization. The CIA would be rechartered under a Director of CIA reporting to the NSC through the DFI. Most present CIA SIGINT functions would be consolidated in the CCP in Defense. The DFI would have the primary responsibility of providing substantive intelligence support to the President and the NSC. The DFI would have a role in Community resource decisions concerning major national intelligence systems through his

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authority to establish requirements and priorities and through his chairmanship of the IRAC and the NRP. The DFI would provide independent assessments regarding national intelligence on both substantive and resource matters, and he would task elements of the Community to aid him.

Under a variant, Option #3A discussed below, CIA production elements would be transferred to other departments; and the DFI would be cast in the role of "coordinator" of departmental intelligence.

PRIMARY CHANGES AND EFFECTS

Leadership of Community

The DFI would be charged with overall policy direction for the Intelligence Community, without direct line management or resource control over any of its operational elements. His authority would be vested in him through appointment by the President as an independent leader.

Operational Responsibilities

The DFI would have a staff similar to the present DCI Staff, i.e., NIO's and the IC Staff, but no operational responsibilities. Control of the NRP, CCP and General Defense Intelligence Programs would be continued under the Secretary of Defense. ExCom arrangements for the NRP would remain essentially unchanged. NSA would remain under Defense (the Secretary of Defense is the Government's executive agent for SIGINT) with

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SIGINT activities now conducted by CIA, except those in direct support of agent operations, included in the CCP. Operational control of the CIAP would be vested in a Director of CIA.

Resource Responsibilities

Development of program budgets would remain as a departmental or agency responsibility. The DFI, in an advisory role, would provide the President with an independent review of the entire intelligence budget as at present. Funds for the CIAP, CCP and NRP would be appropriated to operating departments and agencies for reallocation to program managers.

Collection Responsibilities

The DFI would establish requirements and priorities and provide recommendations regarding the national intelligence program, but would lack resource control. The Director of CIA would supervise all clandestine HUMINT collection activities, except those organic to combat units or in direct support of military activities. Defense would control all SIGINT collection activities except those in close support of CIA agent operations.

Production Responsibilities

The DFI would have no production organization, but would be responsible for providing guidance to the Intelligence Community on intelligence needs and priorities, arranging for intelligence support to the President, the NSC and Congress, and for reviewing and evaluating the resulting national intelligence products. The DFI, through his NIO's, would coordinate and

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arrange with departmental elements for the production of National Intelligence Estimates. The DFI would coordinate the integration of the intelligence production activities.

Committee Structure

The present committee structure, or some similar structure, with the DFI chairing appropriate committees, would be needed.

Effects on Intelligence Product

Emphasizing departmental responsibility for production could lead to improved responsiveness to departmental heads. An inherent danger could be the dimunition of an independent capability to produce and critique intelligence assessments.

Effect on Intelligence Management

This approach effectively removes the present conflicts between the DCI's roles as Community leader and as head of CIA, but it leaves him with neither budget nor operational authority to shape the programs of the Intelligence Community. However, through presentation of annual budget recommendations to the President and his chairmanship of USIB, the IRAC and ExCom or similar committees, the DFI would still have a role in Community resource decisions concerning major national intelligence systems.

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OPTION #3A

This option is identical in all respects to Option #3 except that, under this variant, present CIA production responsibilities and resources for intelligence analysis would be transferred to the relevant departments. The underlying assumption is that policy-makers would be better served by departmental producers than by a central agency.

The principal advantage of this option is that it would place primary stress on the value of strong participation in the production process by the relevant departments, thereby better linking producers and consumers of intelligence. The principal disadvantage is that it would eliminate an independent analytical entity separate from policy-makers and thus independent of their operational or policy biases. There is also a question as to whether a DFI with only production coordination responsibilities could usefully serve as the senior intelligence adviser. This coordinator role was contemplated for the DCI with passage of the 1947 Act, but early Agency experience strongly suggests that the coordinator can only function effectively if he has direct access to a production capability which gives him an independent basis for judgment.

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OPTION #4

MODIFIED CURRENT ARRANGEMENTS

RATIONALE

Each of the three prior options would require basic changes in the National Security Act of 1947. It is uncertain that such changes can be accomplished without a major controversy within the Executive Branch and without major legislative changes. A series of proposals which can largely be accomplished within existing legislation, or with only minor changes in existing statutes, may have appeal. The three options discussed above, and the variants to them, all solve certain perceived problems but may create others. Finally, it can be argued that Congressional legislative proposals are most likely to focus on the question of control of past abuses and only secondarily on major, largely unrelated, management and organizational changes. Much of what may be needed to reduce the potential for future abuses can be accomplished without considering major organizational change.

SUMMARY DESCRIPTION

Changes addressed in this option involve the establishment of a second full Deputy for the DCI. This would allow the use of one Deputy for line management of the CIA and a second Deputy to carry out the present Intelligence Community responsibilities assigned under the President's November 1971 letter. Changes could also be made to the existing committee

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structures regarding resources and to delegations of responsibility for production without changing the basic organization of the Community.

PRIMARY CHANGES AND EFFECTS

Leadership of the Community

Present arrangements for policy direction of the NRP, including the Executive Committee (ExCom) chaired by the DCI with Defense participation, have helped assure that these programs meet the needs of all major producers. The CCP and the CIA collection program, however, serve national as well as departmental interests. With increased dependence on technical collection, a similar ExCom arrangement could be established for the CCP to ensure that views of other producers are taken fully into account in tasking and processing. Consideration could also be given to an ExCom review of CIA collection programs. Since principals will remain essentially the same for consideration of NRP and CCP matters, consideration might also be given to consolidating the two review functions within one ExCom, perhaps with an expanded membership to reflect consumer, as well as producer interests.

Operational Responsibilities

The DCI would continue to be legally responsible for the operation of CIA. However, a second Deputy with responsibility for CIA management would absorb substantial responsibilities in this area.

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Resource Responsibilities

No basic change from present practice would occur, except that establishment of an ExCom chaired by the DCI and charged with the responsibility of policy overview and resource review of the CCP and CIA SIGINT activities could enhance the DCI's ability to influence the overall direction of these major programs.

Collection Responsibilities

No change would occur.

Production Responsibilities

No change would occur.

Committee Structure

Adjustments in the responsibilities of committees might be necessary in recognition of an enlarged ExCom.

Effect on Intelligence Product

This option would largely continue present arrangements. The DCI would retain unimpaired his Community-wide responsibility for production of national estimates, current intelligence, and crisis warning, and for evaluating the Community's performance. Existing independent and competing production capabilities in Defense, CIA, State and Treasury could be retained or augmented. Structural changes at the leadership level in CIA should free the DCI to devote more of his attention to production issues.

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Effect on Intelligence Management

As discussed under the summary description above, this option would clarify management arrangements within CIA and moderately enhance the DCI's ability to carry out his Community management and resource review responsibilities. This option would not, however, give the DCI new basic authority to deal with these responsibilities.

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Covert Action Location

One last organizational issue cuts across all four options: the placement of a covert action capability. Covert action was originally placed within the CIA to accompany its clandestine collection capabilities. Transfer to the State Department would endanger the primary activities of this overt service and be contrary to international diplomatic practices. Transfer to the Defense Department would raise public apprehension over accountability given the size and scope of the Department's activities. A number of observers have, however, strongly promoted placing the covert action capability in an entirely separate agency directly under the control of the NSC. They have argued:

- If the covert action capability were isolated in a small agency, oversight would be easier; fewer resources and personnel would need to be kept under close supervision.
- The independent analytic capabilities of the CIA are biased because covert actions make it an operational agency. Covert actions create a departmental interest in the CIA which is contrary to its basic national functions.
- The CIA might be better able to attract analysts and scientists if it shed its "dirty-tricks" image which is closely connected to its covert action capability.

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On the other hand, a number of strong arguments exist for retaining the covert action capability in the CIA:

- Separation, rather than improving possibilities for effective oversight, would create greater oversight problems by isolating this activity from conflicting agency demands and from agency supervision.
- During the brief period in the early 1950's when clandestine collection and covert actions were in separate offices, the two offices were in conflict for resources and attention, inevitable redundancy existed, and units worked at cross-purposes. That experience demonstrated the close connection in terms of contacts, methods, goals and support that is desirable between the two activities. For example, the covert action agent is often also an intelligence source, and clandestine tradecraft required to run a covert action agent is essentially the same as that for an intelligence agent.
- The need for cover, already a difficult problem, would be further aggravated by the requirement to increase the number of officials requiring cover status.
- Merely shifting around within the Government of the covert action capability will neither assuage public fears nor reduce attacks on the CIA. Outsiders will never believe that "dirty tricks"

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have been taken out of the CIA, and indeed, their perceptions may be somewhat accurate as the new organization would inevitably have to work closely with CIA clandestine activities.

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VI. MANAGEMENT IMPROVEMENTS

Although organizational reforms can help solve many of the identified problems of the Intelligence Community, sustained management attention will also be required to resolve these problems. The study group identified some possibilities for management improvements in areas of particular significance which should contribute both to a prevention of abuses and to a better intelligence product.

A. Budgetary and Financial Controls

Financial and budgetary procedures provide an effective discipline in government operations for the President, the Congress and the agencies. The lack of public perception of the budget and financial controls over intelligence activities contributes to public and Congressional opinion that no system of checks and balances exists on the intelligence agencies within the Executive Branch or, for that matter, within the Congress.

In the present situation, while fiscal information on the intelligence agencies is contained in the President's budget, it is not openly identified. Centralized control over the financial execution of intelligence budgets is not exercised. Two options by which the budget process could be strengthened are:

- Provision by the President to Congress of a separate classified budget appendix that contained information similar to that provided for all other government activities; it would be prepared at the appropriate security level and would require special handling

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within the Congress. This option has the advantage of a formal Executive Branch initiative (within acceptable security bounds) to the Congressional request for more information. The primary arguments against this proposal involve the precedent setting nature of a formal budget submission for intelligence and the inevitable congressional demand for more detailed information.

- Implementation of controls by OMB on the apportionment, reprogramming, transfer and outlay of intelligence funds, similar to those for other agencies. Initiation of these controls would increase OMB's involvement in the execution phase of the intelligence budget which is currently limited to the CIA reserves. Congressional reports have already identified the need for imposition of reprogramming controls on intelligence programs. Arguing against this proposal is the appropriateness of relying on budget control for effective direction of an organization rather than establishing objectives and evaluating achievements against them. Also, imposition of reprogramming controls could adversely limit the flexibility to respond to crisis situations.

These proposals for providing budgetary information to the Congress and enhancing the visibility of Presidential budgetary control may not be particularly effective in identifying abuses, but they would enhance public

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and congressional confidence that the Intelligence Community is subject to the same set of checks and balances as all other agencies.

B. Compartmentation

Present arrangements for compartmenting sensitive information have impeded the flow of information to consumers. The NSC should assure itself that current Community studies of decompartmentation be intensified with an eye to improving consumer access to the intelligence product.

C. Consumer Interaction with the Intelligence Community

A number of improvements are required in the interactions of policy officials with the Intelligence Community:

- The NSC should undertake a more active program to improve consumer interactions with the Intelligence Community. Surveys should be undertaken to identify the strengths and deficiencies that consumers find in intelligence support (from the NIE's, for example) and to determine what actions the policy consumers and intelligence producers should take to ensure more useful intelligence contributions to the decision-makers.
- The NSC should specifically address problems identified in this report including the need for: guidance and feedback from decision-makers to the Intelligence Community; a better intelligence appreciation of those policy and negotiating issues which might benefit from intelligence inputs; and arrangements within

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the economic policy-making organizations required to promote a more effective interchange with the Intelligence Community. The NSC Intelligence Committee should also address the special problem of the need for better dissemination of sensitive memoranda, reports and telegraphic traffic to officials with a need to know.

D. Performance Evaluation System

Measures are needed, particularly in certain high cost areas, which will permit a comparison of the value of certain intelligence contributions with their anticipated cost. The purpose of such measures is to ensure that intelligence collection and production are focused in a way which will achieve more effective expenditures in terms of consumer needs. These measures would be an important criterion in evaluating intelligence performance. The DCI should intensify efforts, including consultations with consumers, to strengthen arrangements for evaluating Community performance.

E. Cover and Clandestine Collection

The NSC could be tasked to conduct an interagency study addressing both the effectiveness of present cover arrangements and the adequacy of coordination of clandestine collection.

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