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08 NOV 1983

MEMORANDUM FOR: Director of Central Intelligence

FROM: DCI Advisory Commission on Multidisciplinary Counterintelligence Analysis

Background

1. In June 1983 the Senate Oversight Committee directed the DCI to prepare an "in-depth report on how best to meet the needs of the United States Government for multidisciplinary counterintelligence analysis." At the same time the DCI was also instructed by the Committee to constitute a small advisory commission to work with the intelligence community to develop a clear and coherent definition of multidisciplinary counterintelligence analysis requirements and frame practical recommendations for meeting those requirements. In conformance with those directions in August of 1983, the Intelligence Community Staff began canvassing the Community for its views on the subject and the DCI in consultation with the Secretary of Defense and the Director of the FBI created the Advisory Commission on Multidisciplinary Counterintelligence Analysis, hereinafter called the Commission.

The Commission and Its Perspective

2. The Commission is composed of a chairman and three members. The Chairman is a former senior CIA official now serving as a consultant to the DCI and conversant, therefore, with developments in the Intelligence

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Approved For Release 2008/02/21 : CIA-RDP85M00364R000600930022-3

Approved For Release 2008/02/21 : CIA-RDP85M00364R000600930022-3

Community over the past two and one half years. The other three members of the Commission are retired officials, one from the FBI, one from the Department of Defense and one from the CIA, who, during their careers in their respective agencies, were directly and deeply involved with all aspects of counterintelligence operations, analysis and programming. All three members have retired within the past two to three years. Their appointment to the Commission gave them access to current developments in the counterintelligence community and thus placed them in a unique position to compare the status of the Community as it existed at the time of their departure to its present status. The members of the Commission were polygraphed before assuming their duties. This fact was made known to the Community and had beneficial effects on the conduct of the Commission's interviews and its access.

The Commission's Methodology

3. Within the context of its charter, the Commission focused on certain topics of counterintelligence interest (outlined in following paragraphs) and measured the progress the Community had made against those topics over the three-year period 1980-1983. The Commission was given full access to all studies produced in the three-year period on the topics in which it expressed interest and interviewed over twenty-five current and former intelligence officers involved in those topics. Finally, the Commission reviewed the in-depth report prepared for the DCI

Approved For Release 2008/02/21 : CIA-RDP85M00364R000600930022-3

Approved For Release 2008/02/21 : CIA-RDP85M00364R000600930022-3

by the Intelligence Community Staff on "how best to meet the needs of the U.S. Government for multidisciplinary counterintelligence analysis" and found that it provides a good description of the efforts made by the Community on a departmental basis to meet departmental multidisciplinary threat analysis requirements. The Commission disagrees, however, with he Intelligence Community Staff's recommendation that no changes are needed in the Community structure to meet the national requirements for multi-disciplinary analysis of the threat and detection of deception.

Topics of Concern to the Commission

4. The Commission focused its attention on the following topics:

(a) Definitions: Counterintelligence and Multidisciplinary Counterintelligence Analysis.

(b) Status of Multidisciplinary Analysis.

(c) Hostile Strategic Deception through technical means.

(d) Dissemination of intelligence and counterintelligence information.

(e) Countermeasures.

(f) "Active Measures."

(g) Structure of the Community.

Findings

5. General: Based on its interviews and reviews of pertinent studies, the Commission concluded that the Intelligence Community has

Approved For Release 2008/02/21 : CIA-RDP85M00364R000600930022-3

Approved For Release 2008/02/21 : CIA-RDP85M00364R000600930022-3

made measurable progress in the past three years in promoting the use of the multidisciplinary analytical approach in the Community. It is now the accepted methodology in the analytical community. This improvement is due in considerable measure to the confluence of three separate factors. (a) The declared interest of this Administration in improving the intelligence and counterintelligence capacity of the Community; (b) The continued interest and support of the Senate Oversight Committee in the development of the multidisciplinary analytical approach; and (c) The interest in and support of the concept by the present leadership of the Intelligence Community. This improvement is reflected in closer working relationships among analysts of the various components of the Intelligence Community, the establishment of interagency committees and task forces to examine and report on specific subjects of intelligence interest, the development of new components charged directly with responsibility for monitoring deceptive tactics of the USSR and its satellites, and the creation within the NSC structure of interagency groups charged with addressing and resolving problems encountered by the counterintelligence countermeasures community.

6. Specific Findings.

While the Commission noted marked improvement in the recognition by the Intelligence Community of the multidisciplinary analytical approach it also found that the Community continues to be troubled by difficulties,

Approved For Release 2008/02/21 : CIA-RDP85M00364R000600930022-3

Approved For Release 2008/02/21 : CIA-RDP85M00364R000600930022-3

which affect its performance. Confusion exists in the terminology used to determine the responsibilities and authority of agencies concerned with the threat to the United States from hostile intelligence activity. The words counterintelligence, counterespionage and countermeasures are used with overlapping and confusing implications. Subsequent paragraphs outline our views and findings on the specific topics we examined.

(a) Definitions: Counterintelligence and Multi-disciplinary Counterintelligence Analysis. Since 1975 successive Administrations through executive pronouncements have excluded from the definition of counterintelligence those security measures taken by U.S. Government components to protect U.S. interests against the foreign threat. Only counterespionage was included in the official definition. As a result, the perception that counterespionage and counterintelligence were synonyms became ensconced in the Community. Thus, protective measures taken by components of the Community to protect U.S. interests from other forms of the threat, e.g., technical means, were excluded from the definition of counterintelligence and as a result those measures are placed outside the counterintelligence community and its programs.

Approved For Release 2008/02/21 : CIA-RDP85M00364R000600930022-3

Approved For Release 2008/02/21 : CIA-RDP85M00364R000600930022-3

Understandably measures to ensure physical and personnel security were also excluded. The definitional problem persists in that portion of the community primarily concerned with counterespionage (counter-Humint). Obviously, analysis of one kind or another takes place at every level of the operational and estimating process. What the Commission is concerned with is the collective capability of U.S. agencies to analyze the threat to U.S. security from all kinds and sources of foreign intelligence activity and U.S. vulnerability to these threats.

(b) Multidisciplinary Analysis. The Commission has reviewed all the data provided and through independent interviews and briefings has satisfied itself that a respectable commitment has already been made by the Community to the kind of multidisciplinary analysis with which the Commission is concerned. The large volume of multidisciplinary analytical products now available attest to our conclusion that the all-source approach to analysis is firmly established in those entities in CIA, FBI, DIA, and in each of the military departments which provide

Approved For Release 2008/02/21 : CIA-RDP85M00364R000600930022-3

Approved For Release 2008/02/21 : CIA-RDP85M00364R000600930022-3

counterintelligence support for sensitive activities most threatened by the clusters of hostile intelligence systems arrayed against us. The majority of the efforts relating directly to the protection of sensitive activities takes place, appropriately we think, within the Department of Defense. We were impressed with the professionalism of the multidisciplinary analytical support given to certain categories [redacted] Requirements for multidisciplinary analysis by CI organizations are directed at educating commanders and managers and at assessing US vulnerabilities to hostile intelligence threats, in support of operational security needs. For the most part they are not directed at analyzing hostile deception. Where the latter analytical effort now occurs is outside the CI community, namely in dedicated units within positive intelligence collection agencies (CIA, DIA, NSA). At present, except on an ad hoc basis, the latter efforts appear to lack adequate coordination or direction.

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(c) Hostile Strategic Deception Through Technical Means. Because of the importance of this topic the Commission focused considerable attention on it. At the outset we distinguished deception practiced by hostile forces through

Approved For Release 2008/02/21 : CIA-RDP85M00364R000600930022-3

Approved For Release 2008/02/21 : CIA-RDP85M00364R000600930022-3

the use of human sources from that in which technical collection systems are utilized. The former type of deception was and continues to be the province of the counterespionage analysts. The Commission found that the establishment of the bona fides of human sources is a matter under continuing examination by counterespionage analysts on a multidisciplinary basis. The responsibility for deception by technical means rests on the shoulders of substantive analysts concerned with positive intelligence production with occasional, albeit important, assistance from the counterespionage specialists. The Commission was particularly concerned with deception through technical means. The Commission found an increased awareness on the part of the analysts at all echelons of the analytical process of the possibility of deception being practiced by hostile forces. The minds of analysts are no longer as set as they once were. Many realize that the possibility of deception is ever present and look for signs of it. This is a significant departure from the attitude which prevailed even a few years ago. The Commission found that new organizational components have been established during the past two years at NSA, DIA, military departments, and in the Directorate of Intelligence at CIA all of which are

Approved For Release 2008/02/21 : CIA-RDP85M00364R000600930022-3

Approved For Release 2008/02/21 : CIA-RDP85M00364R000600930022-3

focusing specifically on the deception problem in a variety of technical collection systems. We also found senior interagency, multidisciplinary task forces concentrating on the subject of Soviet deception and security compromises of our technical collection systems. Finally, we note that an NIE, the first ever on the subject of hostile deception, is in the process of being drafted.

(d) Dissemination of intelligence and counterintelligence information: It is a truism to state that the final product of any analytical effort must, in the last analysis, be based on the intelligence and counterintelligence information made available to the analysts. It has been the experience of the Commission that analysts working on substantive studies and estimates have complained over the years, with good reason on occasions, that vital intelligence, particularly from human sources, has been withheld from them. The Commission reexamined the problem and believes that a conscious effort is being made today to get critical human intelligence to the analysts, notwithstanding the fact that such action may represent some risk to the human source. Balancing the responsibilities of the

Approved For Release 2008/02/21 : CIA-RDP85M00364R000600930022-3

Approved For Release 2008/02/21 : CIA-RDP85M00364R000600930022-3

collectors of intelligence to protect sources and methods against the unlimited appetite of the analysts for more and more intelligence is an unending struggle. In any event the coordination process involved in the production of finished intelligence helps insure that sensitive-source information is factored into analytical conclusions.

(e) Countermeasures: (i) All-source threat analysis becomes a sterile mental exercise unless it results in action designed to counter the threat. Countermeasures steps taken to protect against the threat are inextricably interwoven with the threat analysis. Countermeasures, however, are not the responsibility of the counterintelligence discipline. This fact has never been adequately understood outside the counterintelligence community with the result that intelligence losses because of inadequate countermeasures are invariably mislabeled as counterintelligence failures. This in turn has led to a loss of confidence in the counterintelligence community. The Commission found that the present leadership of the Intelligence Community has taken steps to improve the effectiveness of countermeasures. The creation of the IG/CM (Interagency Group on Countermeasures) within the NSC complex and the recent formation of the NOAC (National

Approved For Release 2008/02/21 : CIA-RDP85M00364R000600930022-3

Approved For Release 2008/02/21 : CIA-RDP85M00364R000600930022-3

Operations Security Advisory Committee) as a working committee of the IG/CM constitute, in the opinion of the Commission, important steps in the right direction. Recent developments emphasize the need for more effective action in this field. (ii) The Commission believes that special mention should be made of the manner in which the Defense Department handles perceived threats to "vital systems." Although countermeasures generally have not received appropriate attention and support in the past, the protection given certain "vital systems" identified as "special access programs" has been an outstanding exception. For selected vital systems analysts have defined the threat on a multidisciplinary basis and assessed the hostile capabilities. Counterintelligence officers assigned to the "vital system" project evaluate intelligence to identify existing vulnerabilities and have assisted project managers in adopting specific countermeasures whose effectiveness is constantly probed and checked within the framework of hostile capabilities as defined by the analysts. Similar multidisciplinary efforts are also made for some other sensitive installations and

Approved For Release 2008/02/21 : CIA-RDP85M00364R000600930022-3

Approved For Release 2008/02/21 : CIA-RDP85M00364R000600930022-3

projects to enhance their security posture. Broader use of this approach, however, should be made by the appropriate officials of the Defense Department to correct deficiencies revealed by recent countermeasures lapses.

(f) Active Measures. The Commission considers "active measures" (as defined by the KGB) to fall within the broad definition of counterintelligence. As we noted earlier, strategic deception is a matter of concern to the Community and is handled separately from other active measures such as, front groups, agents of influence, media manipulation, forgeries, etc. The latter forms of "active measures" fall within the purview of the "Interagency Working Group on Active Measures," chaired by a representative of the Department of State. The analysis necessary to identify the "active measures" is performed by the analytical elements of the Community either on a single or interagency basis. The results are forwarded to the working group, which decides on counteraction. The execution of the counteraction in most instances consists of exposure to the public and this action is primarily entrusted to the Department of State. In the view of the Commission, the

Approved For Release 2008/02/21 : CIA-RDP85M00364R000600930022-3

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operations of the Interagency Working Group reflect an excellent example of interagency, multidisciplinary analytical, counteraction performance.

(g) The Community Structure - Multidisciplinary Threat Analysis and Strategic Deception Through Technical Means: The Commission found that the majority of the multidisciplinary analytical work now being done on the hostile intelligence threat is being done on a departmental basis in response to departmental requirements. This effort is valuable and should be continued. National requirements for multidisciplinary threat analyses and deception detection are met by ad hoc interagency committees or task forces. In the Commission's view, there is nothing inherently wrong with these latter approaches for the short term and for specific problems. What the ad hoc committee or task force approach does not provide is continuity in thinking and analysis. Nor does it contribute to the effective establishment of an interdisciplinary data base. In the opinion of the Commission the time has come for the Intelligence Community to accept some structural changes designed to remedy the shortcomings of the ad hoc approach.

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7. Recommendations.

(a) Structural Changes. During the course of its work, the Commission was presented with a number of proposals from concerned individuals both from within and outside the Intelligence Community for changes in the structure designed to improve the multidisciplinary analytical approach to the threat and deception problems. The proposals ranged from the establishment of a 30-person multidisciplinary analytical group sited outside of the existing establishment to the maintenance of the status quo. After considering all proposals, the Commission, recommends the establishment of an Office of "National Intelligence Officer for Threat and Strategic Deception Analysis." This NIO should be supported by a permanent staff of [redacted] analysts to include all disciplines and, where necessary, drawn from components of the Intelligence Community on a 2-3 year rotational basis. These analysts must be ensured continuing and unrestricted access to the data bases of their disciplines at the agencies whence they were drawn. Among the tasks to be assigned this permanent staff will be (i) the preparation of an annual multidisci-

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plinary hostile intelligence threat assessment report, (ii) the coordination of multidisciplinary threat analyses and production efforts within the Community in order to avoid duplication and fill gaps, (iii) the analytical review of all major findings made by other components of the Community concerning hostile strategic deception, (iv) the support of departmental tailored threat assessments for vital systems and other important R&D undertakings, (v) the continuing assessment of hostile intelligence capabilities of all disciplines, (vi) the preparation of damage assessments on compromised US collection systems, and (vii) other ad hoc assignments requiring national level multidisciplinary analysis. The NIO for Threat and Deception Analysis would chair a new Interagency Committee on Deception Analysis, would also participate in the work of the Interagency Working Group on Active Measures as well as be represented on the Imagery and SIGINT/MASINT Subcommittees. At the discretion of the NIO, special interagency task forces could be assembled for the study of specific problems. As an NIO, he would have direct access to the DCI in his capacity as head of the Intelligence Community.

Approved For Release 2008/02/21 : CIA-RDP85M00364R000600930022-3

Approved For Release 2008/02/21 : CIA-RDP85M00364R000600930022-3

The mix of permanent staff, with permanent committees or groups, and the authority to organize special interagency ad hoc task forces provides a high degree of flexibility to the NIO enabling him to handle most contingencies. By locating this research unit in the Intelligence Community, we ensure continued access to the necessary data bases and permit maximum interface between staff members of the research group and the balance of the analytical community. Finally, placing the staff under an NIO reporting to the DCI ensures it the necessary degree of independence. There are usually two major obstacles that obstruct all efforts to reorganize: "turf" and "people." The Commission believes that "turf" should not be a major obstacle in this instance because the Community has already started moving in the direction we are proposing. In effect what we are calling for is greater focus and acceleration of the process. The "people" problem can only be solved by the leadership of the Community and is beyond the purview of the Commission. A chart depicting the organizational structure we are proposing is attached.

Approved For Release 2008/02/21 : CIA-RDP85M00364R000600930022-3

Approved For Release 2008/02/21 : CIA-RDP85M00364R000600930022-3

(b) Countermeasures. The importance of operations security follow-through actions to meet the hostile intelligence threat cannot be overemphasized. The Commission applauds the formation of the Interagency Group on Countermeasures (IG/CM) under the NSC's SIG(I) and the recent action to form a working level interdepartmental committee under the IG/CM known as NOAC (National Operations Security Advisory Committee). This latter group, chaired by a senior Defense Department representative, fills a definite need. The Commission believes that this Committee should adopt an aggressive approach for identifying OPSEC gaps and other problems rather than awaiting issues to be selected and brought to them for consideration. The IG/CM should take appropriate action to see that this is done. The Intelligence Community should not have to wait for a Congressional inquiry before being galvanized into taking action to correct widely perceived security weaknesses. The NOAC can profitably fill this role in a constructive, mutually beneficial manner without the confrontational overtones

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that often become attached to "outside" inquiries. Moreover, we believe an important OPSEC issue need not have multi-agency implications to warrant NOAC attention. For example, a security lapse in industry, while primarily within the jurisdiction of the Defense Industrial Security Program, obviously transcends the narrow jurisdictional question and can affect the entire national security establishment. An important espionage case, with clear countermeasure lessons-to-be-learned, merits broad Community participation and concern.

(c) Career Paths for Counterintelligence Analysts. The quality of analytical work depends to a large extent on the quality of the analysts. The Commission believes, therefore, that positive steps must be taken to provide better training and career opportunities for senior analysts. These steps should be aimed at cutting through the conventional wisdom that all senior analysts must be generalists, or that they must have filled certain managerial posts to progress into positions of senior status. The importance of achieving high grade analytical products mandates that personnel management provide for

Approved For Release 2008/02/21 : CIA-RDP85M00364R000600930022-3

Approved For Release 2008/02/21 : CIA-RDP85M00364R000600930022-3

long-term training of analysts and give them career goals that will transcend the GS-14 or 15 level. While not all analysts would expect to achieve top status, those clearly motivated and devoted to excellence should not be stymied because they have not served in a management post normally thought of as the requisite "ticket punching" for career progression.

John A. Bross, Chairman

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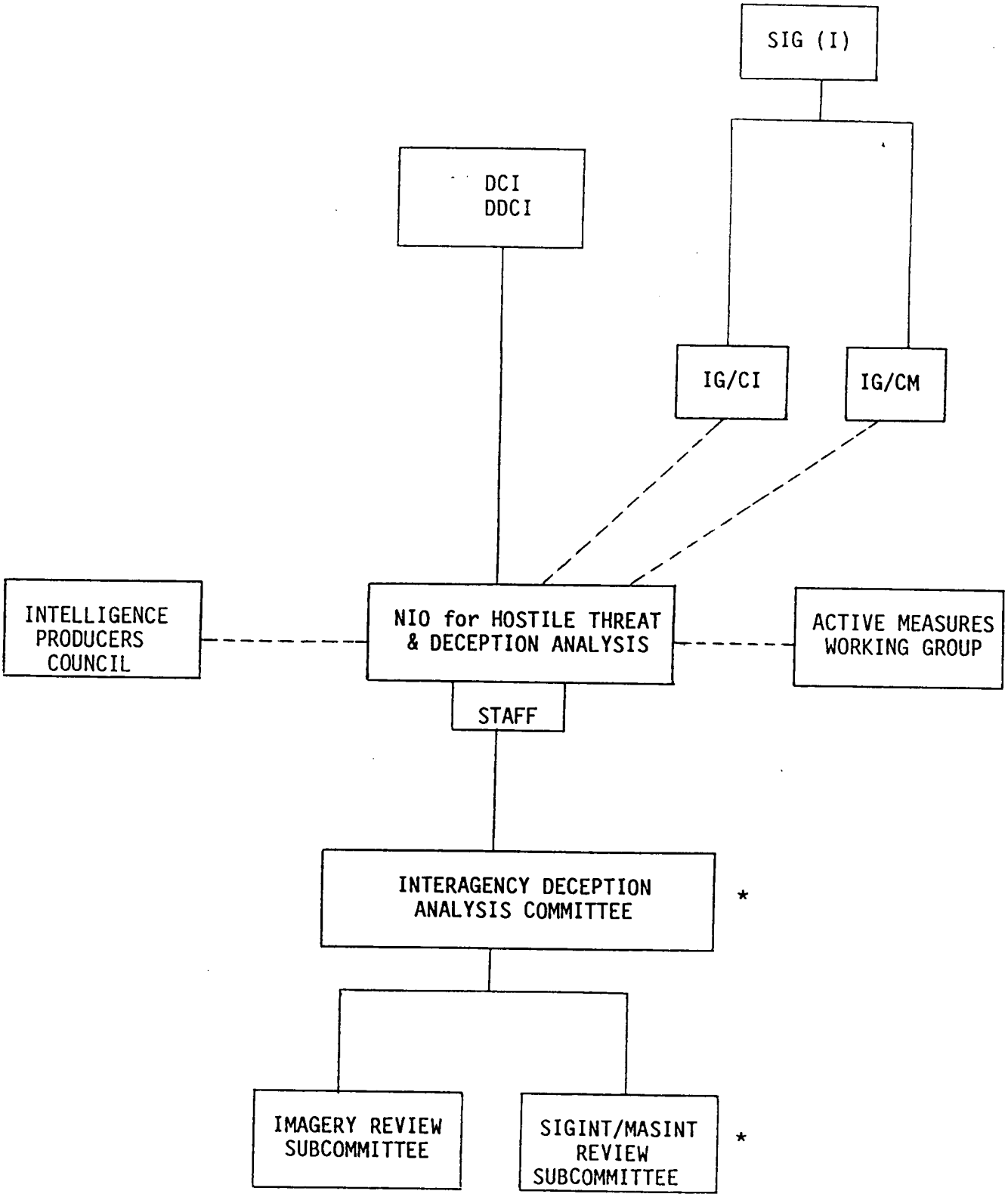

*To be established.

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