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THE DIRECTOR OF CENTRAL INTELLIGENCE  
WASHINGTON, D. C. 20505

19 January 1977

The President  
The White House  
Washington, D.C.

Dear Mr. President:

I am forwarding herewith the 1977 Director of Central Intelligence Report on the Intelligence Community, copies of which are also being sent to certain Committees of the Congress, members of the President's Foreign Intelligence Advisory Board, and other key elements of the Government concerned with the intelligence function.

In this letter of transmittal to you I want to set forth some of my own views on those issues which have most concerned me during this past year. First is my firm conviction that the country absolutely requires a strong Intelligence Community, a strong Central Intelligence Agency, clear recognition of their essentiality, and support for them throughout the Government and in the Nation at large.

This conviction is supported by the issues posed by an uncertain and complex international environment which includes increasing Soviet military capabilities, serious problems such as nuclear proliferation and terrorism, dependence for critical raw materials upon nations and regions where increasing instabilities are present, and global political, military, and economic interdependencies calling for difficult interdisciplinary assessments on our part.

My involvement with this whole range of issues, and many more, has given me deep pride in the dedication of the intelligence professionals who do so well all that we have asked of them. They have struggled successfully through some turbulent times, and their effectiveness has held up.

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Despite the inevitable impact of continual bad publicity on morale, people have carried on and given us really magnificent support. They deserve our thanks and our respect. I have been especially gratified that during these traumatic times there has developed a growing sense of community among the various elements and departments that make up our intelligence effort. I have enjoyed the excellent personal relationships with the cabinet secretaries and other senior officials involved, and the enhanced sense of shared purpose on the part of our organizations.

An important part of my ability to do my job has been the access you have granted me and the support you have provided. I am convinced that no Director of Central Intelligence can do his job properly without that kind of relationship with the President. Not only has it made it possible for me to be more effective in providing overall direction to the Community, but it has also helped greatly in improving the image of the Intelligence Community on the part of the public.

Our relations with the Congress, and the forthcoming and cooperative response of elements of the Community to oversight and guidance from both Executive and Legislative Branches, have also helped greatly to modify unfavorable attitudes. We must keep up the momentum in thus improving public and Congressional perceptions.

Your Executive Order of last February enhanced our ability to manage the Community a great deal. The Committee on Foreign Intelligence which it established, the only mechanism we have ever had for overseeing the Intelligence Community budget and resource allocations, allowed us to carry out our responsibilities in this regard. But it needs strengthening to provide the DCI, and Chairman of the CFI, and his Intelligence Community Deputy when he so designates, more direct access to program managers on resource matters. The current requirement that everything relating to Defense-administered programs funnel through the Deputy Secretary of Defense before getting to the program managers within DoD has proven to be barely workable. We were able to get the job done in spite of this, but it was a most difficult chore, and unnecessarily so.

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The job we did was to provide for the first time comprehensive resource control of the overall National Foreign Intelligence Program. The resultant program will meet the nation's needs for good and timely intelligence. This represents, I believe, an excellent investment. Dollars spent on sound intelligence permit us to use our national resources more wisely, to provide only for the national security forces we really need, and to play a more creative and responsible role in building a better world.

I strongly support a strengthened role for the Director of Central Intelligence as an essential aspect of maintaining the continued effectiveness, accountability, and economical operation of the Intelligence Community.

In particular I wish to note the special character of the multiple role of the DCI as principal foreign intelligence advisor to the President, coordinator of the Intelligence Community, and Director of the Central Intelligence Agency. This latter role is, in my view, an essential element of his capability to perform effectively in the other two, providing him with an independent analytical resource, a worldwide operational network which enhances his currency and value as advisor to the President, and an institutional base of the kind which prevents his becoming isolated from the real problems and concerns of elements of the Community. To ensure that these multiple roles remain advantages rather than become burdens, I would very much like to see enacted into law the legislative proposal previously forwarded making statutory provision for the Deputy DCI for the Intelligence Community.

As for the question of legislation in general, I am wary of opening reconsideration of the National Security Act of 1947 and the Central Intelligence Agency Act of 1949. In the current Congress I believe this could very well lead to placing of additional restrictions on intelligence operations, restrictions which would seriously hamper the effectiveness of our intelligence effort. I recognize that the Congress may push for charter legislation anyway, and of course we should be prepared to respond constructively to any legislative proposal, but I would not at this time seek such legislation nor encourage those who favor it.

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In dealing with the Congress, I know you are aware of the heavy burden on executive time and concern which has been the result of interacting with seven separate Congressional Committees. I hope that we will be able to look forward in the future to dealing with a single joint select committee. Not only will this prove more efficient and manageable in terms of responding to legitimate Congressional concerns, but it will also greatly enhance the prospects for avoiding inadvertent leaks of classified material.

I am extremely concerned about the whole matter of leaks of classified information and the impact it has on my ability to protect sensitive intelligence sources and methods, as I am charged to do by law. I feel strongly about the need for legitimate secrecy. At present we are almost impotent in the face of damaging leaks. We need to face up to that, and to try to find ways to deal with it. We badly need legislation that will make it possible for us to meet our responsibilities in this realm.

We also must act to strengthen our capabilities and performance in the matter of counterintelligence. We have, in my view, gone too far in restricting counterintelligence activities we need for our own protection. Legitimate functions of the Federal Bureau of Investigation in particular have been dangerously hampered.

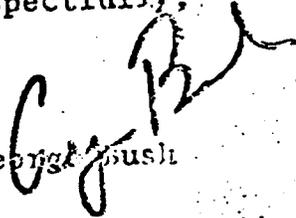
I also favor reconsideration of the provisions of the Freedom of Information Act to provide relief for some agencies having a legitimate need for greater secrecy, notably the CIA. The numerous effective oversight mechanisms now functioning provide the protection for rights of our citizens which are essential; we should not find it necessary to go further and in so doing deprive ourselves of vital intelligence.

One aspect of our business which appears likely to continue to be contentious is that of covert action. I want to record my strong feeling that our country must have this capability when it needs it, given the world we live in. The control and review mechanisms which you have provided are the most stringent and responsible we have ever had, and provide strong guarantees that the capability will be employed only when necessary and carefully controlled. Your support - paralleled by the support of the great majority of legislative and public opinion - has been critical to the maintenance of this capability.

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In sending you this annual report, I have wanted to reemphasize to you personally my views on these key aspects of our intelligence effort. And finally, Mr. President, I want to express my appreciation of the trust you have placed in me and the support you have provided to me and the entirety of the Intelligence Community. Serving under your leadership has been an uncommon privilege and pleasure.

Respectfully,

  
George Bush

Attachment  
As stated

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