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THE WHITE HOUSE
WASHINGTON

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November 5, 1971

MEMORANDUM FOR:

NRO REVIEW

- The Secretary of State
- The Secretary of the Treasury
- The Secretary of Defense
- The Attorney General
- The Director of Central Intelligence
- The Director, Office of Science and Technology
- The Chairman, Joint Chiefs of Staff
- The Chairman, President's Foreign Intelligence Advisory Board
- The Chairman, Atomic Energy Commission

NSC review completed

SUBJECT: Organization and Management of the U.S. Foreign Intelligence Community

OSD review completed

I have recently reviewed and accepted recommendations on ways in which to improve the functioning of the intelligence community. This memorandum establishes a set of goals and directs organizational and management changes to attain them. It also expresses my concern about major resource management and substantive production problems as guidance to the community for further changes in the future.

The need for an improved intelligence product and for greater efficiency in the use of resources allocated to intelligence is urgent. Resources available for use by the intelligence community will be increasingly constrained and may have to be reduced. At the same time the product of the intelligence community will be of increasing importance to U.S. security and national interests as:

- the relative strength of Soviet and other potential military forces grows with respect to those of the U.S. where previously U.S. superiority was unquestioned;

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- the international environment grows more complex; and financial, commercial and economic factors assume greater significance;
- the need for timely intelligence becomes greater.

I. Objectives

Among the major objectives that must be attained if the efficiency and effectiveness of the intelligence community are to increase substantially are:

- The responsiveness of the U.S. intelligence effort with respect to national requirements must be subject to continuing review.
- Authoritative and responsible leadership for the community as a whole must be assured.
- A more efficient use of resources by the community in the collection of intelligence information must be achieved. Utilization of the means available must be in consonance with approved requirements of U.S. security and national interests.
- Assignment of intelligence functions within the community must be reviewed and revised to eliminate inefficient, unnecessary or outmoded activities.
- The quality, scope and timeliness of the community's product must be improved.
- The provision of intelligence and its utilization must enhance the formulation of the foreign, military and economic policies of the U.S. Government and the planning for and conduct of military operations by U.S. forces.

II. The Necessary Conditions

A number of specific conditions are necessary to the achievement of these objectives.



- The Director of Central Intelligence (DCI) must delegate direct authority to the Deputy Director of Central Intelligence (as far as is possible without legislation) for the plans, programs, and day-to-day operations of the CIA, and must assume overall leadership of the community.
- More effective review of intelligence product quality and policy must be provided to the DCI, especially by high-level consumers of substantive national intelligence.
- Major issues within the intelligence community must be addressed in such a way that the DCI plays a major role in their resolution. The DCI must have an increased and restructured personal staff to allow him to discharge his augmented responsibilities.
- The DCI should be supported by two major committees of the intelligence community, each of which he chairs, with clearly defined advisory functions embracing his responsibilities related to intelligence production and requirements on the one hand and to intelligence budget and allocation of resources on the other.
- Intelligence collection programs, largely financed and managed by the Department of Defense, must come under more effective management and coordination with other intelligence programs.
- The NSCIDs and DCIDs must be rewritten to reflect the changes directed herein and others as they occur, particularly to reflect reassignment of functions.

III. Measures Decided Upon

After careful consideration, I have decided that the measures listed below are to be taken now to move toward attainment of the stated objectives. They are designed primarily to: (1) enhance the authority and capability of the DCI to provide the required community leadership, (2) provide review and guidance regarding the substantive intelligence product, and (3) more effectively restructure intelligence activities.

-- I am directing the Director of Central Intelligence to assume leadership of the community in planning, reviewing, coordinating, and evaluating all intelligence programs and activities, and in the production of national intelligence. I shall look to him to improve the performance of the community, to provide his judgments on the efficiency and effectiveness of all intelligence programs and activities (including tactical intelligence), and to recommend the appropriate allocation of resources to be devoted to intelligence.

He will thus assume four major responsibilities:

- 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.

So that he can effectively undertake this community leadership role, I am requesting the DCI to submit to me within 30 days his plan for the appropriate delegation of his current operational responsibilities and for increased staff support for his new role.

- I am directing the Director of Central Intelligence to prepare and submit each year, through OMB, a consolidated intelligence program budget, including tactical intelligence. All information required from all departments and agencies of the Executive Branch is to be made available to him in order that he may provide me with an annual detailed review of the needs and performance of the intelligence community.
- I am creating an Intelligence Resources Advisory Committee, chaired by the Director of Central Intelligence, including as members a senior

representative from the Department of Defense, the Department of State, the Office of Management and Budget, and the Central Intelligence Agency. This committee is to advise the DCI on the preparation of the intelligence budget and the allocation of resources among programs, ensuring that they are employed in accordance with approved requirements and that there is no unwarranted duplication.

- I am also directing that the USIB be reconstituted under the chairmanship of the DCI including as members the Deputy Director of Central Intelligence (Vice Chairman); Director of Bureau of Intelligence and Research (INR), State Department; Director of National Security Agency (NSA); Director of the Defense Intelligence Agency (DIA) and representatives of the Secretary of the Treasury and of the Director of the Federal Bureau of Investigation and the Atomic Energy Commission (AEC). The USIB will advise and assist the DCI with respect to the production of national intelligence requirements and priorities, the supervision of the dissemination and security of intelligence material, and the protection of intelligence sources and methods.
- I am authorizing the DCI to call upon all departments and agencies of the Executive Branch of the Government to provide requisite information to these two committees and to invite additional participation in their deliberations as may be required in his judgment.
- I am also establishing a National Security Council Intelligence Committee (NSCIC). Its members will be the Attorney General, the Director of Central Intelligence, the Under Secretary of State, the Deputy Secretary of Defense, the Chairman of the Joint Chiefs of Staff, and the Assistant to the President for National Security Affairs, who will chair the committee. It will give direction and guidance on national substantive intelligence needs

and provide for a continuing evaluation of intelligence products from the viewpoint of the intelligence consumer.

- As a related matter, I am directing that a Net Assessment Group be created within the National Security Council Staff. The group will be headed by a senior staff member and will be responsible for reviewing and evaluating all intelligence products and for producing net assessments of U.S. capabilities vis-a-vis those of foreign governments constituting a threat to U.S. security.
- I am directing the retention of the present management structure of the National Reconnaissance Office.
- I am directing the Department of Defense to issue such directives as are required to establish no later than January 1, 1972:

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- . A single Office of Defense Investigations.
- . A consolidated Defense Map Agency by combining the three Service mapping organizations under arrangements that permit optimum efficiency and economy in production without impairing legitimate requirements of the separate Services.
- . The retention of the DIA to be fully responsive to tasking by the Joint Chiefs of Staff in matters involving essential intelligence support for military planning and operations.

- I am directing staffs of the NSC, DCI and OMB, in consultation and coordination with the President's Foreign Intelligence Advisory Board to make appropriate revisions not later than December 1, 1971 to the NSCID's and other directives as needed to implement the provisions of this memorandum.

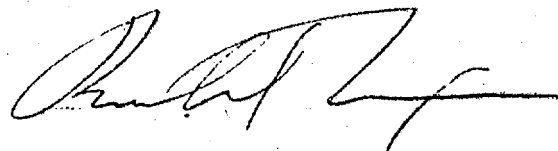
IV. Remaining Problems

The changes I have directed at this time are limited, but I fully expect further changes in the intelligence community consistent with maximum practicable attainment of my objectives.

By far the largest portion of the intelligence budget is devoted to collection. It is here that savings must be sought. Future assignments of roles and missions within the intelligence community cannot be made satisfactorily by compromises among agencies.

The need to make some savings is so urgent that I have directed the Office of Management and Budget, jointly with the DCI and Secretary of Defense, to review the FY 1973 budget for intelligence and to submit specific reductions from current programs, with particular attention to tactical intelligence.

Significant improvement in the intelligence product is also needed. The NSCIC will afford improved guidance regarding consumer needs. Other changes in the consumer-producer relationship may be needed to achieve a more effective reconciliation of the demands from consumers with the limited resources available for intelligence production. It seems desirable in this connection, that resources devoted to analysis and production should increase and that a determined effort be made to upgrade analysis personnel and analysis methods. More rewarding careers for intelligence analysts, including the opportunity to reach high salary levels while remaining analysts, should be considered. An early task of the DCI should be the preparation of a comprehensive program focused upon improving the intelligence process and product.



cc: Director, Office of Management and Budget
Assistant to the President for National Security Affairs

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