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STATEMENT
BY
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(SECURITY POLICY)

BEFORE THE
SUBCOMMITTEE ON INTELLIGENCE
HOUSE ARMED SERVICES COMMITTEE

MARCH 9, 1972

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Mr. Chairman and Distinguished Members of the Committee

INTRODUCTION

I appreciate the opportunity to appear before the Committee to set forth in detail the policies and practices of the Department of Defense dealing with the administration of the security program.

The President had ordered the National Security Council to review classification procedures to enlarge the people's right to know more, not less. To this end, a committee was established by the President on January 15, 1971. The President signed a new Executive Order on the safeguarding of official information on March 8, 1972. The provisions of the new Order were compared to the old by Mr. Buzhardt. I will not cover that ground again. However, I wish to point out here that we are well aware of our responsibility to follow the provisions of the new Order. We are also aware of their impact on Defense operations. Consequently, as will be evidenced by this discussion today, the Department has already initiated actions to gear up for effective implementation. The fact of the matter is that over the past few years the Department has been continuously refining its policies, practices and procedures toward a more viable program.

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We share the concern of the President, the Congress and the public over unnecessary security classification and overclassification, and we intend to fully respond to the message, made abundantly clear in the new Executive Order, to classify less, declassify more and afford better protection to that which truly requires it.

My purpose here today is to describe to this Committee the current major security policies and practices of the Department, the complexities and problems encountered in carrying out particular security functions, to clear up some misconceptions, to provide you with the actions already taken by the Department in betterment of the security program and to project future actions to meet the objectives of the new Order.

CLASSIFICATION

Classification is defined by us substantially as the determination that certain official information requires in the interests of national security a specific degree of protection against unauthorized disclosure. It is overriding in importance because not until the moment something is determined to be classified will the other security functions come into play, consistent with the Executive Order.

Comparatively few officials in the Department of Defense are now authorized to make original determinations that information should be classified. For example, as of January 15, 1972, of the over three

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million people in Defense less than 1% or 29,951 may exercise original classification authority. This is about 1,000 less than reported in September 1971. Of the 29,951, 7,277 have original Secret classification authority and of these, only 799, representing only twenty-five one thousandths of one percent of our people, have original Top Secret classification authority. Considering the size and the geographic dispersion of the Department and its activities, we consider that the number authorized to exercise original classification authority is limited to those necessary and is reasonably consistent with the orderly and expeditious transaction of Government business. Notwithstanding the foregoing evaluation, we are currently reexamining the assignment of original classification authority with a view to possible further decrease.

The Department's published policies with respect to classification are clear. In substance, they are: (1) Information requiring protection in the interests of national security shall be properly classified in the first instance and unnecessary classification and overclassification shall be avoided; (2) classifications shall be imposed for the shortest possible time consistent with the interests of national security; and (3) classification may not be used for the purpose of concealing administrative error or inefficiency, to prevent personal or departmental embarrassment, to influence competition or independent initiative, or to prevent release

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of official information which does not require protection in the interests of national security.

In addition, we have provided our classifiers with guidelines to assist them in arriving at a judicious classification determination. For example, the Secretary of Defense has issued instructions which state in part that a determination to classify shall be made only when one or more of the following considerations are present and the unauthorized disclosure of the information could result in a degree of harm to the national security:

1. The information provides the United States, in comparison with other nations, with a scientific, engineering, technical, operational, intelligence, strategic or tactical advantage related to the national defense.
2. Disclosure of the information would weaken the international position of the United States, create or increase international tensions contrary to United States interests, result in a break in diplomatic relations, or lead to hostile economic, political, or military action against the United States or its allies, thereby adversely affecting the national defense.
3. Disclosure of the information would weaken the ability of the United States to wage war or defend itself successfully, limit

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the effectiveness of the armed forces, or make the United States vulnerable to attack.

4. There is sound reason to believe that other nations do not know ~~that~~ what the United States has, or is capable of obtaining, certain information or material which is important to the international posture or national defense of the United States vis-a-vis those nations.

5. There is sound reason to believe that the information involved is unique, and is of singular importance or vital to the national defense.

6. The information represents a significant breakthrough in basic research which has an inherent military application potential in a new field or radical change in an existing field.

7. There is sound reason to believe that knowledge of the information would (a) provide a foreign nation with an insight into the war potential or the war or defense plans or posture of the United States; (b) allow a foreign nation to develop, improve or refine a similar item of war potential; (c) provide a foreign nation with a base upon which to develop effective countermeasures; (d) weaken or nullify the effectiveness of a defense or military plan, operation, project or activity which is vital to the national defense.

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industry and the domestic community, and our allies through open and effective technology dissemination.

Additionally, in December 1971, we reactivated the DoD Classification Review and Advisory Board with the stated objective of strengthening our Classification Management Program. The Board will assist the Assistant Secretary of Defense (Comptroller) in the preparation of policy guidance and the development or review of recommended changes in procedures or practices for achieving Program objectives. In this connection, the Board will be called upon, among other things, to monitor DoD Component actions, to review complaints of a general policy nature, and to develop and recommend action programs in furtherance of our goal, and that of the new Executive Order, to classify less, declassify more, and afford better protection to that which requires it. We probably will explore additional ways and means of accomplishing the task as we carry out, within Defense, the provisions of the new Order.

As I mentioned earlier, once official information is classified, we are interested in seeing to it that it remains classified for the shortest possible time consistent with the interests of national security. This brings us to the business of downgrading and declassification.

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These criteria will be reexamined in light of the new Executive Order.

Notwithstanding the foregoing policies and guidance, initial security classification is a judgment call. Of course, judgments in this complex area can and do differ. Thus, we encounter the problem of unnecessary classification in the first instance, and overclassification. We, in Defense, are aware of this particular problem. Over the past five years we have made some perceptible progress in trying to reduce its magnitude. Security classification guidances are required to be issued for each Defense program, project or system in the technical field. The numbers of people authorized to make original classification determinations have been reduced. Top management in the Department has taken a personal interest in reducing the amount of information classified and has effectively expressed that interest throughout the Department. All of these actions were taken with the aim of reducing the problem of overclassification and unnecessary classification. We continue to work toward the goal of total elimination of the problem but recognize that so long as initial classification depends to a great extent on the judgment of reasonable men after evaluations of the many and complex factors involved, the best we can expect to accomplish is to minimize it to the extent practicable.

I believe it appropriate to mention here that as far back as

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March 5, 1969, Secretary Laird issued to the heads of DoD Components the following written instructions, and I quote in part:

"1. Our first concern must be the security of the United States and the safety of our Armed Forces. Therefore, information which would adversely affect the security of our country or endanger our men should not be disclosed.

"2. The provisions of the Freedom of Information Act (5 U.S.C. 552) will be supported in both letter and spirit.

"3. No information will be classified solely because disclosure might result in criticism of the Department of Defense. To avoid abuse of classification procedures, we must adhere strictly to the criteria set forth in Executive Order 10501.

"4. Our obligation to provide the public with accurate, timely information on major Department of Defense programs will require, in some instances, detailed public information planning and coordination within the Department and with other Government agencies. However, I want to emphasize that the sole purpose of such planning and coordination will be to expedite the flow of information to the public. Propaganda has no place in the Department of Defense public information program."

In accordance with the Secretary's instruction, the heads of all

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DoD Components were instructed in August 1970 to establish security classification guides for each development program over which they have cognizance. Such guides are now required to be approved at a higher level of command or supervision such as the Assistant Secretary, Research and Development of the Military Departments or equivalent in order to assure that only that information which truly requires security protection is classified. This is intended to prevent unnecessary classification at the start.

Secretary Laird also announced the establishment of a new policy in October 1970 which prescribes that "all classification decisions will be reached only after careful consideration of the advantages of open circulation after public release approval of the information against the advantages to a potential enemy. Even where security classification is clearly required, it should be retained for the minimum amount of time considering the degree of sensitivity, cost, and ~~probability~~ possibility of compromise." This new policy means that a security classification decision will be reached only after consideration of competing advantages and disadvantages. In the past, major emphasis for classification has generally been placed on the possible benefits of the information to potential enemies without consideration of the benefits which would accrue to the United States Government,

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DOWNGRADING AND DECLASSIFICATION

Executive Order 10501 dealing with the security classification system established the requirement for the continuous review and re-evaluation for purposes of downgrading and declassification. From the standpoint of manpower and related costs, the requirement for a document-by-document review for downgrading and declassification, was found difficult to implement. Consequently, the original Order was amended in 1961 by establishing an automatic time-phased system. This system excluded from automatic declassification all of the information assigned to Groups 1, 2, and 3. Only Group 4 material qualified for automatic declassification. However, the earliest a classified document in Group 4 could be automatically downgraded was 3 years and the earliest it could be automatically declassified was after 12 years. The new Order reduces the automatic downgrading period from 3 to 2 years and the automatic declassification period in the case of Top Secret from 12 to 10 years, Secret from 12 to 8 years, and Confidential from 12 to 6 years.

I mentioned earlier the Department of Defense Classification Management Program. This Program was established in January 1963 to insure proper classification of Defense information originated by or under the jurisdiction of the Department. The Program was also designed to assure that classifications were eliminated when no longer required. With all candor I cannot state here that the Program has

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fully achieved its objectives. Let me assure you that new regulations designed to implement the new Order will emphasize the following points:

1. Information requiring protection in the interests of national security shall be properly classified in the first instance and unnecessary classification and overclassification shall be avoided.

2. Classification shall be imposed for the shortest possible time consistent with the interests of national security, and progressive downgrading and declassification will reduce and ultimately eliminate classifications when they are no longer necessary.

3. Uniformity shall be achieved throughout the Department and industry in the application and in the results of the application of the rules governing classification, downgrading and declassification.

4. Unnecessary expense incurred by the Department and its activities in protecting information which no longer requires security classification shall be eliminated.

The Department continues to stress review for downgrading and declassification purposes. We realize, however, that such review

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must be currently performed by responsible officials who are in a position to exercise judgment as to whether the information over which they exercise classification responsibility may be downgraded or declassified--people whose full time is taken in accomplishing the mission of their respective offices and activities. We expect improvements under the new Order. I will address the problems and complexities of document-by-document review later. It is sufficient to state here that for full force and effect a document review would require additional extensive resources in manpower funds. This is not to mean that we have looked upon downgrading and declassification as an exercise in futility. In spite of some reports to the contrary, we have taken positive action to free official information from the wraps of secrecy.

In the latter part of 1969, we initiated a program requiring the mandatory review of all security classification guidances for purposes of downgrading and declassifying elements of information contained in such guidances. Primarily involved were the security classification guidances furnished to contractors. This program, conducted during a six month period beginning in 1969 and ending in 1970 resulted in significant downgrading and declassification actions in both Defense and industry. Over 13,500 security classification guides were reviewed on a nationwide basis. To cite one example of the benefits derived

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from this mandatory review program, one Military Department reported the total declassification of 12 contracts with a cost avoidance of over half a million dollars. This program continues actively on an annual basis.

On May 1, 1971, the Deputy Secretary of Defense directed the heads of Military Departments and agencies to institute an intensive records cleanout campaign, to be completed by the end of FY 1972. At the same time, the Secretary directed that special emphasis should be placed on the elimination of classified material by downgrading, declassification, retirement, or destruction. He noted in his Directive that this program should create a surplus of filing equipment which could be used over the next three years to avoid purchasing new equipment. Accordingly, he placed a moratorium on the purchase of power filing equipment and security containers to continue until December 31, 1973. The objectives of this program are being actively pursued. Two of the smaller DoD Components, the Office of the Joint Chiefs of Staff and the Defense Intelligence Agency, reported in December 1971 that as of that time 158 security containers were declared surplus. I might add that the average cost of the security container is $460.

With respect to reducing classified inventories by destruction,

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special action programs are directed when, through our classification management system, it is found that Defense activities hold more classified information in files than what is believed to be reasonable. For example, a Defense contractor activity in Pennsylvania was asked to reduce its classified holdings when it was brought to our attention in the Office of the Secretary of Defense that that particular activity had on hand over 400 security containers with only two classified contracts. The contractor, acting under the guidance of our Defense Contract Administration Services personnel and the Military Department having cognizance of the contracts involved, eliminated the requirement for fifty-five security containers within a short period of time. Approximately 3 tons of classified material were eliminated with a resulting reduction in administrative costs involved in safeguarding. Subsequently, we directed the Defense Contract Administration Services organization to examine and purge similar contractor holdings nationwide and the results to date are significant. It was reported, for example, that of a total of 241 contractors and their associated consultants, 104 reduced their classified document holdings an average of 38%.

During 1971, one contractor destroyed 90 tons of classified material under our direction and guidance. A recent report shows

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that as of February 18, 1972, another contractor facility, within the preceding ninety days, destroyed 53 tons of classified material as the result of our conduct of an in-depth audit of the facility's entire security program. As mentioned, we are following through on a nationwide basis.

All of the foregoing actions, of course, reduce the risk of compromise and the administrative costs associated with the safeguarding of the material involved. We continually strive for these kinds of results. However, we believe that the benefits to be derived from declassification are more important than destruction. For example, early declassification could bring about these benefits:

. . . Greater flow of information to news media and the public regarding current defense posture.

. . . Increase in the industrial base because of availability of such information to small business.

. . . Facilitate international export and trade by American industry.

. . . Permit wider exchange of know-how among the scientific, technical and academic communities including colleges, universities and historians, domestic and international.

. . . Provide for state-of-the-art technology available for

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commercial and civilian purposes.

. . . Reduction of costs associated with safeguarding classified material.

It is quite apparent to us that the new Executive Order will go a long way in accomplishing these things and, in its implementation, the Department of Defense will make every effort to achieve fully its objectives.

Thus far, I have cited just a few examples of efforts of the Office of the Secretary of Defense to reduce the amount of classified material by downgrading, declassification, or destruction. The Defense Components are also highly motivated and are moving in a direction to meet the intent of the new Order.

On December 20, 1971, the Department of the Army promulgated a new Directive requiring the designation of a classification manager at the departmental headquarters level and classification managers at command echelons. That department also formed a special task force in April 1971 to review World War II and prior records in the National Archives for possible declassification. During the period 1 April 1971 to 1 December 1971, a total of 59 Mobilization Designee Reserve Officers, some on a full time basis and others part time, were assigned to the project. This specific effort was directed to

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intelligence records in various categories originated prior to January 1, 1946. The production total to date has resulted in a review of approximately 700 linear feet of records, 90% of which are scheduled for declassification. The remainder, identified as possibly requiring continued classification, are to be reexamined for declassification and downgrading. Of course, under the provisions of the new Order, the Archivist is authorized to review and declassify this kind of material unless specifically excepted.

On November 30, 1971, the Department of the Navy issued a formal notice covering an accumulation of declassification actions taken over a period of five years, 1966 - 1971. The value of this notice is that every current holder of any of the involved documents or hardware items could declassify them immediately upon identification. Because many of the original documents and copies thereof would have been destroyed during the intervening years, in terms of current holders the notice is reported to cover over 1,000,000 documents and hardware items still currently existing and on hand.

The Department of the Air Force reported that in the first quarter of FY 71, one of its major commands directed a special, intensified review of classified material throughout the command with a view to reducing its classified holdings. In this three months review, the following results were obtained: (1) 258,115 Secret documents were destroyed; (2) 7,790 Secret documents were downgraded to Confidential;

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(3) 1,029 Secret documents were declassified; (4) 126,397 Confidential documents were destroyed; (5) 2,900 Confidential documents were declassified. The total number of documents destroyed, downgraded, or declassified in this effort was 396,231.

Since May 1969, the Defense Contract Administration Services under the Defense Supply Agency (DSA) have, as directed by the Office of the Secretary of Defense, established a Classification Management Program at Headquarters, DSA, and at each of the eleven Defense Contract Administration Services Regions to insure that security classification guidance furnished to contractors is both timely and adequate. In this connection, review of contract classification guidance is conducted during each of the 27,000 inspections performed annually of about 12,900 industry facilities by more than 200 assigned Industrial Security representatives.

The foregoing examples of actions already taken by the Department, within available resources, are cited for this Committee and the public to show that in spite of misconceptions and some critical reports to the contrary, the Department of Defense has taken positive measures to insure that the public and the Congress are informed of the Department's activities to the maximum extent practicable consistent with the interests of national security.

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Lest we be misunderstood, our responsibility to in the Department of Defense to safeguard sensitive information, lives and property must be recognized. Espionage and sabotage and willful compromise will occur. We must, therefore, also protect against such adversities. In so doing, there is always a degree of risk involved. Total secrecy in a democratic form of government is not possible nor is it desired.

COMPLEXITIES AND PRACTICAL PROBLEMS

Before moving to the safeguarding functions, I would like to acquaint the Committee with some of the practical problems and complexities associated with the whole arena of classification, downgrading and declassification.

The sheer size of the Department of Defense, with over 3,000,000 people spread around the world, and separately involving about 12,900 industrial facilities engaged in classified work, presents a difficulty in obtaining reasonable estimates of how much classified material is produced and how much is downgraded, declassified or destroyed over any given period of time.

The Department cannot estimate how many classified documents are held in active office files and records repositories. One Military Department developed an estimate which indicated that approximately 17% of its total records holdings were classified. The estimate appears

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to be a reasonable one.

The Department is interested to know the estimated volume of classified documents held in inventory in order to measure the effectiveness of classification and records management actions taken which are designed in part to reduce these inventories. More specifically, we are concerned with how much classified material is being disposed of by destruction, retirement and declassification and how much is being generated. We are currently gathering this kind of data.

On February 10, 1972, we requested our Defense Contract Administration Services people to obtain a sampling from Defense contractors throughout the country of the numbers of classified documents received, generated, destroyed, and declassified during Calendar Year 1971, and the number on hand at the end of that Calendar Year. It was specifically directed that the information would only be solicited from contractors who (1) had the information readily available; (2) would cooperate on a voluntary basis in developing the information without cost to the Government; and (3) are representative of those handling a substantial volume of classified documents.

The report of this survey shows that 41 contractors held 4,956,109 classified documents at the end of Calendar Year 1971. Of this total, 4,467 were classified at the Top Secret level, 1,470,386 Secret, and

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3,481,256 Confidential. During Calendar Year 1971, these facilities received and generated 1,710,787 classified documents. During the same period, they destroyed, declassified or dispatched 1,980,012 classified documents. Thus, the beginning Calendar Year 1971 classified inventory was reduced by 269,225 classified documents.

It should be borne in mind that only 41 contractors were involved in this survey. Altogether, there are 12,900 contractors around the country handling classified material. They vary in size. The 41 contractors also varied in size among themselves. Though the sampling is relatively very small, the statistics resulting from the survey could conceivably mean that all of the contractors country-wide are whittling away at their classified holdings and reducing them, on an annual basis, by the millions of documents. From the examples I cited earlier, it is quite evident that such is the case.

A very great mass of classified material is generated in DoD and in industrial facilities in connection with research, development, production, deployment and use of weapons and weapons systems. At any one time, there are hundreds of classified efforts in progress involving 150 or more scientific disciplines. Classification responsibilities and judgments make heavy demand upon specialists--specialists in public affairs and information, in intelligence,

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in science and technology, in military plans, requirements and operations, in foreign relations, and in security.

The importance of accurate and adequate classification guidance cannot be overemphasized. If badly prepared, it can be the source of perpetuated unnecessary classifications and overclassifications. It is essential that original classifiers understand and professionally apply established classification principles.

Efforts are being made to train and assign classification managers at headquarters offices where they can oversee and assist program and project managers. Each such classification manager faces the extreme difficulty of trying to remain abreast of significant developments in the several fields of interest for which he has responsibility.

The application of classification guides at all operational levels down through manufacturing processes in industry has presented sizeable practical problems. Some monitorship is done from headquarters levels. Most, however, must be decentralized to the many subordinate commands that have day-to-day contacts with operating activities.

Maintaining the currency of existing classification guidance can result in real savings through reduction of costs in protective measures and through facilitating operations. The problems incident to preparation

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of original guidance are present also in updating guidance. In this connection, one must try to keep up with what is officially published on a worldwide basis and with foreign developments and intentions. Interest and activity of many parties outside the DoD-industry family, the rapid pace of technological developments, the availability of significant intelligence, all bear on both the original and updated guidance. Monitorship is critical in assuring that changes in guidance are actually made on a timely basis and then implemented all the way down through operating levels.

The greatest apparent benefit of declassifying documentation retained in files and storage is that then the files can be opened to all parties. For a number of years, historical researchers have had controlled access to classified files in the National Archives and other records centers. However, because there is access to classified information, their writings are subject to review before publication is permitted. As I mentioned earlier, declassification not only removes these restrictions, but also expands the base of persons who could study the written record of events as they actually transpired.

Declassification of hardware and information creates opportunity for private exploitation and for non-military use. It also materially reduces military handling costs and facilitates military use.

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The new Order clearly expresses the policy that as soon as possible consistent with maintaining necessary national security advantages resulting from classification, declassifications are effected. In some technology areas like imagery and infrared sensors we have already declassified a great deal of material that may have great benefit to the civilian community.

I have concentrated to a considerable extent on classification and declassification of information pertaining to Research, Development, Test and Evaluation, including weapons, weapon systems, and other military equipment. We face different problems when getting into military operations, contingency plans, and relations with foreign governments. There, the factors governing classification are not finite, like state-of-the-art. They are more intangible, less measurable to analysis of sensitivity in a narrow sense of thinking, because of dependence of shifting world affairs where defense efforts must be flexible in support of ever changing national policy requirements.

In this politico-military area, information concerning a particular foreign relations problem or a military operation may or may not become subject to declassification when a single action or event has been completed as may be the case in the RDT&E area.

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The process is not and probably cannot be an automatic one. The planning, intelligence analyses, the various options considered, evaluations of the possible or probable course of action by the other party, all may remain sensitive as long as a particular government official holds important public office, or our relations with a particular country varies or remains the same bilaterally or multilaterally related. Specific information given to the U. S. in confidence by a foreign government, or joint efforts of political sensitivity to another government may be involved.

The foregoing factors do not readily lend themselves to automatic or blanket declassification action easily. What is involved is the judgment and experience of persons who are specialists with respect to particular areas of the world, or expert in political, economic, intelligence, or military planning and operational affairs. Persons with that type of broad background are rare, but are the ones who can perform the necessary screening and evaluation to determine what should remain classified. Although the sensitiveness of politico-military affairs may diminish generally with the passage of time, some items of information will remain sensitive for an incalculable or unforeseen period. In this complex area, at the present time, a careful document-by-document review and close collaboration between

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DoD, Department of State and other Government departments and agencies, are required before declassification and open release can occur. Guidance from the top needs constant refinement and communication of such guidance bears heavily on the judgments to be exercised with a reasonable degree of confidentiality to be respected within tiers of Government.

In view of the foregoing, it can be readily ascertained that the classification management problem has massive proportions.

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PROTECTIVE MEASURES

Up to this point in our discussion of Department of Defense security we have been concerned with the nature, origin, and identification of classified information, the length of time it remains at any level of classification, and with its ultimate declassification. The balance of this discussion will deal with the suitability and security qualifications for personnel and the safeguarding requirements which must be observed.

PERSONNEL SECURITY PROGRAMS

The Personnel Security Programs, as the name suggests, are involved with the reliability, trustworthiness, or suitability of personnel as a means of achieving security. They have primary significance for the simple reason that no amount of safes and alarm systems, fences, guards or handling transmission, and other storage

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procedures can be solely depended upon to withstand the human element or failing where wilful compromises will occur.

There are three personnel security programs. The first is concerned with the acceptance and retention of civilian personnel, the second with the acceptance and retention of military personnel, and the third deals with clearance procedures for access to classified information by all departmental personnel and personnel in industry.

I might add that there are also special applications of our personnel programs such as those for individuals assigned duties related to nuclear weapons or other extremely sensitive information. These special applications involve an extremely small proportion of our personnel and are not typical of our general program and, in any event, do not represent departures from the general policy.

CIVILIAN APPLICANT AND EMPLOYEE SECURITY PROGRAM

I will first discuss our civilian program because it will best serve as a background against which our other personnel security programs may be most readily understood.

Under the Civilian Applicant and Employee Security Program all civilian positions are divided into three classes according to the degree of adverse effect the occupant of the position could bring about

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on the national security. These classes are critical-sensitive, non-critical-sensitive, and non-sensitive.

A critical-sensitive position is one which has been designated by the authority of the Head of a Department of Defense Component, involving the following:

a. Access to Top Secret ~~defense~~ information.

b. Development or approval of war plans, plans or particulars of future or major or special operations of war, or critical and extremely important items of war.

c. Development or approval of plans, policies, or programs which affect the overall operations of a department or agency, i.e., policy-making or policy-determining positions.

d. Investigative duties, the issuance of personnel security clearances, or duty on personnel security boards.

e. Fiduciary, public contact, or other duties demanding the highest degree of public trust.

f. Any other position so designated by authority of the Head of a Department of Defense Component.

A noncritical-sensitive position is one which has been designated by the authority of the Head of a Department of Defense Component, involving the following:

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a. Any position, the duties or responsibilities of which require access to Secret or Confidential defense information.

b. Any position involving education and orientation of Department of Defense personnel.

c. Any other position so designated by authority of the Head of a Department of Defense Component.

A non-sensitive position is one which requires no designation as such by the authority of the Head of the Department of Defense Component and is one which involves no sensitive duties. All positions not meeting the requirements of the above-described critical-sensitive or non-critical-sensitive positions, therefore, fall into this group.

For critical-sensitive positions we require a background investigation prior to appointment. This investigation is an extensive inquiry which normally covers the 15 year period or extends to the 18th birthday of the subject. It also includes a National Agency Check which I shall describe shortly.

For noncritical-sensitive positions a pre-appointment - National Agency Check is required. This consists of a check of all relevant Federal records plus written inquiries to local law enforcement officials, schools, employers, and other pertinent sources of information.

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For non-sensitive positions National Agency Checks with written inquiries may be made subsequent to appointment.

The nature and scope of investigations used in determining eligibility for or retention in civilian employment are based upon E. O. 10450 as amended, and the provisions of the Federal Personnel Manual.

Upon receipt of the completed investigation, a security evaluation is made by the major element of the Department of Defense Component. In cases in which significant adverse data is developed, the case is referred to a central clearance group established in each Military Department and each Department of Defense agency.

A favorable evaluation may in some Department of Defense Components be made by the major elements; in others it must be made by the central clearance group. In all Components, however, an unfavorable final determination can be made only by the head of the Component after a review by a central clearance group.

In all evaluations the security standard applied to Department of Defense civilian personnel is that their acceptance or retention must be clearly consistent with the interests of national security. Both the standard and the implementing criteria stem from Executive Order 10450.

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The criteria are essentially guidelines for adjudicating acceptability for or retention in Government employment. They contain examples of actions, situations, or conditions which would adversely affect, but not necessarily preclude Government employment. The following is a general summary of the criteria: Commission or advocacy of wrongful acts or crimes, those affecting the national security; concealment or refusal to furnish material facts or information; dishonest, infamous, or immoral conduct; wilful disregard of security regulations; any illness which may cause a significant defect in judgment or security reliability without a rehabilitation factor; finally and most important, significant association with subversive individuals or membership in or affiliation with subversive organizations.

The Department of Defense Civilian Applicant and Employee Security Program is a significant one. The Department of Defense employed 1,125,481 civilians as of November 30, 1971, or 40.1% of the total Executive Branch employment of 2,803,872. To emphasize the importance of the Department of Defense Civilian Program, it is estimated that 75% to 80% of all the sensitive positions in the civilian service in the Executive Branch are in the Department of Defense.

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Our civilian applicant and employee program is to some extent, shared with the Civil Service Commission. The Commission conducts all National Agency Checks for Department of Defense civilians but Background Investigations, when required, are conducted by the Department of Defense.

In general, we have encountered only a limited number of problems in our Civilian Applicant and Employee Security Program. One past minor difficulty involves the Attorney General's list of subversive organizations. It does not list organizations which have been created since 1955 and which may deserve inclusion on the Attorney General's list. It should be noted, however, that under Executive Order 11605 the Attorney General is authorized to petition the Subversive Activities Control Board to update this list. It is our understanding that the Department of Justice has already initiated action concerning several organizations. At any rate, in individual cases, the factors which would be applied are the following: Membership in an organization, knowledge of its illegal aims, and support of those illegal aims.

MILITARY PERSONNEL SECURITY PROGRAM

The Department of Defense military personnel security program is based on the Constitutional authority of the President and the general

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grant of authority to the Secretary of Defense in the National Security Act of 1947. The national security program for civilians expressed originally in Public Law 733, 81st Congress and Executive Order 10450, as amended, has been adopted with certain modifications for its military security program.

This program like its civilian counterpart is directed toward assuring that the membership of any individual in the Armed Forces is clearly consistent with the interests of national security.

The investigative and adjudicative procedures are essentially similar to those followed in the civilian applicant and employee program.

CLEARANCE PROGRAM

The civilian and military personnel security programs that I have just discussed are concerned with eligibility for civilian employment or military service from a security standpoint. Many members of the Department of Defense require access to classified information in the course of their official duties. Executive Order 10501 required that only persons determined to be trustworthy may be given access to such information. This determination of trustworthiness, with respect to access to classified information, is commonly called a clearance. The Department of Defense clearance program sets forth the scope of

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investigation on which a clearance must be based and rules for determining how such clearances are adjudicated. Within the Department of Defense, this program applies to both military and civilian personnel. Externally, it also applies to personnel in industry.

The following is a brief summary of the investigative requirements for access to the various levels of classified information.

For access to Top Secret information, an individual must be the subject of a Background Investigation. As an exception, military personnel with 15 years of consecutive service may be granted a Top Secret clearance on the basis of a National Agency Check and a complete check of military service files.

For a Secret clearance, a National Agency Check is required for both military and civilian personnel. For a Confidential clearance, civilians require a National Agency Check and military personnel require a check of all relevant personnel and medical records.

Requests for clearances are initiated by the commander or supervisor of the individual and sent to the security office of the appropriate major element in a Department of Defense Component. The security office will usually have on record the scope, date, and result of the most recent investigative action. If the scope is sufficient

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and there is no indication of significant derogatory information, the clearance will be issued. Otherwise, the security office will request that an investigation of sufficient scope be conducted for the level of clearance requested. If the results of the requested investigation are favorable, the clearance is issued. If, however, the investigation discloses significant derogatory information, a review of the case file is made by security specialists and sent to the commander or director of the element for a determination. The decision to grant or deny the clearance is made at this level.

After an individual has been cleared, and information is subsequently discovered which adversely reflects on his trustworthiness or reliability, the security office will request investigation to disclose all relevant data. The procedures for retention or revocation of a clearance are the same as those followed in connection with issuance or denial.

If the clearance of a member of the Armed Forces is denied or revoked he cannot be assigned to or remain in the position requiring such a clearance. If a civilian employee holds a sensitive position, his eligibility for access can be revoked only within the framework of the Department of Defense Civilian Applicant and Employee Security Programs.

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The Department of Defense applies, as far as is practicable, the security principles it uses internally to Department of Defense industrial personnel through its Industrial Security Program. Contractors are authorized to grant Confidential clearances for their employees, with some exceptions, under the guidelines established in the Industrial Security Manual. Top Secret clearances, Secret clearances, and certain Confidential clearances must be granted by the Government and are issued by the Defense Industrial Security Clearance Office (DISCO) of the Defense Supply Agency at Columbus, Ohio. Such clearances are based upon an appropriate investigation. As of November 1, 1971, there were approximately 938,763 Government-granted clearances on record at the Defense Industrial Security Clearance Office. In addition, 327,503 employees held Company-granted Confidential clearances, making a total of 1,266,266 cleared industrial employees or approximately 23.1% of the total work force in facilities, where classified work is performed. Of the 938,763 industrial employees with Government-granted clearances, 68,439 were Top Secret clearances; 859,922 were Secret; and 10,402 were Confidential clearances.

In the event that the Defense Industrial Security Clearance Office cannot make a favorable clearance determination, the case is referred to the Industrial Security Clearance Review Division, Office of the Deputy Assistant Secretary of Defense (Security Policy).

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Tens of thousands of clearance applications are processed annually without the development of any significantly unfavorable information. Those applications are processed and clearances issued by the Defense Industrial Security Clearance Office without the necessity of referring them for review and determination. For example, during the 12-month period ending December 31, 1971, the Defense Industrial Security Clearance Office granted a total of 127,544 clearances. During this same period, it referred 439 cases to the Industrial Security Clearance Review Division for determination under the established procedures. The cases referred for review under those procedures constituted only 3/10 of 1% of the total cases processed by the Defense Industrial Security Clearance Office during Calendar Year 1971.

Two significant actions were taken during 1971 that are likely to reduce the cost of investigations and clearances.

On June 30, 1971, all Federal Departments and Agencies were directed by the White House to review all Top Secret clearances and to discontinue all such clearances that were not essential. At the end of the review in the Department of Defense, there were 464,550 Government and industrial personnel retaining Top Secret clearances. This was a reduction of 31.2% in Top Secret clearances originally in

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effect. It is estimated that maintaining Top Secret clearances at the lower level may result in a reduction in investigative costs of approximately $7.3 million in future years assuming the same number of people will be aboard who will require such clearances.

The second reduction in costs is expected to result from a reduction in the scope of Bring-Up Investigations that relate only to the updating of Standard Background Investigations in certain sensitive positions. The new scope would require only a National Agency Check in those cases in which both the subject's Statement of Personal History and the National Agency Check reveal no adverse or questionable information. In cases revealing adverse data, either an Expanded National Agency Check or the usual Bring-Up Investigation is required. It is estimated that this change in investigative scope may result in cost avoidance of approximately $1.2 million without devaluation of our security posture. Before concluding this portion of our discussion dealing with personnel security programs I would like to emphasize one dominant characteristic which runs through all of them. In our discussion of the classification system I stressed that one of its objectives was to strike a balance between the need of the Government to protect certain information and the right of the public to be informed. In the field of personnel security the

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Department makes every effort to achieve a similar balance between the requirement on the part of the Government to insure that its employees and those who have access to classified information are reliable and trustworthy and at the same time to respect the Constitutional rights of the individual. I submit that the history of our personnel programs will demonstrate that the Department has achieved this balance.

The magnitude of the Defense Investigative Program can be illustrated by data on the number of various types of personnel security investigations required during the last fiscal period (FY 1971) and estimates of the cost of conducting those investigations. The following data have been derived from quarterly reports submitted by the investigative elements of the three Military Departments:

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furnished to us, we will review our current instructions concerning these areas for consistency. These regulations, of course, also apply to Defense industry through the Defense Industrial Security Program which we operate for ourselves and twelve other agencies of the Government in 12,900 contractor facilities.

CONCLUSION

In conclusion, programs and systems supporting security policy in both Defense and industry must be reasonable. A total security condition would stifle the national defense effort. Operations, manufacturing, progress, development and growth would be brought to a standstill, if security requirements were one sided and did not take into consideration the practical application thereof in Government and industry. Security must remain in its role, with sound management, initiatives and new incentives to assure that the attainable and proper condition is established and that national objectives are attained because it is appropriate and effective.

The Department is looking forward to implementing the provisions of the new Order to classify less, declassify more, and better protect that official information which truly requires protection.

I will now respond to any questions you may have.

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	Number Completed	Total Cost	Unit Cost
NAC	1,151,496	$ 6,264,139	$ 5.44*
ENACs**	13,787	789,603	57.27
BIs	94,204	24,801,231	263.28
SBIs***	47,354	15,347,458	324.10
BUs	28,809	6,412,607	222.59
		$53,615,038	

*The estimate of the cost of NACs includes the costs incurred by the DoD and FBI.

**An Expanded National Agency Check (ENAC) is conducted when the subject's Statement of Personal History or the NAC, or both, reveal adverse or questionable information that must be substantiated or disproved. It is usually less extensive than a BI and is limited to resolution of adverse or questionable information.

***The Special Background Investigation is one that is required by the United States Intelligence Board as a basis for granting access to compartmented intelligence information.

It may be of interest to point out that a NAC requires 15 to 20 days for completion and a BI 60 days or less.

ADMINISTRATIVE AND PHYSICAL SECURITY

The Administrative and Physical Security Programs are concerned with custody, safekeeping, accountability, dissemination, transmission, disposal, and destruction of classified information. The new Executive Order provides for the issuance of separate regulatinns by the President through the National Security Council covering these subjects. When these regulations are

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