

DD/A Registry
File Speeches

Director of Central
Intelligence

Bill:

I am forwarding to you a transcript of the speech which you delivered on the occasion of the supergrade promotion ceremony. I would suggest that we forward a copy each to all the Deputies with a comment that we leave the determination for further dissemination up to their judgment.

/s/ John F. Blake
John F. Blake

Attachment

STAT

DD/A

12/5/74

Distribution:

- Orig - DCI w/orig speech
- 1 - DDA Subject w/cy of speech
- 1 - DDA Chrono w/o att
- 1 - JFB Chrono w/o att

DD/A/JFBlake:jmh (4 Dec 74)

STAT

CONFIDENTIAL

We wanted to take this occasion to talk to you all as the people who actually run the Agency. I know very well I don't run the Agency. I don't know what I do. I do a lot of running, but I don't run the Agency. General Walters runs around a great deal; some of that's in the Agency and some of it's in various exotic places abroad. So, it's quite clear that we are well aware that the Agency is run by you ladies and gentlemen--I'm glad I can say ladies--in this room. You supergrades are the management element of the Agency.

I'd like to exchange a few thoughts with you today about the Agency and how we stand and, particularly, I hope, give you a little ammunition that you can use in your communications with our employees. If there's any message I really want to leave with you very strongly, it's the message of communication with our employees.

First, I want to to reassure both you and them that in my view the Agency is alive and well and living in Washington, and that our relationships with our bosses are very good. I know they are very good with the President. In the history of this Agency, he's probably the President who has most effectively and seriously used the Agency product on a frequent, regular, daily basis. We have an officer who began to brief him on a daily basis while he was Vice President. When he moved to Office of President, he insisted that that arrangement continue. So, we have one of our officers go down and meet with the President every morning at eight o'clock. He brings him the President's Brief which is now made in four copies: one for the President, one for the not-yet Vice President--but we don't deliver that now--one for Dr. Kissinger as Assistant to the President; and one for me. And, that's all we make. We don't make anymore copies of that particular one. That was deliberate, so that we could put into that Brief the most sensitive matters that we have; so that there's absolutely no question of holding out on something going to the President because of the risk of it being exposed somewhere in Washington. This is supplemented by the Daily--the newspaper-style publication which now goes to about 60 or 70 people around Washington. The President frequently reaches for it and looks through it. He is very interested in some of the things that are there.

25

CONFIDENTIAL

In various meetings with him, he has particularly asked for our views of things. He's listened to us; he's sought to understand the details of some of the rather esoteric matters that we discuss. Most of all I think, this is not just a private assurance to us; it is that he has reassured me directly about the whole covert action business. More important, he stood up in a public press conference at a time that he didn't have to, because it wasn't on his watch. He stood up and defended our actions and the functions that we served, even in the covert action area. So, with respect to our first customer, I think we're doing our job, and I think that job is appreciated. I might add that in the rest of the Executive Branch, I think it's also appreciated. The quality of our intelligence is such that we really have raised everybody's anticipation of the norm to such a high level that they don't even notice how good it is anymore. They see it every morning; they see it in these articles; they see it in your contribution to the various National Study Memoranda. This high quality of our contribution, I think, is generally accepted throughout the Executive Branch.

I might add that I think the Congress is also a supporter. Sometimes they support us because they can get an independent view from us. And we've heard that a number of times--that they want our view; they want our appreciation of what's going on because they know it isn't going to be slanted by a desire for a particular product or by a desire to follow a particular policy line. They know that they will get an independent view. I think the best example of this Congressional support came in the last month--again related to covert action which we had all realized was only a small part of our total effort. I'd made the point publicly that the Capitol would not collapse if we were forbidden to engage in covert action. I think it's a useful thing for our country to be able to do, but I couldn't say that it was critical to national security this particular week. Despite that approach toward this matter--in the face of a Bill that came up in the House and a Bill that came up in the Senate--both of which would have barred us from any further covert action, both Houses turned down that restriction by votes of three to one. Now, those are very substantial votes. Even the critics emphasized how important the intelligence function is and their high opinion of the fact that we do it and that they want us to continue to do it. Even on a matter like this that you might say we were vulnerable on--and which was the subject of a great deal of talk in the Press--we got three to one support.

Now, those are technically our two bosses: the Executive Branch and the President particularly and the Congress. In the Executive Branch, I might add that we have two particular customers. They are Secretary Kissinger and Secretary Schlesinger--both of whom are very intense users of intelligence and both of whom look to this Agency very seriously for an accurate appreciation appraisal of what's going on. Secretary Schlesinger will argue with us on the details, and he knows enough about areas like strategic weapons or the cost of Soviet defense programs that his views are entitled to a great deal of respect. But, he's not trying to tell us what we ought to decide. He's trying to get us to be more helpful by bouncing the ball back and forth with us. Secretary Kissinger on a number of occasions has expressed his appreciation for our intelligence and our contribution. He has commented on particular documents we have given him, and he has pleaded with us to continue to give him material which--as he said--makes him think. Now that's a very high praise from a gentleman of his reputation for somewhat sharp remarks of various people. The fact is that he's very sincere about it. So, I think that we really are in good shape in this regard.

Well, if we're in such good shape, why do we get kicked around by the Press so thoroughly, you ask. And, I think that's a very fair question. It brings up the second question that I know preoccupies a lot of you and a lot of our employees--it's what the devil are we doing in the newspapers these days anyway? I thought our job was to stay out of the newspapers. And, is the Director on an ego trip or something going to these things? Frankly, on the role of the Press in America, I've thought that in this particular day and time, we cannot go back to those dear days in which gentlemen didn't mention intelligence. We have been attacked too often. There have been too many extreme statements. So much so that I've felt it necessary to put into the record a positive statement of our contribution, our mission and our role in the intelligence business, that otherwise we would abdicate it to our critics and to those who would really like to see us disbanded and disappear. So that consequently we have gone into the Press, and I've gone into the Press, as you know. It's kind of ridiculous when you see a sign at the entrance here saying, watch it fellows, the NBC's going to be here from noon to two o'clock, but the fact is that I've thought that was a necessary step toward getting some public understanding of the real nature of this Agency and of intelligence, and some public support for our mission. Now, sometimes it works and sometimes it doesn't, but I think that this attempt has been necessary and I think that in total, we probably have come out a bit ahead of what we would be if we had tried to stay out of it entirely.

I think there is greater public understanding of the fact that intelligence is a bigger word than James Bond and Mata Hari; that it comprises a lot of other other activities. I think this explanation of what our real function is has helped us to get through some of these rather critical times. We do not have a positive public relations program; we're not going to run "The CIA in Peace and War" on Sunday night. We are going to take the position, however, that we will respond to legitimate questions about the Agency, and we will try to explain our real nature in response to reasonable questions. We won't seek occasions to go into the Press, but we will respond where we think we can. We will respond in two ways: We will respond for the record about our background--explaining the nature of our activities. Also, to the extent we can, we will try to give the people of the United States the result of the intelligence investment that they have made in terms of the substantive intelligence that has been collected and analyzed and produced here. Now, that doesn't mean we are going to give them the intelligence sources and methods. It doesn't mean we are going to get in a big political fight about some of the questions that are at large in the world; and it doesn't mean that we are going to take a partisan position on any of these matters. But, it does mean we will try to the extent we can, and still protect both our Agency sources and methods and our own independence and integrity from political and partisan activities. And, I might add, a third thing--the time of our people--within those three limits, we're going to try to respond to the legitimate Press or the academic community or other curiosity about what we think is going on in the world, thanks to the enormous sources of information we have and thanks to the accumulated wisdom in this Agency and in the Intelligence Community.

Well, I think that's about enough about the Agency as it appears from the outside. I think that what you might be particularly interested in, since you are running the Agency, is the Agency on the inside. How are we doing now inside? What's happening and where are we going? We talked about one agency a year or so ago. We made quite a stress of it. I think this has come out about where I would have expected it. I think some of the old baronial walls have broken down to some extent, and I don't say that they were limited to any one Directorate. I think there has been a little more open attitude between offices and between analysts and collectors and engineers and administrators--that we have a sense that we are all working on the same problem in general and we are all working together. On the other hand, we aren't one great homogeneous mass. We do have different specialties. We do have security limitations. We're never going to be completely fungible from one office to another.

We're never going to be able to read each other's traffic freely because all those silly compartmentation rules are important. The compartmentation is a necessary fact of our life. Part of the compartmentation is not just what happens today, but the depths of experience and knowledge that you build up over time. So, we are going to have different offices; we're going to have different Directorates; we're going to have compartmentation rules; and we're going to have some degree of rotation. But you're not going to be thrust from analyzing economics to riding on the space shuttle just because it sounds like fun. We're going to have to adjust people, focus people on what they can do, and, to some extent, not let them know too much about some of the other things that happen in the Agency. But, within those necessary limits, I think we have reduced what used to be a much more competitive attitude, a much more closed attitude toward other units in the Agency, and I think we have increased a sense of our working together on comparable problems, each with our specialty but leading up to one overall result and one overall contribution.

I think that's also occurred with respect to the rest of the Community--to a lesser extent, but nonetheless, there have been very substantial improvements. Our relationships with the various other agencies in the Community are really quite good. The FBI relationship, I think, is quite different than it was some years ago. Part of that is just the change of people involved, of course, but also, I think it's a new attitude that we have here and a new attitude they have there. Our relationship with the various elements of the Department of Defense has improved, too. It's rather convenient, you know, when a former DCI is the Secretary of Defense and particularly a former DCI who invented the idea of the DCI having a certain influence on the Department of Defense intelligence elements, from time to time. However, I think it's more than that. I think the relationship at the analyst level of being able to argue about real things rather than Departmental positions. I think there is more willingness to sit down and look at the total picture and see what the fellows in uniform can do better than the fellows in civilian clothes and vice versa. I think there are a number of improvements in this area; improvements in our relationships with attaches abroad, for example, and a variety of others. With respect to State, I'm afraid I can't say quite as much just here in the family. I wish I could. We certainly have tried. I think some people in State have tried, but State has some very large and difficult problems. Our past history is such that we've got a lot of old hobgoblins to get over. We're going to keep on working on this. We're going to try to improve this relationship. But I think to be honest with you, this is the area that perhaps needs the most effort by me and by some of the rest of us in the future to overcome some of the old attitudes and restrictions. You might as well just say it, bickering between us.

STAT

Now one of the reasons I think that the Agency gets along better in the Community is the great job that's done by the Agency. The products, the quality of the products, is really quite amazing. I mention the high quality; the way the Agency adjusted to bright ideas about changing the way our products were produced, reorganizing elements that produced them, and how we related to each other in producing them. I think there have been very substantial improvements in this regard, and I think there are a lot of people around town who are quite aware of these improvements in our product.

From time to time, we have to knock our hands off some nice old project that we've been doing, that we've gotten to a nice comfortable way of handling. Once it becomes something that is manageable, we then take it away from CIA and give it to somebody else to manage. That's been our history in a lot of different projects, and I hope it remains it, because it will keep this Agency's talents addressed on to the far-out future; the part that needs inventiveness. I think that there is much satisfaction with what has been done in this regard in the past year or so. I might add, also, a comment about the imagination of our Administration Directorate. It's gone through more name changes in the last couple years than any of the rest of us, but we'll see if we can catch up some of the other outfits. The kind of support we've gotten, the kind of cuts they've taken and still provided, is a marvel to anyone who knows anything about government and how

it works. There's no question about the fact that we are blessed with a spirit of trying to do things, of trying to do them quickly and flexibly, and trying to reduce the bureaucratic aspects to the minimum; to make the bureaucratic machinery serve us rather than vice versa. I think this has characterized all the different elements of our DDA.

One of our major problems in the Agency, as you and I know, is the problem of inflation--the same problem we have at home. We talked about the three horrors last year--about the fact that the price of people goes up and the price of operations goes up. The only thing that doesn't go up is the willingness of the Congressmen to pay more. This is still a fact. It's one we've tried to adjust to. I think we've adjusted to it really quite well in a lot of respects. We actually did go up slightly in what we got the Congress to give us, but we also have gone down in our people, and we have gone down in our projects and activities. We've gone down by focusing properly. In part, we've been lucky because we've been able to compensate for some of these increased charges by not doing so much in some fields that cost us a lot of money in the past. We really aren't running the war in Laos now. As you remember, that was a very substantial part of our total expenditure and of our total manpower commitment. We have some other things that similarly have dropped down, and we've been able to compensate in that fashion.

I think we are also compensating through MBO, or Management By Objectives. We are compensating by the imagination and the inventiveness of some of our people in figuring out new ways to improve our productivity, to use machines, perhaps, to streamline procedures, to make new thoughts, new contributions, to make our work more effective at the same or even at a smaller cost. Management By Objectives, I think, is gradually becoming understood. I still have a problem of distinguishing even myself some days between the number of acronyms we develop here on KIQs and KEPs and MBOs and the Boy Scouts and everything else. The quickest and easiest explanation of how all these things relate, I can give you in about one minute. It is that the key intelligence questions are KIQs--those are my communications as DCI with the heads of all the agencies in which I try to outline what I think is important. And that's where they stop--at the head of the agency, because each agency then determines how it's going to respond and arrange for reporting on those key intelligence questions. Some do it with MBO; some do it with exhortation and some do it with near-term defense objectives. There are a variety of different names, but each agency runs its own railroad. In our Agency it's run by the MBO system. The KIQs are for your general information, but as the command line goes down, you get your actual directives through the

Management By Objectives technique. Then, when you report on how you've done on your Objectives, those then feed into how the Agency has done on the various key intelligence questions. In that fashion I think we can untangle who's responsible for what.

Another way we've adjusted to inflation has been the continued reduction of our people, and I'd like to say that as we look ahead, I really don't see any solution to this, but to continue on this particular line. I think we have it down now to a system so that we do not have to go through a big turbulent surplus exercise the way we did last year. I think we can go down at a very reasonable and small level, adjusting our activities to fit the reduction in people available. I think we can reduce the actual people through a combination of their ordinary retirement, by the ordinary departures that take place anyway, and by the process of identifying the people who really should be urged to move to a new field.

Last April we put out a memorandum called "New Approaches in Personnel Management." This had a lot of very general statements, very fine resolutions. Maybe it should have been dated the 1st of January instead of the 1st of April--but, the fact is that it was an outline of how we hope to manage our personnel. I commend it to your attention because we are going to have a little recap on how well we've done on it here in another month or two, and we're going to look to see how each of the Directorates and each of the offices has responded to that new approach. I think we owe it to our employees that we actually follow-up on what we said we were going to do. At that point, I hope to make a report to the employees, of what has actually happened in these new approaches, so that they don't just feel that this kind of document can be dropped on them and then forgotten until another one comes along in another six months or a year.

The annual personnel plan is about to be dropped on my desk for FY 1974 and the goals of 1975. We will be briefing various levels concerning how well we performed against the goals we set for ourselves last year, and how our goals look for this coming year. We will be able to identify not only what happens to the Agency as a whole and how the different Directorates compare, but will be able to make comparison between offices. You can even take it in your own component and make comparisons between Branches and between Divisions, etc.

I hope you will use this plan as a means of communicating to your subordinates--what you expect of them in the way of their management of the people that work for them. The plan requires that we have a personnel development program for our brighter and sharper comers; that we look carefully at

what potential they have. The plan will also indicate the degree to which we give awards for good performance for our people. On this, I think we have to say a word of thanks to you all for the fact that our awards have very substantially increased in number in the past year. I think we've gotten out of this situation of being unwilling to write a recommendation for an award until the day before the fellow actually retires. We have given a lot of awards for specific things and I commend to you a vigorous look for occasions to recommend people for an award. Don't write it out in eight pages. If possible, try to cut it down to a page and a half. But, try to give the awards as close to the time of any appropriate service as possible. There's a very simple reason for that--if you give it to them then, you are not blocked because he messes up in some later job and then you can't give it to him.

I also want to mention our Equal Employment Opportunity Program, which we put a little stress on. I think that here our results are a little mixed. We have recruited more blacks. This is a credit particularly to the recruiting elements of the Office of Personnel. It is also a credit to the willingness of a number of you to accept these people, to reach out for them; sometimes to get in touch with them directly and independently of the recruiting service. We have recruited some in more senior grades as well as at entering grades. Our percentages are, however, still very low. In that respect, we have more to do. We have more to do on the blacks; we have particularly more to do, I might say, on the women. There were no women's supergrades promoted in this group that we had today. There were no women supergrades projected for promotion in next year the way the annual personnel plan looks. Well, now, I don't think that's right. I think we've got to solve that. We have to solve it, however, within our normal standards. I think that is as important as making progress on the EEO. We are going to stick to our standards--we're just going to work harder to find, recruit, and develop people who can meet those standards. We're not going to drop the standards. We have no quotas. We're not going to promote people or hire people so that we can have a token presence in our Agency, because that's the first step to disaster.

That's the first step to make the program really not work in the long term. The only way to work it, however, is not to sit and wait for the candidate to come to you, but you, and I mean literally you, to go out and look for the candidate and help to develop that candidate and bring that candidate into our Agency. So, it doesn't mean that we don't do anything by keeping our standards--it means we do

more, because it would be very easy to pick up the token numbers. That's not what we're after, and it's not what we're going to do. In summary, I do point your attention especially to the problem of EEO--we have more to do. I'd like to particularly point to the subject of improving the grade level of the ladies who work for us.

Now, speaking of grade levels, this is a rather good group to talk to, because except for four or five of us, everybody gets the same amount of money. I know that's not a very popular subject these days in this kind of a gathering and I have every sympathy with that. In fact, I feel a little bit embarrassed at being one of the few here who is not limited to that limit. It is a very serious problem. You saw what the Administration tried to do last year about it, and failed. Obviously, CIA is not going to be able to do anything on its own. We are not going to be able to set up our own supergrade system. I will, however, participate in anything that the government does on this subject, and I will urge and bring to the attention of our government leaders that it is a serious problem for our supergrades. Sure, intelligence work is fun, but the fun begins to cost quite a lot when you get to the kinds of limitations that I know some of you are under in your current salary limits.

I would say, also, that we have been approached as to whether we need as many supergrades as we now have. The obvious numbers way to approach this is to say that the Agency was about 20 percent larger than it is today and yet we have, I think it is, only seven more supergrades than we had at that time. I have reported this to the Office of Management and Budget, and I will struggle for the retention of our current levels--not based on that kind of numbers game, but rather on the quality of the job that you all are expected to do. Not on the numbers of people that you supervise, because obviously on that kind of basis, we all might be majors, because majors can run battalions, and they have quite a few hundreds of people in them. The fact is that the quality of the work, the delicacy of the work, the intensity and the importance of the work, in my opinion, does justify this number of supergrades in this Agency. And, we do stand rather well compared to a lot of other agencies, to the normal government agencies and to the other intelligence agencies. We do stand rather badly in comparison to the Department of State. Whether one can say that the Department of State is the one out of joint or not, I cannot say. I propose to stick as hard as I can on what we have and certainly not give away any for free.

You saw a little note in the paper yesterday about a league of supergrades, how a league is a nice way of referring to a kind of lobbying organization. The question was: Are we allowed to join them? The answer is, I don't have any legal authority to either say yes or no to that. I can't encourage you to join it; I can't prohibit you from joining it. We do have a few regulations about the degree to which we--with the CIA sign on our back--don't participate in picket lines around the Congress or such. There's a regulation that we all read in the last month on that subject. But the fact is that belonging is a personal decision. It's not something that I could either encourage or discourage. If we got into security problems in that regard, sure, I'd have a responsibility to say something about it. Or, if you got into a situation where the reputation of the Agency was being affected by someone's participation in something of this nature, then I would have something to say about it. But, just the straight answer to the question: Are we allowed or forbidden to join? The answer is neither.

This brings me to the subject of labor unions, which the league is not. I'm reminded one time of George Meany's remark when he heard that the airline's pilots were on strike, and he said, "Hell, that's no strike; that's a dispute between capitalists." I think that the question of the league, however, brings up the question of the unionization of our employees and the degree to which they can be. Again, I go back to the word communication, because communication among us, through us, to the employees as a whole, is the best way to avoid any substantial difficulty on that scale. The employees of this Agency, I think, are more loyal than any other in the government. There's no question about it in my mind. We may have a little trouble with two ex-employees, but I have total confidence in the loyalty, the discretion, the good sense of the employees in this Agency. They wouldn't have signed up for this difficult job; they wouldn't have sustained it all these years, if they hadn't had an uncommon gift of loyalty and of public service. I have no problems about that, but I think they do sometimes wonder what's going on. We are a secretive Agency, even though you'd hardly believe it some days. I think sometimes that the employees are the ones who read about us in the newspaper--it's the first they ever heard of Chile, and they didn't know what was going on there. Their friends all ask them; they don't know; what can they say? We have tried to some extent to distribute employee bulletins to communicate with them directly. I know a lot of you have had meetings of your groups to discuss situations with them.

One of our annual personnel plan requirements is an annual meeting within each office--a big meeting between the head of the office and his employees, to go over the situation in that office, in that Division, whatever it is. That form of communication is important. Your employees should feel that they are getting the word down through the channels to the extent necessary. They're going to look to you for whatever is going to come. Sometimes they're not going to ask it, but they're also going to be a little disappointed if it doesn't come, because they would expect it, and they would hope for it. I think it is up to you as it is up to me to try to think of occasions on which we can give this information to them, occasion on which we can stimulate their questions and find what's worrying them and what's concerning them so that we can either resolve that question or concern, or so that we can go out and fix the thing that's causing it.

Now there's one other feature and then I'd like to ask for some questions. That is the question of secrecy and how it works. As you know, we are having troubles--Mr. Agee, Mr. Marchetti, etc.--we've been fighting this as hard as we can in the courts. There's not very much we can do about Mr. Agee in a legal sense, but we are going to take some steps. I have made contacts with various people hoping to reduce the size of the exposure by Mr. Agee. I know there's been a lot of other action taken throughout, particularly in the Latin America Division, to try to protect ourselves against anything too bad from Mr. Agee's book. But, I think that we are in a situation where we do need better protection for our secrets. The Office of Security is looking at some techniques by which we might improve the compartmentation of some of our material and divide things up into smaller compartments, so that sensitive information is given to the fewest possible people. But we also, I think, need some real tools, some legal tools. As you know, I have recommended to the Congress that legislation for the protection of intelligence sources and methods be improved.

It's not an official Secrets Act in the broadest sense. I think it's compatible with American principles. I have made the point, and it happens to be true, that if I worked for the Internal Revenue Service, and I leak an income tax return, I'm guilty of a crime. Or, if I worked for the Census Bureau and I leak a census return, I'm guilty of a crime. Or, if I worked for the Department of Agriculture and I leak some cotton statistics, I'm guilty of a crime. But, if I work for the CIA and I leak an intelligence agent's name, I'm only guilty of a crime if I give it to a foreigner or I have an intent to injure the United States. I think that's ridiculous. So, we are recommending some criminal

penalties for the unauthorized disclosure of intelligence sources and methods. We are surrounding that with certain protections that we've worked out for the Department of Justice which I think are compatible with our Constitutional system and with the way we Americans like to handle each other.

One of these is that those rules, that vulnerability to criminal action, would only work against us. It would not work against the third party who gets the secret and then publishes it, be that a newsman or be that somebody repeating it. Why? Because we under-take the obligation. We are brought into the secret, and therefore if somebody does wrong, it's us. Secondly, before we could prosecute, we would have to be prepared to demonstrate that the actual secret which was being disclosed was a serious matter, and that we weren't being unreasonable and arbitrary when we classified it. You and I know there are enough pieces of paper lying around the building that you wouldn't send a dog to jail for releasing, and it's exactly that kind of thing that might be an apparent vulnerability that we want to eliminate by this requirement that we have to prove that our classification was a reasonable act. I think we can do that behind the judge's doors without leaking all the secrets involved.

That is one of the problems we had in the Marchetti case. When we began to try to explain why a thing was classified, it began to go into more and more and other problems as well. And we've had problems in where we held the line. That is also the area in which, of course as you know, we finally came to issue with Senator Baker on just how far we would go to looking into the Agency hoping to find something wrong. We finally blew the whistle and said we wouldn't go any further, and it seemingly has ended there. But, we are going to have to have some improvement of this. I'd appreciate your explaining to people that we're being reasonable in the kinds of restrictions we are putting on; that it's the only reasonable thing to do. The employees I've talked to, their basic reaction is: Why'd it take us so long to get to it?

Well, those are the main points I wanted to make. I get back to the communication. I get back to the fact that you are running the Agency. We all know the kinds of chores that the rest of us do, and we know the importance of the detailed, day-to-day management of our people, the direction of our operations and our production. It's in the hands of you ladies and gentlemen. I think it's in good hands.

We're delighted to welcome some new representatives to this group. We know that they will do at least as well as some of the rest of us have done in the past, and we hope they'll do a lot better in the future. With that, I'd really like to answer any questions anybody might ask.

Yes, Ken.

Question: The stewardship of the Agency has asked us to adapt to the changing world around us. To some extent that's been done in the field of covert collection of economic intelligence. Would you care to elaborate on how you see that _____ unfold.

Mr. Colby: That's a very good question. Did you all get it? How we're going to adjust to economic problems? The way I sort of look at it these days, I rather suspect that during the next five to ten years we're apt to be more concerned at the policy levels of our government with economic security than we will be with military or political security. I think over the past years, certainly in the political field, we've met a lot of challenges and essentially batted them down. I think in the military field we are up to a deterrent posture. We've got some problems of where we're going, but our knowledge is quite extensive. We have a lot more to learn about the people in closed societies that are unfriendly to us, but we also have some controls on the degree to which they can actually threaten us. In the economic field, it is quite clear that we are very, very vulnerable. We're vulnerable in energy; we're vulnerable in finance. We're vulnerable even in our strengths in some regard. The fact that this is one of the world's greatest food-producing nations can create a vulnerability. It can create jealousies and hatreds based in countries that are subject to our food supply and who consequently can threaten us and desire to take some action against us based upon a disinclination to be under the control of our food. When you think about the impact of the potential for proliferation of nuclear weapons--and it's not quite that everybody can do it in his backyard--but we're not very far from it; and if you combine that with several million people dying in one country because we Americans eat beef instead of eating grain--this can give us some major problems for our security in the next years. Now, how are we going to react to that?

We are trying to get the economic community together in the way that the political and the military communities have been gotten together over the past years. We have structured arrangements for political estimates and exchanges of political intelligence and production of political intelligence. We have very structured and careful systems for how we produce military intelligence and who does what. We do not have comparable arrangements in the economic field. We are apt to flutter on the one hand, feeling that the DDO can collect all the information that is necessary. On the other hand, people are saying: Well, why doesn't the Treasury go out and do that and what does CIA have to do with this anyway? We have a serious problem of knowing what to do with our intelligence sometimes after we get it, because how can we help and inform an American company in competition with a foreign company for a certain contract without being in the situation of favoring one American company against another? How can we handle classified information in the economic field where people are not really accustomed to it? I think all of these have got to be worked out. We are in the course of working it out. We have a National Intelligence Officer for economics; we have a USIB Intelligence Committee and the Director of our Economic Research is the head of it. We have a Human Source Committee in USIB to try to look at how the different sources of information, not only economics, but also others, can be parceled out between

[REDACTED]

STAT

STAT

How can these all be patched together in the same way that we've patched them together in such things as military coverage of the Warsaw pact forces in their day-to-day operations. We have this job ahead and we're going to have the same kind of bureaucratic bickering and the same kind of lack of understanding between some of the organizations involved as we get into this. But, I think having been through it in the other fields and having gotten to where we are now, I think we're going to be able to overcome some of these organizational and conceptual problems about who ought to do what a lot faster than we have the other ones. Is that roughly responsive?

Yes, Seymour.

Question: Could you give us your forecast on what you expect in the field of records oversight, particularly in the light of yesterday?

Mr. Colby: It's obvious that there is a considerable pressure in the Congress for a look at our Oversight system. There's no question that this has brought changes in our oversight in the past year. The committees are a lot more intense on their oversight of us now. They are a lot more regular and this has worked really very well, with one rather large exception. And this rather large exception was [redacted] reading of our transcript to our Committee and then writing a letter about it, which leaked. I can assure you that the senior management of the Congress is very concerned about that incident and resolves that something must be done to avoid that kind of a thing happening again. With respect to oversight as a whole, however, it's also clear that the foreign affairs world in the Congress is demanding a piece of the action. And it's becoming increasingly difficult to keep them out of it. The various chairmen of the committees are now negotiating between themselves some way of figuring out how to be responsive to that demand for some piece of the action and yet not open the door and let anybody who wants to tramp through our secrets. The way this has been worked in the Senate at the moment is that the chairman of our Committee is inviting Senator Mansfield and Senator Scott, both of whom are on the Foreign Affairs Committee, but who are the Congressional leadership, to attend the next meeting of our Oversight Committee. In the House, there's an arrangement still being worked out between the chairman of the Foreign Affairs Committee and chairman of our Committee as to just how and who in the Foreign Affairs Committee will have some piece of the action of oversight of us. But, I think in a way [redacted] may almost have crystallized the problem of how we respond in a fashion Congress wants us to about our operations and yet we don't lose our secrets into the newspapers right away. I think there are lots of different suggestions and ideas about joint committees and all the rest, and I wouldn't be surprised to see one of them picked up and actually go on. But, the position I take, and it's the only position I think I can take, is that it is up to the Congress to decide how it's going to exercise its oversight and appropriate its money for us. I think the first step toward disaster would be for me to tell them how to do it because they would be sure to react negatively to that. So, I think we have to sort of rock along and speak when you're spoken to. I have made one very clear point, please keep the number down as much as possible, and that I've made to the various chairmen. Whatever your solution, keep it down; keep it only to members, and not to staff, except for about one or two men in a Committee staff, but not the staff of individual Congressmen and Senators. That way it would go out the window immediately. Now whether you get that wholly or not, I don't know, but that's what we are going to stick for.

STAT

STAT

Mr. Colby: Yes?

Question: The National Intelligence Officer system in operation a year now, _____, is it working to your satisfaction?

Mr. Colby: It's working to my satisfaction--it's a great help for me. I hope it's working for the other people's satisfaction. I don't know how anybody did this job without having them. It's the only way I've been able to get some focus on a total intelligence picture in certain parts of the world that otherwise all the world becomes one. We basically approach it as bureaucratic questions between the different intelligence agencies. This was designed to cut across it and think about the world in a different manner than the way we have to think about it bureaucratically, and it has worked very well. I think it has improved communication between the different agencies and even the different elements of this Agency on the substance of what's going on, and on generally what we're going about. I'm sure they've stepped on a few toes here and there. I know that on a few occasions, they've been rather smartly slapped on the wrist for having done so, but it has been accompanied by much less of a bureaucratic problem than, quite frankly, I anticipated. I thought I was going to be untangling people every week, but it hasn't worked that way at all. I think we have surfaced our real differences in view on a lot of things and put the discussion about those differences on a better level. Instead of arguing that DIA thinks this, it's a question of what's the evidence for this. And if you can get the argument to that basis, why then in most cases the fight goes away because either the evidence is good and worthy of consideration or it just disappears. It has worked in my view very well. I'd be interested to hear any counterinterviews by anyone who wants to make them.

Well, thank you very much. It's a pleasure to see you. Maybe we'll welcome another group--even including some NDO's--to the next one of these sessions. Thank you.