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The Director of Central Intelligence

Washington, D. C. 20505

29 June 1982

Mr. Leo Cherne
Vice Chairman
President's Foreign Intelligence
Advisory Board
Washington, D.C. 20500

Dear Leo:

This is the second installment on the status of activities that have been undertaken in response to the PFIAB's recommendations of 1976. I expect it will be necessary for me to wrap up a few details in one final letter, but this should provide the bulk of the rest of our response.

In my letter last week, I deferred discussion of two of the nine formal recommendations that appear on pages v-vii of the 2 December 1976 report entitled, "Intelligence for the Future." Let me dispense with those first.

- a. Second Recommendation: The NSC should direct a "most thorough review" of the subject and structure of intelligence support to crisis management.

No single review of the subject of intelligence support to crisis management has been conducted under the auspices of the NSC. There have been half-hearted attempts to address the issue, but even the U.S. hostage situation in Iran did not precipitate a searching, coordinated review.

Notwithstanding this, two improvements have been made in crisis support as a result of recent actions. The Crisis Pre-Planning Group (CPPG), chaired by the NSC, was established by the Assistant to the President for National Security Affairs to support the Special Situation Group, which was created by the National Security Decision Directive No. 3 on crisis management, dated 14 December 1981. The CPPG will identify areas where U.S. interests are at stake in which rising tensions suggest the possible emergence of a crisis and will ensure that appropriate interagency groups are formed to develop contingency plans. The group meets weekly. The second relatively recent action has been the revival by the DCI of the Watch Committee. This interagency group was reestablished to review and report on potential developments, generally of an imminent nature, which could surprise the President or have impact on U.S. security or foreign policy. This Committee, composed of the chiefs of DDI, DIA, NSA and INR, meets each Thursday to issue a report that is included with the President's Daily Brief each Friday.

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The Community has had and continues to improve various means of alerting policymakers to important developments of high interest. The Alert Memorandum is an interagency publication issued by the DCI on behalf of the Intelligence Community. It is designed to warn explicitly of impending developments that may have serious implications for U.S. interests. It does not predict that an event will occur; only that there is a reasonable possibility of it occurring. The more critical the potential impact on the U.S., the lower the required threshold of possibility. NIO Monthly Warning Reports are produced as a result of monthly meetings of Community regional specialists who review short- to mid-term events with warning implications under the chairmanship of the various National Intelligence Officers. The objective is to identify a reasonable range of potential situations that require the alerting of the policy community. These reports are disseminated in Washington and, on a selective basis, to embassies and commands abroad.

The White House Situation Room is linked to a network of operations and watch centers involved in intelligence activities through a system known as Intelligence Community Alerting Network (ICAN). Each center has a variety of communications at its disposal, manned at all times by experienced intelligence watch personnel.

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A secure voice conferencing network, known as National Operations and Intelligence Watch Officers Net (NOIWON), connects the White House Situation Room with operations centers at CIA, NSA, National Military Command Center, DIA, State Department and State/INR. Other watch operations centers at Army, Navy, Air Force, Marine Corps and the National Ocean Surveillance Intelligence Center can receive messages.

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Intelligence support during that extreme challenge to crisis management, general nuclear war, is being addressed

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- b. Fifth Recommendation: The DCI should take a new look at the problem of targeting Soviet research and development "with the view of recommending a more intensive and more imaginative effort in the future."

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There has not been a comprehensive or new look at Soviet R&D, but the Community has and continues to be very interested in pieces of the problem. Evidence that it is considered a topic of significant

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importance is the inclusion of the following language in the list of National Intelligence Topics of Current Interest, for whatever that may be worth: "Assess the Soviet capability to achieve a strategic breakout or technological breakthrough in strategic nuclear capabilities."

In the collection area, the Priority Collection Program Panel was established in 1976

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In the analysis area, there have been a number of developments. The Foreign Applied Sciences Assessment Center was established in 1980 as an external academic center of excellence to assess the quality, significance and direction of key foreign scientific research, particularly as it might affect Soviet military, economic and political development. Methodologies have been developed to identify Soviet R&D programs early in their development phase. WSSIC has identified intelligence gaps to better focus collection analysis and production. WSSIC and STIC have established Electronic Warfare Working Groups: STIC emphasis will be on technologies and the WSSIC emphasis on analysis. STIC has also established the Technology Forecasting Working Group. The Technology Transfer Assessment Center (TTAC) was created in 1981 to foster multidisciplinary analysis and production. The Center will provide collection guidance and operational support on all related technology transfer issues. The TTAC identification of Soviet technological need is used to calibrate their technological progress and, in this sense, TTAC forms an important part of the overall effort for preventing a technological surprise. In March 1982, the TTAC briefed the PFIAB on the technology transfer problem and the Chief of the Center has been asked to serve as a consultant to a PFIAB task force that will formulate action recommendations to the President. Also in 1981, the DCI formed the Technology Transfer Intelligence Committee to serve as the focal point within the Intelligence Community on all technology transfer issues. The Director's Nuclear Intelligence Panel reviews collection and analysis programs by the Joint Atomic Energy Intelligence Committee (JAEIC) as a group, by working groups of JAEIC and by individual agencies,

Technological surprise is always a problem. We recognize this and have at least been working to address it. The subject was treated in NIE 11-3/8-82, "Soviet Capabilities for Strategic Nuclear Conflict, 1981-1991." Two other efforts in the production area support the Community's efforts to target Soviet R&D. An NIE on Prospects for Soviet Military Technology and R&D was published in 1980 and will be updated in 1982. In addition, the STIC review and publications on enigmas relevant to Soviet technologies serve as building blocks in the analysis to detect technological surprise.

Four other issues were raised in the PFIAB study of 2 December 1976 that are apparently of interest to you in your preparation of a response to the President. Work continues on two of those items, and I will deal with them in my next letter to you. The two I am prepared to address today were included in a section entitled, "What Conceptual and Technological

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Innovations Should Be Pursued Most Vigorously; Which Among Them Will Most Significantly Affect the Intelligence Requirements and the Ability of the System to Adequately Respond?"

- a. It was suggested that an Intelligence Estimates Evaluation Committee be made a permanent body of the PFIAB, with a rotating membership.

At the time this recommendation was made, no independent body existed inside or outside the Intelligence Community to review the quality of estimates. In February 1979, then DCI Turner established the Senior Review Panel (SRP), a standing group of several distinguished senior-level government and academic leaders, to provide such a review function. The SRP, which reports to me, continues to fulfill that role today. It examines and critiques all interagency estimative drafts, including terms of reference and concept papers, before they are put into their final form. The SRP also undertakes lengthy investigations of the Community's performance on specific, selected subjects as indicated in the production of finished intelligence. I think that the SRP and its activities go a long way toward meeting the need for an evaluative body as expressed in the PFIAB's recommendations.

- b. PFIAB addressed the need to examine thoroughly the legal, social and political implications of the hazards posed by increasingly sophisticated communications systems and computer security. It questioned the extent of the government's responsibilities to the public in informing, protecting and making possible the means for thwarting any intrusions.

There has been no thorough examination by the Intelligence Community of the legal, social and political implications of the hazards represented by individual and foreign government attacks into our computer data transmission, use and storage facilities. However, DoD and the Intelligence Community have made some progress in addressing the security problem. DoD has established the DoD Computer Security Center at NSA to respond to problems and to improve the integrity of commercial computer systems. Within the Intelligence Community, a Computer Security Subcommittee of the DCI's Security Committee has been established with its primary mission to identify the parameters of the threat and disseminate relevant information in an organized way to owners and managers of the systems. Minimum security requirements have been published for use by the Community and contractors, and periodically reexamined, which protect classified foreign intelligence and counterintelligence processed or stored in ADP systems and networks.

The Intelligence Information Handling Committee has sponsored the development of a new, automated approach to controlling access to sensitive classified data bases.

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In the letter you sent to the President on 3 December 1976 in your capacity as Chairman of the PFIAB, you identified five issues that in your view required continuing attention. One of the subjects--the need for a national counterintelligence policy--I addressed in my letter to you last week. At this time, I would like to comment on how far we have come in the last six years on three of the remaining four issues. The last, I will address next week.

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Issue 1: Soviet Intercept of U.S. Telecommunications Links.



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Issue 2: The Competitive Analysis Experiment.

Like the PFIAB, producers of intelligence want to ensure that assumptions underlying intelligence issues are examined thoroughly and that production procedures give sufficient recognition to sharply divergent points of view. The NIO system is designed to do that. Fostering independent assessments is something that I have tried to do and will continue to do. These independent assessments are an essential part of

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the intelligence production process because they provide the basis for presentation of uncertainties, differing interpretations and alternative findings in national intelligence.

The production of intelligence by the Community is inherently, though imperfectly, a competitive process. Intelligence on foreign developments produced to support departmental missions covers most of the same topics as intelligence produced to support the DCI. Interpretations of evidence and findings in departmental intelligence sometimes differ from the interpretations and findings of CIA. These independent or competitive assessments are used in the national intelligence production process in attempting to arrive at the most likely judgment about foreign developments. We have found that independently produced competing analyses, whether they reach common or different findings, are most useful in assessing new weapons systems that could have important implications for U.S. security, such as ABM systems, ASW sensors or ballistic missiles and in assessing the implications of complex and conflicting indications of important foreign weapon programs, policies or intentions. On other subjects, competing analyses, whether they reach the same or different conclusions, are not always helpful. Least useful are competing findings when none of the alternatives are well supported by evidence. But, even if they do not solve the problem at issue, competing analyses can serve another function: the differences can stimulate development of a comprehensive collection research and production program to fill gaps in our understanding of a particular problem. This occurred with respect to Soviet civil defense in 1974 and 1975. Although the competing analyses were not useful in and of themselves because none of the judgments were well supported by evidence, the differing findings did serve to identify the gaps in information, which, once they were filled, left little disagreement over the civil defense capabilities of the Soviet Union.

We have taken a number of actions which are designed to ensure that competing viewpoints are articulated in the finished intelligence which reaches the policymakers. I have placed special emphasis on alternative views and have made it a point to encourage competing estimates where appropriate. I have insisted that NIEs contain explicit statements of uncertainty and that estimates convey the implications of their findings on U.S. policy. We have made greater use of in-house panels of experts and expert consultants from outside the Intelligence Community to review and comment on drafts of important national intelligence products. To ensure a Community effort, we have also called more frequently on personnel from agencies other than CIA to draft national intelligence products. I do not consider myopia a CIA problem, but having individuals from all over the Community doing principal drafting has helped to ensure that alternative views are expressed. I have made it a point to see that all dissenting views are included in the text of estimates and other major products. It is my explicit policy not to stifle alternative views.

Issue 3: Economic Intelligence.

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This issue will be addressed in my next letter.

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Issue 4: Legal and Constitutional Issues.

The legal issues, real or perceived, that affected the conduct of intelligence activities in 1976, have been the subject of much attention since that time. By and large, those issues have been resolved to the Intelligence Community's satisfaction. There have been two revisions of Executive Order 11905 and its implementing procedures and guidelines; Congress enacted the Foreign Intelligence Surveillance Act of 1978 to authorize electronic surveillance in the U.S. for intelligence purposes; and the Congressional support for other legislation sought by the Intelligence Community has contributed greatly to the effective conduct of intelligence activities.

Current laws, policies and practices carefully balance the need to collect intelligence to secure the safety of the nation and the concurrent need to protect civil liberties of Americans and all persons in the U.S. Executive Order 12333, signed by President Reagan on 4 December 1981, provides clear, positive authority for agencies within the Intelligence Community to collect foreign intelligence and counterintelligence information even when it concerns U.S. persons. Special procedures have been designed which protect citizens but allow appropriate intelligence activities to go on. Positive authority stated in clear language has substantially eliminated the uncertainties and inefficiencies of the past in the collection and utilization of foreign intelligence and counterintelligence.

The enactment of legislation governing the conduct of electronic surveillance in the U.S. has significantly improved U.S. intelligence efforts since 1976. Prior to passage of the Foreign Intelligence Surveillance Act of 1978 (FISA), electronic surveillance for foreign intelligence purposes was carried out without judicial warrant under a written delegation of authority from the President, upon the Attorney General's approval and pursuant to procedures issued by him under circumstances that made Attorneys General reluctant to approve surveillance except in the most compelling cases. Electronic surveillance abroad today is conducted pursuant to such Presidential authority; however, enactment and implementation of FISA governing electronic surveillance in the U.S. has produced major legal, procedural and security benefits to the U.S. foreign intelligence and counterintelligence efforts. FISA generally provides for the collection of foreign intelligence or counterintelligence by means of electronic surveillance against a foreign power or its agents upon issuance of a judicial order or, in some cases, a certification by the Attorney General. This statutory authority enables the Intelligence Community to obtain necessary foreign intelligence in a variety of circumstances involving the national security or foreign affairs of the U.S. Existence of a clear statutory basis has increased the cooperation of communications common carriers to furnish necessary information, facilities and technical assistance to accomplish the authorized surveillance. It also should be noted that the existence of FISA and its provisions reduce substantially the vulnerability of Intelligence Community personnel to civil and criminal liability in the application for and conduct of electronic surveillance operations within the U.S. In general, FISA has been of major benefit to and has the widespread support of agencies within the Intelligence Community.

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Several other factors have contributed to the Intelligence Community's ability to carry out functions in the national interest. Previous executive order provisions inhibiting assistance to law enforcement agencies have been amended and Executive Order 12333 now clearly authorizes cooperation to protect intelligence information, personnel and facilities; to provide specialized equipment, technical knowledge or assistance of expert personnel; to participate, unless otherwise precluded by law, in law enforcement activities to investigate or prevent clandestine intelligence activities by foreign powers, or international terrorist or narcotics activities; and to render such other assistance not precluded by applicable law.

The Community's ability to protect intelligence information and the sources and methods of collection has been improved both by the Executive Order and by passage of the Classified Information Procedures Act of 1980. That Act provides special pre-trial and trial procedures to protect against the disclosure of classified information during any criminal court case in Federal U.S. court. The Order makes it possible to collect information abroad to protect sources and methods, and does not limit such collection to obtaining information concerning employees and other narrow categories of persons, as did the previous orders.

The ability to protect intelligence activities will further be strengthened with enactment of the Intelligence Identities Protection Act, which the House overwhelmingly passed recently. That Act makes it a crime to identify a covert intelligence agent and, in effect, gives renewed vitality to the responsibility of the DCI to protect intelligence sources and methods from unauthorized disclosure.

Issue 5: Counterintelligence.

This issue was dealt with in my last letter.

Again, I have tried to err on the side of providing more detail than you may need. I trust you will be as impressed as I have been in seeing how far the Community has come in dealing with some of the issues that concerned PFIAB six years ago. The next, and I hope final, report should be ready later this week or early next week.

Sincerely,

/s/ William J. Casey

William J. Casey

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