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STUDY GROUP PAPER

AMERICAN INTELLIGENCE: A FRAMEWORK FOR THE FUTURE

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PART I

INTRODUCTION:
Political Imperatives and Management Needs

The Central Intelligence Agency and a national intelligence capability were created by the National Security Act of 1947. They grew out of a consensus among a national elite--in Congress, the Executive, and the national media--that the experience of World War II and the emergence of the United States as the first superpower required the creation of a permanent national intelligence structure--"No more Pearl Harbors." Today that system is under examination by the Congress and the media, and the consensus out of which it grew has been seriously eroded. Moreover, 28 years of experience suggest that the intelligence provisions of the Act are obsolete and too weak to carry the large and complex system that has evolved over that period. It is the purpose of these papers to examine some of the problems that beset American intelligence today and to recommend ways

in which consensus might be restored and the intelligence structure modernized. Both are necessary, and the latter cannot be achieved without the former.

In 1947 Congress had in mind the creation of a small super-agency, independent of any major arm of Government, to "correlate and evaluate" the product of the existing, largely military, agencies in the field of strategic intelligence, a term which it understood to cover primarily military intentions and capabilities of potential enemies. It placed on the Director of Central Intelligence what it thought were modest responsibilities and provided him with authorities that appeared commensurate. Nearly 30 years later, however, although the contribution of America's intelligence organizations has been immeasurably important, it is apparent that the responsibilities are enormous and the authorities less than adequate.

It was not possible in 1947 to see:

-- That by 1975 the national intelligence effort would become a central part of Government, probably larger in the peace of 1975 than in the war of 1945.

-- That the definition of national intelligence would expand to cover diplomacy, commerce, economics, and sociological and political trends worldwide, as well as the more traditional military disciplines.

-- That the extraction of intelligence from closed societies would require the development of large, complex, and expensive collection systems; and that efficient employment of these systems in the national interest would require central, unified management.

-- That the interests of the Department of Defense, particularly in these major collection systems, would grow substantially in relation to the DCI'authority to influence their design and direct their use.

-- That the onset of the Cold War would create a critical need for a national covert action arm, and that a CIA so manned would fill this need at some further cost to its original mission and would come to be publicly identified with covert action rather than with "correlation and evaluation."

-- That the silence and total secrecy traditionally maintained by Governments over their intelligence activities would prove impossible to maintain for a system grown so large and so complex

in its technology, and inappropriate under the American Constitution for a system playing so pervasive and so critical a role in decisions vital to the national interest.

In hindsight, the last may have been the fundamental error. The framers of the Act evidently believed that the British intelligence tradition of silence and discretion could be maintained in America; the OSS-trained cadre of CIA were encouraged to follow a path that was natural to them. Total secrecy was established, but at significant cost: it prevented the education of the public and all but a few Congressmen in the realities of intelligence and helped to protect intelligence itself from the oversight that would have required of it a greater sensitivity to public interests.

In these circumstances, intelligence had as its political base only a small group of senior Congressmen who both protected it from and blocked its exposure to their more liberal colleagues. Thus, when the national elite of the 1940-1965 period was undercut by the Vietnam War and by Watergate, and these Congressmen grew too few to maintain their control, intelligence was exposed to a rapidly growing new generation of national leadership that shared neither its traditions nor its view of the world. The oversight of intelligence became one battlefield for the generational struggle in Congress.

This new generation, rejecting many of the doctrines of its predecessors, has tended to return to the doctrines of an earlier generation yet. The more extreme of its members, attracted by doctrines rooted in our innocent past and rejecting any suggestion of realpolitik, would have us reestablish a foreign policy of goodwill to all. To the revisionist,intelligence seems of little value. Worse, secrecy seems intrinsically immoral. Thus, some of the new elite in Congress and the media initially approach intelligence from a hostile position.

The national turmoil that has fostered these new attitudes has also had a damaging effect on intelligence security, and this in turn has created a distorted public image of intelligence. Resistance to the Vietnam War led to some breakdown in intelligence discipline, as intelligence was leaked for advantage in partisan debate. When exposed to the investigative reporting in vogue since Watergate, some intelligence activities were exposed for the sake of exposure, or at the behest of a "higher morality." Many skeletons--real and imagined--were dragged from the intelligence closet. The disclosure that some activities had in fact been illegal and others injudicious

gave ammunition to those hostile to intelligence itself, and a public encouraged by recent events to believe the worst of its Government has been tempted to accept at face value the wildest exaggerations and the most far-fetched imputation of impropriety to legitimate activities.

The American people have thus been given a picture of their intelligence system that stresses its most lurid aspects and exaggerates its weaknesses.

Of course, public attitudes toward the problems posed by an intelligence service in a free society are not homogeneous or even necessarily consistent. Much of the public gives scant consideration to the problem of intelligence. Furthermore, the most articulate segments of the public are not always fully representative of public attitudes. To the limited extent that generalizations are meaningful, "the public" probably:

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-- Wants the benefits and protections of a strong intelligence structure, though there may be little real understanding of what that desire implies in specific terms.

-- Wants to be reassured that US intelligence is not a "rogue elephant," but is both accountable to and effectively controlled by the public's elected representatives, the President and the Congress.

These public attitudes are to a degree mirrored by the Congress. Congress also speaks with a multiplicity of voices. To the extent that we can generalize about congressional attitudes, they appear to include the following:

-- A desire for the benefits of a strong intelligence system.

-- A major difference of opinion with the Executive as to the structural requirements for attaining these benefits, and especially of the degree of secrecy essential if they are to be attained.

-- A desire for a "correlation and evaluation" entity independent of any Cabinet department, especially of the Defense Department and the military services.

-- A recognition of the need for clandestine collection and covert action operations, at least in some contexts, and an apparent desire for a larger voice in the approval of covert actions.

-- A desire for greater access to the intelligence product.

Against this backdrop, the US Government's need for high-quality intelligence remains acute. For the intelligence officer, the revisionist idea of a United States foreign policy rising above national interests has been obsolete ever since the Industrial Revolution set the world on the road to strategic warfare, economic interdependence, and ideological struggle unmatched since the Reformation. He knows the United States needs intelligence, and he knows that today US intelligence systems must be both large and secret.

To the intelligence officer, if Pearl Harbor was a valid reason for creating a national intelligence system in 1947, the possibility of a Soviet first strike is an equally valid reason for strengthening it today. The argument that nuclear war is unthinkable, or that the construction of nuclear armaments is driven by the military-industrial complex, is to him largely irrelevant; as long as the USSR continues to build and improve its strategic forces, the US must know how and why.

To the intelligence officer, the knowledge that the world's resources are finite, and that population growth is rapidly overtaking food and

energy supplies, means that national interests once considered important will soon become vital. When there is not enough to go around, intelligence on the capabilities and intentions of producers and consumers becomes as essential to the survival of the United States as intelligence on Japanese intentions was in 1941.

To the intelligence officer, the turmoil afflicting most of the world in many cases directly affects American interests; he sees in this new demands for intelligence on the political and social forces in foreign societies.

This, then, is the dilemma for American intelligence in 1975. We see the nation's requirement for foreign intelligence as greater than ever, yet we have failed to win public acceptance, partly because public attitudes have changed, partly because our own secrecy has prevented us from educating the public to the need for intelligence and to the costs, moral and monetary, of getting it. This, however, is not the whole problem.

Since 1947, we have evolved procedures and developed techniques and programs far beyond any conceived at that time. We have added a new dimension to the concept of intelligence, and have demonstrated

to the satisfaction of the Executive--over a number of Administrations--that a copious flow of quality intelligence is central to the conduct of national security policy in today's complex world. But our efforts have sometimes been wasteful and our product sometimes less than optimal, to a considerable extent because the organization and management of the national intelligence system have kept pace neither with the complexity of its techniques nor the scope of the requirements placed upon it. The Act of 1947 provides the DCI with authorities and an administrative structure quite inadequate for the fulfillment of his assigned mission under the conditions of 1975. He attempts therefore to fulfill that mission through an accretion of independent jerry-built structures, lacking statutory basis, over which he exercises varying degrees of influence. In short, the Act of 1947 would be out of date even if the system had total public acceptance.

We believe these two sets of needs--to restore public confidence and to establish an acceptable statutory basis for American intelligence for the immediate future--are not irreconcilable in any fundamental way. The President, in meeting congressional requirements for reforms in the conduct of intelligence, can at the same time meet the Executive requirement for fundamental improvements in its management.

Any President will probably:

-- Want a strong intelligence system, including a responsive covert action capability.

-- Want reassurance that the system is under control--meaning his control and not anyone else's.

-- Want the system run efficiently, with due regard for budgetary considerations.

-- Want intelligence activities not to be a source of political difficulty or embarrassment.

-- Want independent advice, particularly in time of crisis, from capable people primarily loyal to the Presidency and independent of the departments that execute policy.

-- Need a system that can function well in both peace and war, although the problems involved here--e.g., the national/tactical question--have not been thought through clearly.

The specific attitude of a particular President will be shaped by his own personality, working style, and confidence in his associates. Given the formidable efforts involved in being elected President, holders of this office will likely be strong-minded men inclined to place a premium on loyalty in their subordinates. No President is likely to be charitably disposed toward or extensively use an intelligence

organization--or head thereof--that does not clearly acknowledge the primacy of its, or his, responsibilities to the Executive Branch and the President.

This President has an additional requirement. He has already suffered political embarrassment through revelation of past intelligence activities today considered by many to be unacceptable. These are not of his making, a fact that makes it both easier and more necessary for him to "do something" about intelligence, to show that he is responsive to the public and congressional mood. He also has an opportunity. His predecessors saw to varying degrees a need for structural reform in the intelligence system, reform they were unable to carry out without amending the National Security Act, which they were unwilling to consider. Now, however, the Act will be reopened by Congress in any case.

The problem has two parts. Our intelligence structure must be made more responsive and efficient to enhance our ability to provide the best product at least cost. It must also be made more acceptable. This means that efficiency cannot be achieved simply by rationalization and centralization of authority. Rather, structural improvements

must be accompanied by provisions for external controls and internal checks and balances, perhaps at a cost in efficiency, in order to develop public confidence. The public must be satisfied not only that a computer-driven monster does not threaten the state from within, but that such a monster cannot be created.

At the same time, the public must be brought to accept the need for secrecy for those intelligence operations that cannot succeed without it. This is not impossible. The public accepts--because it understands--the need for secrecy in a wide range of private and public matters, from the lawyer-client relationship to the protection of information about the Federal Reserve's interventions in the nation's monetary systems. It accepts--when it understands--the need to commit large public funds to purposes that give at best only indirect benefit to the taxpayer.

We must seek to reestablish both understandings.

PART II

SECRECY

The introduction above discussed the need to make American intelligence both more acceptable and more responsive. Responsiveness is considered in Parts III and IV dealing with the organization and management of intelligence. Here we are concerned with a major aspect of the issue of political acceptability: How to reconcile the need for secrecy in intelligence with increased desires for disclosure and accountability.

THE SECRECY DILEMMA

The development and maintenance of an American intelligence structure adequate to the needs of a great power in a thermonuclear age is beset with a fundamental problem--long latent but now, in the current climate of political and public opinion, sharply acute.

An intelligence structure cannot function without some measure of secrecy. Much of what intelligence does must be accomplished in secret if it is to be accomplished at all. Precisely how much secrecy,

and of what kinds, is a subject open to legitimate debate; but an intelligence service which cannot keep some things secret--and which potential foreign collaborators, individual or institutional, do not consider capable of protecting their secrets--will not be able to function at all.

Secrecy, especially governmental secrecy, however, runs against the grain of our cultural traditions. As individuals and as a nation, we have a strong penchant for openness and an instinctive aversion to reticence. This cultural penchant--highly sensitized by the past two years' events--provides a strong competetive incentive to, and a justifying rationale for, our press in its zealous investigation and exposure of facts or programs that appear to be hidden or concealed. The right of public discussion and journalistic disclosure is of course protected by our Constitution, laws, and courts. Keeping anything secret in today's climate--especially anything so imperfectly understood and in some contexts as intrinsically suspect as "intelligence"--is not fashionable, popular or easy.

In addition, the reasons advanced for the protection of some secrets rest on an inadequate and outdated conceptual base. This sometimes exposes the Government to ridicule and threatens to impair our ability to protect what must be protected.

TOWARD A NEW CONCEPTUAL BASIS

On the whole issue of governmental secrecy, the past two decades--and particularly the past two years--have seen a major change in the climate of public and congressional opinion. Until recently, there would have been widespread agreement among most of the articulate molders and reflectors of public opinion--including a predominant majority of Senators and Congressmen--that information on, about, or related to some subjects fell more or less in the generic category of "state secrets." There was continuing debate over the limits of that generic concept, but there was also widespread agreement that it encompassed subjects related to, or whose revelation might adversely affect, the "national security."

For many years, intelligence matters were almost universally accepted as falling within the "national security" rubric. If anyone made

a specific challenge, the concrete defense for intelligence secrecy was the need, assumed to be virtually self-evident, to protect intelligence "sources and methods," a phrase included in the National Security Act of 1947. The latter concept was even less subject to critical analytic scrutiny because it clearly lay well within the protective cocoon of what was, by most definitions, "national security."

Now, however, much has changed. Relatively few people would publicly defend the existence of a generic class of "state secrets." The rubric of "national security" is more likely to evoke suspicion, if not contempt, than automatic acquiescence. As a result, progressively more attention has been focused on the concept of intelligence "sources and methods."

Unfortunately, that concept, today, cannot stand much critical examination. Partly this is because it has been overtaken by technology and is now outmoded. Prior to and during World War II, a "source" was generally an individual agent covertly reporting to a government other than that against which his intelligence activities were directed.

A "method" was also something relatively concrete--e.g., the means (a secret writing system, a code or cipher, or a secret radio transmitter) by which the source and his case officer communicated. These once near-universal meanings, however, are now but limited specific cases.

Many aspects of intelligence that now clearly require protection from disclosure are impossible to shoehorn into the old "sources and methods" rubric. To cite but one obvious example, there is an evident need to protect the resolution and swath width of the cameras in our reconnaissance satellites. But in so doing, are we protecting a "source" or a "method?"

Actually, "sources and methods" has become an umbrella concept covering at least five separate thoughts. These need to be distinguished if we are to develop a defensible basis for necessary secrecy in today's climate.

First, there are those aspects of intelligence activity which truly require secrecy for their protection and which, if known, would enable those against whom intelligence activities are directed (whether collection or covert action) to take countermeasures that would hamper,

or prevent, the conduct of these activities. This concept encompasses those things traditionally, and properly, defined as "sources and methods"--e.g., the identities of agents and their techniques of clandestine communication. It also includes, however, the resolution and swath width of cameras.

Second, there is information about generic methods of collection, support, processing or analysis which, if known, could reduce the effectiveness of existing or future sources of intelligence, compromise their usefulness, or reveal new ways of handling, collating and analyzing data. Examples might include cryptologic methods, specifics about a

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Third, there is information about research and development activities which, if known, could suggest to an opponent of the US new and unthought of ways of collecting, processing or analyzing intelligence data. Examples include certain research and development activities

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Fourth, there is information which conveys official views, perceptions or policies concerning another country which could reveal to that country the extent of our understanding of its internal parties, foreign policy, military forces, economic strategies or technology. An example might be a document which revealed the USG's failure to perceive the importance of the Soviet cruise missile effort.

Finally, there is information about US intelligence relationships with a foreign government or intelligence about that country which if publicly available could cause internal political dissension in that country; or which, if available to the intelligence service of another country, could be used to cause the government of the second country serious political embarrassment. The existence of a CIA station in a given foreign country is an example, even though the station's existence is declared to the host government and well known to all or our major adversaries. This example illustrates an aspect of the secrecy problem today. Trying to defend US official silence about the station's existence on "national security" or "sources and methods" grounds in the current climate is difficult. It leaves the defender open to such awkward questions

as "what justification is there for concealing from the American people something well known to the Russians?" The "fact of" satellite reconnaissance is another example. Discretion--and official reticence--about such matters is defensible, but the defense has to be based on the need for adhering to the unwritten conventions governing intercourse between nations or the sensibilities of a given nation without whose benevolence certain essential activities cannot be conducted. An attempt to defend such reticence on the broad ground that protection requires secrecy only serves to damage the plausibility of the secrecy argument where it is truly applicable.

Enough has been said to demonstrate that there is a fundamental need to rethink what precisely it is about intelligence that needs protection and to identify the level of protection needed.

We believe that work should begin now on a legislative proposal to develop a sounder basis for the classification and protection of intelligence information. the proposal should be applicable to the entire Intelligence Community,* and it should establish a statutory basis for

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*We recognize that this issue extends beyond intelligence information and thus, raises issues relating to the classification of information in other areas.

the protection of intelligence information. Most important, it should be characterized by logical, defensible, and easily applied criteria for classifying information which requires protection. The basic need is to develop criteria which do not rely directly upon the concept of "national security," a basis which, because it is no longer widely accepted, endangers our ability to protect what must be protected. Such an approach should also provide for regular declassification, with sufficiently long time periods to protect human and technical sources, and some means of enforcing the protection of information.

Consideration should be given to the concept that a determination to protect information because it may reveal "the fact of" a certain program is not a matter of intelligence concern, but rather relates to the President's conduct of foreign relations. Thus, determinations of the need for classification of such facts or activities might be made by the National Security Council, with the advice of the DCI.

Because we need to reach a new consensus on this issue, it is important that this problem be addressed in law. This will encourage

public debate and help to produce an agreed-upon basis for future consideration of issues of secrecy. Tactically, there could be major advantages to the President in taking the initiative on this problem.

Although it may be argued that the possibility of Congress acting on such legislation now is slight, the ensuing debate would be a giant step forward in informing Congress and the American people of the problems of intelligence gathering for a free society. The real issues could be isolated and clarified, a set of groundrules better than those provided in Executive Order 11652 could be written, and Congress might be brought to accept the pertinence of this issue.

PART III

ORGANIZATION AND MANAGEMENT
PROBLEMS IN THE INTELLIGENCE COMMUNITY

For many laymen the "intelligence problem" today is one of combatting an assault on civil liberties. For the professional intelligence officer, who believes that domestic civil liberties are not seriously threatened by US foreign intelligence activities, the problem is different. For him, the problem is that the US has a good foreign intelligence system, but one that could be better. This paper addresses then the organization and management of US intelligence from the point of view of the professional, describing the present state of US intelligence and cataloguing some of its problems. It cannot be too strongly stated that, because we are proposing changes, our emphasis is necessarily on those things we think need to be changed, and not on the many strengths of American intelligence. Equally important, it must be noted that our concern with the organization and management of intelligence is based on a conviction that these issues are important determinants of the ultimate quality of the

intelligence product: its scope, perceptiveness, timeliness and even availability. The paper discusses:

-- The central role of the DCI as it is on paper.

-- His relations with the Department of Defense: why his role on paper is more than it is in practice.

-- The management of CIA: why it competes for his attention with his responsibilities toward the Community.

-- How various DCIs and Administrations have handled the job, and how it appears at the time of writing.

THE CENTRAL ROLE OF THE DCI

Statutory Basis

The present American intelligence structure derives from the National Security Act of 1947, particularly that Act's Section 102. Laying the foundation for a national intelligence structure was neither the primary purpose of that legislation, however, nor the topic on which its drafters focused the bulk of their attention. Their main purpose was to merge the old War and Navy Departments into a new Department of Defense, establish an Air Force as a separate service, and sketch the outlines of a National Security Council. The intelligence

portions of the Act were secondary. The Act's legislative history suggests that those who wrote its intelligence sections knew they were venturing into uncharted waters without a clear idea of where they wanted to go or the practical implications of their legislative pronouncements. There is also a suggestion that they planned a second look at the intelligence portions of the Act in a few years to make more permanent arrangements in the light of experience. They certainly do not seem to have thought that they were laying a foundation which would last without significant legislative change for more than a quarter of a century.

The Act implicitly makes the DCI the leader of something that has come to be called the "Intelligence Community." It does not, however, specify his functions beyond providing that he should "correlate and evaluate" and "perform...services of common concern...[that] can more efficiently be accomplished centrally." Nor does it provide him with specific authorities over the agencies that make up the Community.

The President's letter of November 1971 elaborated and made explicit certain responsibilities only implicit in the Act. In so doing, it increased the DCI's responsibilities without increasing his powers.

He was directed to:

-- Prepare and advise the President on a consolidated intelligence budget, and advise on the allocation of intelligence resources.

-- Produce "national intelligence."

-- Chair and staff all Community boards and committees which were now only to be advisory to him.

The Three Roles of the DCI

On the rather frail skeleton provided by these two documents* there has grown by accretion a congeries of bureaucratic mechanisms, doctrines, and the equivalent of common law that centers on and depends on the institution that we call the DCI. To understand it, one must first define some terms. First, what is the national intelligence that the DCI is supposed to produce? Second, what are the functions he must carry out to produce it? Third, what is the

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* Much of the following discussion is in terms of formal responsibilities and authorities. It should be recognized, however, that the effectiveness of each DCI has been directly proportional to the confidence placed in him by the President and Congress and the belief of his collegues in the Community that he had that confidence.

Community he is supposed to lead? Fourth, what management tools are available to him as leader?

-- National intelligence is here defined simply as that foreign intelligence needed by the senior levels of Government to do their job in making and implementing policy. (NSCID #1 defines it as intelligence that transcends the concern of any single department or agency and that is fully coordinated among all of them; this remains on the books but is no longer a particularly useful concept.)

-- For the purpose of this paper six functions related to the production of national intelligence are postulated: collection, processing, analysis*, the presentation of analysis, R&D, and support. Of these collection, analysis, and presentation are primary, and appropriate slices of processing, R&D, and support can be allocated between them. Covert action, broadly defined, is a seventh function. It cannot be directly related to the production

* By "analysis" here is meant the process of transforming raw data into the finished intelligence that is delivered to the consumer. The process is often called "production," and it is in this narrower sense that the word "production" is used elsewhere in these papers.

of national intelligence, although it is thoroughly tangled up with the collection aspect.

-- "The Community" is usually thought of as the membership of USIB, but this question is considerably more complicated. There could be said to be four communities, each with a few primary members and several peripheral ones. These are the communities of collectors, of producers, of consumers, and of resource managers. The membership and structure--if any--of each community is different. (While the membership of the 40 Committee could be considered a fifth, or "action" community, it would be more accurate to describe the DCI's action function as one carried out through a chain of command from the President to the Assistant for National Security Affairs to the DCI.) A detailed discussion of the various communities is included in Annex A.

-- Management tools or controls can be direct or indirect. Direct control of course means line authority. For intelligence, we have identified four possible instruments by which authority can be exercised indirectly: (a) the management of resources, including manpower, money, and--peculiar to intelligence--cover;

(b) collection management, by which we mean the allocation of collection resources to substantive problems, tasking and requirements, the continuing review and assessment of collection results, and the establishment of requirements for new systems; (c) product review, which includes both the final shaping of the intelligence product to match the needs of the national consumer and a continuing evaluation of the product against those needs; and (d) inspection. Note that all of these except inspection are interdependent and operate at the interfaces between the various communities.

It is apparent that the DCI is a member in some sense of all the communities identified above. It is also apparent that he wears three hats--as Presidential adivsor, as head of "the Community" (Chairman of USIB, IRAC, and EXCOM), and as Director of CIA--but his hats by no means correspond fully with the four functional communities. Moreover, he has responsibilities to the Congress that represent another complicating factor. (The DCI's congressional responsibilities are discussed elsewhere but introduced here because they are closely related to his Executive roles.)

-- The DCI as Presidential advisor. In this capacity he is the primary source of national intelligence for the President and the NSC. He personally advises the President and the NSC on all intelligence matters, including budget, and serves on the various NSC sub-Committees. (To a considerable degree, it is on his access to the President in these capacities that his ability to carry out his other functions in practice depends.) If the President wishes, the DCI can also advise on broader foreign policy matters.

-- The DCI as head of the Community. This DCI is the primary source of national intelligence for the Federal Government and is its senior intelligence advisor. He coordinates to varying degrees administrative and operational matters that concern more than one agency. He advises the President on the Community budget. For the Congress, he provides intelligence, defends the Community budget, and advises on all foreign intelligence matters.

-- The DCI as Director of CIA. As DCIA, the DCI is a line officer administering a large independent agency under the

NSC. He is a producer of intelligence for the mechanisms over which he presides wearing his other two hats. Quite distinct from these roles, he has a specialized line function as the agent of the President, or of the NSC, in the conduct of foreign policy through covert action. For the Congress, this DCI too is a source of foreign intelligence. Congress expects him to present and defend CIA's budget, and to account for its performance. He is required to inform the Congress of covert action programs and defend them as required.

Schematically, the DCI's various roles and functions can be illustrated as follows:

	Executive	Congressional
As Presidential Adviser	-Provides national intelligence -Advises on intelligence -Can advise on foreign policy	
As leader of Community	-Produces national intelligence----------	Provides intelligence
	-Advises on Community budget----------	Defends Community budget
	-Coordinates Community---	Advises on intelligence
As Director of CIA	-Produces intelligence---	Provides intelligence (Defends Agency Budget (Accounts for its (activities
	-Runs Agency----------	
	-Carries out covert action programs--------	Informs on (and defends covert action programs
	-Acts as Presidential agent to foreign governments.	

It should be noted that in several ways his Executive and Congressional roles do not match up.

Authorities of the DCI

Charts such as this are misleading, for they suggest the DCI has great authority. This is true more in principle than in fact. The DCI has direct or line authority only over those elements of the collection and production communities that are part of CIA. USIB is, on paper at least, only advisory to him as its Chairman, but USIB in fact is concerned only with National Estimates, etc., and even the "observers" have the right to dissent. Beyond this point the DCI can only persuade or appeal to the President, a sanction that must be used sparingly.

Managers within the Community thus are responsive to their own line superiors or to those who control their budgets. It is in fact possible for a staff officer who controls resources to exert as strong an influence over an organization as its nominal superior at least on some issues, viz. ASD/I over NSA. In intelligence as elsewhere, money talks.

There is no single manager for an enterprise so complex and so expensive as the national intelligence system we have evolved. The existing machinery is so encrusted with the scars of old bureaucratic

wars as to sometimes make it inflexible in meeting new challenges, and there is some duplication and inefficiency. The DCI lacks the power to rationalize this structure. Not only does he lack direct authority, but his ability to use the indirect management devices we have identified is at best limited.

-- In the resource field his nominal authority to advise is further reduced by Defense's [redacted] intelligence budget and sometimes by the DCI's inability to acquire important information on resource issues in timely fashion. A full discussion of this problem follows in the next section.

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-- In collection management, the DCI has no single mechanism cutting across systems. As head of the "Community" he has a set of USIB Committees, developed ad hoc and operating independently, to administer individual systems. They range from the Committee on Imagery Requirements and Exploitation (COMIREX) which is elaborately developed and in which he has strong influence, to the Human Sources Committee which is rudimentary and through which his influence over Foreign Service reporting is much less strong. It should be noted also that

important collection management decisions are often made outside this structure, in IRAC, in EXCOM, although with the DCI's participation, or between individual producers and collectors, or by individual system managers acting on their own. Annex B deals in greater detail with these matters.

-- The DCI's authority in product review is more fully established than in any other field, probably because it was so clearly the intent of the 1947 Act to give him this power. He exercises it through USIB's consideration of National Estimates, through the less formal procedures of current intelligence, and through his contribution to the NSC and its sub-Committees. The Act that set up the DCI also authorized the continuing production of departmental intelligence, and the distinction between departmental and national gets exceedingly blurred at senior policy levels. Departmental views regularly bypass the national system. Mechanisms for the evaluatory, or consumer response, aspect of product review are less structured and much less effective. A further analysis of national intelligence production appears as Annex C.

-- The DCI has never asserted, much less exercised, the right formally to inspect, in the traditional sense, intelligence agencies other than CIA, although such a right is implicit to some degree in the basic statutes and directives.

We believe it is clear that at the national level resource management, collection management, and product review and evaluation should all be parts of an integrated system. In fact, although a beginning has been made in relating these functions systematically to one another, they are fragmented.

RELATIONSHIPS WITH THE DEPARTMENT OF DEFENSE

Through the preceding discussion runs a common thread: the difficulty the DCI has in dealing with the Department of Defense. The drafters of the Act did not address this squarely in 1947, and it remains a fundamental problem in 1975, one that has blocked the creation of a coherent national intelligence system. In the absence of a clearly understood and mutually agreed broad relationship between the DCI and Defense, the best each side can hope for is compromise and improvisation to bridge fundamental differences of view affecting a wide range of issues.

These differences fundamentally affect the overall management of national intelligence and, ultimately, the intelligence product. The responsibility of the Secretary of Defense in peace is to prepare the forces needed to defend the nation; in war to fight and win it. These responsibilities dictate certain organizational, programmatic, and other needs. The responsibility of the DCI in peace is to produce intelligence for a variety of national purposes, a responsibility which is also mirrored in his programs and priorities. His responsibility in war is nowhere defined.

It has been argued that this difference is irrelevant, that in peacetime missions can be made more or less compatible given a certain amount of goodwill and that major war, in the unlikely case it ever comes, will make any extant arrangements meaningless in any event. This argument misses the point, however. Wartime requirements have for Defense a critical impact on peacetime priorities and organization as do peacetime requirements on the DCI. Defense must plan for war, regardless of its likelihood or consequences, if only to prevent it, and must assure itself in peace that it will have the intelligence capabilities it will need in war. Defense takes this responsibility seriously; it would be derelict

in its duty if it did less. In so doing, however, its interests often run counter to the broader interests of the DCI.

Different Customers

The basic difference in mission and responsibility outlined above is reflected in differing perceptions of the ultimate customers of the intelligence product. The DCI must serve the President, National Security Council and its staff, the senior economic policy officers, and, to the extent he is invited, the leadership of State and Defense. Defense intelligence, on the other hand, must serve a clientele that is both narrower and broader. It must meet the needs of the National Command Authority (NCA)--the single chain of command reaching from the President through the Secretary of Defense to the Joint Chiefs of Staff--and of the entire range of field commanders.

For his customers, the DCI must provide intelligence across the entire spectrum of national interests. He recognizes the importance of major strategic questions and must also give attention to the large economic and political issues which will be central concerns of our foreign policy for the rest of the century. For the NCA,, however, military questions must be paramount and must be considered from

both the strategic and the operational viewpoint. The field commander at every level needs intelligence in great detail on the forces and weapons that might oppose him. Moreover, he must amass it in peacetime if he is to be effective in war. He believes he must exercise the collection assets that will support him in war, both to collect intelligence and to train them for their wartime missions.

These institutional differences are reinforced by the attitudinal ones that are standard to civilian-military relations. There is understandable resistance in Defense, particularly in the uniformed military, to the concept that civilian outsiders should provide independent analyses to the President which affect decisions regarding US military forces.

Thus, there is a divergence of national and departmental intelligence interests writ large. This can be seen in what we have called the "transition problem" which is our shorthand description of the fact that Defense fights hard to assert control over certain technical collection assets in peace because it will need them in war. It can be seen in the closely related "national-tactical problem," where,

because tactical intelligence needs must increasingly be met by centrally controlled national systems, Defense must try to assert effective control over those systems. It can be seen with respect to the "crisis management problem," and particularly recent Defense efforts to establish an Extended National Military Command Center. Finally, it can be seen in the resources world where the DCI's attempts to assert a staff responsibility with respect to Defense intelligence budgetary matters finds some resistance.

The Transition of National Intelligence to War

The transition problem arises from the absence of a coherent national plan for the evolution of control over intelligence systems from peacetime through crisis to war. In peacetime, centrally managed technical collection systems such as the NRP and the CCP are tasked by a variety of mechanisms in which the DCI's voice ranges from dominant to marginal. In wartime, it is generally understood that these systems should be responsive to military needs.

There are however large grey areas in times of peace and particularly in times of "crisis." At what point in a crisis should control be passed to Defense?

Defense naturally seeks to define this point as far toward the peace end of the spectrum as possible. The DCI, however, must insist that political and even economic considerations remain at least as important to the President as military ones until the actual outbreak of hostilities. Independent political assessment is essential if the door is to be kept open for negotiations and war to be avoided. To turn intelligence support of the President to an organization for which intelligence is secondary to operations, i.e., fighting a war, is to make military considerations overriding. There is a grave danger that in the absence of independent assessment of enemy intentions the actions and reactions of opposing forces will acquire a momentum of their own.

This is clearly a dilemma. In the absence of a basic understanding between Defense and the DCI, both wage bureaucratic guerrilla warfare to extend their control over individual collection systems in peace. Should a major crisis arise, various assets would be transferred to Defense piecemeal, in confusion and bitterness, and with a sharp drop in efficiency at the time the nation needs efficiency most. Again it may be argued that this eventuality is too far-fetched to matter in the light of real present-day national concerns. Perhaps it is, but because Defense takes it seriously, it will continue to block

the development of an efficient, coherent peacetime system directed at those concerns until the civilian authorities accept Defense's wartime concerns as equally valid.

The Merging of National and Tactical Intelligence

The question of national versus tactical requirements, while as much a problem for the Secretary of Defense as it is for the DCI, gives a new dimension to their wartime-peacetime dilemma. Until a few years ago, tactical intelligence was collected for the field commander by assets under his control. The more significant of this intelligence was passed to the next echelon above and by successive steps of selection and aggregation became an input to national intelligence. In return, general conclusions on enemy doctrine, tactics, and weaponry were passed down through the chain for the background use of the field commander.

In such a system the DCI had neither responsibility nor great interest. He was only brought into the problem formally in 1971 when he was made in some way responsible for budgetary aspects of tactical intelligence by the President's letter. This was done partly because, given the growing capability of tactical intelligence assets,

it was thought necessary to consider whether money could be saved by using these assets in peacetime for national purposes, a concept that put the DCI squarely at odds with the military from the JCS on down. Even if he had not been given this budgetary responsibility, however, we believe the DCI will increasingly be forced to involve himself deeply in tactical questions, because these questions have become thoroughly entangled with national ones.

To fight an enemy equipped with nuclear weapons, misslies, and sophisticated electronics, the field commander needs equally sophisticated intelligence support, often of the kind that can only be provided by national collection and analytic assets. Moreover, the rapid pace of modern war means that this support must be provided in something approaching real time.

On the other hand, the perspective from the national view has changed as well. When even the most minor incident can rapidly escalate into strategic warfare, the national authorities must have timely and accurate intelligence on activities which in the past would have seemed purely local and tactical in character. (Events in Berlin in 1961 when the President was directly following by radio the actions

of individual Soviet tanks are instructive in this regard.) Moreover, local military activities can be of great political significance at the national level.

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The [redacted] opens an era in which many, if not all, centrally managed collection systems essential for national purposes will have capabilities equally essential for tactical support.

These considerations suggest that, if the US is to field effective military forces in the next few years, it will have to develop an integrated military intelligence system incorporating both strategic and tactical interests and serving both the NCA and the field commander. It can be argued that development of such a system is a departmental responsibility for Defense. This is true as far as it goes, but because of its scale and because of the many overlaps with national concerns and with national intelligence assets, such a system will tend to displace the national one unless it is incorporated within a larger system devoted to all national intelligence purposes including the tactical. This is obviously a responsibility of the DCI, and he is already being forced to deal fragmentarily with some of its aspects--a danger in itself to comprehensive national planning. The questions of

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Crisis Management and the Extended National Military Command Center

Many of the issues between the DCI and Defense are illustrated by Defense's current plans for the "Extended National Military Command Center" as the national center for crisis management. The ENMCC, which is to incorporate a "National Military Intelligence Center," is to serve the NCA. There is no provision for the Secretary of State, the DCI, or the President's Assistant for National Security Affairs in Defense's emergency plans.

The concept of the ENMCC is of course valid for the conduct of military affairs in wartime. It is not well adapted, however, to national security policy making in conditions short of general war. Here, as we have noted, most decisions have political and often economic, as well as military, dimensions. The Secretary of State and the DCI both have a not inconsiderable role to play. This is presently reflected in the membership of the NSC and its sub-Committees and in the flow of intelligence to those bodies. In established practice,

the arena for crisis management is one of those Committees, WSAG, and the DCI is responsible for its intelligence support.

Defense is proposing that the ENMCC serve this function and that all intelligence be directed to it. Such an arrangement would have the effect of excluding the Secretary of State and DCI from Presidential consideration of policy, not only in general war but in a broad range of politico-military crises. Again, when does a situation become a crisis? At what point in a crisis does the military security of the nation override political considerations? And can such a system be effective in crisis if it is not functioning effectively when no crisis exists? The ENMCC concept, intentionally or not, will sharply reduce the influence of the DCI in crisis situations if accepted as designed.

Another potential related problem is in the area of tasking collection systems. The NMIC is to contain a central tasking facility which in crisis is to control [redacted] 25X1 25X1

25X1 [redacted] NSA's assets, CIA's stations, and all other collection systems in support of the NCA. These plans are moving forward with minimal reference to the DCI. Again the fact that a system is being developed

to function in general war is acting to distort arrangements for serving the broader national interests in times of peace or crisis short of general war.*

The DCI and Defense's Budgetary Process

Our final point about the overall DCI-Defense relationship concerns the DCI's staff resource review responsibilities with respect to all intelligence activities.

We have noted that the DCI has a responsibility under the November 1971 letter to propose solutions, balancing national and departmental interests, to the problems catalogued above. It is difficult to strike such a balance when the resources of a single department far outweigh those of all the others combined, including those which the DCI can himself marshall. We can identify at least four ways in which the DCI's ability to exercise the responsibility he has is limited in practice.

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* It should be noted that the creation of NMIC, as a mechanism for focusing military intelligence requirements and for supporting the JCS and the CINC's, meets long-established and important needs. The problem is how to make it compatible with the DCI's interests and fit it into national decision-making machinery.

First, the November 1971 study changed none of the legal authorities which charge the Secretary of Defense with sole responsibility for decisions on Defense programs. Regardless of what any DCI may conclude about how Defense allocates its intelligence resources, it is the Secretary of Defense who is in the last analysis responsible for these decisions and accountable to the President and Congress for them. Clearly, the November 1971 letter was not intended to change the SecDef's line authorities. Rather, the intent of the letter was to give the DCI a staff responsibility to the President on Intelligence Community matters, a role which is of course compatible with Defense's continued exercise of its line responsibility for budgetary matters. However, Defense has, from time to time and not unreasonably, been reluctant to share information about resource recommendations with the DCI in sufficient time to enable him to have significant impact on the decision-making process. In fact, the DCI has no machinery to force rational decision making about a large number of problems in which both he and Defense have important interests. The establishment of the NMIC and [redacted] are good examples. 25X1

Partly this is due to the fact that final congressional decisions on the current year Defense budget have, at least in the recent past, been made in November and December after extended negotiations between the Executive Branch and Congress. The need to pull together a current year program halfway through the fiscal year and to present a rational budget for the following year, given the enormous size of the Defense budget, the literally thousands of decisions which must be made, and the very short time available to finish the task, forces reliance on a process in which fairly arbitrary numbers are handed out to a variety of program managers and the related Service components late in the year. The program managers themselves and the Services must decide how they will live with the levels they have been given. It has proven extremely difficult for the DCI to involve himself or his staff effectively in this important part of the decision-making process which is generally compressed into a very short time period.

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Also, Defense expenditures for intelligence, [redacted] represent only about 5 percent of the total Defense budget. Any decision about intelligence within the total Defense budget is relatively minor in

comparison with major issues relating to weapons procurement, the overall size of our standby military forces, and so forth. It can be difficult for top Defense management to give major attention to an issue which looms large in the Intelligence Community but which is of very minor consequence when considered in the context of the total Defense budget.

Finally, the cumulative action of many Congresses over decades has contributed to the problems which face a DCI, or a Secretary of Defense, in trying to involve himself deeply and effectively in the myriad details which characterize the USG's intelligence programs. The various intelligence programs described above are funded from a variety of different appropriations made to different organizations within the Pentagon. The numbers of people who must participate in the decision making about the Consolidated Cryptologic Program, for example, make difficult the conduct of a comprehensive review of the resource requirements of the total program and will always frustrate an outsider who lacks the necessary time or information to do much more than monitor the process by which these programs are "shoehorned" into the arbitrary overall totals.

Consequences of the DCI-Defense Impasse

The DCI's responsibility to provide national intelligence argues that there be established a system in which national needs can be balanced against the departmental needs of Defense, including those of the tactical commands, but Defense's control over the bulk of the Community's collection resources helps prevent this. On the other hand, it is also true that the DCI's statutory authority and influence has helped prevent Defense from establishing unilaterally a coherent departmental system. This situation serves no one.

RELATIONSHIPS WITH THE DEPARTMENT OF STATE

The DCI's relationship with the Secretary of State is less complex than that with the Secretary of Defense. (We speak here of the general relationship, not of the unusual situation created by the dual responsibilities of Dr. Kissinger.) It is also less troublesome, but there are nonetheless a number of important and persistent problems.

-- As Defense resists independent intelligence assessment and reporting on matters affecting the military, State resists on matters affecting diplomacy. On the other hand, the DCI needs State support to strengthen the civilian hand in intelligence assessment.

-- The most important single source of political and economic intelligence is Foreign Service reporting. State does not consider this to be intelligence and will accept only a loose linkage between it and intelligence requirement mechanisms.

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-- Covert action is, or should be, the subject of close coordination with State both in Washington and in the field.

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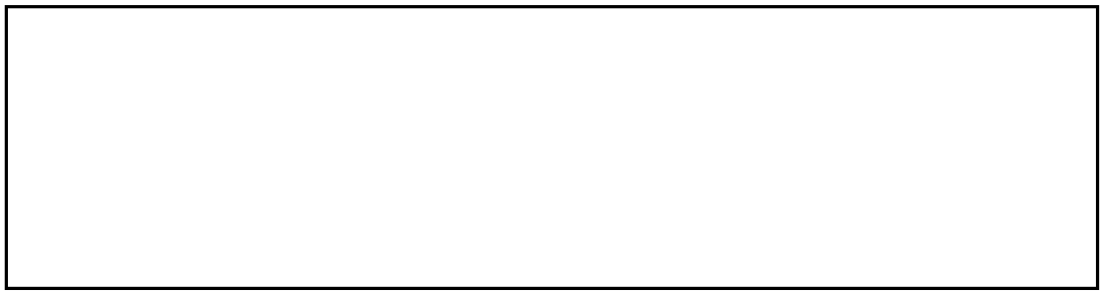

-- The Intelligence Community must work with State through INR, but INR has little influence over the operational arms of State that control most matters of vital importance to intelligence.

Some of these problems would undoubtedly yield to the increased general authorities we propose for the DCI. There does not exist, however, any mechanism by which the entire range of Community-State relationships can be regulated at a senior level. We believe there should be an arrangement whereby the Under Secretary of State for Political Affairs is charged with these matters in the Department, and the DCI is charged with coordination between him and the Community elements concerned.

THE DCI AS MANAGER OF CIA

Production

Managing the Community against the weight of Defense would be by itself an overwhelming responsibility, but the DCI must also

manage CIA. For CIA, like the Community is not the organization Congress thought it was creating in 1947. CIA did not evolve its present structure by reasoned design, but through pragmatic response to challenges as they arose.

Congress, working with its investigation of Pearl Harbor freshly in mind, was seeking to ensure through CIA that never again would the US Government be disadvantaged because it failed to consider as a whole all the information available to its parts. An agency set up for this purpose could however serve other necessary purposes as well, and the rest of Section 102(d) authorizes CIA to carry out a number of additional functions largely unspecified beyond "correlation and evaluation." It is clear, however, that for those who wrote the Act these other purposes were secondary.

Seen in the context of Pearl Harbor--and of Hiroshima--Congress obviously meant by "intelligence relating to the national security" political and military intelligence of a strategic nature with emphasis on its military aspects. (Peacetime applications of national intelligence in support of diplomacy or of economic policy were apparently given little if any weight.) Moreover, Congress was acting in response

to collective and individual failures of Army and Navy Intelligence and to a lesser extent of the State Department. Its solution was to establish an independent, and by inference largely civilian, Agency to "correlate and evaluate" strategic, i.e., military, intelligence.

While CIA was to be the instrument through which the DCI would correlate and evaluate, the Act did not specify whether it would also "produce," or conduct intelligence research. Congress seems to have had in mind that it would not. CIA originally took a broader interpretation of its charter, but a reorganization of 1950-51 emphasized the narrower. A small group, the Office of National Estimates (ONE), was specified as evaluator for the DCI, and other intelligence production by CIA had to be justified as a service of common concern.

ONE's experience, however, demonstrated that the DCI, to be independent in his judgments, had to be able to do independent analysis as a check on and stimulus to the other intelligence agencies. ONE found that it could not argue that a military Service interpretation of events was incorrect without the analytic resources to back up the argument. Moreover, the progression from policy needs to

requirements to tasking or to R&D and the resource decisions which both flow from and control this process have come more and more to depend on an independent substantive evaluation capability. Over time, therefore, CIA developed an analytic and production capability in virtually all fields of major national importance.

Operations

Long before this had been achieved, however, CIA had become a powerful arm of Government through the rapid development of its espionage and covert action capabilities. This came about because the CIA Congress created seemed a convenient place to lodge the remaining operational elements of OSS. Almost by accident, therefore, a CIA supposed to concentrate on correlation and evaluation was staffed with a cadre of clandestine operators steeped in the security discipline and no-holds-barred tradition of World War II. The onset of the Cold War and the clear need for extensive covert action programs if Communism was to be contained gave a tremendous impetus to an organization already inclined in that direction, and successive DCI's devoted much attention to this aspect of their responsibilities. Their preoccupation had an important impact both on the DCI's bureaucratic position--the more he was seen as leader

of a single operating agency, however strong, the less he could claim to preside over the entire intelligence effort--and on the public image of CIA--clandestine operations are sexy; correlation and evaluation are not.

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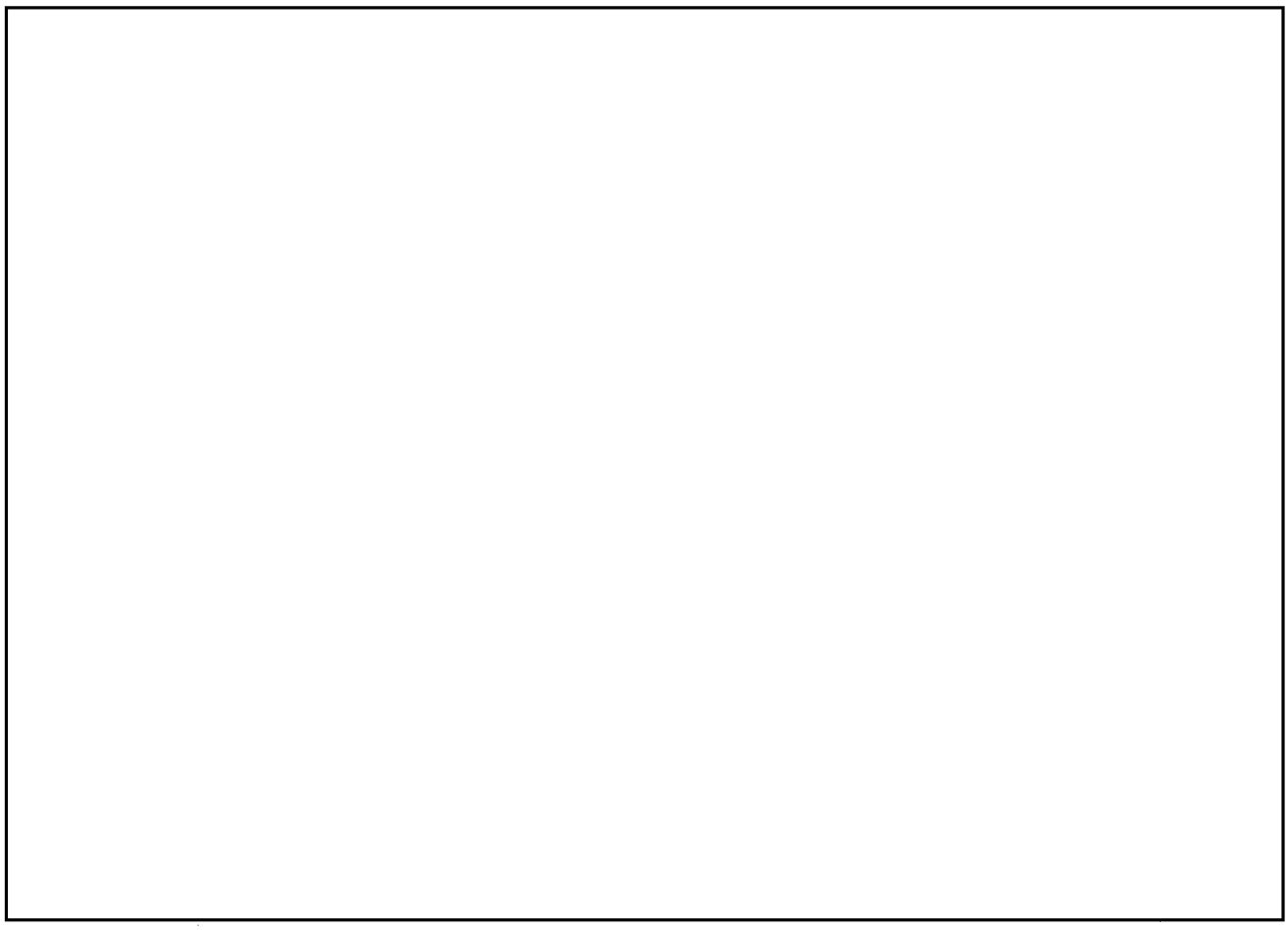

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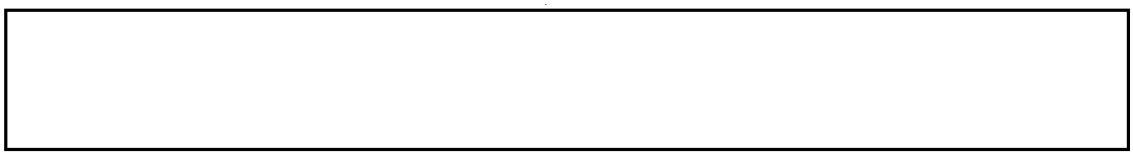

Science and Technology

A third major influence in the growth of CIA--also unforeseen in 1947--has been technology. Beginning with a modest analytic effort against Soviet science on the one hand and with the development of the U-2 on the other CIA has over 20 years developed major national assets both for technical analysis and for technical collection. These two aspects were tied together in the early '60's by the creation of the Science and Technology Directorate.

Management

The three Directorates, of Intelligence, Operations, and Science and Technology developed virtually independently of one another and came to have quite distinct and perhaps introverted characters. (The Support Directorate too has its individuality, but is better integrated with the others.) In effect, CIA has largely been managed at the directorate level, with all threads ultimately coming together in the office of the DCI, an institution that has traditionally been very leanly manned indeed.

This is not to imply that the directorates do not cooperate but rather that close cooperation is achieved through treaties among virtually independent entities. The DCI is in effect a feudal lord over four baronies. He, and only he, can adjudicate among them. (For a number of reasons, no DCI has yet found it possible to delegate in any meaningful way to his deputy.) The result is a further burden on the DCI.

DCI'S AND THEIR MANAGEMENT OF THE COMMUNITY, 1947-75

Their Approaches

Faced with such a bewildering array of functions and organizations, each DCI has chosen to concentrate on a part of his responsibilities. Dulles saw himself primarily as director of the Government's covert arm. McCone saw himself as Presidential advisor*, and found CIA a useful instrument for that purpose. Raborn never decided what he was. Helms concentrated on the management of the Agency; under Johnson, he functioned to some extent as advisor but

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* Significantly, only McCone chose to do battle with Defense on resource matters, and even he was not notably successful.

resisted asserting his authority over the Community. Schlesinger appeared in the short time he served to be putting the Community role first. Colby has sought to give equal weight to his Community and Agency responsibilities. More broadly, he has sought to bind both these responsibilities together, in their collection, production, and resource management aspects, through the National Intelligence Office (NIO) and Key Intelligence Question (KIQ) concepts.

The Schlesinger study of 1970-71 attempted to redefine the role of the DCI with two stated objectives: saving money and improving the product. It suggested several possible organizational/managerial structures for the Community, some quite radical, and analyzed them in terms of the bureaucratic equities and substantive realities involved. As noted above, the President's letter of November 1971 ultimately selected the least traumatic of these options, one that might be characterized as "status quo plus." The DCI was to go on wearing all three hats and was to receive limited additional responsibilities in the resource field. He was to have a larger staff for managing the Community, and devices were to be created by which the assessment of senior intelligence consumers could be brought to bear on the product.

Whether under Helms*, who quietly sought and received agreement from Senator Stennis that he not tackle the most difficult aspects of the President's letter, or under Schlesinger, who set about to implement the plan he helped write in a manner that set his newly formed Community staff in sometimes bitter opposition to his own CIA, or under Colby, who has been too involved in dealing with the external problems he inherited to give full attention to the problem, the letter only marginally changed power relationships and therefore solved little. And to the two objectives pursued by Schlesinger, recent events have added two more: the need to build effective internal and external oversight, and the need to develop public confidence in the effectiveness of intelligence that will permit it to function.

Does the Community Need a Manager?

No DCI or anyone within Defense, before the Schlesinger study, considered that his Intelligence Community responsibilities included

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* Helms clearly did not have the confidence of or the access to President Nixon that would have been necessary to carry out the full intent of the letter.

making recommendations on all the various resource questions arising within the Intelligence Community. Should there be such a role at all? For the reasons above, we conclude that the role is important.

The need for an effective overall management mechanism in the Intelligence Community was clearly recognized in the 1971 Schlesinger study; the need is no less important today. The Intelligence Community of 1975 is larger and vastly more complex and sophisticated than anything comtemplated in 1947 with passage of the National Security Act. Evolving technology is increasing, not reducing, both the need for effective central management over all intelligence and the difficulty of that management task. In addition, the size of the Intelligence Community and the demonstrable need to balance the contributions made by all of the various components argue strongly for a leader. And the compartmentation which characterizes many individual intelligence programs increases the likelihood of unnecessary duplication of effort. This requires that a special effort be made to insure that someone in the Community, who is knowledgeable about the various programs, coordinates the allocation and use of resources. There are signs that if the Executive Branch cannot find an effective way to carry out this responsibility, the Congress will.

The question, in our view, is not whether there ought to be some such role within the Community, but rather how that role should be defined, how it should be exercised, and by whom. On some elements of the role there is probably little disagreement. Most would agree, for example, that one individual should present a total Community budget to Congress and help defend what has been agreed to, and there would be little quarrel with respect to presenting a unified recommendation on Intelligence Community resource requirements to the President. There is, however, little agreement within the Community that the DCI, the statutory head of an agency in his own right, should have a significant role in the decision-making processes of other intelligence programs for which he has no legal responsibility in other than the staff capacity in which he now serves.

The DCI in 1975

If the role of the DCI as manager of national intelligence was seen in 1971 as too weak to accomplish these objectives, he is even weaker relative to his problems of today:

-- As Presidential advisor, he is physically and organizationally removed from the President he is supposed to advise. Moreover,

the fact that he is head of a clandestine organization under political attack for "improprieties" forces the President to keep him at a distance. The budgetary authority he has been given is only advisory.

-- His position as leader of the Community lacks real substance in the absence of the stronger position that a closer Presidential relationship would give him. It is effective only within the USIB structure where dissents are institutionalized. The lines linking him to, or defining his powers relative to, the three functional communities are tangled indeed.

-- As Director of CIA he has too many responsibilities beyond CIA to give it proper attention. Moreover, the Schlesinger experience showed the difficult situation created when a DCI as head of the Community seeks to move in a direction antagonistic to his interests as DCIA.

PART 4

THE FUTURE MANAGEMENT AND ORGANIZATION OF THE INTELLIGENCE COMMUNITY

Based on the analysis presented in preceding sections, this chapter outlines two basic options for change in the current management arrangements and organizational structure of the Intelligence Community. Change is not suggested for the sake of bureaucratic neatness. Rather, it is intended to lead to improvements in the quality of the intelligence production. Before discussing the two options, however, we examine the possibility of creating a unitary national intelligence agency, either independently or under Defense, and reject both alternatives in favor of a system, under an independent senior intelligence officer, that can balance national and departmental needs. In addition, we set forth the conditions under which this officer can be effective, and propose some new organizational concepts for making him so. Finally, we deal with the impact adoption of these concepts would have on his handling of specific organizational problems.

BASIC APPROACHES TO COMMUNITY ORGANIZATION

Broadly speaking, there would appear to be three basic approaches which the President, in collaboration with Congress, might take. He could:

--Transfer most intelligence activities out of the Department of Defense into a reconstituted and renamed Central Intelligence Agency responsible for servicing the fundamental intelligence needs of both the nation's civilian and its military leadership.

--Absorb the Central Intelligence Agency within the Department of Defense, eliminating the DCI's role as it has been conceived since 1947 and placing responsibility for effective coordination of all American intelligence with a Deputy Secretary of Defense for Intelligence who would absorb the Community responsibilities now exercised by the DCI as well as those exercised by the present Assistant Secretary of Defense/Intelligence.

--Leave mostly unchanged the division of labor between Defense and CIA which has evolved since 1947, while making a series of changes to enhance the ability of the DCI to play a

more effective role in the overall direction of the Intelligence Community and at the same time reducing his direct involvement in managing CIA.

The first of these basic approaches was considered in the original Schlesinger study. It would involve consolidating all or most existing US intelligence into a large, new independent agency [redacted] people) under one individual responsible to the President or the National Security Council. This approach is appealing in that it would create an organization with control over all aspects of the intelligence process, establishing the preconditions for solution of the management problems outlined above. One man could be held accountable for rationalizing existing structures, creating effective management processes, and getting results. There would be far fewer barriers to effective decision making across the Community, and the head of this new organization would have effective authority to resolve those which did arise.

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In the real world, however, we believe this basic approach is a "loser," for several reasons. First, we doubt Defense (for good reasons) could be persuaded to give up all control over the intelligence programs

now conducted within Defense. Military leaders who are entrusted with our nation's defense must have a measure of control over their "eyes and ears," in peacetime as well as wartime. If all existing intelligence organizations were to be consolidated under a new head of foreign intelligence, we believe that many both inside and outside of Defense could argue with justification that a parallel though perhaps smaller intelligence apparatus would need to be reconstituted under direct Defense Department control. Second, over the short term (and probably for many years to come) the manpower needs of the programs now carried out in Defense but incorporated by this approach into a new agency could probably only be met by military personnel, except at extraordinary cost. Thus, some continuing Defense involvement would be required in any event. Finally, and most fundamentally, there is the political problem. We doubt either the President or Congress could agree to the establishment of a very large organization that we feel certain would be widely characterized, however unfairly, as the beginning of a Gestapo.

We have argued that there should be a strong overall leadership function exercised within the Intelligence Community. The alternative discussed above is one (extreme) approach toward meeting this objective.

At the other end of the spectrum, it can be argued that this responsibility should be lodged not within a new and independent intelligence agency but within the Department of Defense, perhaps under a Deputy Secretary for Intelligence. The CIA program would in effect become part of the Defense intelligence program and budget. CIA would no longer be an independent agency in the full sense of that word, and the DCI's role as Community leader would be eliminated in favor of an appropriate Defense official. After all, as has been pointed out many times, the bulk of the dollar resources in the Intelligence Community belong to Defense in any event.

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This approach too would allow control over all US intelligence to be consolidated in the hands of one individual, though it is questionable how "real" such control would be unless all existing intelligence organizations were placed under his line command--a remote possibility at best.

There are, however, more fundamental disadvantages to this approach. First, it would effectively repeal the most basic provision,

insofar as intelligence is concerned, of the 1947 Act: the establishment of an independent CIA. We doubt anyone would seriously consider this a good idea. The need for an independent intelligence view seems well accepted everywhere.

The argument for an independent CIA is based upon the need in policy councils for an "objective" voice on policy issues. Objectivity in this sense does not necessarily mean that CIA perceives "truth" more clearly than do others. In the real world objectivity means that CIA's views on substantive issues are communicated to the ultimate decision-makers; that is, these views flow upward and are not prevented from being expressed by senior management of an organization which may have other interests at stake, or simply an entirely different world view.

If CIA were integrated into Defense, steps could be taken to assure a continuing degree of independence for it by providing (in law) that the DCI would continue to report to the National Security Council or even the President on all but resource matters (in arrangements similar to those under which the Joint Chiefs of Staff have continued to

report independently to the President). But in the real world this authority could not be maintained.

One early task of the newly created Deputy Secretary for Intelligence would certainly be to examine and rationalize the diverse production elements for which he would now have a responsibility. Resource and other pressures would make sensible an effort to combine the existing DIA service and production organizations with the newly transferred DDI and DDS&T production entities. We doubt this process could be completed without perhaps irreparable damage to the CIA production entities and to their independence of view. There would also be statutory and bureaucratic problems: different legal authorities, personnel systems, etc., would need to be made consistent with other Defense authorities or explicitly excluded from them if CIA is to remain the flexible instrument it is.

Second, we do not believe that intelligence as a discipline would receive the attention it ought to have in Defense, where it always has been and always will be (legitimately) regarded as a support function. Quality in intelligence, as in other matters, can best be achieved by an organization which regards this as its sole mission.

The third broad approach--finding a way to assert greater control over the whole intelligence process while leaving both Defense and CIA in the intelligence business--seems to us the only practical one. Fundamental political problems preclude classical organizational solutions placing command and control over all or most intelligence in one individual, either the Director of Central Intelligence, or an appropriate Defense Department official. In addition, and more important, there exist important arguments for the continuing existence of an intelligence organization (CIA) not subject to the control of any other line department or Agency within the USG. At the same time, the Department of Defense, charged with responsibility for defending the nation, requires (or will not relinquish without a fight no one will be willing to start) a measure of control over important collection, processing and other intelligence activities which also contribute in major ways to the solution of problems faced by CIA.

Put another way, we believe that the Community leadership function is important and that it should fall upon the Director of Central Intelligence. To carry out that function, the DCI should be given stronger voice in decision making on fundamental issues in the Intelligence Community. At the same time, however, we believe that individual program managers

in Defense should retain considerable latitude and flexibility in the conduct of day-to-day operations. Both goals can be met by increasing the DCI's voice in the processes which determine how resources--money and people--will be allocated in the Community, while preserving an independent CIA and continuing Defense responsibility for actual operation of most present programs.

Within this broad general approach, there are potentially two different DCI's of the future. The first of these, slightly but significantly changed from present practice, contemplates a DCI with line responsibility over CIA and a staff role with respect to the balance of the Intelligence Community as now. But his ability to influence decision making on certain important issues would be enhanced by creation of an Executive Committee, under his chairmanship, for the Consolidated Cryptologic Program, along the lines of the present management with respect to the NRP. And his line responsibility for management of the CIA program would be reduced somewhat by creation of a statutory civilian deputy director charged with this responsibility. This approach is discussed as option one below. The second option analyzed here would establish the DCI in a line relationship to major portions of the Intelligence Community with respect to resource allocation matters, and would eliminate his direct responsibility for management of CIA. Under both

options we propose that the DCI be made a member of the NSC and senior advisor to the President on major intelligence issues.

The distinction between these two broad options is fundamental: the DCI of option one is very different from the DCI of option two. Implementation of the first option would require relatively minor adjustments to the current structure which could be carried out by Executive Order along with some modifications to existing legislation. Achievement of the second option would require considerable effort, for it involves fundamental change including a major rewrite of intelligence portions of the National Security Act.

OPTION ONE

This option is based upon the premise that it is not feasible to increase substantially the DCI's legal authority with respect to resource matters within the Intelligence Community but that steps can be taken to improve his ability to exercise the Community aspects of his responsibilities while clarifying responsibility for management of the CIA. The following ideas then are designed to strengthen the system at the points we believe are weakest:

-- Accept the Rockefeller Commission concept of a deputy director of CIA responsible for line management by amending the Act to provide the DCI with two deputies, a civilian to run CIA and a military officer to preside over the Community. Make the DCI a member of the NSC. Amend the Act to spell out the DCI's responsibilities within the Intelligence Community, and the deputy director's management responsibilities to CIA. This would help to establish the concept of a DCI independent of CIA, which would in turn strengthen the DCI's hand in exercising a staff role with respect to resource issues in the Intelligence Community, and it would help to ease the management problem within CIA presented by a DCI who wears "two hats."

-- By statute, clarify the relationship between the NSC and the National Command Authority.

-- Charge the DCI with providing the President each year an evaluation, based on the knowledge available to CIA production elements, of the contributions made by various collection systems, to the solution of intelligence problems. Include language establishing the DCI's staff responsibility to the President for Intelligence

Community resource matters in the amended Act. The proposed annual evaluation would supplement the report to the President required under the November 1971 letter calling for an independent DCI recommendation on the overall Intelligence Community Budget. This recommendation is discussed at greater length in Annex F.

-- Create an Executive Committee for overall policy direction of the Consolidated Cryptologic Program (CCP). The largest and most important program in which the DCI now has no formal management role is the CCP. An Executive Committee arrangement would increase his voice in overall program direction. As in the case of the NRO, the DCI should chair the ExCom, but final decision-making authority would of course be retained in Defense. To increase the DCI's awareness of military requirements for cryptologic support, JCS representation on the Executive Committee should be considered. An NSC presence would also be desirable to balance the JCS representation.

-- Form a National/Tactical Planning Board under the DCI's military deputy. Charge it with considering how to better use centrally managed national collection to support tactical requirements and with developing plans for the transition of the national intelligence system from peace to war.

-- Consider transferring responsibility for the NRO to CIA. Otherwise, retain the present basic ExCom policy establishment and management structure. This issue is discussed in greater detail in Annex J.

-- Establish an Intelligence Coordinating Committee to deal with problems between the Intelligence Community and the Department of State other than in the production area. This Committee would be chaired by the DCI and would include the Under Secretary for Political Affairs as its principle member.

-- Reconstitute USIB as an Intelligence Production Board under the DCI, with its membership reduced to include only the major production organizations. All other functions of USIB would be assigned to the other bodies proposed in those recommendations or directly to the DCI.

-- Make the DCI Chairman of NSCIC.

Under this option, the statutory relationship of the DCI to CIA would remain unchanged. The DCI would be given a modest increase in authority in the Community, and he would be freed to the extent he permitted himself from his responsibility for administering CIA.

He would be provided more rational coordinating machinery for the Community, and he would be given an opportunity to increase his influence in the management of the CCP.

Implementation of this option would make an important contribution toward improving the overall management arrangements which currently exist within the Intelligence Community. It is our belief, however, that the need for change is more fundamental, and the opportunity for it is greater than is represented by this option. Our suggestions for more basic changes are spelled out, in considerable detail, in our second option.

OPTION TWO

Many have perceived for some time the necessity of new legislation to establish a viable basis for intelligence in the future. There is now little doubt that there will be new legislation. At issue is the shape of that legislation.

A National-Departmental Balance, and What is Needed to Achieve It

To provide the authority the DCI needs, we believe three essential conditions must be met.

The first is a point that has been made before but that bears repeating. The DCI need not be a close friend and confidant of the President, but he must have the President's confidence and support. Especially, he should have--and be seen to have--regular, frequent personal access to the Oval Office.* This is, however, a delicate question. The DCI should not be so close to the President as to be politicized. He should not be a Presidential staff officer located in the White House. Rather, he must keep some distance from the President, physically as well as organizationally.

Presidential support, however, is not enough. It is reasonable to expect that the Secretaries of Defense and State will similarly have the Presidential ear, and can outweigh the DCI unless he is placed on equal footing by establishment of a framework that provides him stronger statutory authority. The main girder of this framework should be resource management. The stronger the DCI's voice in the allocation of funds, the easier it will be for him to impose rationality on other aspects of his job.

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* Gen. Smith was able to be effective as DCI where Adm. Hillenkoetter was not largely because the members of the Intelligence Advisory Committee knew he had a weekly appointment with the President.

The third condition is equally impo rtant. There should be an agreement between the DCI and the Secretary of Defense, ratified in statute, that clarifies their respective roles in the management of intelligence and encourages their subordinates to cooperate rather than compete.

Toward a Solution: Three New Concepts

To meet these conditions we propose under this option three major changes:

-- A new concept for the funding of most intelligence programs.

-- A new conceptof the DCI's role in relation to the Community.

-- A new concept of the DCI's relationship tothe Department of Defense.

In resource management, our concept is simply stated, although we are fully aware that it is a major step, controversial and exceedingly complicated. It is that the bulk of the intelligence budget now appropriated to Defense be instead appropriated to the DCI for further allocation to the various existing program managers* in the Community. At

* Such an arrangement is unusual in Government practice but by no means unprecedented. During the 1960's, for example, certain funds were appropriated to the Director of the Office of Economic Opportunity but then delegated to the Department of Labor for acutal program operation.

the same time, the DCI's responsibility for line management of the CIA would be eliminated. IRAC and the position of Assistant Secretary of Defense/Intelligence--created to help the DCI exercise his resource review responsibilities under the November 1971 letter--would be abolished.

To emphasize the new role of the DCI and his changed relationship to CIA, the DCI would be renamed the Director General of Intelligence (DGI) and CIA the Foreign Intelligence Agency (FIA)*.

This option would not involve placing operational control over all Community programs in the DCI or, in the case of the Defense programs, moving those programs out of the Department. Indeed, this option would eliminate the existing command relationship of the DGI to CIA. The concept of a unitary command structure for intelligence, either under an independent Director of National Intelligence or within Defense was considered and rejected above. Rather, we have in

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* Hereafter, in speaking of the future, we will use the terms DGI and FIA; in speaking of the present and past, we will use DCI and CIA.

mind a new concept of the DCI, one that would exchange his present powers (variously to command, advise, and persuade) for effective but less conspicuous management powers at key points in the system.

We have earlier identified "communities" of resource managers, collectors, producers, and users of intelligence. In the simplest terms these communities are inter-linked as follows: funds flow from resource manager to collector and producer; raw intelligence flows from collector to producer; finished intelligence flows from producer to user; the user then determines whether his needs have been met and states new needs to resource managers and producers; and, finally, producers state new requirements to collectors, or resource managers provide funds to develop new collection capabilities.

Under this option the DGI would sit astride this system, controlling these linkages rather than exercising line authority over any of the communities or their constituent parts.

-- We have already stated that funds should flow through and be allocated by him, in broad categories, to the individual program managers. These funds should include those presently appropriated to CIA, and to the Department of Defense for the NRO, the CCP, [redacted] and selected portions of the GDIP.

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-- He and his staff should carry out and integrate the collection management functions now assigned to COMIREX, the SIGINT and Human Sources Committees, and the Collection Guidance and Assessment Staff now in DDI.

-- He should continue to coordinate ("correlate and evaluate") finished intelligence production as he now does.

-- He should seek consumer reaction to his product, evaluate it, and through this process identify gaps to be filled by tasking existing collection systems or by developing new ones.

Each of these functions is closely related to and dependent on the other three. (See sketch next page.)

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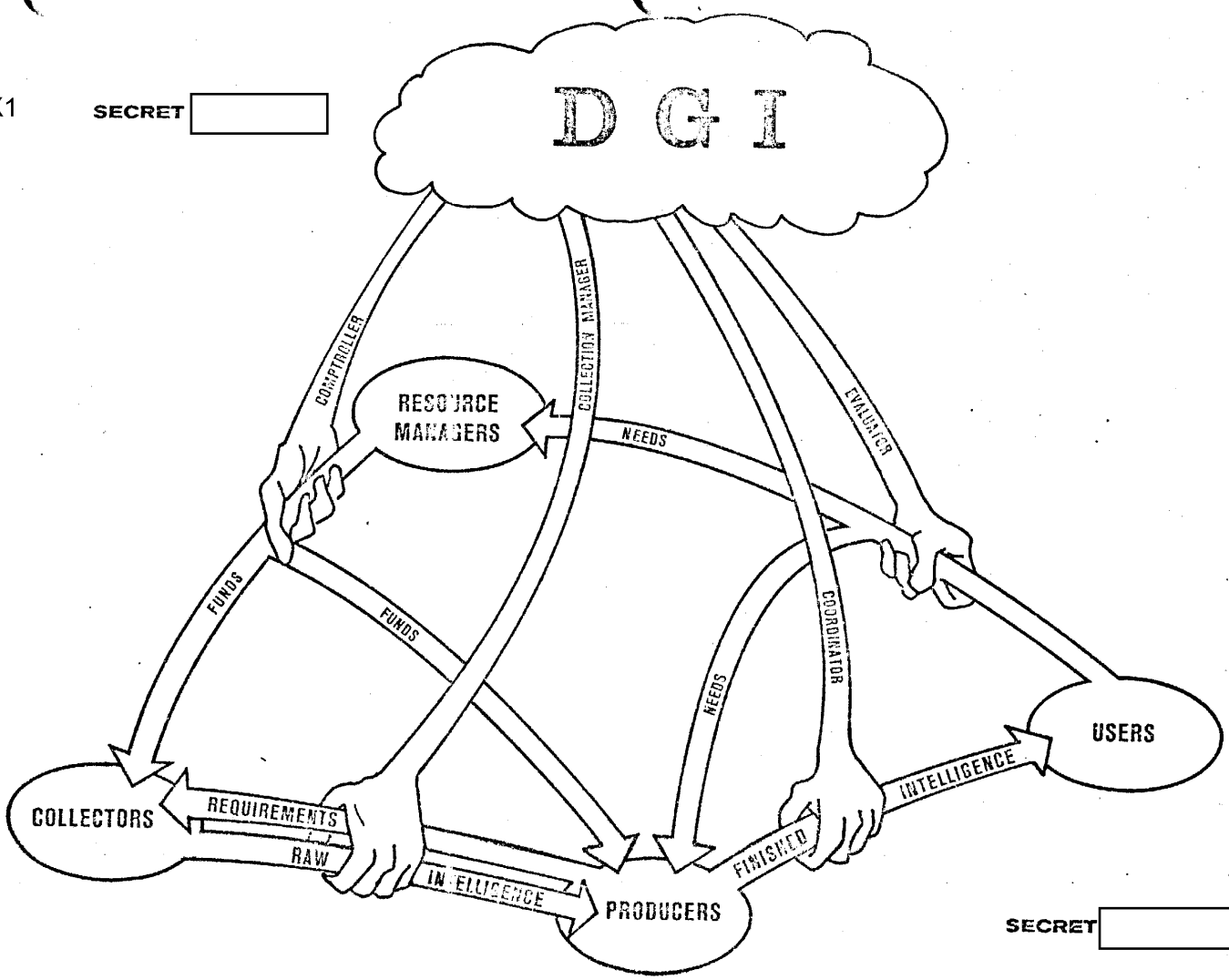

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Proposed changes of this magnitude raise a question about whether we are in fact considering amendments to the existing National Security Act or an entirely new Act chartering the National Intelligence Community. There are arguments in favor of both approaches, though we are inclined to believe it preferable to amend the existing Act. Such amendments should in addition to establishing the DGI and the FIA and establishing their responsibilities provide a legislative charter for all intelligence activities conducted under the DGI's umbrella.

A proposal to transfer substantial funds and authority from Defense to the DGI would obviously meet resistance. Defense would have to be convinced that it would benefit from such an arrangement.

We believe that Defense could be persuaded of the value of the suggested approach but that this would need to be based on the establishment of a new relationship between the DCI and the Secretary of Defense, based on a recognition of the impact of planning for war on practice in peace. It has been noted that the failure to deal with this problem has frustrated the creation of a truly national intelligence system for almost three decades. We propose now to consider the

question from the wartime end rather than, as we have since 1947, from the peacetime one. A "Gordian knot" formula then suggests itself. The National Security Act of 1975 might read more or less as follows:

> The DGI shall be a member of the National Security Council responsible to the President, except that in the event of major hostilities he shall be responsible to the President through the Secretary of Defense, unless the President directs otherwise. When he is subordinate to the Secretary of Defense, he shall retain the right to render substantive assessments independently to the President.

Such a formulation would help to cause the interests of the Secretary of Defense and DCI to converge where they are now adversary. The Secretary would be more interested in seeing that the DGI built a strong intelligence system in peacetime, while the DGI would be more concerned that the system be designed to meet Defense's needs in peace or war. The DGI would be de facto a part of the National Command System, and his relationship to the National Command Authority would be clearly established. Theoretically, in the event of war the entire system, including the DGI, would move to

Defense as a unit with less disruption of internal command mechanisms than would take place under such understandings as now exist. Much more important in today's world, this formulation would help open the door to development of a more coherent overall intelligence system, with a unitary budget, in peace. This should, over the long run, make possible improvements in the ultimate quality of the intelligence product at lower overall cost. At the same time, the Congress could be assured that the peacetime DGI was in fact independent of the Department of Defense.

Out of this arrangement Defense would gain as well as lose. The same disagreements that have prevented development of a truly national intelligence system have also handicapped development of the military system. With the DGI clearly responsible both for wartime support of the military and for rational organization of that support in peace (in collaboration with Defense) a serious problem for military planners could be reduced. Defense could also expect national intelligence production to be more responsive to its needs. (This does not mean less objective.)

The extent to which the intelligence structure can be rationalized and its management strengthened depends directly on the degree to which the DGI-Defense relationship can be clarified and made compatible. Improvements in this relationship should ultimately be reflected in the final product of intelligence.

Specific Problems in the Community

The Central Intelligence Agency.

A DGI who could with Defense cooperation effectively regulate the linkages among the various communities would have acquired greatly strengthened management powers at a time when there are political pressures to weaken him. Thus, there must be a balancing decrease in his line authority over CIA for this and for other reasons as well.

Separation of the DCI from direct management of CIA has been suggested before and rejected. It has been argued that:

-- The National Security Act would have to be changed.

-- The President could no longer look to one man for intelligence and covert action.

-- The DCI would need a substantial staff.

The first two of these reasons seem no longer valid. The third is true, but not a fundamental argument for maintaining the status quo.

On the other hand, the reasons for such a separation are stronger than before.

-- Both the 1947 Act and the President's letter of November 1971 give the DCI important responsibilities in the Community as a whole. His ability to exercise these responsibilities has been compromised by his role as head of CIA in the Community where he is seen as head of a competing agency with its own vested interest in certain programs and policies. It is also compromised by the fact that, as the head of an independent agency, he must devote considerable attention to management of it and its programs.

-- CIA continues to be widely criticized. A DGI/DCI not closely identified with it would be more politically acceptable as the senior national intelligence officer. A president would find it easier to give a DGI the access and confidence upon which his power must ultimately rest if the DGI were not himself considered an intelligence operator.

-- Present arrangements already require the DCI to carry a number of very complex responsibilities; if his overall

management and budgetary role is increased further, his management span must be reduced in other ways. These arguments support the case for a Director General for Intelligence, replacing the DCI as Presidential adivsor and leader of the Community. An Administrator/Foreign Intelligence Agency, separately appointed and confirmed, would replace him as Director of CIA. The A/FIA would be responsible to the NSC. We believe the DGI should be a statutory member of the NSC, both to increase his status relative to State and Defense and to clarify his relationship to the A/FIA.

The DGI and the Production of National Intelligence.

A major issue under this option is the extent to which the DGI should be responsible for the present production responsibilities of CIA. Should the DGI be directly responsible for all present CIA production programs (broadly including the functions exercised by the NIOs, the DDI, and the production elements of DDS&T) or only the production of national intelligence as carried out under the NIO and USIB Committee structures?

If the DGI were to be given direct control over CIA's production function, his ability to be the President's principal foreign intelligence

advisor would remain undiminished, and continued direct access to information about the substantive contribution of the various collection systems, available through the production process, would contribute to his ability to do the resource allocation task.

On the other hand, this responsibility would detract from his ability to focus on Community issues and could be perceived by State and Defense as giving this aspect of the production process a favored position--thus adding an undesirable element of devisiveness to the Community's production effort. In addition, existing desirable close relationships between CIA production, collection, and R&D programs in certain sophisticated technical areas would suffer.

If, in contrast, the DGI's production responsibilities were limited essentially to national intelligence, he could remain well informed on the key substantive issues and well grounded on the contribution of each of the various collection systems to these issues. Moreover, this move would tend to strengthen the NIO and USIB Committee structures and thereby result in better national intelligence products. It could also lead to a rationalization of CIA's production effort, presently split between two directorates, in order to provide more timely and more broadly disciplined contributions to NIO and USIB intelligence projects.

On the other hand, the DGI's ability to "coordinate" contributions by State and Defense to estimates could be reduced by the relative distance of his own staff from the basic collection and production activities which supply information and suggest insight, and this could lead to pressures to duplicate the CIA production capability under the aegis of the DCI.

The DGI and Covert Operations.

In Annex E we examine at some length the knotty questions of clandestine operations. What is covert action? Should the US engage in it and if so should the covert action apparatus be separate from that for espionage? Where should these elements be housed within the USG?

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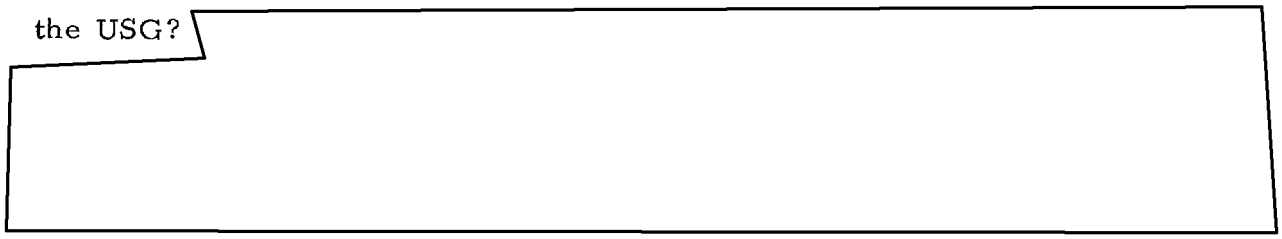

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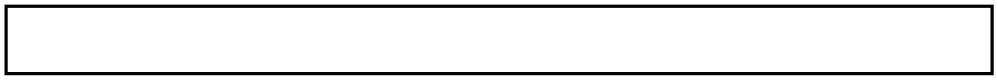

it is inconceivable that the US should deny itself the capability to conduct such operations. It may of course be expedient for the US to limit its actual operations for some time to come.

A good theoretical case can be made for the separation of covert action from espionage on the grounds that operations should not contaminate intelligence. It is very difficult, however, to untangle the assets used for action purposes from those used for information. A valuable intelligence agent may be the best person to carry out a discrete covert action. The experience of 1950-52, when the two functions were carriedout by separate organizations, demonstrated to all who had a hand in it that separation is grossly inefficient if not actually damaging. The practical case for keeping the two clandestine functions in the same organization is overwhelming.

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The A/FIA, placed in a clearly subordinate position, need not be as conspicuous--or to the press and public as great a "threat"--as the present DCI.

Defense Technical Collection Programs.

We have dealt above with the broader question of the DGI's relations with Defense. There remain, however, more specific questions relating to the two major technical collection systems under Defense management.

NRO. A DGI armed with budgetary powers and a better defined relationship with Defense will be in a position to manage technical collection more efficiently, to make more sensible choices, and to respond more flexibly to new requirements. Better arrangements will be needed, however, to link him with technical program managers. The NRO in its current form is an anomalous patchwork originally constituted in a period of bureaucratic strife. Competition within the NRP is not as useful now, nor will it be in the future as it has been in the past, and the coordination problems within a structure designed to accommodate competition are becoming increasingly difficult.

More important, the need for military commanders to derive direct support from satellite collection resources is becoming increasingly important, and it is questionable whether the current NRO organization, with the Under Secretary of the Air Force as director, is well suited to meet this problem.

Consideration should be given to reorganizing the NRO as an integrated operating organization under the A/FIA, jointly staffed by FIA and Defense. This would create an organization in some ways analogous to NSA which has under NSCID 6 a clear line of command over the CCP. It would remain however subject to the broad guidance of an ExCom chaired by the DCI. This issue is discussed further in Annex J.

NSA. The strengths of NSA are also its weakensses. Unitary organization coupled with physical separation produces a self-contained organization isolated from and resistant to legitimate external interests in its business. NSA is the hair shirt of any DCI seeking to exert any authority over it or even to extract the information needed to form balanced judgments as to its responsiveness to national needs.

For reasons valid in the past but less so today, NSA continues to be dominated by the military though military influence has declined over the years. It is controlled by Defense, many of its personnel

25X1 are in uniform, [redacted]

25X1 [redacted] Continued enhancement of civilian influence is desirable if NSA is to be fully responsive to the growing political and economic needs of national intelligence. [redacted]

25X1 [redacted]

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Under this option, in addition to funding through the DGI, we believe that the CCP should be placed under the guidance of an ExCom chaired by the DGI as in option one. The ExCom would be charged with developing a program to "civilianize" NSA and with studying the possibility of separating the functions of a civilian NSA from those of the military combined Cryptologic Service.

RECOMMENDATION

If fundamental change could be at least contemplated in 1971, it can be the more so now. Current political developments suggest that the National Security Act of 1947 will be rewritten; our analysis of the Act and the intelligence structure it established convinces us that it should be. It is not an exaggeration to observe that we are fast approaching a historic moment and associated unique opportunity to recharter the Intelligence Community to meet future needs for effective intelligence support. It may be another 25 years before events provide another opportunity for major reorganization and reform.

On both substantive and tactical political grounds, we suggest consideration of legislation to establish the arrangements envisioned under the second option above. This proposal, together with an attempt to rethink the secrecy issue from scratch, could serve as a point of departure for constructive debate within the Executive Branch and, ultimately, the Congress on the future legal and political basis for the conduct of American intelligence.

In summary, we recommend the following steps:

-- Amend the Act to create a DGI separate from the FIA and to establish a working relationship between him and the Secretary of Defense. Make him a member of the NSC.

-- Provide the DGI with a staff capable of performing the "linkage" functions outlined above and with an inspection group as proposed in our paper on external oversight (Annex G).

-- Charge the DGI with preparation of a total intelligence

25X1 budget [redacted] Appropriate funds for the programs covered by his budget to the DGI for allocation according to procedures to be developed. Abolish IRAC (retaining its useful R&D Council) and eliminate the office of the Assistant Secretary of Defense for Intelligence within Defense.

-- Charge the DGI with responsibility for better support of the needs of Defense in peace and in war through use of centrally managed collection programs and with planning for the transfer of intelligence assets to the Department of Defense in time of war. Charge Defense with cooperating in this endeavour by providing access, staff support, and quality personnel. Charge

the DGI with establishing a National/Tactical Planning Board, on which the U&S Commands would be represented, as the regulating mechanism for this program.

-- Create a new A/FIA appointed by the President and confirmed by Congress. Place under him the present CIA minus the DGI's staff. Make him responsible under law to the NSC though in practice he would report through the DGI.

-- Reconstitute ExCom with the DGI in the chair and the Deputy Secretary of Defense and a senior White House official as members. Charge it with broad budgetary and policy guidance

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-- Reorganize NRO as an integrated organization reporting to the A/FIA and jointly staffed by FIA and Defense.

-- Make the DGI Chairman of NSCI. The best way to get consumer response is to give the interested party control over the mechanism designed to develop it.

-- Lastly, establish an Intelligence Coordinating Committee to regulate relations between the intelligence system and State (except for substantive production). Reconstitute USIB as an Intelligence Production Board under the DGI as chairman with its

membership reduced to include only the major production organizations. The Board would retain the present substantive responsibilities of USIB. All other functions of USIB not otherwise reassigned in these recommendations would become responsibilities of the DGI.

ANNEX A

The Intelligence Community

The United States Government has an intelligence structure whose shape and functions have been dictated far more by pragmatism and accident than by conscious design. This structure is sometimes called the "Intelligence Community," but that term, in practice, is elusive. It means different things to different people. In the broadest sense, the American "Intelligence Community" encompasses those components of the US Government responsible for the collection and processing of intelligence information, the production of finished intelligence, the provision of various kinds of intelligence support (including, for example, covert action) within our Government's Executive Branch and certain types of support (largely in the substantive field) to the Congress.

This description may be confusing, but others are even more confusing or, if clear, are inadequate. Consider, for example, the common notion that the Intelligence Community can be defined

by the membership of the United States Intelligence Board. At the outset, one has to face the question of whether USIB consists of its full members (CIA, NSA, DIA, State/INR, and the Treasury, plus ERDA and the FBI); or these plus the three military services' intelligence components which are technically only observers at USIB; or this larger group plus those other entities which from time to time attend USIB meetings.

Even the broadest application of the USIB rubric does not encompass organizations such as the Air Force's Foreign Technology Division (FTD) which is not a member of USIB but which has a strong claim to be considered a member of the Intelligence Community.

Even the more limited task of attempting to define the intelligence production community quickly leads one into a swamp. There is general agreement that the principal producing organizations are CIA, State, DIA, and the Service intelligence agencies--plus ancillary entities such as FTD, the Army's Missile Intelligence Agency, and the Naval Intelligence Support Center. After this point, however, distorting anomalies emerge.

NSA, for example, is a major collector and processor of intelligence information and also has an associated analytical capability. The latter, however, is not applied to an "all-source" environment since NSA's analytic focus is primarily keyed to signals intelligence. The rest of the Community, therefore, does not tend to regard NSA as a producer of finished intelligence, especially in the political and strategic areas though NSA is an important producer of tactical intelligence for the three military services.

ERDA (formerly part of AEC) is unique in a different way. Though a full member of USIB, ERDA neither collects intelligence nor has a significant analytical effort. It owes its Community membership to the fact that it represents a unique and exclusive body of nuclear information.

The FBI is considered a member of the Intelligence Community, and of USIB, by virtue of its counterintelligence, counterespionage, and (to a lesser extent) law enforcement responsibilities in the national security field. The FBI does not perform any meaningful substantive intelligence analysis, however, nor does it play a major role in collecting positive foreign intelligence.

Defining the Defense Department production community poses other problems. One set lies in the ill-defined and hotly debated nature of the relationship of DIA to:

-- The three Service intelligence components (the Office of Naval Intelligence, ONI; Assistant Chief of Staff, Intelligence (Army), ACSI; Air Force Intelligence, AFIN).

-- The Secretary of Defense and the Chairman, JCS. (Opinions differ on whether the Director, DIA, is equally subordinate to both or subordinate to the former through the latter.)

-- Assistant Secretary of Defense (Intelligence) who sits at the USIB table but whose right to sit there is debated.

Though Treasury is now a full member of USIB, many do not regard it as a member of the Intelligence Community. Primarily a consumer of intelligence, Treasury has become a member of USIB by virtue of its increasingly important requirements for intelligence support. Though Treasury does both collect and analyze information in the course of its business, opinions differ on whether what Treasury does is "intelligence." With the rising importance of economic considerations in what have been traditionally regarded as intelligence judgments (focused largely on military and political factors), this whole area is now in a process of change.

The Department of State adds its own complexities. It is represented on USIB by its Bureau of Intelligence and Research (INR). INR, however, is not regarded by many in State as being within the main stream of the Department, though the current head of INR happens to be a trusted, valued member of the Secretary of State's personal staff and, hence, plays a key role in assisting him in his dual capacities as Secretary of State and a Presidential Assistant.

Also within the Department is the Foreign Service. Most of the Intelligence Community regards the Foreign Service as a prime source of collection of primarily political information; but many FSOs would be aghast at being included in anyone's definition of the "Intelligence Community."

The Intelligence Resources Advisory Council (IRAC) includes another collection of entities which are clearly part of the intelligence process and, therefore, merit consideration as members of the Intelligence Community, even though IRAC's primary focus is resource management, not production or collection.

IRAC is chaired by the DCI and includes among its formal members the DDCI (representing CIA), the Assistant Secretary of

Defense for Intelligence, OMB's Associate Director for National Security and International Affairs, and the Department of State's Director of INR. The NSC Staff's Director for Intelligence Coordination, the Director of DIA, and the Director of NSA also attend IRAC meetings but as observers, not full members. In addition, others--including the Director of NRO--also usually attend the IRAC meetings.

Collectively, those who attend IRAC meetings control almost all of the personnel and dollar resources associated with the United States intelligence establishment.

IRAC also has links into the R&D community, another heavy consumer of intelligence-related resources. Under the chairmanship of the Department of Defense's DD/R&D, IRAC has established an Intelligence Research and Development Committee whose members include the heads of the principal R&D organizations represented on IRAC, the Service Assistant Secretaries for R&D, the Director of ARPA, and the Assistant Secretary of Defense for Telecommunications. Though these entities certainly fall outside usual definitions of the "Intelligence Community," it is nonetheless clear that there is a strong bond of common concern and technical affinity tying these entities into the Intelligence Community.

The above considerations demonstrate that there is not any single intelligence community easily definable as such. Instead, we need to recognize and frankly acknowledge that there are at least four, perhaps five, "communities" with intelligence-related responsibilities and interests, which interlock and overlap. These include:

a. The collectors of intelligence information and providers of intelligence services. This community would include CIA's Directorate of Operations [redacted] 25X1
[redacted] 25X1
NSA, the NRO, the
[redacted] 25X1
members of State's Foreign Service officer corps, Treasury, Agriculture and Commerce attaches, the military Service attaches, elements of DIA, plus elements of ACSI, ONI, and AFIN (plus certain other DoD entities--to the extent that they run collection operations), and the FBI.

b. The analysts and producers of substantive intelligence. This community encompasses CIA's Directorate of Intelligence, certain parts of the CIA Directorate for Science and Technology, elements of DIA and the three Service intelligence agencies, other Defense Department components (e.g., FTD), NSA (sometimes in some fields), State/INR, and occasionally ERDA and the Treasury.

c. Mention of the Treasury raises the additional or "fifth" community issue. Treasury does not really fit within the framework of intelligence as traditionally defined within the US Government.

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[redacted]

d. The resource managers. For openers, this community can be defined in terms of the whole IRAC family, a family with its own branches and subordinate clans reflecting varying degrees of kinship.

e. The consumers. The consuming community is itself complex and has several distinct components within the Executive Branch. These include the President, the members of the NSC, and the senior staffs and subordinates. They may also include the Secretaries of the Treasury, Commerce, and Agriculture and their senior staffs and subordinates, as well as the economic policy community (CIEP, CEA, the Special Trade Representative, Governors of the Federal Reserve, Chairman of the Ex-Im Bank, etc.).

The above are consumers of (primarily) national intelligence. The consumers of tactical intelligence (primarily military) constitute an additional galaxy of consumers within the Executive Branch.

Within the Legislative Branch there are additional sets of consumers whose position, interests, responsibilities, and (hence) intelligence needs are now very much in a state of transitional flux and very much the subject of debate as discussed in Annex H.

ANNEX B

Collection Management

Collection management tries to match collection capabilities to intelligence problems. Collection management, therefore, deals with the communications process between collection managers and the intelligence production community. The critical feature of this process is the translation of intelligence problems into specific requests for information on which collection managers can take action and on which basis collected raw data can be meaningfully manipulated into a form useful to intelligence analysts. While related generally to resource management, collection management concerns itself with existing resources and their best use to collect data to solve a given problem. Resource management will not otherwise be covered here.

Current collection programs can be classified into seven categories dealing with: Human Sources; COMINT (communications intelligence); ELINT (electronics intelligence); [redacted] 25X1

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Human Sources collection is concerned with people getting information from other people. Dominant in this category is the CIA Clandestine Service. The military services also do some collecting of information from people as do the DIA attaches and the State Department Foreign Service. However, the attaches and the Foreign Service are mostly concerned with the overt gathering of information while CIA and the much smaller efforts of the military services concern themselves primarily with the recruitment of agents.

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The National Security Council (NSCID 6) has given NSA the dominant role in the tasking of all SIGINT resources and the processing of SIGINT data for dissemination to all consumer organizations. NSA has an almost exclusive role in the

collection of COMINT since all the Service Cryptologic Agencies are

25X1 under its direct control.

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NSA also plays a major part in collection and processing ELINT, although several other organizations do so also. The Assistant Secretary of Defense for Intelligence (ASD (I)) manages some aircraft- and ground-based ELINT collectors which are assigned to the Services Corporations.

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that while NSA plays a major role, it is not the exclusive manager.

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At one time aircraft were universally used for imagery collection, mainly photography, but now most photography of importance comes from NRO operational satellites.

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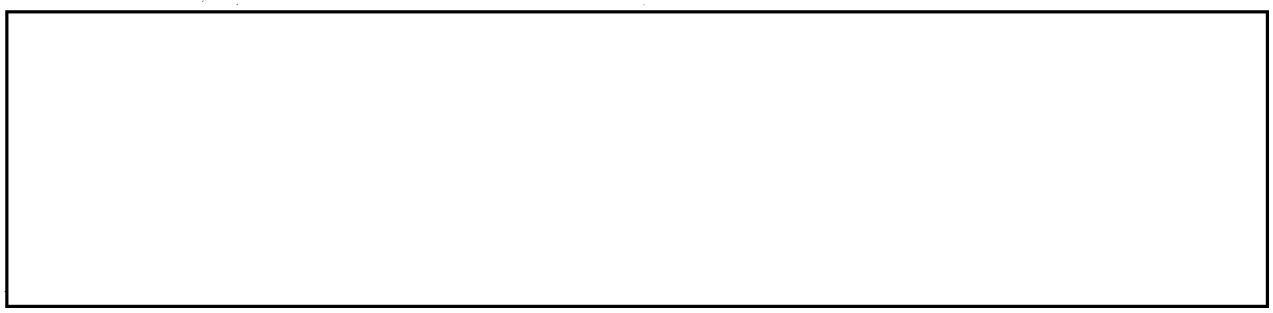

Collection from open literature (books, magazines and other periodicals) is done both by subscription at home and abroad by purchase or subscription by any and all interested parties. CIA, serving as a central service of common concern, has however the primary responsibility in this field. Reporting on the press is done by the Doreign Service, by the attaches

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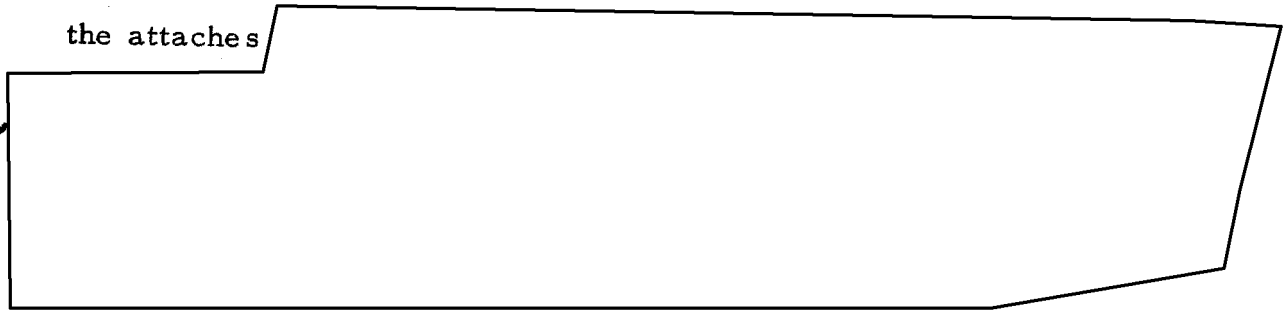
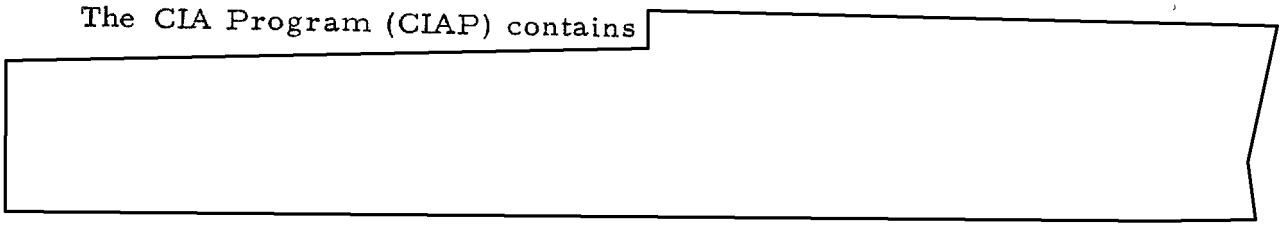


Another way of looking at collection resources is through the four

25X1 major intelligence program budgets: CIAP, CCP, GDIP, and the NRP. The CIA Program (CIAP) contains



NPIC as well as an internal CIA Imagery interpretation group. The Consolidated Cryptographic Program (CCP) includes the budgets of NSA and the Service Cryptologic agencies. The majority of the CCP is applied to COMINT collection, processing, analysis, and dissemination. However, there are also significant resources dedicated to ELINT

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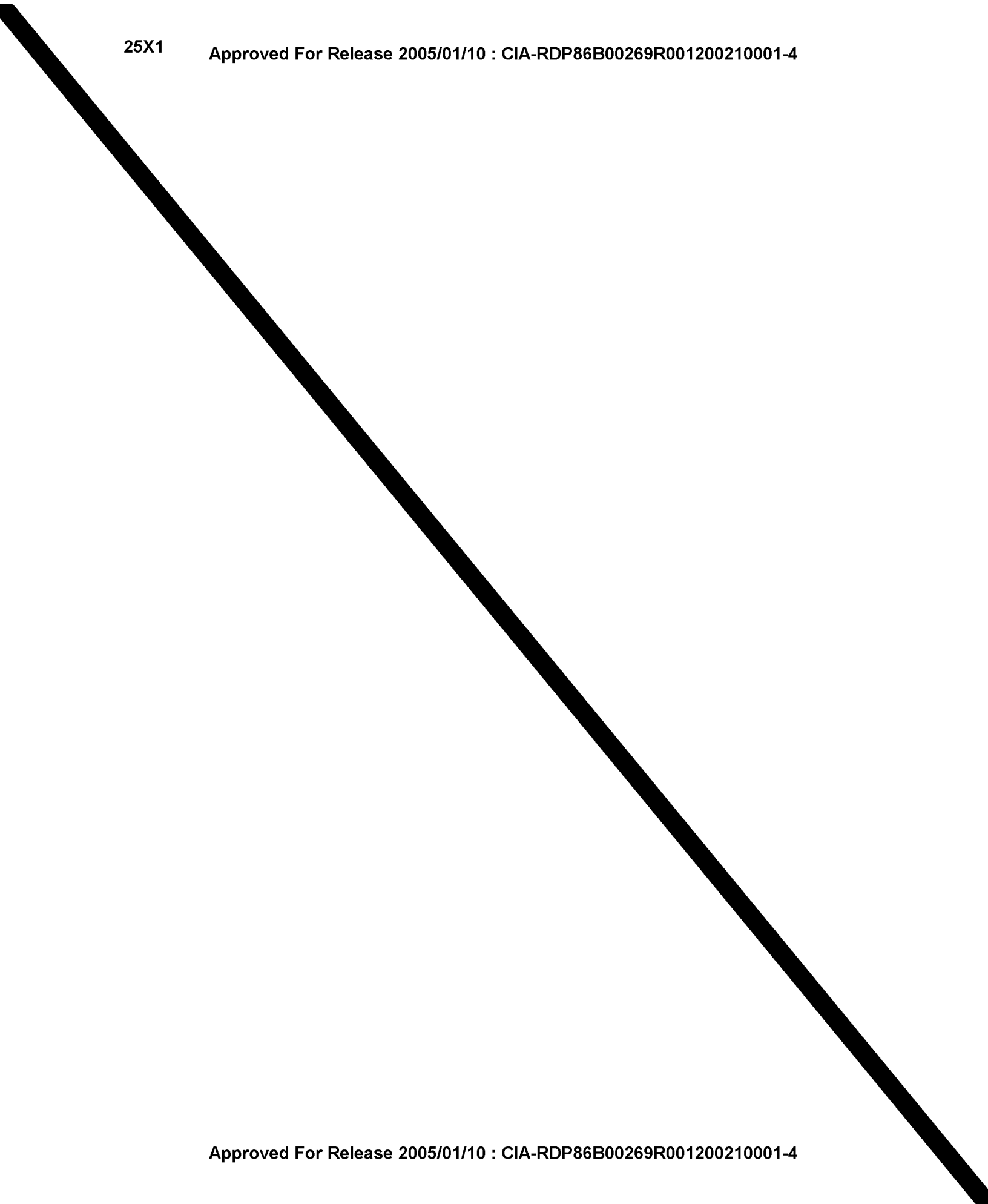
The General Defense Intelligence Program (GDIP) funds a number of aircraft activities. None of these collect COMINT, but substantial amounts of ELINT and Optical Signature data are collected as well as some photography. In addition, the GDIP funds several ground-based radars used to track Soviet vehciles, principally strategic ballistic missiles.

The National Reconnaissance Program (NRP) is devoted

25X1 exclusively to satellite collection.

The table on the following page relates the principal collection categories to the principal intelligence budgets. In the body of the table, "Primary" indicates that the principal collection assets are funded and managed within the indicated budget. "Contributory" indicates collection assets which make a substantial contribution. "Supplemental" indicates collection resources which make a useful, but not necessarily unique, contribution.



All of the above comprise resources that cost about [redacted] 25X1 dollars per year. Included is a worldwide network of human beings focused on intelligence collection and covert action. Included also is a technology that puts almost every conceivable sensor on every possible kind of platform. The collection management problem is to orchestrate these diversified resources to gather data on important intelligence problems quickly and efficiently. This job includes deciding where and how more than one collector can make a contribution. This task is complicated by the need to bridge the gap between collector and producer who may, with equal justification, see the problems in different ways.

At the current time there is no single, simple channel that connects the analyst with the processor and the collector. At the one extreme are collectors tied to the production community through relatively formal mechanisms which have evolved over the years, some of which have reached a high degree of elaboration--e.g., COMIREX in the imagery field. At the other extreme are the operational managers who direct day-to-day operations. Typically, many of these know little about their consumers and may or may not have an up-to-date understanding of today's real intelligence problems. In between these two extremes there is a potpourri of formal and informal arrangements and individual contacts between analysts

and their operational counterparts. At the formal end of the spectrum are the Key Intelligence Questions (KIQs). These attempt, at the highest level, to coordinate and to rank by priority the most important Community intelligence problems. Although new, the process of generating KIQs shows signs of being an effective mechanism to facilitate communications between collectors and analysts. From the point of view of the collection manager, however, this is only a first step. He does not "collect" the accuracy of the SS-19 ICBM or the projected yield of the Soviet wheat crop. He collects raw data or information to which other data may be added from sources outside his own collection responsibility. KIQs, for example, must thus be further translated into specifics for collection.

COMIREX is the single most elaborate and formal mechanism that attempts this translation. COMIREX reduces general requirements for imagery into detailed statements in terms of geographic coverage, image quality, and frequency of coverage for 15,000 or so currently active targets and 10 million square miles of area. Since most overhead photography is today collected by satellite and managed in the NRO, COMIREX has a simple, direct line to the collector who then takes COMIREX requirements, adds other technical data such

as weather forecasts and takes pictures from his satellites. In this case, tasking is a relatively straightforward matter.

Nonetheless, the problems associated with this process have been and are significant. Most frequently, COMIREX must deal at arm's length with the real, substantive intelligence problem. Furthermore, COMIREX gets its requirements through an elaborate mechanism for aggregating, distilling, expanding the needs for photographic coverage. This process generally dilutes any substantive information that may have been in the original requirement. This formalization of data begins deep in Service intelligence organizations, in DIA and in CIA, and flows through numerous tiers of aggregation and translation before COMIREX can begin assigning priorities listing. COMIREX must do this with a staff which has no time to involve itself deeply in substance. Nowhere, or almost nowhere, in this process is there a point where intelligence analysts and collection system analysts, who understand photo-satellite collection capabilities and have a good perception of intelligence problems, come together to decide the best way to use this very expensive resource. It is a tribute to the process, however, that the end result has been judged by most to be both significant and important.

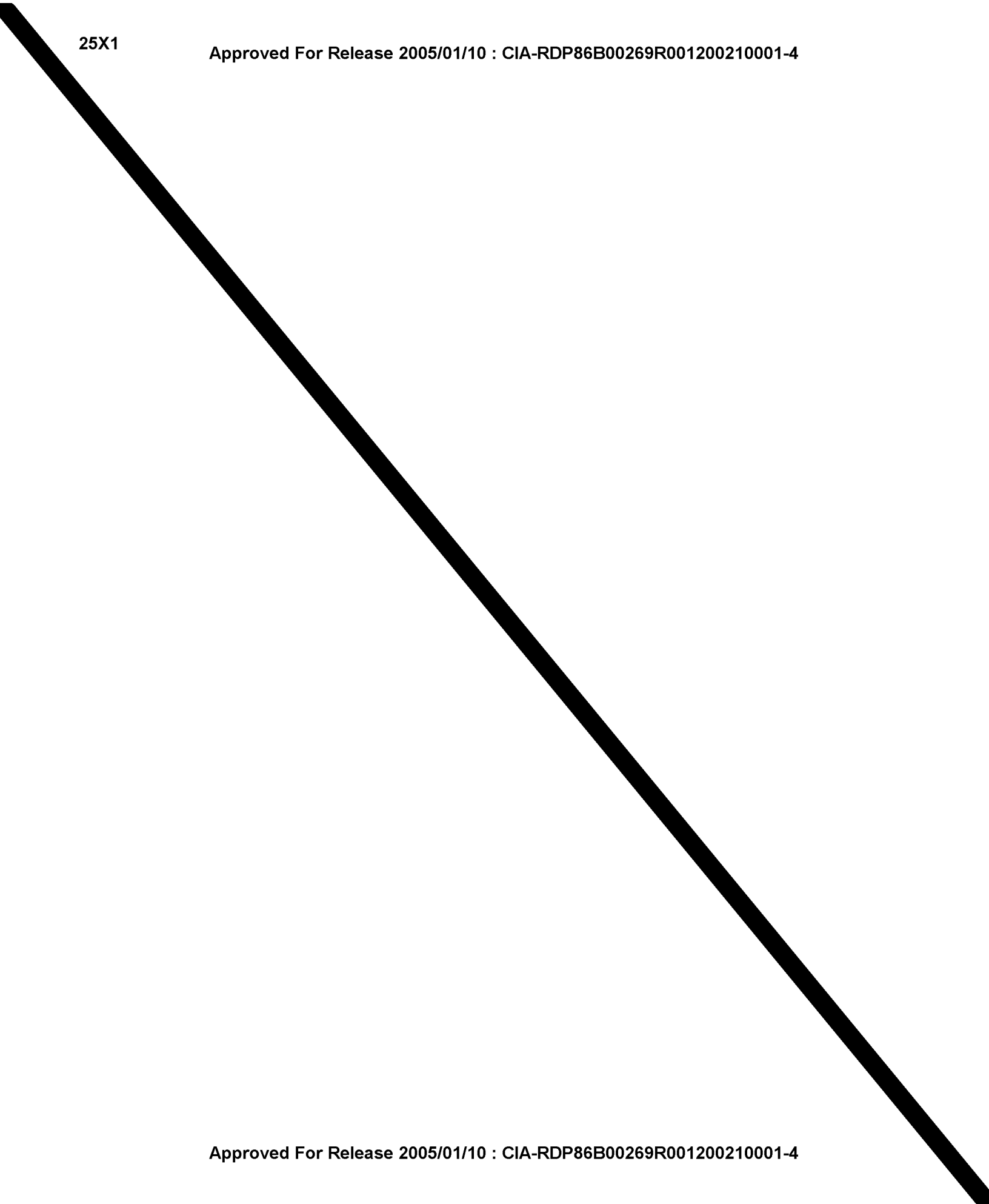
The process of generating requirements and detailed tasking for the SIGINT machine has some parallels with the photographic community but is very different in its essential elements. Analogous to COMIREX there is a SIGINT Committee. The SIGINT Committee, however, functions with a much smaller staff and is much removed from the operations of SIGINT collection. The SIGINT Committee concerns itself with periodic reviews of SIGINT collection requirements and periodic evaluation of the performance of selected SIGINT collectors.

NSA is a dominant organization in SIGINT. The National Security Council has in NSCID 6 given NSA a virtually exclusive charter for the management of SIGINT collection, as well as for processing and disseminating the collected information. In almost every case, NSA must start with extremely general statements of intelligence needs flowing either from USIB or the Services and must then orchestrate the SIGINT collection machine accordingly. Besides supporting the SIGINT collection needs of national and departmental intelligence, NSA must also provide SIGINT support to military commanders. The military commander wants to know hour by hour or even minute by minute the status or disposition of opposing forces. SIGINT, particularly COMINT, is a very important source of information

on military forces. Moreover, these same SIGINT resources which generate, from the military commander's vantage point, what is essentially finished intelligence also generate raw data for the national analytic community. This leads to a paradox which greatly complicates NSA's management function. While an appreciable portion of the SIGINT world is of no direct and immediate interest to military commanders and another equally appreciable portion provides little information of interest to the national analytic community, there turns out in fact to be considerable overlap. NSA thus serves two masters who compete for NSA's resources and attention.

Through the Central Security Service, NSA directs at various levels of detail almost all of the worldwide COMINT receiving positions. This direction may leave operations to the local operator's discretion, may set a range of general tasks and guidelines, or may dictate specific hour-by-hour procedures.

While NSA has a clear charter and direct authority over money and people, it nonetheless must oversee a vast worldwide empire not easily coordinated. The COMINT collection process is moreover complicated by difficulties in evaluating results. There is no general methodology for measuring the value of raw COMINT. And at times



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SIGINT as managed by NSA exemplifies the collection program whose mission is well defined, but which operates on the basis of general statements of needs and priorities from those it is charged with supporting. In principle, the CCP is the resource with which NSA must fulfill intelligence needs. The principal feedback is via two routes: first, direct feedback from those agencies and organizations which get SIGINT support; and second, through the budget review cycle as NSA recommends and defends its specific operating program. In principle, one man, the Director of NSA, is charged with a job and given resources to perform that job. There are mechanisms, more or less formal, for feeding back to him a measure of how well or how poorly he is performing. He has under his control, again in principle, the right set of people, authorities, and responsibilities to discharge his tasks. In many ways this is an ideal arrangement. In practical fact, however, there are a number of problems.

Unlike COMINT, NSA is not the sole collector and processor

25X1 of ELINT [redacted] There are a number of Service programs which are only loosely coupled to NSA. Additional programs are managed within the GDIP and still others are under the management of the

25X1 [redacted]

The NRP funds satellites which collect all forms of SIGINT. In general, the initiative for NRP collection programs does not come from NSA but comes from within the NRP as it perceives what appear to be collection gaps and as it views evolving collection technology. NSA, however, also can task NRP systems and processes and disseminates the derived product.

There is another category of technical collection systems funded in the GDIP and managed through ASD(I) although daily operations are

25X1 run by the military services. [redacted]

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Human sources are an important and in many cases a unique source of information. As in the case of COMINT, it is difficult to devise a quantitative measure of value. But at least by simple statistical measures, human sources make major contributions to most categories of important national intelligence.

The human sources collection manager is concerned with the long-range development of human sources of information by country and by general area of intelligence interest. It is difficult for him to predict the degree of success that will be achieved or the amount of time required to develop a given level of coverage. While he can improve his chances of acquiring suitable sources, he is often at the mercy of circumstances beyond his control because of the unpredictability of human behavior and the fact that many target countries restrict opportunities for contact with potentially knowledgeable sources and can easily discourage such sources from establishing

relationships with case officers. Unfortunately, the higher the priority of a target country and subject area generally the more difficult it is to conduct human collection.

As in the case of COMINT collection, it is in general not possible to ask human sources collection managers to produce a given piece of information at a given time, for at any point in time, it is generally not possible to be sure that there will exist a source who can answer a specific question of interest to the production community.

The Clandestine Service of CIA dominates such clandestine collection from human beings. Collection is structured through a management-by-objectives system which includes the requirements of the Community. Formal Community mechanisms, such as KIQs, play an important role, but the main concern of the manager is to allocate resources by country and by intelligence problem area to the development of sources with long-range potential. Additional supporting insight flows to him through numerous informal contacts with the production community.

State Department Foreign Service Officers also have functions which can be classified as human collection. However, FSOs are,

at least officially, concerned only with overt collection. In addition to the collection of information, FSOs often are called upon to perform other duties such as the negotiation of agreements or the resolution of specific problems and therefore are not usually fully dedicated to the collection of information. The FSO, understandably, also tends generally to respond more to State Department requirements for information than to the requirements of the Intelligence Community.

The DIA attache system is a third component in the human sources area. The attaches are predominately concerned with the collection of intelligence information and are managed by DIA but are generally

25X1 responsive to national priorities

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While in some broad sense USIB has the responsibility for defining collection requirements for human sources, USIB has not until recently tried seriously to perform this function. At this writing the Human Sources Committee is still in the process of defining exactly how to get on with its assigned tasks. At best, applying the collection requirements approach to the human sources category of collector will be difficult, and it remains to be seen where the mechanism of the USIB Committee will serve a useful and constructive function.

Although to examine the relationships of the collection community to the production or analytical community is to uncover the diversity and casualness of these relationships, two basic approaches are evident. One of these can be called the "NSA model" and the other the "COMIREX model." The NSA model is characterized by a tightly structured management chain with a single senior individual, Director/NSA, responsible for a large collection and processing resource and who operates with only general guidelines for collection. The COMIREX model focuses on a committee which is a creature of the production community and which concentrates on developing extremely detailed tasking of appropriate collection systems. In these terms, the two somewhat idealized models represent two extremes as mechanisms for relating intelligence problems to collection resources.

The NSA model has several positive features: (1) its tight, highly integrated management control has the potential for flexible resource trade-offs and responsiveness to changing intelligence needs; (2) feedback from processing and preliminary analysis to operations is closely coupled and within a single organization; and (3) authority for decisions can be allocated through the total organization and, in principle, be established at appropriate points. On the other hand,

there are several weaknesses: (1) NSA is exclusively concerned with SIGINT and would find it difficult to judge when SIGINT is the most efficient collection resource for a given problem as opposed to other collection resources; (2) this management approach tends to develop a large monolithic organization which becomes a closed community; and (3) because of its closed community character there is a tendency to relate more to the resource manager in Defense than to the intelligence production community and USIB.

The COMIREX model also has pluses and minuses. On the plus side: (1) the COMIREX product is a specific detailed set of tasks which are easily understandable by the collector; (2) structures of this type are in principle closely coupled to intelligence production; and (3) there is total production community involvement in the evolution of specific collection tasking. On the other hand: (1) because of the many and diverse interests in the production community, a "committee" approach is inevitable, which in search of consensus and a common denomination, tends to defocus important issues; (2) there is an endemic and perhaps fundamental problem in holding together a high-quality staff; and (3) it is virtually impossible to establish responsibility for collection performance.

A pivotal issue in the consideration of collection management and the relationship between collection assets and the user of the collected information is the meaning of the term "requirements." An essential question that needs to be answered is whether the process is best served by (a) a definition and prioritization of intelligence problems by the user community with accompanying tasking, or (b) by providing collection guidance in the form of detailed, highly structured statements of the particular elements of information which the collector should try to provide. For either approach, the minute-by-minute operation of technical collection systems requires in the end specific and detailed guidance.

The question is: who is in the best position to work from general problems and priorities to the specific and detailed tasking statements needed to drive the collection machinery? In the case of technical collection, if users are to perform this function, the user community must have a detailed understanding of the characteristics of the technical devices and devote the appropriate technical and analytical resources to the task. Mechanisms must be identified to ensure that the user community has a current and detailed understanding of the collection environment which, in many circumstances, is changing rapidly.

On the other hand, if collection managers are to start with statements of intelligence problems, the collection manager must have a staff which understands intelligence and has experience in intelligence analysis and production. In this case the collection manager must be responsible for, or at least work closely with, the data-processing function so that he has a detailed and current assessment of the quality and utility of the collected information. In examining the best way of bringing together the collectors and the users of data, a number of practical considerations must be examined. The character of the various segments of the user community are of critical importance in this matter. For example, the military commander by the nature of his organizational structure is in a poor position to have a sufficient understanding of technical collection assets to deal effectively in terms of detailed requirement statements. He perforce must resort to general problem statements and encourage collection managers and processors to deal with him on these terms. However, in other segments of the user community better arrangements are feasible, at least in principle.

Also, the specific characterisitics of the collection asset must be considered. A collection system [redacted] 25X1

environment, where feedback of collected data to operations must occur on a timely basis to ensure efficient collection, means that the collection manager must understand the user community and be in a position to deal with more general problem statements. Certain collection operations must by their nature operate with broad intelligence problems and broad guidance or priorities and cannot deal with detailed specifics. The best example of this class of collector is covert human sources collection. In this particular case, the program manager programs his assets accordingly to broad collection guidance. On the other hand, some collectors can function equally well with detailed tasking statements or with broader intelligence problems and priority statements.

A key element which is required at a high level in the Community, independent of the specific management patterns for relating collection resources to users, is evaluation. Collection assets and collection managers need to be regularly examined to assess efficiency and effectiveness. This function is important both to provide feedback so that improvements can be identified and to provide a continuing measure of the utility of collection assets to support resource allocation decisions. By the same token the performance of the user community in

articulating information needs requires review to ensure that collection guidance is being properly formulated and prioritized. Again, both feedback to the performer--in this case, the user community--and evaluation information for Community management are important. It is this evaluation process which relates the day-to-day process of collection management to the larger problems of resources management.

ANNEX C

Problems in the Production of National Intelligence

1. When Congress conceived a central agency devoted to final correlation and evaluation, it expected something small and simple. The reality is large and complex. Congress did not give the DCI the tools he now needs because it could not foresee that he would require them. He has improvised some from the vague wording of other authorities in the Act; he has simply done without others.

2. Because correlation and evaluation define the DCI's primary duty, and the one most specifically directed by law, there is in fact a formal working mechanism for producing coordinated national estimates. Through it, the bulk of the information and expertise available to the federal government is assembled and weighed. Conclusions are drawn, dissents are attached when appropriate, and the results are forwarded to the national policymaker. Similar mechanisms, less structured, govern to varying degrees the production

of current intelligence and other less formal monographs. On the surface, [redacted] the mechanism appears to be precisely what Congress wanted, and it seems to work.

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3. The appearance is deceptive, however, because the DCI in fact suffers from responsibility without authority as much in production as he does elsewhere. The USIB production machinery works because the participating agencies know they need not take it seriously when they do not want to. A DCI who independently has access to the President can extract a serious product from USIB and personally ensure that this product will be read by the right people. Simply being named DCI does not give him this standing; he must have earned it elsewhere.

4. The fundamental weakness of the DCI's statutory position shows up across the whole range of his production responsibilities (Section A), but most seriously in his inability to establish the primacy of national product over departmental (Section B). On the other hand, the departmental agencies are unable either to compete with or contribute fully to the national

product (Section C). Finally, USIB itself is a hybrid body not particularly well configured for handling production (Section D).

A. The DCI's Production Responsibilities

5. If one looks at what a DCI needs to "correlate and evaluate"--i.e., to provide a comprehensive, accurate, coherent flow of policy-oriented intelligence reports and assessments to the national policymaker--one sees how inadequate today are the tools Congress gave him. To do the job the DCI needs:

-- Independence, to prevent the warping of intelligence by policy objectives.

-- Feedback, so he can be aware of policy concerns and actions, and judge the quality of his output.

-- Access to all information available to the federal government.

-- Analytic resources under his control to do the final stage of the job.

6. Independence. Congress, by making the DCI and CIA subordinate to "the NSC," intended (clear from the legislative history) to make them independent of State and Defense. In practice, the DCI within the bounds of discretion has been able to maintain his independence, although no DCI can be totally independent of the President.

7. Feedback. The DCI keeps track of policy through his participation in meetings of the NSC and its sub-committees, and through his access to cable traffic. In fact, his participation in meetings is virtually complete, but his freedom to share what he learns is limited. His access to cable traffic of State and Defense, especially concerning sensitive policy matters, is intermittent and never complete.

Thus, in many matters of greatest national concern, national intelligence is not privy to the policy context in which it must assess the capabilities and actions of other states. Theoreti-cally, the DCI receives consumer reaction through

NSCIC, created by the Presidential letter of 1971. NSCIC was born moribund and has not improved since.

8. Access. The Act specified that the DCI was to have access to all intelligence held by other agencies, and indeed his right to it has generally been observed, There have been exceptions, however, especially in intelligence contained in Foreign Service reporting ("not intelligence at all"), in some NSA materials ("technical information"), and in certain naval matters ("operational intelligence"). There are implications to the DCI's right of access, however, that go beyond the words of the Act.

-- There is, for instance, other intelligence that the DCI believes is needed and that can be collected by existing means if they are properly targeted. Thus he must be able to translate feedback into requirements, and requirements into tasking of systems to meet these requirements; he should be able to enforce this tasking, in other words to manage collection.

-- The legislative history of the Act shows that Congress intended that the DCI could collect (under "services of common concern") as well as evaluate, and of course he has done so when other agencies have not.

-- Finally, there is other intelligence that is needed but that cannot be gotten by existing means. This means the DCI should be able to develop or stimulate the development of new collection systems and methods.

B. The Multiple Channels Problem

9. The most serious problem in the production of national intelligence is the DCI's inability de jure to force his message home. Although the Act is explicit that the DCI and the agency are to be the central mechanism, DCI's have been somewhat ambiguous about it, (in one famous case a DCI dissented from his own--CIA's--estimate), and other agencies tend to reject the notion altogether. The more the DCI separates himself from the CIA production elements in presiding

over national intelligence estimates, the more he weakens his ability to shape them and the more he is pushed toward creating another substantive mechanism under his personal control as a substitute for CIA. The more he uses CIA as his staff, the more he is seen by the other members of the Community as short-changing their interests, and the more they feel justified in pleading their views through other channels.

10. National vs. Departmental. Channels free of the DCI are readily at hand. The Act envisages the DCI delivering neatly packaged national intelligence, complete with dissenting views, to the NSC. It also authorizes, however, the continuing production and dissemination of departmental intelligence. Thus the DCI is responsible for intelligence support of the Secretaries of State and Defense as members of the NSC; but, INR and DIA are respectively responsible for support of their department heads and thus have a channel for direct dissemination of their product to the White House. Moreover, while both agencies

insist that CIA's national product be coordinated with them, neither hesitates to issue uncoordinated views in conflict with a national position. The result is a flood of overlapping papers, of varying degrees of validity, unleashed on the policymaker. No DCI has felt strong enough to bring a halt to this practice, or even to offer his services in bringing coherence to it.

11. Just Another Agency. The policy officer is not acutely aware of the delicate distinctions we draw between national and departmental. To him, an NIE is simply a CIA paper, and has no more standing than one from DIA. This attitude is reinforced by the ambiguity of the DCI-CIA relationship and encouraged by bureaucratic opposition to CIA's claim to a first-among-equals role. CIA, in turn, has been able to establish that role only by the recognized excellence of its product in the competition of the market place. But because that product does not carry a bureaucratic cachet, it often does not reach the consumers who could use it best. The intelligence agencies of DOD, for instance, feel no requirement to distribute the CIA product within the department.

C. The Competition

12. We have noted the tendency of departmental agencies to seek independent channels for their own views. These views obviously overlap broadly what we consider national intelligence. Thus CIA, DIA, INR, and to some extent other agencies to varying degrees produce intelligence that is duplicative or competitive. Obviously, sheer duplication is to be avoided (Must every intelligence organization have a current intelligence/ briefing shop?), but competition is something else again.

13. The normal tendency in reorganizing government is to decide what group is best equipped to do a particular job and then assign that job to that group alone. This should not apply to intelligence production. Intelligence analysis seeks to know the unknowable and penetrate the impenetrable. When evidence is insufficient, or ambiguous, or absent, the more minds and the more lines of analysis pursued, the greater the chance of approximating the truth. Each organization is stimulated by the critical work of others; none can afford to stand pat on the conventional wisdom. Moreover, analysis is cheap relative to the other costs of intelligence.

14. CIA. Of all US intelligence agencies, CIA has the broadest range of analysis capabilities. Its resources are too thin to provide comprehensive coverage, however; on some topics of lesser importance it relies totally on other agencies, but it is able to produce in depth on all questions that are of major importance to US national security policy (in some cases with the aid of contractors). On these questions CIA is able itself to produce and to evaluate and correlate a national product, and it is also able to check the production of other agencies and to goad them out of long-held positions and into new lines of attack on stubborn problems. To get the best national product, however, it is necessary that the competing analysis centers be strong enough to play the game and to keep CIA on its toes. At present, neither DIA nor INR is strong enough.

15. DIA. This Agency has many weaknesses. DIA's production elements are divided between Arlington Hall and the Pentagon. It is beset with a staff system that is not designed to attract and hold quality civilians. It suffers from frequent reorganizations and reversals of doctrine,

and from a penchant for mechanistic solutions to philosophic problems.

16. The greatest problem for DIA, however, is its dual mission. It is responsible for support both of the Secretary of Defense, his office and of the Joint Chiefs and their field commanders. The requirements of these two sets of customers are not the same, and they add up to considerably more than DIA can accomplish. The Secretary is clearly not served to his satisfaction, and we doubt that the JCS and the CINCs are satisfied either. In his dealings with the DCI, the Director of DIA represents two masters; his efforts to serve the national authorities are often undercut by the necessity that he look downward to the field commander as well as upward to the NCA. Thus, it is fair to say that acquiescence in DoD's proposals regarding the National Military Intelligence Center (NMIC) (check) amount to turning national responsibilities over to an organization that cannot handle its departmental ones very well.

17. INR. Prior to the present Director's appointment to INR, State was on the verge of eliminating INR as an intelligence production organization (but not as its voice in other intelligence matters). CIA took the position that it preferred a strong INR as a counter-balance to DIA in the production field and as a potentially useful national analytic center; if INR were to be abolished, however, CIA could perform most of that bureau's intelligence support functions for the Department at a considerable savings in total positions. We also note that acquiring the SecState as a client would considerably strengthen the DCI vis-a-vis DoD.

18. The Service Intelligence Agencies. To some these agencies appear to be vestigial and duplicative, but they do useful work that contributes to national intelligence. As long as this work is done by them or by DIA, whether they continue to exist or not would appear to be a departmental problem for DoD, not a national one.

D. USIB as Regulator of Production

19. The DCI's role as correlator and evaluator is manifest in his chairmanship of USIB. As noted above, the formal mechanism under USIB works reasonably well, but the DCI's real authority is measured by the closeness of his personal relationship with the President and the degree of his access to inner policy circles. To the extent he can use such access to gain acceptance for USIB's product as the voice of national intelligence, the other members will take him, and their work there, seriously.

20. USIB has other problems stemming from the effort to combine in one board too broad a range of problems. For production matters, CIA, DIA, and INR are the primary players, and all are present. But so are the service agencies, ERDA, Treasury, FBI, NSA, and sometimes ASD(I). The service agencies are classed as observers, and as long as they make substantive national contributions should continue to participate in production matters, but should be limited to areas of their specific technical competence. ERDA is a member, but should be reduced to the same limited observer status as the services. Treasury is primarily a consumer; it belongs on NSCIC rather than USIB. FBI has no role in production matters. NSA and the Assistant Secretary of Defense for Intelligence (ASD(I)) are special cases discussed below.

21. NSA's problem as a producer is that national intelligence is all-source, and NSA is one-source. Occasionally, for operational use or for highly specialized analysis problems, NSA's product can stand by itself, but NSA has neither the analytic resources nor the access to information that would put it in a class with the three primary producers. On the other hand NSA is more than a collector and processor; in this its situation is not unlike that of NPIC. The traditional view of the producing analysts has always been "just give us the facts. NSA is to diagram the nets. NPIC is to count the trucks and buildings. We will integrate these into a national product."

22. Under budgetary pressure, however, and faced with ever-larger amounts of data, the analysts have given way and are, in fact, looking for help. They are now encouraging NSA and NPIC to go much deeper into such subjects as order of battle, reserving for themselves only the final aggregation and analytic interpretation. Moreover, they now recognize that an NSA analyst develops a feel for his source that enables him in a fast-moving and complex situation to draw useful intuitive conclusions that are beyond the competence of the analyst further removed from the traffic. For these reasons NSA might

well have observer status in production matters. Perhaps the contribution of the photointerpreter could be similarly recognized.

22. ASD(I) was invited to USIB primarily because of his responsibilities in the resource field and in NRO matters generally. He has no role and should have no voice in production matters. But ASD(I)'s experience is instructive in any reconsideration of the DCI's responsibilities. To handle his resource decisions he finds he needs substantive capabilities, and as these grow he finds himself running athwart DIA.

E. What Needs To Be Changed

24. It is clear from this discussion that the major problems in the production of national intelligence are external to the production process itself. In general, the more powerful the DCI is in real terms and the more he is perceived to have the President's ear, the better the process will work, and the less weight will be put on uncoordinated departmental views. Making him more powerful, however, can be accomplished only by extending his authority in other fields; his nominal authority over production already exists. A DCI who has the strongest voice in resource management, in collection management, and in production management could use the interplay among them to produce better national intelligence,

perhaps at less cost. He will be unable to do this, however, unless he has the President's confidence and the President's ear.

25. Beyond this fundamental problem, there are others that need attention.

--It should be decided whether national intelligence should be the product of competing analytic centers. If it is decided that competition is desirable, as we recommend, then DIA and INR should be reconstituted and strengthened to enable them to compete effectively. If these measures are considered impossible, then it would be best to end the pretense of competition. This would greatly simplify the system and save some positions.

--If a way could be found to enable DIA to serve only the JCS without creating another intelligence agency to serve the SecDef, or vice versa, DIA could be made more effective.

--The DCI must have more access to NSA's internal operations.

--The membership of USIB for consideration of substantive production should be reconstituted as suggested in Section D above by eliminating ASD(I), Treasury and the FBI, clarifying the observer status of ERDA and adding NSC and perhaps NPIC as observers

Annex D

The National/Tactical Problem

Until recently there has been a general view that a useful distinction could be made between national intelligence and tactical intelligence. National military intelligence was presumed to be of interest to the President, policymakers, and planners and to be strategic in character--i.e. concerned with long-range weapon systems, the effectiveness of weapons, weapons R&D, overall force structures, and military budgets. A separate category of intelligence information, called tactical, was presumed to be primarily of interest to military field commanders.

Although a meaningful distinction between national or strategic intelligence and tactical intelligence no doubt did exist in the past, it is no longer a useful distinction. The field commander, faced with sophisticated modern weapon systems with nuclear capability needs equally sophisticated intelligence support. He needs a current and detailed understanding of the fighting capability of the weapon systems arrayed against him. He needs to know the disposition

of opposing forces, and he must have good understanding of the vulnerability of these forces. The long range and flexibility of modern weapons make warning of the imminence of hostilities both more important and more difficult to achieve. Once hostilities have commenced, the field commander needs to have the means for following the rapid course of battle. These requirements for field commander all demand a level of collection and analytical sophistication which historically has been associated primarily with national strategic intelligence.

The distinction between national and tactical intelligence has been further blurred as the perspective from the national viewpoint has changed. Even the most minor theater skirmish has the potential for rapidly escalating into an exchange of strategic nuclear weapons. Heightened military tension can be of great political significance. This means that what used to be local theater intelligence, is now national intelligence. The President must have timely and accurate intelligence covering activities which in the past would have been considered purely tactical in character and therefore of little interest at the highest levels of government.

The table on the following page outlines three major categories of intelligence which are relevant in the current and future time frame: National Intelligence, Military Departmental Intelligence, and Military Field Commander Intelligence Support.

For purposes of this paper the emphasis is on military-related subjects, so the multi facted character of non military national intelligence is suppressed. There clearly is a range of subjects which are military and have high national interest and priority. These include the major strategic military questions having to do with threats against the United States and the planning for the US military capability needed to maintain an acceptable defense posture.

In addition to these national-level military interests, there is a range of departmental military interests. These include many of the same subjects that are of interest at the national level, but also include more detailed issues. At the departmental level, intelligence supports weapon-system design for both offensive and defensive weapons and associated tactics such as electromagnetic countermeasures and force deployment.

The military field commander is, in the end, the beneficiary of much of the national intelligence, and in principle, of all of the departmental intelligence in that it has a significant influence on the capability given to him to conduct his operations.

CATEGORIES OF INTELLIGENCE

National Intelligence		Military Departmental Intelligence	Military Field Command Intelligence Support
Non-Military	Military		
	Advisory Military Policy & Budgets	Detailed Weapons Performance	Opposing Deployment
	Advisory Military Capability	Vulnerability	Readiness Status
	Advisory Force Structure and General Deployment	Doctrine	Operational Capability
	Strategic Weapons		Reliability
	Counterforce Weapons		Logistical Status
	Military R&D		Reserve Status
	Crisis Management		Operational Plan
			Warning
			Combat Support

On the other hand the military field commander has a number of special requirements having to do with the nature, structure, and status of the military forces deployed in direct opposition to him. His intelligence support requirements in the face of present and future weapon environments far exceed the limited connotations of the term "tactical intelligence." A rethinking of the total intelligence structure is required if the United States is to maintain a viable and credible military field posture.

In the past, theater intelligence has been largely in the hands of the field commander. He has acquired his information through aircraft, foot patrols, forward radar installations and, in more recent times, COMINT collection operated under his direct command authority. Intelligence derived in this manner was (and is) called "tactical intelligence." Even when there were no hostilities, the field commander's need for strategic intelligence support was small because of the relative simplicity of the opposing weapons.

The term "tactical intelligence" is still in common use, but the situation facing the field commander in the last ten years has undergone important changes. Tactical

aircraft supporting military ground operations now operate with guided weapon systems and have an operating radius of several hundred miles. Tactical ballistic missiles are a key element in the opposition force structure. These "tactical" ballistic missiles have ranges from a few tens of miles to hundreds of miles, thereby forcing a rethinking of the concepts of "local" and "theater." Helicopters have enhanced mobility and revolutionized fighting tactics. Man-carried guided weapons have altered the once dominant character of armored vehicles, particularly tanks, in the fighting force. This vast array of complicated and flexible weaponry has in turn impacted on the military doctrine and fighting strategies of opposing forces.

Most of the important weapon system characteristics are not derivable by the field commander with the resources under his control. Furthermore, the reaction time to intelligence on new weapon systems and changing ~~opposing~~ force capabilities is measured in years, not weeks or months. This factor places a heavy demand on strategic and departmental intelligence if effective and timely countermeasures or counterforces are to be available when needed by the field commander. Strategic intelligence, including detailed weapon system characteristics, is

derived from national strategic collection tools such as photographic satellites, SIGINT satellites, COMINT, and human sources--supported by intelligence analysis, ~~and production resources~~. With the evolving effectiveness ~~and sophistication~~ of modern weapon systems, the need for strategic intelligence has been well understood and effectively dealt with by the intelligence community.

Recently, however, it has become clear that the field commander is in trouble when he has to deal with a hot war where modern weapon systems are used. The intelligence resources under his direct control remain as they have been for many years. The intelligence support derived from the national community has been useful but limited. For national intelligence frequently has not focused on the weapon systems characteristics and vulnerabilities of most interest to a field commander. His limited collection and analytical resources cannot provide him with good measures of opposing force deployment and status or warn him of impending hostilities. There are serious question about the field commander's ability to track events after the outbreak of hostilities and to couple this intelligence to his own tactical decisions.

In response to this intelligence gap, two things have happened. First there has been increasing priority placed on real time collection resources. This is particularly true of SIGINT, where there is currently a massive effort under way to integrate SIGINT collection resources including satellites and provide processed information directly to military commanders at the theater level and below.

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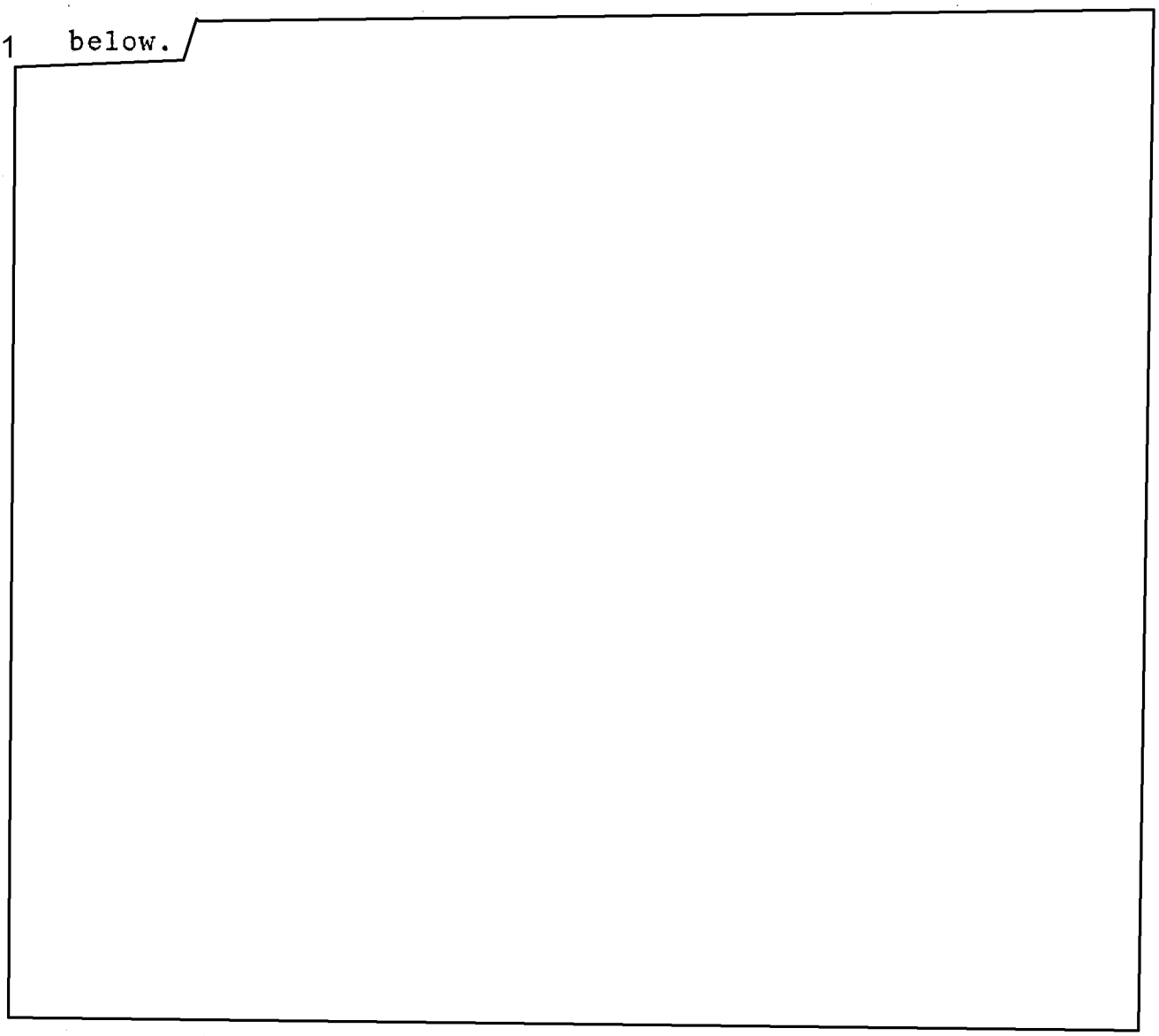

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[redacted] Within the next five years, all critical collection resources which are essential to support national intelligence will have capabilities which are equally essential to support field commanders.

The implications of this suddenly changed situation are profound. Resource decisions and collection management in the future will be more complex because of the broader range of needs which are competing for attention. New factors must be considered, such as the vulnerability of collection systems and the rapid forwarding of intelligence information to those who need it. The field commander can no longer be regarded as an independent entity who must and can have his own self-contained intelligence apparatus. Complicated weapon systems and associated doctrine and tactics require equally complicated intelligence apparatus if the nation is to maintain a viable military capability. Intelligence can no longer be left in the hands of military officers primarily trained for conduct of military field operations. Intelligence is becoming increasingly specialized and must rise above its historical second-class status in the military establishment.

All of this implies that, as leader of the Intelligence Community, the DCI must deal with a broader range of intelligence problems and requirements than have been of concern to him in the past.

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commanders are excellent examples of questions which are extremely important from a military force standpoint but can only be addressed and resolved at the national level. While the Department of Defense and the Military Services must play a key role in providing intelligence support to military field commanders, many relevant resource and substantive issues,

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[redacted] cut across a far wider range of considerations. Further, because of the deep substantive background which is available in the Intelligence Community at large, the DCI is in a key position to guide and influence the course of development in this relatively new intelligence area. However, if the DCI is to play the key role which he must in these matters, it is essential that he take steps to provide himself with the background and support which he will require.

Annex E

The Deputy Directorate for Operations

The Clandestine Service

1. The Deputy Directorate for Operations (DDO) is the Clandestine Service (CS) arm of the CIA. CS activity began during World War II with the Office of the Coordinator of Information and later the Office of Strategic Services. The CS has two roles: clandestine collection of information and covert political action.

2. Following World War II, the OSS was disbanded and the United States began to wrestle with the problem of collecting intelligence in foreign countries. The National Intelligence Authority (NIA) was established in January 1946 with an action arm called the Central Intelligence Group (CIG). Both were holding actions until the postwar leadership could devise a permanent intelligence organization. A centralized foreign intelligence service, the CIA, was formed by the 1947 National Security Act, and later the decision was made to give CIA its own collection mechanism, the Clandestine Service.

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Finding a legal basis for intelligence activities has bothered many governments. The very real political problem

always arises of whether a nation can have amicable relations with countries while maintaining, as part of its legal establishment, an organization committed to illegal actionwhich could conceivably be carried out in one or more of these countries. Generally nations have avoided this problem by simply not admitting to an intelligence capability and refusing to comment on intelligence matters; this has

25X1 [redacted] CIA, however, is legally constituted in both the 1947 and 1949 legislative acts. The United States, therefore, accepted in the inception of its intelligence apparatus the paradox of having an organization undertaking activities / the Government is not prepared to admit, while legally recognizing that the organization exists. Since CIA has other responsibilities (the collation and analysis of intelligence, collection of overt information and many others), we have been able to hide the CS to some extent under the CIA.

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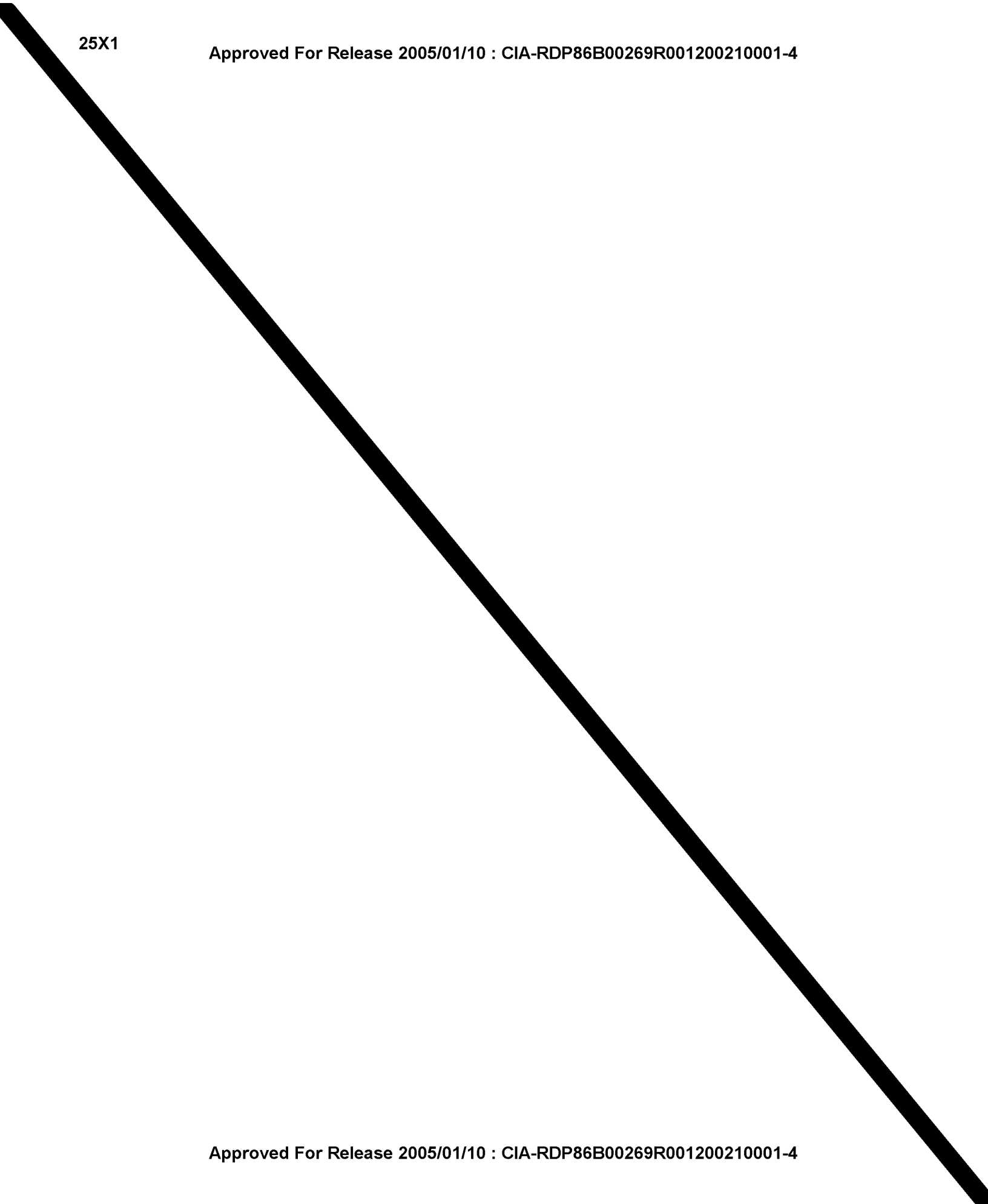
4. Presumably the Clandestine Service would have continued its slow, careful growth had not a covert action responsibility been placed on CIA in 1948. Thinking about covert political action had been going on since early 1947 and various units were established within CIG for psychological warfare. By early 1948 a small group of policy planners in the State Department, headed by George Kennan, decided that the Soviet Union planned to use the organizational weapon of the Communist Party system to subvert and ultimately conquer the world. They reasoned that they would not be able to thwart Soviet intentions without a clandestine political mechanism that could counter the Communist effort. The only legally constituted organization in the United States Government with a clandestine capability was CIA. Therefore, on 18 June 1948, NSC 10/2 was issued tasking the CIA to take covert action against the Soviet threat. It was first thought that the clandestine collection mechanism and the covert action organizations should be kept separate. Parallel offices were created. Clandestine collection was done by the Office of Strategic Operations (OSO) and covert action by the Office of Policy Coordination (OPC). These offices were consolidated in 1952.



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By 1952 the clandestine operations were unified and the separate offices of OPC and OSO formed into one Clandestine Service which exists today as the DDO. During the brief period the offices were separate, they fought each other for control of resources, communications, and influence with senior officers. There was redundancy since you could not undertake covert action without immediate supportive intelligence to tell you what to do. This proved true in all phases of clandestine activity.

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In military operations a real-time

intelligence capability became vitally necessary. It was seen that covert action cannot succeed without timely and in-depth intelligence support; intelligence information, on the other hand, breeds a desire to take action.

8. The CS faced a number of organizational problems in its first years. Because of the intense expansion in 1950 it was not surprising to find four or five separate units operating in a given city or a country. Between 1950 and 1952 many units were working at cross purposes and this became known to other elements of the United States Government and to the host governments. The 1952 consolidation stopped this and for a period of approximately three years the clandestine service attempted to establish a unified command structure at home and overseas.

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14. Clandestine Collection and Covert Action.

Strangely enough, it is difficult to define clandestine although the dictionary defines it as something kept secret or hidden. Clandestine collection operations might be defined as those being carried out without the source necessarily knowing the true identity of the case officer, the nation he serves, the organization he represents, or the customer to whom the information will go. In many collection operations, however, our sources know they are talking to CS case officers and they know that their information is going to CIA and the U.S. Government. What is hidden is the fact that the source is giving secret information to the case officer. Clandestine reporting, moreover, can also be defined as information which a source or a subsource would not give to the case officer if he knew the true identity of the recipient of the information. Such operations are called false flag operations. There are, therefore, many types of clandestine operations, and it is the art of the intelligence officer to appear to be doing nothing particularly unique while conducting an operation of this nature. Performance in secrecy and in alias is the essence of clandestine activity. Covert action attempts to follow the same rules. There is a basic contradiction, however. A well-handled spy can report, virtually forever, if his communications channels are not compromised. For the most part, covert action is either successful or unsuccessful. [illegible] state

gainst whom or which it is directed knows that the operation has succeeded or failed. The result of covert action is discernible. Political action is the most important element in covert action and can be defined as action taken by the United States Government clandestinely to affect events in a foreign country or foreign countries in pursuit of the foreign policy of the United States.

It is difficult to select the individual phyla of political action, since intra-action and inter-reaction within the state and between elements of the state are common phenomena of political action. Let us discuss some of these.

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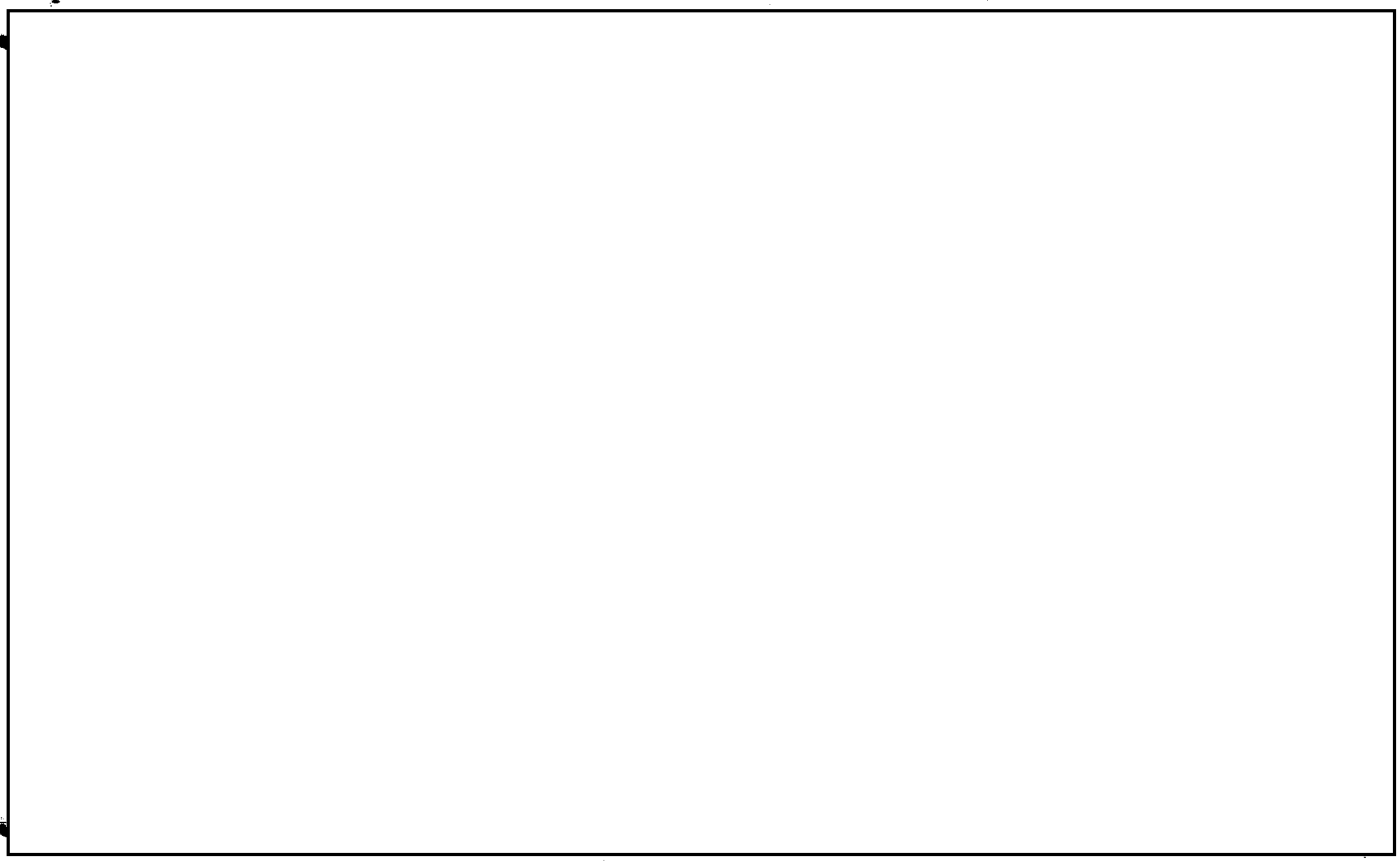

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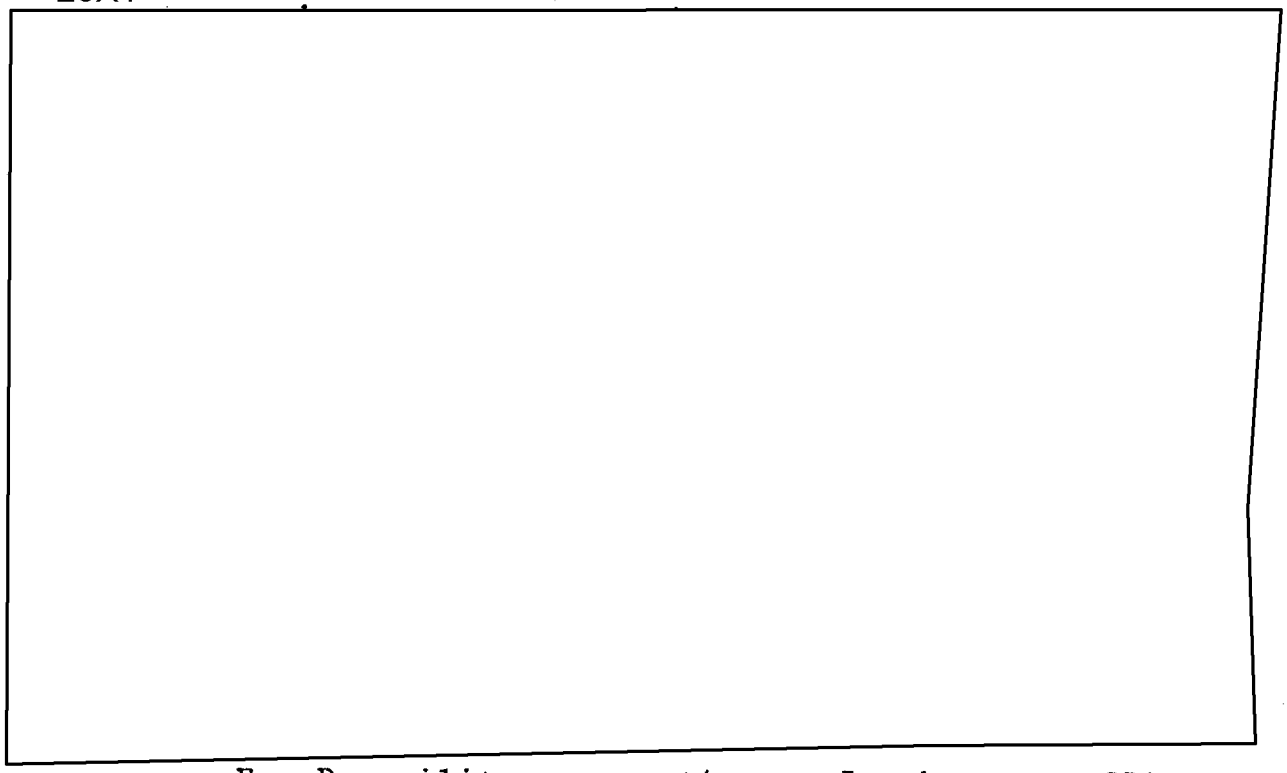

E. Paramilitary operations: In the past, CIA has undertaken paramilitary operations to respond to the use of paramilitary forces by a Communist or Marxist group in an effort to destroy the infrastructure of a target state. The establishment of a national liberation front in 1960 was followed by the inauguration of paramilitary activity in South Vietnam, Laos and later Cambodia by the North Vietnamese. Ultimately this activity escalated to the use of regular forces, but our response was at first paramilitary in nature in Vietnam and in Laos and remained largely a paramilitary effort throughout. Paramilitary operations are not clandestine but they are covert and often remain so by the express agreement of both sides. Such operations require their own information-gathering-infrastructure, communications control, personnel and munitions support and substantial

funding. They are by far the most expensive covert operations.

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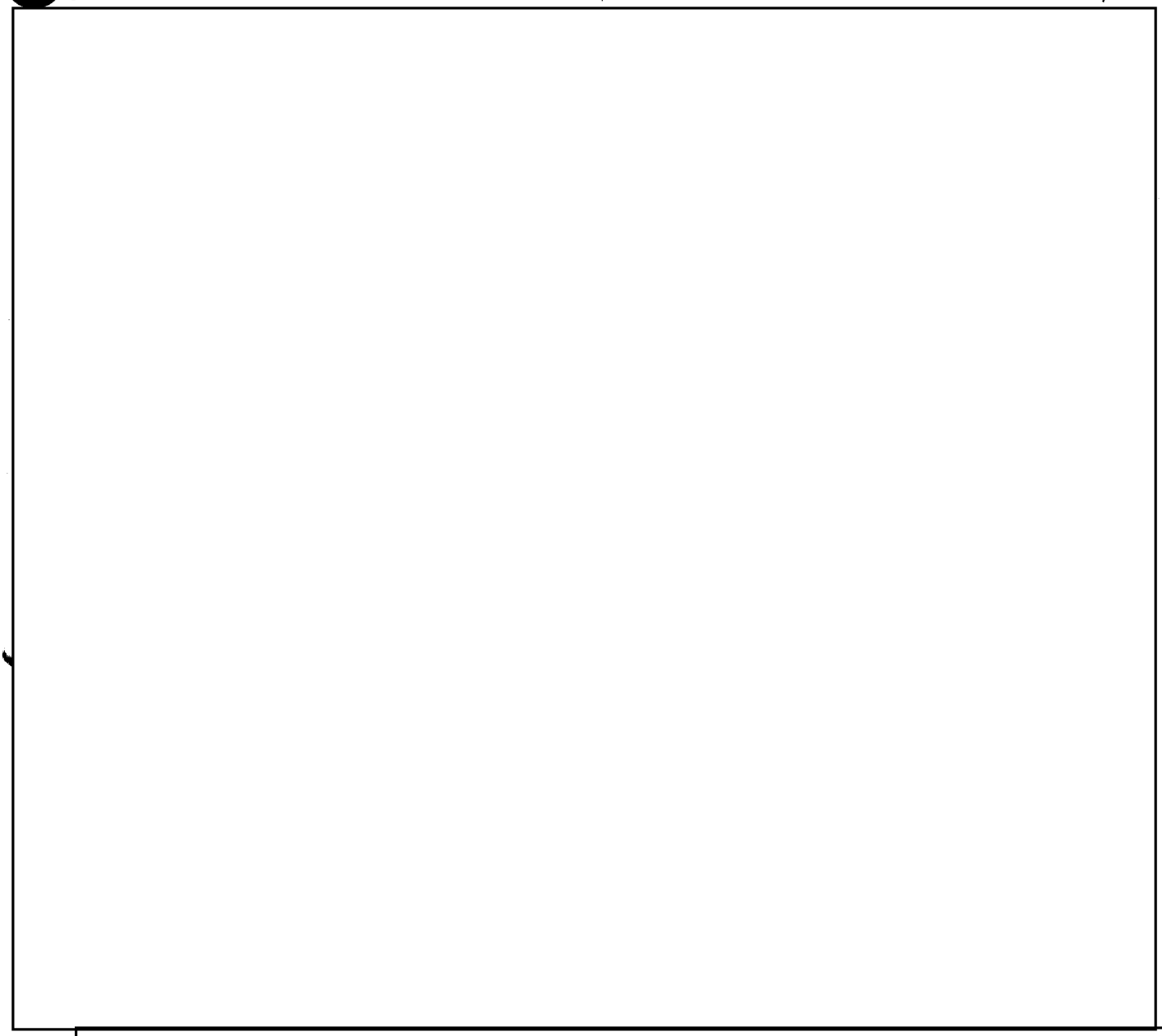

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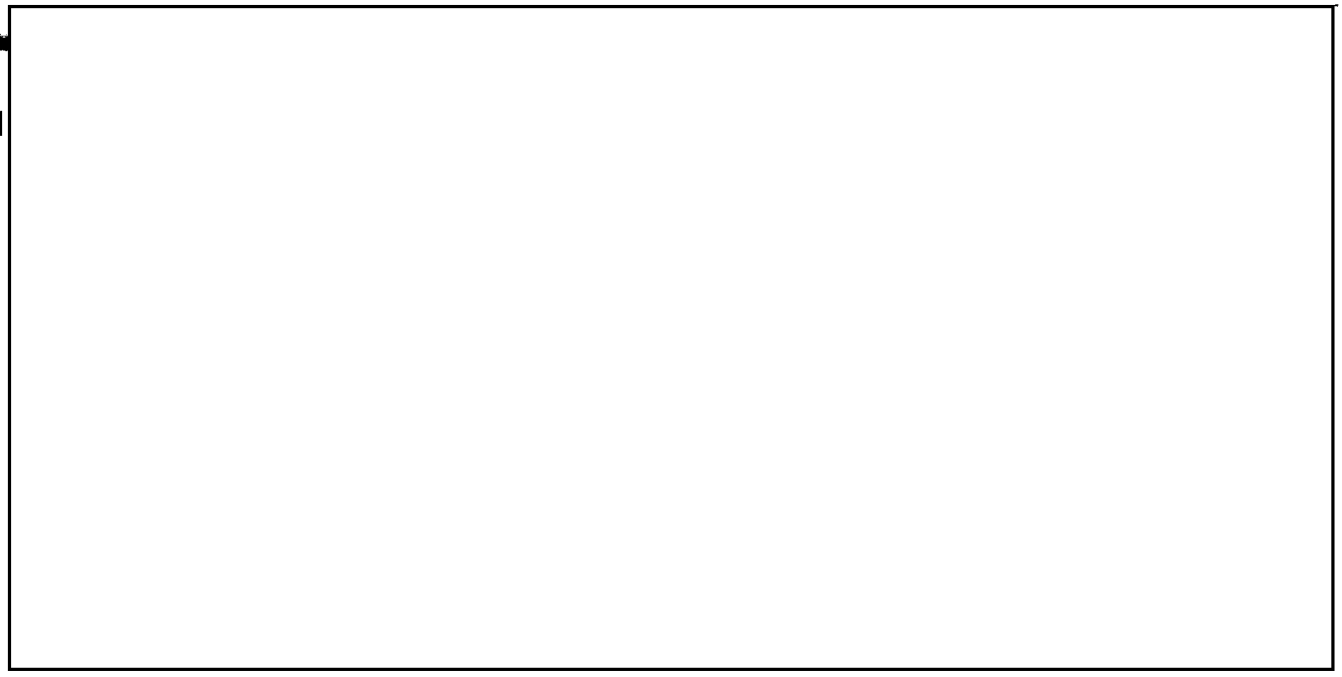

I. One special overseas program is security-related and extends into many fields. The most important work supports counterintelligence. We must examine our own people to determine their own continuing loyalty. One might consider this a housekeeping chore, but the maintenance of communications security can be compared to protecting the main artery of the body.

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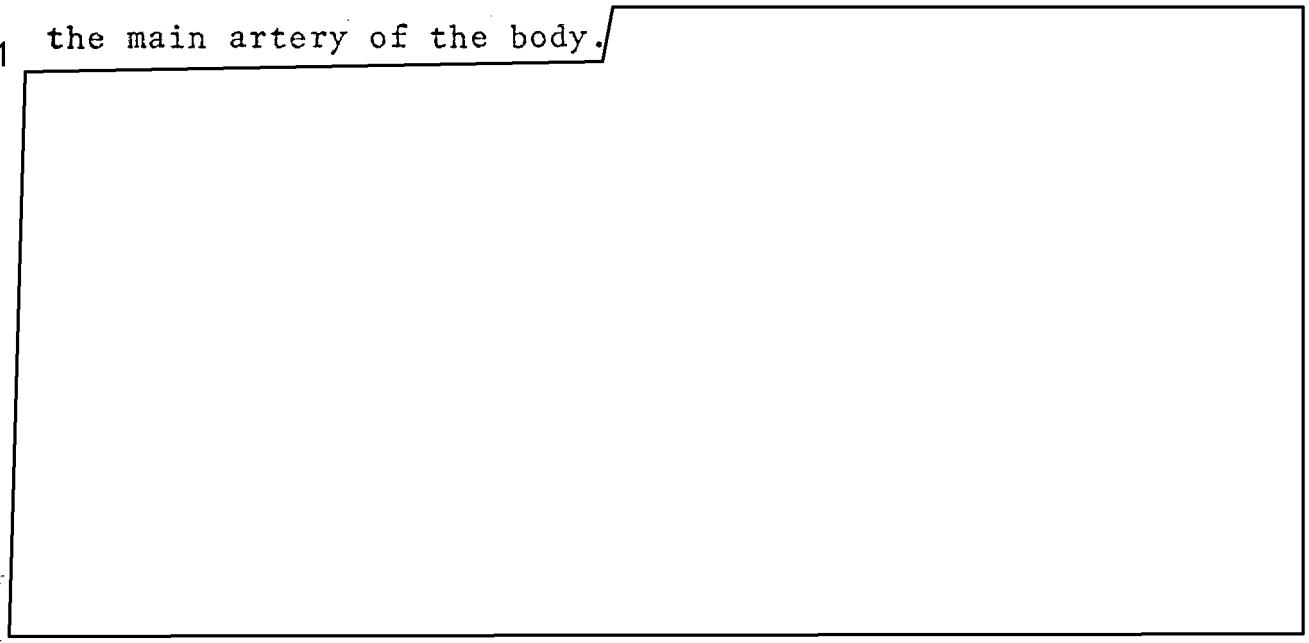

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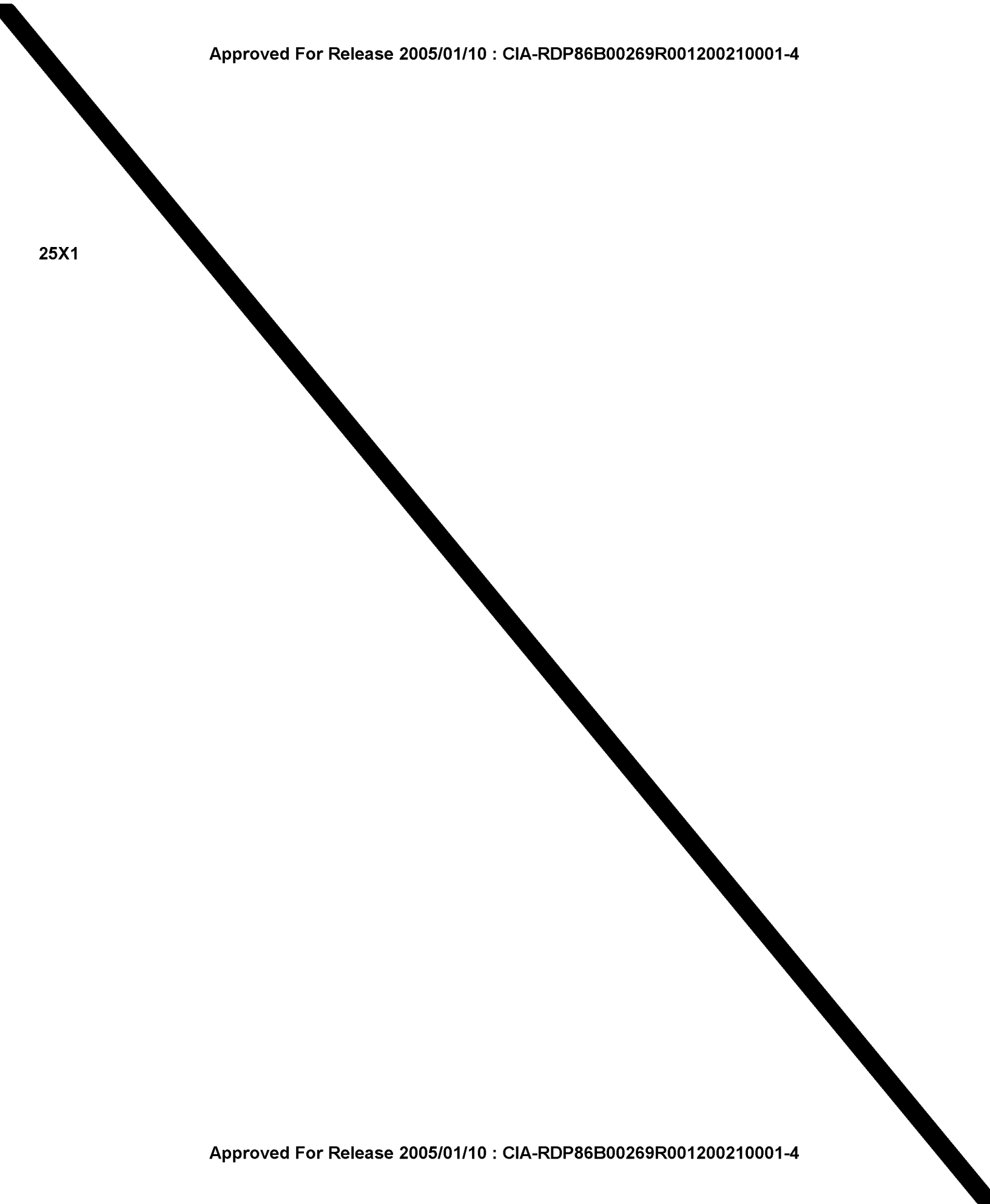

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15. Covert Action and U.S. Policy: All of the means of covert action are used to one end--to support U.S. policy overseas. U.S. policy in the first instance is defined by

the President and then later by the Secretary of State. Covert action is reviewed by both officials. American policy overseas is largely an overt matter devised by the Secretary of State and his staff of Foreign Service officers and carried out by the overt agencies of the government: the State Department, the United States Information Agency, and the other departments of our government. Covert action by the CS is a very small part of America's overseas effort. It should be used only when overt remedies cannot suffice.

The rapid growth of independent states since the Second World War has created a volatile political situation on three continents: Asia, Africa, and South America. These continents could be ignored by the United States if they did not have populations that look to the United States for world leadership and if they did not control vast natural resources. Two types of clandestine activity are continually arrayed against U.S. interests throughout the world: The Communist Party system either at the direction of the Soviet Union (as in the Eastern European satellites) or by independent growth within individual states such as in China, the Vietnams and Cuba. The second type is political terrorism directed against the establishments of a number of countries. Terrorism can form a part of national policy, as in Libya, an organized political effort, as the FLN, or an expression of modern

anarchical action as it is in Western Europe and Japan. Terrorism is on the rise and may one day be a greater threat to the United States than any other form of hostile political clandestine activity. Since the terrorists keep secret all planning for the execution of most of their political activities one way to handle them is the development of clandestine intelligence penetration operations to determine their plans and clandestine political action to hamper their activity. The most modern municipal police forces have a very difficult time controlling random acts of terrorism. Perhaps the best / remedy is long-term penetration operations to identify the terrorists and provide the police with the knowledge and evidence to apprehend them.

Should we abolish covert action? This suggestion has been made many times. Let's look at the advantages and disadvantages.

Advantages:

A. The United States would be able to publicly disavow covert action and condemn other nations for engaging in such practices.

B. Those citizens who feel that engaging in covert action may lead the United States Government into actions which might in some ways deprive the individual American citizen of his fundamental rights would be reassured, knowing that no governmental agency has the legal right to undertake such activity.

C. Without covert action the United States would not be tempted to meddle in other nations and would, therefore, not inadvertently draw the United States into other national affairs accidentally or by happenstance.

D. The United States would be saved the funds which would otherwise have been spent on covert action.

The arguments for continued covert action might be as follows:

A. The United States and its President are provided a means short of direct military activity, to influence political affairs in other nations without committing the United States to treaty obligations or to armed conflict.

B. The United States should be given a proved weapon to use against the organizational tactics of hostile powers.

C. The United States needs a means to encourage democratic political forces in other countries, particularly in the development of political parties, the interplay of which ensures some measure of political choice and political independence for the populace.

D. The United States needs means to work covertly against national and international terrorism.

E. The United States can undertake small operations today which forestall the need for much larger ones downstream.

F. The costs of political action are very small when compared with the costs of overt aid and assistance programs and particularly with the costs of military action.

16. Should covert action continue? Our answer would be a tentative yes. It is hard to say whether covert action should be defined in any statute other than by inference as has been done in the Foreign Aid Assistance Act of 1974. Our brief review of the action responsibilities of CIA as a whole suggests that it would be almost impossible to define covert action in a statute. The legislative background does not refer to covert actions and of the predecessors to those gentlemen who drafted the 1947 act, only Gen. Donovan who wrote to the need for the capability for "subversive action" appears to have comprehended such a future requirement for the United States.

If there are no precedents in the thoughts of the Agency founders, there is, however, twenty-five years of history, of executive orders and related policy documents. If it is difficult to exactly define covert action, it is equally difficult to define just where such action oversteps the mark. The key appears to lie in establishing an appropriate oversight capability which has the confidence of the American people and the support of all three branches of the government. It appears doubtful that an oversight capability administered solely by the Executive Department will any longer fit the bill. At this stage in our history, oversight must be shared by the Executive and Legislative branches and understood and supported by the Judicial Branch.

17. Should Covert Action and Clandestine Collection be Separated? There have been suggestions that covert action and clandestine collection should be separated. There is the assumption that virtually all nations engage in intelligence collection whether or not they admit to it but considerably less engage in covert action and, therefore, the U.S. should not, or at least in a very limited way. Thus covert action should be much more restricted, highly selective, and totally secret. The pro's and con's of this might be as follows:

Against separation:

A. The two are so closely related as to be inseparable. Clandestine collection suggests the vulnerabilities inherent in a political situation; covert action provides the means to exploit these vulnerabilities.

B. Both are clandestine activities and can exploit the same support structure; that is, the use of

25X1 [redacted] the same communications facilities, budget and audit staffs, logistics and personnel.

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D. One government officer can be held responsible for both types of activities so that the President, the NSC, and the Congress have only one senior official with whom they must deal on clandestine activity. To have two such officials, one for each activity, would lead to involved coordination problems in the best of circumstances and constant argument in the worst.

The advantages of division of the two activities appear limited but might include:

A. Personnel in the clandestine collection service might

25X1 be able [redacted] security when they did not have to perform the inherently less secure covert action.

B. The clandestine covert action officer might gain more security if he were not identified to the clandestine collection service. This advantage seems doubtful since the covert action service would have to develop its own clandestine collection activity to carry out its covert action.

We conclude that the two activities belong within the same service for the reasons given above. It is not the purpose of this paper to review in detail the 1949 to 1952 period, but it should be noted that virtually every professional intelligence officer who lived through this period and emerged to serve in the unified service voted against a redivision into two separate services.

Assuming we agree that the clandestine service would remain one organization, the question remains where in the government it should sit. There appear to be only three options: in the State Department, in the Defense Department, or continue to be a part of the overall American intelligence service.

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18. Let us pause to see how the Clandestine Service is now supported by the rest of CIA. The Directorate of Administration provides the Clandestine Service with the best communications capability in the world, assistance in preparing and organizing its budget, physical security

for its personnel and its buildings, computers and other data storage, transportation, the recruitment and retirement of its personnel, a host of housekeeping advantages and a

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The Deputy Director for Intelligence provides the Clandestine Service with finished intelligence papers to be used by the CS and with foreign intelligence services. It also provides guidance for the collection of intelligence, guidance and assistance in relationships with other departments particularly in communications intelligence and other related fields, and a unique sounding board for an exchange of ideas on worldwide political events.

The Directorate for Science and Technology provides the Clandestine Service with sophisticated tools of the trade in all branches of technology. Without this assistance the CS would have to develop its own capability in this field which would be highly expensive and duplicative. The DDS&T also provides unique information to the CS to assist the latter in collection activities. The CS, in turn, supports other elements of Central Intelligence, sending virtually all of its thousands of reports each year to the Intelligence Directorate. The CS assistance to the Scientific Directorate has been

25X1 discussed earlier. [redacted]

25X1 [redacted]

19. If the Clandestine Service is to be placed elsewhere than in the intelligence service, it will be necessary to develop such support either within the Clandestine Service itself or within the host U.S. department. Some aspects of organization are germane to all organizations but a secret organization with clandestine responsibilities is far more difficult to handle than a relatively open organizational effort.

20. The State Department Option: It is difficult to judge just how the Department would react to such a suggestion or how they would include the Service organizationally were the order to be given. Nevertheless, we can see the following advantages in such a union:

A. The coordination of covert action should be easier. The Department of State is responsible for the foreign policy of the United States and works at this job daily. Were the covert action officers immediately available for assignment by the Foreign Service, there would be close coordination of officer deployment. Planning would be easier since the Department would draw up a policy document for a given area and include a covert annex for covert action.

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C. There would be educational gain on both sides. The FSO would come to better understand the methodologies of the Clandestine Service. The Clandestine Service officer, in turn, would receive a wider education and a broader knowledge of foreign affairs.

21. We see, however, the following disadvantages to placing the CS in the Foreign Service:

A. The Foreign Service officer would find it difficult to accept the concepts and methodologies of the CS. Foreign Service officers view their role as policy-formation, reporting and policy-implementation in the diplomatic world. They would resent officers fully integrated into their organization who would have separate communications channels and separate duties.

B. There would be a tendency to bottle up the Clandestine Service and keep it from carrying out its activities because these might endanger the diplomatic equities of the U.S. in any given country.

C. There would be great difficulties in attempting to keep a separate line of command, separate communications channels and an appropriate regard for need-to-know if both organizations were integrated.

D. Budgeting would present a problem since it would be difficult to hide within the State Department's budget funding for the Clandestine Service.

E. Social problems would result from the differing types of officers chosen for both efforts. The State Department is careful in its choice of officers - selecting them for their general educational backgrounds, intellectual aptitude and maturity. The Clandestine Service selects officers for their imagination, ability to play roles, technical qualifications, and for their willingness to accept a somewhat dangerous and anonymous life.

22. The Department of Defense option: At first blush this seems a more logical choice since the Defense Department includes organizations with intelligence responsibilities, and it is traditional that the military services are the prime customers of intelligence product. The Defense Department is a large organization with many functions into which the

25X1 Clandestine Service could be sequestered.

[redacted]

Advantages:

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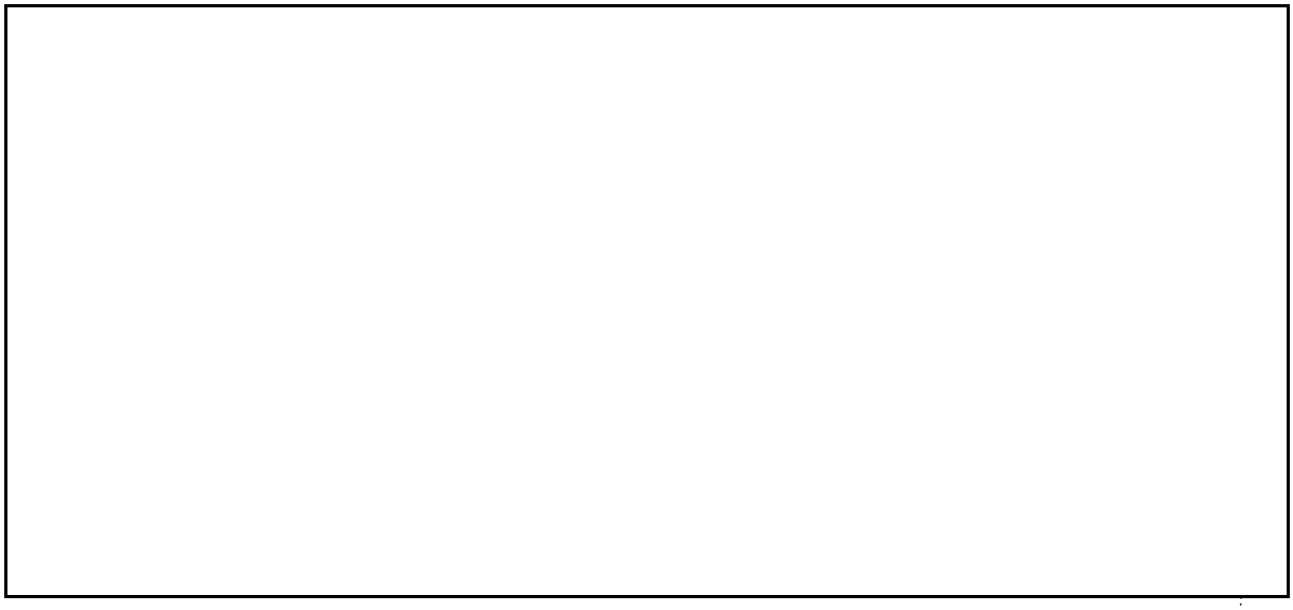
B. Much of the support available to the Clandestine Service in CIA would also be available in the Defense Department without building separate capability.

C. Closer coordination with the Defense Department intelligence organizations could be achieved since the officer corps could be integrated.

25X1 The disadvantages might be considered as follows:



B. There would be a tendency for the Clandestine Service to be directed to military objectives and collection of national level intelligence would gradually dissipate.

C. Current close working relationships with the Department of State would gradually fall off. The unique role that has long existed with the CS as a third party acting on behalf of both State and Defense would disappear, leaving the CS as a Defense Department adjunct.

D. The ability to serve the production elements of CIA would be severely circumscribed because of the heavy military influence that would result. It would be difficult for the CS to keep a balanced reporting capability. It is doubtful that much saving would be affected through joint budgeting. CIA's current flexibility and economy in the use of funds would disappear when the Clandestine Service was forced to adopt military procedures in carrying out its activities.

23. It could also be further argued that CIA would lose some, or most of its objectivity as a collector of intelligence should it be moved into either of the two large customer organizations. Over the years a tradition has developed in the Clandestine Service that it serves everyone--the President, the National Security Council, the Secretary of State, the Secretary of Defense, other Departmental Secretaries, the working Foreign Service officer, his counterpart in the military and anyone else the President so directs. As such the CIA has become a service organization available to virtually everybody, but responsible to itself.

24. We conclude that it is probably best to leave it as it is--a component part of CIA and covered in the United States by the Agency. The problems which have developed over the years appear to be more the result of overzealous

policy direction to the Clandestine Service than to any run-away activities by the CS as an independent element of the Government. Relatively simple steps can be taken to more thoroughly control and circumscribe CS authorities without, however, changing the organization, its officer corps or its means of going about its business.

ANNEX F

A Product Review Concept of Resource Allocation

This approach would involve making some organizational, procedural, and other changes within CIA to provide the President each year an evaluation, based on the knowledge available to CIA production elements, of the contributions being made by various collection systems within the Community to the solution of intelligence problems. In concept this approach would draw heavily on the present Kay Intelligence Question concept and associated evaluation process. This annual evaluation would supplement the report to the President required under the November 1971 letter calling for an independent DCI recommendation on the overall Intelligence Community budget. It would have the effect of suggesting to Defense and to the President (OMB) the desirability of certain decisions about Intelligence Community resource matters without significantly extending the DCI's direct role in decision making.

Under this approach, we would expect the DCI, with the aid of an independent product review group in contact with CIA and other production analysts, to supply to the President around July of each year a report identifying those collection assets in the Community which have contributed in important ways to the solution of problems

in the past year and identifying systems or programs with great potential for solving future problems. This report would be made available to Defense and OMB, and they would use it as a tool to help shape resource decisions relating to various intelligence programs.

This approach would have the advantage of giving the DCI a responsibility which he could at least to some degree carry out, and it would raise few troublesome questions about direct involvement on his part in Defense decisionmaking--that role being reserved to the Department itself and to OMB, which has recognized legal responsibilities in assisting the President to develop his overall budgetary strategy.

The DCI's focus in this evaluation would be essentially limited to collection programs for which he has the best substantive information base. As these include the most costly activities in the Intelligence Community, this approach is not unreasonable. On the other hand, there would be many resource issues within the Intelligence Community on which the DCI would have no basis for effective comment. He would not, for example, using this approach, be easily able to comment on the numerous important resource issues which arise within the various expensive

intelligence-processing or support programs in the Community. The issues which arise between CIA and Defense in the processing area need attention. They are among the more complex and difficult problems which confront us jointly.

On the other hand, one can question whether resource issues in the support area ought to be his responsibility in any event. During consideration of the 1976 budget, for example, there was much discussion as to whether the DCI should support DIA's attempts to fund a new DIA building. It is unclear, however, whether a DCI view on an issue of this kind is of any real consequence to Defense, the President, or Congress.

There are other difficulties inherent in this "product review" approach which can be most graphically illustrated in the Comprehensive Cryptologic Program (CCP), although they can be seen in some measure in other programs as well. In the case of the CCP, if the DCI determined in any given year that five particular facilities made an outstanding contribution to the solution of certain intelligence problems, this would in all likelihood not constitute any effective basis for making decisions about resource levels for those or any other CCP. It is extremely difficult to tell when, or if, any particular CCP facility will make a contribution

in a given year. Also, so often the CCP "contribution" on a given problem results from the combined efforts of a number of facilities over a period of time, each piece of raw data being important but none being essential. The same problem arises in attempting to draw conclusions about which CIA Operations Directorate stations overseas contribution next year.

The fact is that with respect to both problems, no one can predict which of many facilities (and the people in them) will yield the hoped-for result. The nature of the problems which become important at a particular time, tend to determine which particular installations make a noteworthy contribution in any given year. For this reason resource decisions for these programs tend to be dictated by the desirability of maintaining the existence of an overall apparatus or capability as conditioned by cover, working environment, and other shifting concerns, and the "product review" approach would be of little real value. However, there are judgments that may be made from year to year or over a longer time on which country or area may become more or less important to US policy. From these qualitative assessments some resource decisions are possible.

On the other hand, on some of the largest issues which face the Community, the "product review" approach could enable the DCI to develop a coherent view for implementation by others. For example,

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[redacted]

Such a long-term trend ought to be discernible under the basic approach outlined in this option, and thus, the DCI would be able to comment that new assets have made a large portion of an existing program irrelevant. It is also true, however, that such a conclusion could be reached by others.

Carrying through this approach would suggest changes in the DCI's Intelligence Community Staff to emphasize the "product review" function. It would also suggest development of procedures requiring production components within CIA to report periodically on the contributions being made by various collection systems to the solution of intelligence problems. Finally, there would need to be improvements in the flow of information from collectors as to which programs provided which information. The latter would be difficult to achieve, particularly in the case of NSA and the CIA Operations Directorate, which have strong traditions of resistance to this basic approach.

We believe the "product review" function would need to be organizationally separate from production components within CIA. This would help overcome the proclivity of analysts to continue to require all information, no matter how marginal, on problems of interest to them in the belief that such information may someday prove essential. Organizational separation would also help to overcome the potential problem created by suspicions in Defense that CIA analysts would follow a "party line" with respect to collection assets managed by CIA. In addition, a small group attached to a reconstituted Intelligence Community Staff to investigate major issues (such as the [redacted] issue noted above) would probably be desirable to carry out one or two studies of large Community-wide issues each year.

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ANNEX G

External Oversight Over Intelligence

As a result of allegations of improper activities conducted by the CIA and other elements of the Intelligence Community and congressional dissatisfaction with existing oversight mechanisms, there is clearly a mood to strengthen such mechanisms. Conceptually, the answers to such questions as "what sort of oversight is required" and "how will it be accomplished" are easy; in practice, however, they may prove very difficult to implement particularly in the Congress when they raise fundamental organizational and other issues.

The first question to be addressed is precisely what oversight should involve substantively. Oversight over what? In a broad sense, intelligence oversight has come to mean the review of intelligence activity to insure its general propriety and conformance with law. It has already been observed, however, that the statutory base for the conduct of many intelligence programs is quite general. The Rockefeller Commission Report noted that in "Determing the lawfulness of particular (Central Intelligence) Agency conduct...in

many instances the only appropriate test is one of reasonableness." (page 58). Nevertheless, at least three specific areas are likely to be the subject of increased attention by whatever mechanisms may be established. First, it is reasonable to expect, in the Community and the Agency, increased attention to the budgetary and financial management aspects of intelligence. The House Appropriations Committee has pursued thses issues vigorously this year and the current investigations seem certain to increase, rather than reduce, Congress' interest in the uses to which public funds are being put. Second, the current investigations would suggest a continuing concern with the details of any programs which impact upon the rights of American citizens. Finally, growing out of our Southeast Asia experience, it is likely that covert action or other activities which show potential for deeply involving the USG or the American people in foreign conflicts will be the subject of continuing scrutiny. Other specific areas will, of course, emerge as the world situation--and our role in it--evolves and as new subjects become objects of congressional interest. At this time, however, continuing attention to these three aspects of oversight seems predictable.

The problem of oversight is closely related to the secrecy question discussed in Part II of our overall paper. To lend perspective, consider the question of oversight by Congress and the Executive over a "normal"--i.e., nonintelligence or defense-related Federal agency--which operates with unclassified information and programs. A variety of processes contribute to keeping such an organization focused on its most important missions, within the letter and spirit of the law. These include a relatively public appropriations process, and frequently an authorizations process as well, within the Congress; the process by which the President develops the Federal budget; public congressional hearings in which interested citizens can present their views; media reporting on the utility and effects of programs; and scholarly evaluations and critiques of the effectiveness and propriety of specific Government programs or practices. Examination of and public debate about an agency's programs and policies in Congress and within the Executive Branch contributes to the free exchange of ideas and constructive criticism necessary to the development of new, or the revalidation of old, policies or programs. Thus, congressional oversight in the case of a normal agency is greatly assisted by the "oversight" of many other interested observers.

The need for secrecy in the conduct of intelligence programs requires a different approach to oversight over intelligence, however. Secrecy means above all a limit on the number of people who can be knowledgeable about certain activities or even about their existence. This limits the quantity of information available to the Congress on sensitive activities by limiting the number of people who have any effective knowledge of those activities. It also probably tends to limit the quality of the information available on sensitive programs by reducing or eliminating productive debate between informed proponents of different points of ivew. This practical effect of secrecy can probably be overcome, but it, in our view, imposes a special responsibility on both the Executive Branch and the Congress which will always require an unusual effort if it is to be overcome.

Oversight within the Executive Branch

One approach to the need for external oversight over intelligence is for the Executive Branch to improve its efforts in this regard. There are at the present time within the Executive Branch three organizations or mechanisms which have from time to time contributed to Executive Branch oversight over the Intelligence Community. None of them appears, however, at this time to consider oversight

(in the senses in which this word is defined above) its primary responsibility, and each suffers from a de facto conflict of interest.

The National Security Council and the related 40 Committee which considers covert action activities can be considered oversight mechanisms. Specifically with respect to CIA, the National Security Act of 1947 provided that the Director of Central Intelligence and the CIA be constituted under the National Security Council. Thus, implicit in the law is the concept that the NSC will oversee the activities of CIA. Often, however, the members of the Committee themselves are deeply involved in developing the policy recommendations being considered; particularly in the case of covert action, 40 Committee members may be advocates of the programs they are reviewing. Both the Council and the Committee have served to insulate the Presidency from participation in decision making on some programs. The NSC has in general not considered its oversight responsibilities to the members of the Intelligence Community as central as its policy-making responsibilities, however. The same comment applies to the 40 Committee which has not generally considered itself as primarily concerned with investigating the Intelligence Community's conduct of, as opposed to the need for, the various programs carried out. There would seem to be conflict of interest in giving a vigorous

oversight role to either institution whose purposes and functions are, at least as presently constituted, quite different. Nevertheless, within the framework of the present law, it is the NSC which should primarily be held responsible for oversight within the Executive Branch.

Another organization which could exercise oversight, within the Executive, over intelligence is the Office of Management and Budget. OMB's function and normal processes give it access to much information about how the intelligence agencies spend public funds. Its recommendations directly affect the financial resources available to the various members of the Intelligence Community, and thus, the programs and activities which are carried out. In the last analysis, however, OMB too is an instrument of the President, charged with helping the President carry out policy and programs, and it is unreasonable to expect it to exercise a vigorous oversight role in at least two of the three specific areas identified above.

Another possible oversight mechanism within the Executive Branch is the President's Foreign Intelligence Advisory Board (PFIAB). This Board, made up of distinguished citizens, has tended to see its responsibility as that of stimulating improvement

in the quality of intelligence, rather than exercising oversight over the wisdom or propriety of specific actions or programs. Board members are generally extremely busy individuals, and the Board itself has a very small staff. There is no particular reason, however, why it could not take on a unique oversight responsibility, systematically considering important policy issues of propriety and adherence to law arising within the Intelligence Community and giving the President the benefits of confidential outside advice on numerous sensitive subjects. Such a role for the Board would probably require a full-time Board as well as a substantially increased staff.

The Rockefeller Commission Report contains a recommendation to strengthen the role of PFIAB to carry out a broad oversight responsibility. A similar recommendation was repeated by the Murphy Commission. Implementation of these recommendations would help provide effective oversight over intelligence within the Executive Branch. There is a need for an Executive Branch mechanism, responsible to the President, probably with public members, whose principal concern is oversight; to the maximum degree possible, this mechanism should not be burdened with any other responsibilities over intelligence which tend to create a conflict of interest.

The Need for Effective Congressional Oversight

Until very recently it seems to have been sufficient for those charged in Congress with oversight of intelligence, the members of the Armed Services and Appropriations Committees, to acquaint themselves broadly with the various intelligence programs and to remonstrate with the DCI on a direct basis when they took exception to Executive proposals or programs. This basic approach seems no longer to be acceptable in the eyes of many members of Congress, and it seems unlikely, at least in the short term, that Congress will return tc its former broad concept of oversight. It is however equally unclear whether an acceptable new approach can be developed.

The past absence of an effective working oversight mechanism is now being felt. It has helped create a situation in which many congressional committees now feel it is their responsibility to ascertain in great detail precisely what activities have been, or are being, engaged in within the Intelligence Community. We are not speaking only of the special committees which have been established. There are other examples. The Subcommittee of the Government Operations Committee of the House is attempting to conduct what amounts to a wide-ranging investigation of CIA activities under the guise of reviewing

the Agency's performance under the Freedom of Information Act and its intended performance under the provisions of the Privacy Act.

Perhaps more important, the past absence of an effective oversight mechanism has helped to create a situation in which the Intelligence Community too often itself decided what constituted "reasonable" activity under law. This has allowed the Executive Branch great flexibility; it has also gotten us into trouble.

The requirement for congressional oversight is rooted in the system of checks and balances articulated by our founding fathers. The Congress' role is to define and limit the Executive authorities. Congress must assure itself that laws are effectively discharged by Executive departments, and it must further assure itself that funds are being expended rightfully and properly, i.e., for the purposes intended and for no other purposes. It is self-evident that oversight of intelligence in a democracy is vital and that it is essential to public confidence in the Government's intelligence programs.

Basic Oversight Dilemmas

The existence of an Intelligence Community and the need for oversight pose a basic political dilemma to those who would oversee within the Congress. The overseer can be credible only if he is aware of the total spectrum of intelligence activities. However, secrecy requirements limit him to silence about these activities. Such silence can be construed as acquiescence in the conduct of the activities even though he may have privately taken vigorous steps to oppose them. If the activities prove to be failures or unpopular, his knowledge and his attendant silence can politically affect him adversely in his relationship with his constituents. Although it cannot resolve the basic dilemma, a viable way of dealing with this problem is for those who exercise oversight to consciously and deliberately adopt a policy of "no comment" with regard to all intelligence matters.

There is a second and more difficult dilemma which faces Congress. Let us return for a moment to the "normal" Federal agency discussed above, and the nature of the congressional oversight over it and its programs. A particular member of a congressional committee overseeing our hypothetical agency may feel strongly about the propriety or efficacy of a given activity. If his views are not supported in his

own committee, he is free to lead an attack in Congress on his committee's judgment. He may be characterized as a poor loser, but this need not stop him if he feels strongly enough about an issue. Nor however will such an effort stop the policy or program from being carried out, if Congress ignores his arguments and approves the program.

Now consider this same individual as a member of an oversight committee on intelligence. The situation is somewhat different. A decision by an individual member to oppose publicly a specific intelligence program or activity will certainly cast the activity in grave jeopardy, and it may make further such activity untenable. Thus, one member with authoritative information about a specific project can acquire the ability to flaunt the will of both the Executive Branch and even the Congress, as represented by the committee to whom authority over intelligence activities has been delegated. Because of this, we doubt that Congress can ever exercise effective oversight over intelligence until it develops procedures for handling dissent in private. This will mean finding ways to insure that there are acceptable means by which members can be assured an adequate voice in the decision-making process within the responsible committees and

possibly developing a confidential "appeal channel" outside the committee. If such procedures cannot be developed, there are strong pressures on committee chairmen to hold the most sensitive information to themselves. Chairmen will be loath to share this information with the full committee; DCIs will acquiesce in such procedures, and oversight will be reduced.

In addition, there is the organizational issue. The idea of a joint committee on intelligence may be viewed with merit because of the success of the Joint Committee on Atomic Energy. If that model is followed, and because of the jurisdictional problems, a joint committee on intelligence could be added to the existing committee structure. That conceivably could require members of the Intelligence Community to report to a total of seven congressional committees who would view themselves as having an oversight responsibility.

These would be the two committees on foreign relations, the two committees on armed services, the two appropriations committees, and, in addition, the joint committee. Reporting to so many committees would be impractical. It could be a barrier to efficient management. And it could tend to reduce, not increase, oversight by blurring lines of responsibility for it.

ANNEX H

Consumers and Users--The Multiple Masters Dilemma

To what degree can or should substantive intelligence information (as opposed to information about operational matters) be shared with the Congress or others outside the Executive Branch?

Given the nature of our Government and society, there are different possible consumers of the substantive product of intelligence which need to be kept distinct:

-- Though intelligence is normally thought to be a governmental function designed to assist those with governmental responsibilities, our Federal Government has three distinct branches: the Executive, the Legislative, and the Judicial. As the Judicial Branch is not generally a consumer of intelligence, we are concerned here only with the Executive and Legislative Branches.

-- Our media, the press, radio and television, often claims recognition as the spokesman of the people. Indeed, under the First Amendment, the press is virtually a fourth branch of Government.

The Executive Branch

Within the Executive Branch, a description of those who "consume" intelligence products, begins with the most important consumer--the President. He is closely followed by the other members of the National Security Council, their senior subordinates and staffs, and the NSC staff itself.

Another important set of consumers includes subordinate officials in those departments or components of the Executive Branch--military and civilian--responsible for the formulation and execution of foreign and national security policy. This clearly includes the NSC Staff and the Departments of State and Defense. It can also include the Treasury, the economic decision-making community, Agriculture, Commerce, and others.

Certain Executive Branch officials--military and civilian--serving abroad are also consumers of national intelligence products at some times in some contexts, e.g., Ambassadors, the commanders of major US military forces or units and their subordinates.

Another important, but easily overlooked, set of consumers of intelligence products are the members of the Intelligence Community itself.

Finally, the Federal Bureau of Investigation, and other components of the Justice Department--including (at times) the Attorney General--are consumers of certain "products" including counterintelligence or other information indicating that certain US laws or statutes may have been violated by foreigners within the United States or (in certain special situations) by US citizens abroad. This might include intelligence on citizens engaged in espionage on behalf of foreign governments, in terrorism, or international traffic in arms or narcotics.

The Legislative Branch

Within the Congress, the situation is less clear cut. The intelligence requirements of "Congress" are, of course, a function of how the two houses of Congress choose to organize themselves. Even more, they are a function of how Congress or its leaders or significant members view or define the constitutional role of Congress in the formulation or even execution of foreign and national security policy.

Two additiona considerations complicate the picture. There can be sharp differences of opinion between Congress and a given

Presidential administration over the constitutional issues of Congress' responsibilities, rights and prerogatives in the foreign policy and national security arenas. And there can be an adversary relationship between a given Congress and a given Administration caused or fueled by: control of Congress by one political party and of the Administration by another; sharp differences over major, politically charged policy issues between an Administration and Congress, or key, influential Congressmen; or the political ambitions of some Congressmen.

Parallel complexities are engendered by the increasing size, strength and asserted prerogatives of the members of congressional staffs (including both personal staffs and committee staffs). The rights and authorities of staff members are largely derivative and dependent on their success in persuading elected members of Congress to adopt their viewpoints. But some congressional staffs, and individual congressional staffers, clearly have their own concepts of their intelligence needs.

Burgeoning congressional staffs are a developing political phenomenon of no small consequence. Those who serve on them not

only have their own requirements and ideas, but also their own aspirations, constituencies and, sometimes, ties with members of the press.

The problem of identifying appropriate congressional consumers (actual members or staffers) of the national intelligence product and, further, identifying their legitimate needs for various specific products, is complex. It is a graspable problem when there is a basic harmony between both ends of Pennsylvania Avenue (e.g., when both Capitol Hill and the White House are controlled by the same political party); when there is basic agreement on Congress' role in foreign and national security policy; when Congress itself is an organized, structured body with effective leadership; and when both ends of Pennsylvania Avenue share the same basic view of the world beyond our borders and America's proper role therein. The problem becomes more difficult to address when none of these conditions apply.

Recognizing that Congress, or certain members thereof and some staff members, have a legitimate need for--and right to--some national intelligence products, from the standpoint of a DCI and a national intelligence structure, the problem is further complicated by three considerations:

1. Sensitive information is not going to be protected or kept out of the public domain if it is widely disseminated on Capitol Hill.

2. In a situation such as that which now prevails, there are likely to be sharp, profound differences of opinion between, on the one hand, a President and his senior subordinates, and on the other, "Congress" over what members of Congress are proper consumers of what intelligence products.

3. No President will be happy about any component of an Intelligence Community that regularly gets him in political hot water or abets opposition to that President and his policies by furnishing information to his political opponents which the latter use as ammunition.

Two basic problems have to be faced by all involved--including Congress--in determining what intelligence products should be provided to what members of Congress.

The first is the problem of maintaining that secrecy necessary to protect the fact that the US Government has certain information and the means to acquire it (which, in some cases, knowledge of our

possession of the information itself goes a long way toward revealing); and--perhaps most important of all--to protect our ability to convince people or institutions, at home or abroad, whose cooperation we need to discharge our responsibilities that the US Government is both willing and able to keep secret that which it assures them will not be publicly revealed.

The second is the problem posed by the need for an intelligence structure whose informational products are comprehensive, candid, objective and apolitical. The Intelligence Community's ability to be objective and candid can be threatened if it is drawn into partisan political controversy. The Community will be drawn into that arena if its products are disseminated so broadly that they are easily available for use as ammunition in domestic political debates over governmental policies, programs and budgets.

The Public and the Press

It is felt by many that the US Intelligence Community has at least some responsibility for contributing to the information base of the citizenry--whose taxes, ultimately, support that Community and its activities. This responsibility can be discharged directly,

by means such as the publication of intelligence information and/or analysis in unclassified form (CIA's China and Middle East Atlases are examples); the provision of materials to scholars; appearances by intelligence officers before public groups; and participation by them in university-sponsored symposia or seminars, etc. It can be discharged indirectly through the press by providing information for use by newspaper, radio or TV correspondents or by providing background data designed to give journalists and broadcasters perspective in their interpretation and understanding of trends and events abroad.

Precisely what the Intelligence Community's responsibilities are in this sphere are matters of sharp dissagreement within the Intelligence Community itself. The problems and dilemmas inherent in servicing members of Congress, and their staffs, as consumers all reappear--often in intensified form--in addressing the matter of servicing the public's information needs, either directly or through the press. As is the case with Congress, many of these problems are rooted in one unalterable, inescapable fact: access to American publications and American television is not confined to loyal American citizens. US television and the press are watched and read by representatives of all interested foreign governments and groups.

Information put into the public domain within the United States is thereby put almost instantaneously into the public domain throughout the world.

The Dilemma

The dilemma posed by the multiplicity of those who claim a right to be consumers of intelligence products provided to the Executive Branch is rooted in the truism that institutions and individuals cannot easily serve more than one master. No intelligence service, or intelligence officer, can equally serve our Government's Executive and Legislative Branches when controversy and conflict among these is a staple of American political life. Some hierarchy of responsibilities and loyalties is essential if an intelligence service is to serve anyone well or, indeed, to be able to function professionally. An intelligence service which is by law compelled to serve or report equally to two masters will end up with reduced capacity to serve either.

Individuals and institutions can, of course, be of assistance to many without harming or endangering their ability to support those who have first claim on their professional services and loyalty; and this must be, as it always has been under our three-branch form

of Government, the basis upon which some accommodation is reached. There is no real answer to the dilemma, but there can be workable accommodation. To a degree every Federal department or agency faces the problem of serving two masters under our system of Government. A decision is made within the Executive, and Congress demands access to the information upon which it was based. Congress becomes aware of information held by a department which will affect an Executive Branch policy decision and demands access to that information. In the last analysis, the information will probably be made available. More at issue is the manner in which it is made available--formally or informally, instantly or after some delay, and so forth.

We believe that any attempt to write into law a requirement that intelligence information be systematically shared with Congress should be avoided. However, more can and probably should be done to insure that production elements of the Intelligence Community, particularly those in DIA and CIA, give systematic, formal attention to congressional information needs and attempt to meet those needs.

ANNEX J

NATIONAL RECONNAISSANCE PROGRAM

The current National Reconnaissance Program organization is based on a Memorandum of Agreement dated August 1965 and signed by the DCI and the Deputy Secretary of Defense. That agreement was born out of strife between the CIA and the Department of Defense over the future shape of the NRP. The strife centered at that time on two program issues: (1) the desirability, technical feasibility and program management responsibility for [redacted], and (2) the requirement for, the configuration of, and the management of an improved satellite photographic search system [redacted]. Although these two program issues were the focus of the strife, there were more fundamental issues. Defense at that time was striving to achieve total control over satellite reconnaissance. On the other hand, the history to that date (1965) had demonstrated that Defense was both unwilling to give proper weight to national intelligence needs and unable to effectively carry forward large, high risk programs.

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The then DCI felt that he needed a measure of control over a program as essential to intelligence as the National Reconnaissance Program and further in order to achieve this objective, he felt that CIA would have to be a direct,

operational participant in the NRP. He was strongly supported by the White House, in particular the President's Science Advisor; and it was generally agreed, at least outside Defense, that CIA expertise, both technical and management, was an essential ingredient to assuring a satellite reconnaissance program capable of meeting the perceived intelligence needs. Although many of the particulars of the 1965 agreement have been set aside by subsequent events, it remains the chartering document for the NRP.

By this agreement an EXCOM was established consisting of the DCI, the President's Science Advisor and the Deputy Secretary of Defense who acted as chairman. It also established a National Reconnaissance Organization. The Secretary of Defense appointed the Director/NRO who was selected from the senior civilian officials of the Air Force. Although the first D/NRO under the 1965 agreement was the Assistant Secretary of the Air Force/R&D, subsequent D/NRO's have occupied the position of Under Secretary of the Air Force. The operating elements of the NRO were four programs: Program A, organizationally established as Secretary of the Air Force Special Projects (SAFSP) with an Air Force Major General as Director; Program B, in CIA with the Deputy Director/Science and Technology as Director; Program C, as a Navy element responsible for [redacted] 25X1

25X1 [redacted] and Program D, established in the office of the Joint Chiefs of Staff with an Air Force

Colonel as Director charged with an operational responsibility for several aircraft programs and a logistic support mission serving other NRP programs.

With the phasing out of aircraft as important national reconnaissance assets, Program D has been abolished. Program C

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Programs A and B were established as competitive organizations with no clearly distinguishing charters. The motivation at the time was to insure that alternatives and options were developed for final decision unconstrained by the limitations of a single organizational view. However, more to the point at the time, the two program approach was principally motivated by the need to resolve conflict between CIA and Defense over control of the NRP. Although Program A has carried forward projects without CIA participation, the reverse has not been true in that all Program B projects have to one degree or another been jointly pursued with the Air Force.

The 1965 agreement also charged the Air Force with launch vehicle procurement, launch vehicle operations and Satellite Control Facility management.

Although the workings of the NRP have been, as might be expected, sensitive to particular personalities in key positions, in general these arrangements have worked well and have led to

an effective and efficient NRP. However, today at the tenth anniversary of the original agreement, much has changed. There is no longer a Science Advisor and therefore the EXCOM now has two instead of three members. The DCI is the chairman. The Defense member is the newly (since 1965) established Assistant Secretary of Defense for Intelligence. The role of satellite reconnaissance in intelligence is far larger now than even the most imaginative futurist perceived in 1965. The complexity of intelligence as driven by SALT, increasing sophistication and proliferation of strategic weapon systems, and increasing pressure on U.S. overseas facilities as well as many other factors, have established satellites as central in the Intelligence Community. At the same time, the growing convergence of military and national intelligence needs together with dependency upon satellite collection have introduced new and as yet not fully understood factors in program and resource management. In the future military field commanders will need direct support from intelligence satellite programs; but it is impractical for each military service to have its own satellite collection activity as they have in the past had their own aircraft and ground based collection activities. These factors have led to increasing pressure from the services for attention. The Navy wants more of the satellite action, the Army wants to establish a degree of equity in satellite collection, and the Air Force wants a larger and different role. The regular Air

Force in particular has never liked the Special Projects organization and the associated strong civilian direction of NRP programs and would prefer to "normalize" the organization with the Air Force established as the developer and operator of satellites through their line organizations to meet all intelligence as well as other Defense needs.

In most important respects, the factors which shaped the NRP agreement between Defense and CIA and the factors which shaped the type of structure of the National Reconnaissance Organization in 1965 have been replaced by another set of problems and issues in 1975. The atmosphere of conflict and disagreement between CIA and Defense at the top levels which was a major issue in 1965 is not the dominate factor in 1975. The problems of the upcoming years will be focused on insuring that the collection resources needed by the evolving set of national requirements will be met, while at the same time providing the essential support to the various military services, particularly military field commanders. The most serious conflicts are likely to evolve around issues pertaining to defining the realistic needs of the military field commanders, allocation of collection resources to military field commander requirements, and developing effective requirements and product interfaces with this category of users while at the same time supporting the range of national intelligence needs within the limitations of resources.

These several new factors are likely to require a restructuring of the National Reconnaissance Program, as well as end the National Reconnaissance Organization. The NRP EXCOM will continue to be an essential high level policy and major program decision body. The EXCOM will need to be expanded back to the original three member group. The third member should be a senior White House official, either the President's Science Advisor if that position is re-established, or a senior member of the NSC staff. Depending upon other organizational changes and their impact on the DCI, a reconsideration of the appropriate Defense member of the EXCOM may be required. In any case the EXCOM must be constituted to adequately represent a balance of the range of equities of relevance to NRP management.

The Under Secretary of the Air Force is likely to find it increasingly difficult to fill both his Air Force and his Director, NRO role. As the senior operating official responsive to the EXCOM, he is charged with preparing program recommendations and carrying out EXCOM decisions. At the same time he is the senior official of the Department of the Air Force and therefore must concern himself with Air Force equities and requirements. It is likely in the future as satellite reconnaissance becomes more important to the Air Force mission, that these two roles will generate serious and real conflicts of interests. He is likely to find himself embroiled in inter-service rivalry where satellite reconnaissance issues are at stake and under circumstances where he feels strong pressure to represent the

Air Force to the detriment of the NRP. A number of times in the past there has been serious discussion of re-establishing the NRO outside of the military services in anticipation of just this problem. Most recently during Mr. Schlesinger's brief tenure as DCI, he considered several proposals, one of them generated by the PFIAB, placing the NRO reporting directly to the Secretary of Defense. However, draft NSCIDS which would have rechartered the NRO and readjusted its organizational placement were not carried forward by Mr. Schlesinger due to his abbreviated tenure as DCI.

There are two options for the restructuring of the NRO. First the earlier proposals which would have the NRO reporting to the Secretary of Defense could be reconsidered and adjusted as pertinent to the current time. Any such arrangement would no doubt need to provide for more direct involvement by the Army and perhaps expanded involvement by the Navy. As a practical matter, the substantial roles of SAFSP (Program A) and CIA (Program B) would have to be continued in something like their current form. Also an appropriate position for the D/NRO would need to be created. An appropriate model might be the Office of Telecommunications in Defense.

A second alternative is to reconstitute the NRO as an integrated, operational organization jointly staffed by the three services, CIA and NSA. In this arrangement theD/NRO would become the line manager of the various NRP programs.

In addition to program management resources, the NRO would require a full range of contracting, security and administrative support services. This organizational structure for the NRO has appeal from the point of view of streamlined management and tight, coherent program direction. It would certainly meet the increasing insistence of Congress for efficient use of resources and elimination of needless duplication. It would also be well suited for dealing with the increasing complexity and growing diversity of consumers, which is likely to occur as direct support to military commanders becomes more substantial. However, an integrated operating organization of this type raises the problem of appropriate organizational location. Such a structure would probably be inappropriate if not totally infeasible, as an element of the Secretary of Defense's staff. For different reasons establishing such an organization within one of the three services would pose a number of serious problems as eluded to above. If the role of the DCI changed along the lines of Option Two as discussed elsewhere in this paper, and the CIA were correspondingly renamed and rechartered, the NRO could be placed within this structure. However, there is a question as to the acceptability of this arrangement from Defense's standpoint even with the reconstituted EXCOM with senior Defense membership.

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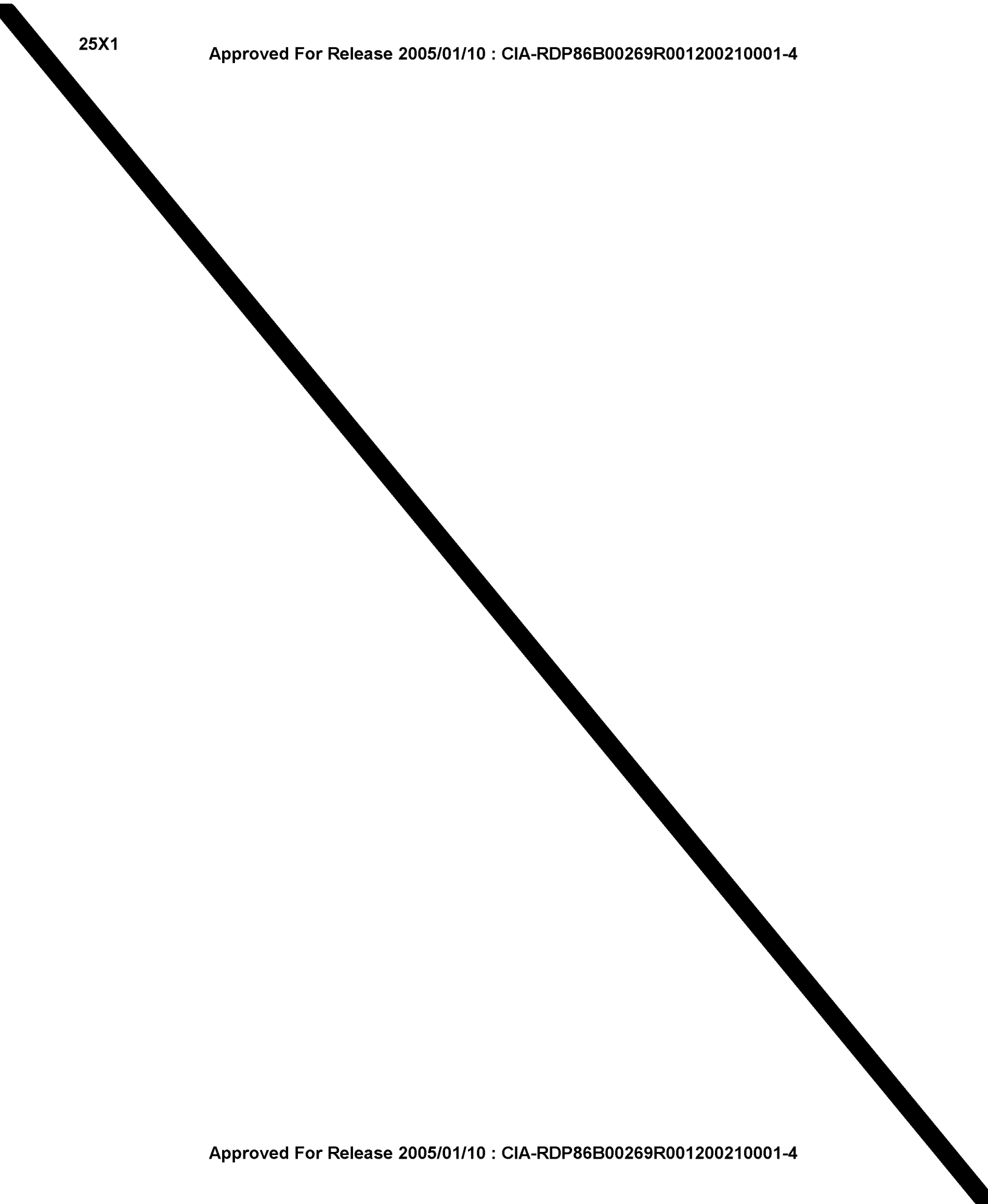

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[redacted] On the other hand, it seems extremely unlikely with the current mood of Congress, that these private, informal arrangements between a few key influential senators and congressmen and certain Executive branch officials will be allowed to continue outside the normally applicable statutes. Thus, in addition to finding a proper home for the National Reconnaissance Organization, a means for appropriating funds for the NRP must be established outside the normal DoD appropriation process if an aggressive and effective National Reconnaissance Program is to be continued. While this issue needs further study, there is no immediately obvious solution. The most nearly suitable would be the appropriation of such funds to the CIA or to the reconstituted DCI under the reorganization Option Two.

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REFERENCES TO ANNEXES

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