

PREPARE

FOR

SSCI

7-18-76

I. Background

- A. Congress created the present national intelligence system by the National Security Act of 1947. It had in mind primarily the avoidance of any future Pearl Harbors by setting up the DCI, with a modest staff, to make sure that all the information available to the US government was assessed in one place.
- B. A great deal has happened since 1947 that Congress could not have foreseen and did not provide for.
 - 1. The Cold War and its requirement for a greatly increased intelligence effort.
 - 2. The central role of intelligence in making national security policy decisions in peace time (buying weapons systems).
 - 3. The development of major technical collection systems that require centralized control.
 - 4. The expenditure of a substantial slice of the peace-time budget on intelligence.

C. A number of these developments combine to place the DCI and the Department of Defense in adversary roles.

[1. The DoD controls 80% of the national intelligence budget.]

[2.] The practical needs of the DoD for intelligence both in fighting wars and in preparing for them often compete with the needs defined by the DCI at the national level for intelligence in peace time and in ~~in~~ preventing crises from reaching the hostility stage.

[3. In particular, the national authorities and the field commanders are coming to compete for the product of major technical collection systems.]

D. The result of almost 30 years of ~~evolution~~^{evolution} and bureaucratic struggle under these pressures has been a complicated structure ~~of compromise~~ and of interlocking committees that has grown more by accretion than by design. Moreover, it has become increasingly resistant to change. The DCI has acquired greatly increased responsibilities but has not been given the authorities to go with them. Moreover, as the complexity and ex-

pense of national systems have grown, he has increasingly been placed in a position where his objectivity in dealing with community resource matters has been compromised *in the eyes of others* by the fact that he also represents CIA.

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II. The President's Solution As Embodied in E.O. 11905

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- A. The President made a clean sweep of the entire Community and committee structure. His intent was to give the DCI greatly increased authority and give him a relatively free hand to modernize, discard and retain.
- B. Resource management for the Community was centralized in the Committee on Foreign Intelligence.
 1. The DCI is the Chairman, with the Deputy Secretary of Defense for Intelligence and the Deputy Assistant to the President for National Security Affairs as members. The Committee thus contains the officers responsible for managing virtually all of the nation's intelligence assets.
 2. It will be responsible for the budget of the national foreign intelligence program and for larger policy and management decisions for the Community as a whole. How the budget process will be worked out to meet the requirements of

program managers, the DoD, OMB, and Congress is an exceedingly difficult question, one we are just beginning to address.

3. Since the Committee is intended to balance the national interest with the departmental interest of DoD, it is not advisory to the DCI. Rather, the DCI is first among equals, with any member having the right to appeal to the President through the NSC. Nevertheless, the DCI's role in management of defense intelligence resources has been very substantially increased.
- C. In the production of national intelligence, the DCI's primary role has been reaffirmed. His increased authority in resource management, moreover, should give him greater freedom of action in improving the quality of intelligence.
 1. The DCI has not yet decided what changes he will make in the present structure for intelligence production, and has requested that the present machinery be maintained

until he can do so.

2. [Almost certainly,] there will be some ^{Free in} a National Intelligence ^{Board} to replace [sort of successor board to] USIB, ^{to replace} advisory to the DCI, and the right of dissent will [certainly] be maintained.

D. To lessen the DCI's conflict of interest problem, he will be provided with two deputies.

1. A deputy for the Community will ^{has} handle greatly increased resource responsibilities and will provide the staffing for the CFI.
2. A deputy for the Agency will relieve the DCI of the need to provide day-to-day management attention to the Agency and leave him more time for his broader responsibilities. At the same time, this deputy can serve as the Agency spokesman on Community resource issues placed before the DCI. This will relieve him of the necessity for being both plaintiff and judge.

III. Remainder of Provisions in the Executive Order

- A. The National Security Council Intelligence Committee was set up in 1971 to provide a critique of intelligence by

its senior customers. It never got off the ground.

It has now been replaced by a requirement that the NSC itself conduct semi-annual reviews of intelligence performance. [(RL Note: I have little faith that this

will be much better.) } The DCI is also authorized to create his own mechanisms for this purpose, and these are likely to work better than NSCIC because the initiative is with him and not with the consumer.

B. The 40 Committee, responsible for approval of [covert action and certain technical collection] operations, has been replaced by an Operations Advisory Group.

1. In effect, the membership is that of the 40 Committee raised to the principal level, with the Attorney General and the Director, OMB added as observers.
2. The Executive Order also calls for more formal approval procedures and provides for dissents.

C. The President has also created an Intelligence Oversight Board within the Executive Branch.

1. "Oversight" here means the prevention of improprieties and illegal acts.
2. The Board will be appointed by the President and consist of three

members from outside the government. Its membership may overlap with that of the President's Foreign Intelligence Advisory Board.

3. There are elaborate provisions for reporting to the Board by Inspector Generals and General Counsels of the various agencies of the Community.

IV. All in all, the reorganization provides:

- A. A streamline⁹ structure, with clearer lines of responsibility and accountability.
- B. A DCI with greater authority in the Community management field.
- C. The maintenance and strengthening of a national intelligence analysis capability under the President, and independent of the major policy departments.
- D. Stronger mechanisms for control, review, and oversight of intelligence activities.

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Progress on E.O. 11905

I. Reorganization of the Community

- A. Committee on Foreign Intelligence has been organized. It has worked out budget procedures, etc. and will start work on FY 78 budget this week. This is a complex problem and the first cycle or two will not be easy.
- B. USIB will be reconstituted as NFIB. There is general agreement that such a forum is essential.
- C. The IC Staff has been reorganized to support CFI. Admiral Murphy has been appointed Deputy for the Community. He and his staff will move from Langley [] during the summer and fall.
- D. Mr. Knoche has been nominated as Agency Deputy.

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II. Other Provisions

- A. The Operations Advisory Group has been organized and is functioning.
- B. The Oversight Board has been organized and has requested basic information from Community Inspectors General and General Counsels.
- C. CIA regulations have been rewritten to conform to the restrictions on intelligence activities imposed by the Executive Order.
- D. Progress is being made toward issuance by the DCI of guidelines for government secrecy oaths.

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DRAFT #4

Option X - Collective Management

RATIONALE

This Option starts from the premise that stronger management of the Intelligence Community is highly desirable, but that the balance of interests reflected in the present structure is a realistic one and should be maintained. It presents a concept for achieving a degree of collective management while preserving present organizational relationships. It requires a minimum of legislative change.

SUMMARY DESCRIPTION

The DCI would continue to be advisor to the President, coordinator of the Community, and Director of CIA. The present structure of Committees and Boards would be consolidated into two, both chaired by the DCI: an Executive Committee of the NSC for Intelligence at the deputy secretary level, responsible for all Community management and policy matters, and a National Intelligence Board at the present USIB Principals level, responsible for substantive production. To enable the DCI to give more attention to his Community responsibilities he would be provided with a second deputy.

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PRIMARY CHANGES AND EFFECTS

The DCI's Responsibilities

The DCI would be the President's chief intelligence advisor, would be a non-voting member of the NSC, and would remain Director of CIA. He would be responsible, under the NSC, for the coordination of national intelligence policy and for the production of national intelligence. A clear distinction would be made, however, between his Community and CIA roles.

To this end, he would be provided with an additional Deputy, appointed by the President and confirmed by Congress. The present Deputy would be specifically responsible for managing the Agency under the DCI; the other Deputy would be responsible under the DCI for coordination of the Community. The DCI would have an Agency office at Langley and a Community office downtown, where his Community Deputy would be located.

Coordination of National Intelligence Policy

The present structure of boards and committees would be rationalized, on the basic principle that policy and resource matters requiring a balancing of

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departmental interests would be considered collectively by the senior officers controlling the assets and resources concerned. A separate forum would be provided for substantive intelligence issues, on the grounds that these are inappropriate for policy officers to adjudicate and that departmental interests are protected by the right of dissent.

For the first of these purposes the DCI would chair an NSC Executive Committee for Intelligence, with Deputy Secretaries of State and Defense as members. The Committee would have under control of its members all important intelligence assets,* and would act as a board of directors for national intelligence. EXCOM(I) would absorb the functions of NSCIC, EXCOM (NRO plus equivalent responsibilities for NSA), IRAC, and USIB (except national intelligence production). It would in addition coordinate policy matters affecting State and the Community, such as cover, technical collection bases overseas, and intelligence agreements with foreign countries.

*This assumes that under the new arrangement in Defense the second Deputy Secretary will control DIA, NSA & NRO.

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The DCI's "Community" Deputy would be his alternate in EXCOM(I) but would not serve as Chairman in his absence. The IC Staff would be the secretariat of EXCOM(I). The DCI would carry out his existing responsibilities for the NFIP (less its tactical and departmental components) with the assistance of the Committee. EXCOM(I) would have approval authority for the NFIP (CIA, NRO, NSA, and some elements of the GDIP) and its decisions would be binding. The DCI would have administrative authority only over CIA. Present administrative arrangements for the NRP and NSA would be preserved.

Production of National Intelligence

USIB would be reconstituted as a National Intelligence Board, limited by charter to substantive matters, and advisory to the DCI. The NIO's would act as the DCI's staff for the NIB. The Board would be chaired by the DCI, with his "Agency " Deputy as CIA member. The latter would serve as Chairman in his absence. Such a board might even be thought of as a Board of National Estimates.

Covert Action

The DCI would be a member of the 40 Committee, but not its Chairman, with his Agency Deputy as alternate. Clandestine collection and covert action would remain assigned to CIA, without change in present arrangements.

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Oversight

Without administrative authority over the Community, it would be inappropriate for the DCI to have an IG responsibility except over CIA. This Option assumes an Executive oversight mechanism at the NSC or White House level.

Congress

The DCI would continue to be the Community spokesman to Congress.

National/Tactical Problems

EXCOM(I) would handle matters relating to the relationship between tactical and national intelligence. The DCI would have no responsibility for the tactical intelligence budgets of the military services, or for the service cryptologic agencies.

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Summary

Cleaner structure

Greater budgetary authority for DCI

Independent analysis

Stronger oversight

Other Provisions of E.O.

Oversight Board

Restrictions

Security provisions

· Background

Pearl Harbor

Act of 47

Cold War

Technical systems

Big money

Defense Problems

National-tactical

Budget

No machinery

· President's Approach

Investigations provided opportunity

E.O. made clean sweep

CFI balances interests

DCI's independence preserved in
production