

PRM-11 Official

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7 April 1977

MEMORANDUM FOR: See Distribution  
FROM : [redacted]  
Director of Performance Evaluation  
and Improvement  
SUBJECT : Status of PRM-11, Task 2 Report on DCI Roles

1. The attached outline describes the "overview paper" I am working on. Drafts of the first two sections are included for comment. [redacted] have put together a reasonable first draft of the basic paper on the DCI's roles, which will become an annex and be summarized in Section III. It has weak parts that still need attention.

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2. I am proceeding on two assumptions:

a. Whatever happens to the DCI's proposed outline for a five-page paper, there will be a need for the package described here. So the drafting team will continue to slog through it.

b. There is no point in seeking Community reaction to it until it is more or less complete and the DCI has accepted this as part of his "action" on Task 2.

3. In reading the two attached sections, be mindful that:

a. The intended audience needs to be "softened" up with the statement of some basic principles.

b. Such statements may clarify some of our own thinking (as it already has mine).

c. Concreteness will be added by imaginative graphics, perhaps some footnotes, and, of course, the succeeding sections.

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Attachment:  
As stated

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The Role of the DCI and U.S. Intelligence:  
An Organizational Analysis

PRM-11, Task 2 Report

CONTENTS

Executive Summary [forthcoming]

I Introduction [attached]

II Basic Criteria for Organizational Judgment [attached]

III The Roles of the DCI [forthcoming]

-- This section will be a summary of the longer descriptive and analytical paper in process since the beginning on the basis of the 18 March outline.

IV Assessment: Problem Areas and How They Relate to Structure and Authority [forthcoming]

-- This section will answer the "what's right and what's wrong" questions put to Task 2. It will be a boiled down and structured set of issues, like those presented on 1 April.

Annex: Roles of the DCI [the longer paper in process]

For inclusion in the above package as Section V

OR

Separate use by the DCI

OR

Submission as an input to Task 3

Annex: Community Structure -- Options, Implications, Pros & Cons

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The Role of the DCI and US Intelligence: An Organizational Analysis [Parts I and II]

I. Introduction

In PRM/NSC-11, the President directed a thorough review of the missions and structure of US intelligence entities with a view to identifying needed changes. As part of this review, the Director of Central Intelligence (DCI) was directed to analyze his own role, responsibilities, and authorities. This report responds to that task.

In order to understand fully the present role of the DCI it is necessary briefly to examine the total context of US intelligence activities in which that role is performed, a context that embraces intelligence organizations collectively known as the Intelligence Community (IC) and many other elements of government.

US intelligence is a kaleidoscopic foreign information activity that encompasses many organizations, a wide diversity of information sources and handling techniques, the total spectrum of topical problems presented by the outside world, and a broad and varied array of users for whom intelligence is developed. (Several Figures displaying the IC structure will be included.) A formal activity of government,



intelligence is distinguished from other forms of foreign information development by three main characteristics:

a. It involves systematic collection, by human agents and technical means, of information other governments attempt to keep secret.

b. It involves systematic correlation and analysis of all pertinent information, including both data collected by secret means and publicly available information.

c. It involves systematic dissemination of resulting data and judgments to those who need them to make decisions or to conduct policy actions.

These three characteristics of intelligence are the vital steps in a complex intelligence process. That process involves many identifiable but overlapping steps (a Figure will display steps, organizations, disciplines):

- a. identification of user needs for information;
- b. specification of intelligence requirements and priorities for collection entities;
- c. tasking and operating collection entities in accordance with these requirements and priorities;
- d. processing collected data into usable information;
- e. correlation and analysis of reported information to produce factual comment or understanding of an intelligence problem;
- f. production and dissemination of a final product.

This process may take place in minutes or it may take years, depending on the intelligence problem involved and the resources at hand for solving it.

Wherever it takes place, this process compels complex interactions among individuals, organizations, and machines. This process must be managed in two senses: Existing resources must be focused on and interconnected for the solution of existing intelligence problems, which include the task of keeping a watchful eye on the "unknown problem" or warning. At the same time, plans, programs, and budgets must be prepared and decided on that will assure the availability of resources in the future to solve anticipated intelligence problems; here the lead-times involved in assembling some technical and human tools may reach out as far as ten years or more.

Despite its being a relatively discrete and identifiable activity, US intelligence is distributed among a large number of government organizations. Thus, the words "Community" and "federation" are commonly used in discussing it. Bureaucratic history explains the present distribution of US intelligence activities to some extent. But more fundamentally this distributed condition of US intelligence arises from the very nature of the business. All the diverse entities of government involved in foreign and national security

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affairs need intelligence. Those entities all, in varying degrees, produce intelligence or generate information directly useful to intelligence. And the intelligence process itself is highly diversified, either requiring or accepting a diversity of organizational contexts for doing different parts of the business. Although it passed several major organizational milestones since World War II, US intelligence has, in the main, evolved organically to accommodate this need for or fact of diversity.

Intelligence can be thought of as a service industry in government, serving a great variety of customers with greatly varying needs. Yet it is an identifiable and distinguishable activity. Moreover, at the very origins of post-war US intelligence, Congress and the President responded to a strongly perceived need to create unity amid this diversity to some degree and with respect to some problems of intelligence. The Office of the DCI and under him the Central Intelligence Agency (CIA) were created to afford a degree of unity -- as well as some independence from the policy process -- with respect to information and judgment on vital intelligence questions of national importance. In the intervening years, the size and diversity of US intelligence has grown. But so also have the pressures for unity amid diversity. As the nation's senior, full-time intelligence functionary, the DCI

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has been the focus of these pressures. He is the President's principal advisor on foreign intelligence; and national intelligence of preeminently Presidential concern is produced under his authority. He has come to preside over Community mechanisms that decide how to use major technical collection capabilities on a day-to-day basis. Since the November 1971 directive of President Nixon, he has been increasingly expected by the President and the Congress to be the steward and manager of the fiscal resources allocated to US intelligence entities specified as national.

The purpose of this report is essentially to describe and assess these unifying roles of the DCI, along with other, in some respects conflicting, roles he has. Such an assessment of the roles of the DCI is essential to deciding anew the more basic questions:

- a. What degree, extent, and kind of unity should be sought in the inherent diversity of US intelligence?
- b. Who should be responsible for it and with what powers?



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The role of the DCI is anchored in a direct line of authority from the President and his advisory body, the National Security Council (NSC), to the DCI to the CIA. This line originated with the office of the DCI and is unambiguous. Surrounding this direct line, however, are a host of vital relationships with other entities of the Executive Branch who generate and receive intelligence. These other relationships do as much to shape the role of today's DCI as does his line command of CIA. For many years CIA has been highly dependent itself on them. In recent years, they have even strained the DCI's relationship with CIA.

Of these other relationships, that with the Department of Defense (DOD) is the most involved. Indeed, characterizing this relationship goes a long way toward defining the role of today's DCI. It shall be treated further in following sections. Here it should be noted that:

a. The DOD is the most voracious consumer of intelligence, by volume, from the Community of agencies over which the DCI has responsibility. Its needs for intelligence approach those of the entire government in scope and variety. And, of course, many of its needs arising from force planning and operational action responsibilities are large and unique.

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b. Much of the raw intelligence on which the performance of CIA and the DCI as intelligence producers depends is collected and processed by intelligence elements within the DOD.

c. Defense intelligence production entities, in addition to supporting DOD consumers, play a major role in the development of national intelligence judgments through the National Foreign Intelligence Board (NFIB) and national estimates. In many areas of analysis, their contributions are unique.

d. Because some 80 percent of the National Foreign Intelligence Program (NFIP) is located in the DOD, it is with the intelligence authorities of this department that the DCI and his Community staff must interact most intensely to develop the consolidated NFIP and budget for which he is responsible.

e. It is in the relationship with DOD that the interwoven complex of national, departmental, and tactical intelligence needs and capabilities arises most sharply to complicate the definition of the DCI's role. The DOD possesses the largest assortment of entities that could be described by each or all of these adjectives.

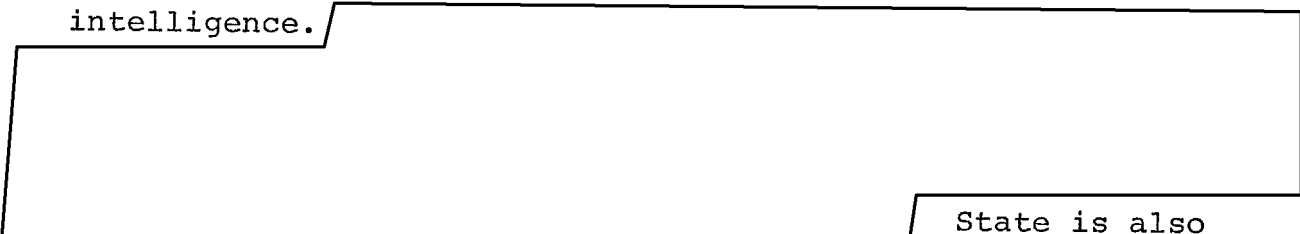
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f. In the event of war, the DCI's role could conflict with that of the Secretary of Defense.

Although not as ramified, the DCI's relationship with the Department of State is also vital. Foreign Service reporting -- a form of collection not identified as intelligence -- makes a major contribution to political and economic intelligence.

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a heavy consumer of foreign intelligence, and its Bureau of Intelligence and Research both contributes to national intelligence judgments and produces unique political analyses.

Small in size and specialized in interest, the intelligence elements of the Treasury Department, Energy Research and Development Agency (ERDA), and Federal Bureau of Investigation (FBI) flesh out the formal intelligence relationships of the DCI's Community. They and the departments they serve have increased in importance as intelligence has had to diversify into new areas of international economics, nuclear proliferation, terrorism, and drug control.

## II. Basic Criteria for Organizational Judgment

In understanding or structuring any management system, a first task is to establish the functioning spheres of responsibility and authority, and their limits -- essentially how the cloth is divided. The second task is to establish how and to what extent that cloth is sewed back together in order to overcome the negative aspects of necessary divisions of responsibility and to make the parts function as a whole. This challenge is very large in US intelligence because of institutional and functional diversity and the countervailing necessity that the parts interact as a whole.

One approach frequently used to rationalize Community structure is to argue distinctions between national, departmental, and tactical intelligence. This tripartite formula arises largely from the relationship of the DCI and the DOD, but has pale reflections in the intelligence-related functions of other departments, e.g., in the reporting of Foreign Service Officers or Treasury attaches. This formula has serious weaknesses and frequently confuses more than it clarifies. Defining the terms usually obliges use of other terms left undefined. For example, it is said that national intelligence is that intelligence needed by the President, the NSC, and senior US officials to make national policy decisions. But what are national policy decisions? They are decisions those officials want and are able to make at the time.

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The essence of the organizational problem in intelligence is that these concepts overlap extensively in meaning at least some of the time. The needs of consumers overlap. The President is always interested in broad assessments of Soviet foreign and military policy. In a crisis at sea, he is likely to be interested in the exact location of specific naval combatants. By the same token, a field commander or foreign mission chief needs broad strategic assessments. The uses to which a given intelligence fact or judgment can be put also overlap in the tripartite formula. An assessment of the hardness of Soviet missile silos can be of direct value to the operational planner of strategic strikes, to the force planner, to strategy and national policy planners, and to the arms controller. The President is likely to be interested in all these applications. The organizations and systems that collect intelligence data also overlap the categories of national, departmental, and tactical. This is particularly true with emergent space-based reconnaissance systems when a given system may monitor arms control agreements, collect order of battle data, supply warning, and support tactical military operations.

Thus, the key organizations and systems of US intelligence can or do play extensively overlapping roles at different times. Although only imprecisely, one can

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b. establishing sound oversight or policing mechanisms within and outside intelligence organizations.

c. cultivating appropriate professional values and organizational habits within intelligence entities.

Establishing the demands of propriety on intelligence and assuring that they are met is a matter demanding careful thought and high-level decision. But because few organizational issues are raised, this subject will not be treated further in this report.

The concept of effectiveness in intelligence management has many dimensions. It is output or product oriented. It is therefore preoccupied with consumers, who they are, what they need, when they need it, and why they need it. As indicated above, US intelligence serves a great variety of consumers with a great diversity of needs. Within the Executive Branch they can be arrayed in terms of the following rough hierarchy:

a. the President, the NSC, and Cabinet-level decisionmakers; those who decide the policies of the Administration on foreign, military, and foreign economic matters, and on crisis management.

b. policy and strategy planners, option developers; force posture, major program and budget developers; those who present the Presidential level with structured choices on broad policy issues and crisis options.

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c. central implementers of policy and operational planners in foreign, military, and foreign economic areas.

d. field and tactical decisionmakers; policy or plan implementers, e.g., diplomats and military commanders.

These kinds of intelligence consumers are found, of course, in the main departments of the US national security establishment, the Executive Office of the President and the NSC Staff, State, Defense, the Arms Control and Disarmament Agency (ACDA), but also in most other departments and several regulatory agencies to a lesser degree. One must also count Congress as a substantial consumer of intelligence, and, to a degree the public which, through fair means or foul, receives a substantial amount of its information about the world indirectly from US intelligence. Finally, because it must store up information and analysis to meet future or unexpected needs, intelligence is itself a major consumer of intelligence end products. But service to the policymaking entities of the Executive Branch is the measure of effectiveness in intelligence. Their needs for intelligence are without limit in principle and constantly growing in practice. They touch upon all areas of the globe and embrace most fields of human knowledge.

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Effective service or output to intelligence consumers dictates a number of organizational principles:

a. The service or output end of intelligence must be highly diversified and relatively specialized to meet the diverse special needs of consumers. This means a need for specialized intelligence production support to departments, agencies, subcomponents, commands, etc. -- size, scope, and level depending on the case. DIA, INR, FTD, and ERDA's intelligence element are examples at the level of support to departments.

b. The President, the NSC, and, for that matter, all other major consumers need some source of intelligence that is independent of policy institutions and broadly competent. This principle justifies CIA's role as a producer of finished intelligence.

c. To the extent practicable and consistent with security, the system must fully share information within itself. To the maximum extent possible, all output entities should share the same data and analysis.

d. This diverse output Community must have means to come together to render a collective judgment or disciplined disagreement on vital intelligence issues. This is essentially what national estimates and like interagency products have been intended to do.

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Of course, effective intelligence support to consumers depends on a great many considerations other than organizational structure. But the output structure of US intelligence must reflect the above principles to be effective at all.

The criterion of efficiency in US intelligence is concerned with resource inputs, the processes whereby they are employed, and their impact on output. After several decades of "organic growth" during the Cold War, concern for efficiency in intelligence resource management on the Community scale is a comparatively recent phenomenon, accompanying a general skepticism about national security spending and a downturn over the last half-dozen years in real outlays on intelligence. Critical scrutiny of intelligence behavior by government and public has intensified the concern with efficiency in the last three years. In the 1970s, two Presidential initiatives relating to Community authority structure, in 1971 and 1976, were both wholly or largely directed at improving the efficiency of Community resource management.

Efficient management of intelligence resources proceeds in two connected dimensions. Existing resources must be optimally deployed and operated to meet existing intelligence needs according to a priority scheme that managers can base predictions on but is still flexible. At the same time and largely by the same set of managers, decisions must be made as to

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what magnitude and mix of resources should be mobilized for the future. How these two kinds of decisions are reached in the Intelligence Community will be discussed in the next section. Again, however, some attempt to state first principles can help to understand and judge present arrangements.

At the outset, it should be recognized that, whatever the deficiencies of intelligence analysis and its management may be, intelligence resource management is largely a matter of managing collection and processing resources because that is where most of the money and manpower are. Duplication or gaps in the development and use of these resources are more costly in fiscal terms than in analysis and production.

Another significant point -- common place to involved professionals but not always appreciated by others -- is that many collection assets are developed to gain broad access (e.g., a broad area imaging system) or potential access (e.g., an agent with a promising future or a regional clandestine posture). Broad access systems require extensive selection and processing for useful data. The ratio of useful data to all data collected is almost always low; and the ratio of useful data collected to useful data identified and exploited can hardly ever be one. Potential access capabilities may or may not yield as anticipated.

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Moreover, intelligence is a subtle, usually non-violent, but nevertheless direct form of human conflict. Those managing intelligence resources are in reality doing battle with other, frequently skillful, human beings whose main aim in life is to frustrate the formers' efforts. These conditions challenge the quest for efficiency, but should induce a certain modesty in one's goals.

In terms of structure, efficient management of current resources against current needs means giving control to the party with the incentive to seek and the capability to approximate the optimal allocation. To the extent intelligence collection and processing resources are expensive and scarce, relative to perceived needs, there is a legitimate tendency to centralize control. But equally legitimate factors limit such centralization of control. Control may need to be contingent on changing conditions in the case of capabilities with varied application. Thus arises the question of shifting control of certain collection assets from the DCI in peace to military authorities in war. Some collection capabilities, such as tactical reconnaissance organic to combat forces, are justified solely for the contingency of war support to those forces and must be controlled and subordinated accordingly. Some degree of decentralization is reasonable

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in intelligence processing, e.g., photo interpretation, signals analysis, document translation, to achieve focus and promptness in the service of analytic users.

Assigning responsibility for programming future intelligence resources for efficient satisfaction of future needs is essentially a matter of deciding what should be traded off against what to maximize what value. What should a given program element compete against in order to justify itself? And against what primary value? Desirable multipurpose capabilities may have to compete simultaneously in several trade-off and value markets. This logic would insist that the DCI and the main departmental custodian of intelligence assets, DOD, should be running materially different resource trade-off markets. The DCI should be expected, in the main, to trade off intelligence resources against other intelligence resources. The DOD should, by and large, be expected to trade off intelligence resources against military forces and support programs.

Here it should also be noted that the care and incentives applied to the trade-off of interest may vary with the size of the intelligence package relative to the market place in which it competes. The DCI market place is 100 percent intelligence. The DOD market place is 5 percent intelligence.

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The quest for efficient intelligence resource management involves a built-in tension between what might be called "autocratic" and "democratic" necessities. Of course, some technical collection systems must receive a single set of unambiguous instructions by their physical nature. Imaging satellites are the most striking example. To that extent, they oblige an "autocratic" control regime.

There is a temptation to argue that a single authority could maximize resource management efficiency by overriding bureaucratic conflicts. But one must remember that the essence of intelligence management at the Community level is tying together a diversity of "outlets" serving diverse customers and a diversity of primary suppliers or collectors. If one could construct a model that perfectly captured and forecast the entire scope, all the details, and all the interconnections of this environment then there would be no resource management problem to be resolved and any bureaucratic structure would do. The model would manage it. But such a model does not exist. Rigorous systems and operations analysis can be applied to help resolve some subsets of the larger decision set. But it is dominated by areas where judgment, experience, intuition, and conflict among reasonable but different interests reign. Because no single authority, be it individual or group, can capture the reason inherent in this diversity, the Community

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must afford a "democratic forum" in which this reason can suitably inform current allocations and future programs. It is the role of central authority to assure that the forum exists, to extract reasoned judgment rather than simple majority will from it, and to resolve persistent disputes. This need to balance between "autocracy" and "democracy" in intelligence resource management inheres in the nature of the intelligence function, no matter what the organizational or authority structure of the Community.

Finally, the mechanism for intelligence resource management must encourage innovation and experimentation. Too fanatic a search for efficiency can lead to a tight management culture that suppresses the innovations on which improved performance depends.