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MEMORANDUM FOR

JACK MARSH  
PHIL BUCHEN  
GEORGE BUSH ✓  
BILL HYLAND  
BOB ELLSWORTH

FROM:

MIKE DUVAL 

SUBJECT:

ANALYSIS OF THE INTELLIGENCE  
COMMUNITY

Attached is an article which will appear in the forthcoming issue of Foreign Policy. While I disagree with some of its conclusions, some of the analysis is well done and I think it's worth reading.

*NOTE: GEORGE CARVER'S COMMENTS  
WHICH ARE TO BE PUBLISHED ALONG  
WITH ARTICLE. (pg 100)  
GEORGE PREVIOUSLY SENT YOU  
A COPY OF THIS ARTICLE.*

DC

*[Faint handwritten signature]*

INTELLIGENCE  
SEIZING  
THE OPPORTUNITY

by Peter Szanton and Graham Allison

The revelations of the past two years provide a rare and important opportunity: to rethink and restructure the U.S. "intelligence community." There has been no comparable opportunity since 1947—the year the CIA was established—and much needs to be done. But seizing the moment is not without danger: the community is diverse and complex, shrouded by secrecy, and still poorly understood. Recent investigations have not produced a comprehensive and balanced assessment, nor are they likely to. In at least one respect they may have hindered necessary reforms by creating the red herring of a rogue elephant. The notion that the community's covert operations ran wild, out of the control of responsible elective leadership, does not square with the evidence: the fact is that elective leadership in the executive branch acquiesced or insisted on those operations, and that the Congress displayed a decided preference for ignorance.

The United States needs effective intelligence. It also needs a government that abides by the moral standards essential to a free society. Assuring both is difficult, and sorting out what the difficulties are, and what they aren't, is an essential precondition.

The evidence now appearing about the U.S. intelligence community is not complete, but it reveals a great deal. It suggests that the community—the CIA in particular—has probably performed its assigned functions more effectively than any other major foreign affairs bureaucracy in Washington. Yet it shows important failures within that community and dangerous failures outside it. It shows a community organized at the height of the cold war, and operating ever

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since in a style that reflects its origins. It generally: energetic, rich, technically masterful, fascinated with means, and forgetful of ends. It shows data collected by sophisticated methods, and assessed by primitive ones. It shows biased analyses used to support policy, and sound analyses ignored. It shows old questions answered repeatedly, and new problems neglected. It shows agencies urged to illegal acts by their political superiors. It shows willful somnolence in the Congress.

Our analysis of that evidence leads to a number of proposals. Chief among them are to:

- > disassemble CIA and assign its two principal functions to separate organizations:
- > place the central analytic and estimating responsibilities in a new agency, organized and staffed to perform those functions solely and divorced from all clandestine activity;
- > create greater competition in the analysis of intelligence by expanding the number and improving the quality of analytic staffs attached to major intelligence consumers;
- > cut back on both clandestine collection of intelligence and covert action, and make both subject to far clearer rules and tighter control;
- > assign central management of the intelligence community, divided as it will continue to be among many departments, to a presidential assistant;
- > face squarely the conflict between legitimate needs for intelligence and covert action on the one hand, and constitutional rights and social values on the other, by establishing processes of checks and balances for authorizing clandestine activity and assuring its accountability.

How are those conclusions derived? What form might such changes take? We start at the beginning.

*What Do We Want of Intelligence?*

The principal purpose of foreign intelligence is to provide information and analyses useful to decision-makers. A quite secondary

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purpose is to make possible direct but hidden intervention in events abroad. The steady illumination of policy choices through the detailed understanding of political, economic, and military developments abroad is essential to a successful foreign policy. Covert action is useful far less broadly, and is rarely essential. (Indeed, a case can be made for forswearing covert action entirely. We discuss that position below, and, on balance, reject it.) Those goals must be pursued subject to two constraints: that the methods used remain consistent with fundamental rights and social values; and that the costs of these activities be commensurate with their benefits.

Achieving these purposes over the past decade has been particularly hard, for reasons that will persist. The shifting nature of the foreign policy agenda—the growing importance of economic issues, for example—imposes requirements for novel kinds of information and unfamiliar methods of analysis. The emergence of new forms of threat—organized terrorism, for example—creates new needs for covert capabilities just as public attention is being drawn to the risks that clandestine activity can pose to constitutional rights and basic values. The erosion of the cold war consensus as to U.S. purposes and the means legitimate to advance them leaves vulnerable a community whose objectives, size, and operating methods still largely assume that consensus.

*The Community*

How are we now organized to meet those demands and observe those constraints? The intelligence community is composed of a number of separate agencies, diverse in their histories, lines of command, modes of operation, and forms of responsibility. It comprises more than 100,000 persons and expends some \$6 billion annually, counting about \$2 billion devoted by the military to "tactical" intelligence.

> *Central Intelligence Agency.* At the center of the community is the diversified con-

glomerate, the CIA. Established by statute in 1947 as an independent agency in the executive office of the president, reporting to the National Security Council (NSC), the CIA was intended to provide the president and his principal foreign policy officials with independent, timely, and reliable analyses of important national security issues. The chief argument for creating an agency separate from State, Defense, and the armed services was that the president needed estimates and analyses undistorted by the policy preferences and operational responsibilities that colored the conclusions of both the Department of State and the services. In addition, the CIA was to perform "services of common concern"; to recommend methods for intelligence coordination; and to perform "such other functions and duties related to intelligence affecting the national security as the NSC may from time to time direct." That final ambiguous clause has been taken—and was probably intended—as authority for the agency's covert actions.

To perform its assigned tasks, the CIA now deploys roughly 15,000 persons and expends some \$750 million annually. Very roughly half that sum supports an extensive network of clandestine agents and operations. Roughly a third is devoted to the interpretation of data, and the preparation of analyses and estimates. Most of the remainder supports a resourceful technical design and engineering arm. Each of the career intelligence officers to have headed the agency—Dulles, Helms, Colby—has previously directed clandestine operations.

In addition to serving as the nation's chief substantive intelligence officer (his briefings provide the customary opening of NSC meetings), the director of the CIA (the DCI) has two distinct obligations. One is to command the CIA. The other is to coordinate the activities of the entire community. Predictably, DCIs have had far greater success in the first of those roles. With respect to the CIA, their authority is clear: controlling budget, promotions, and assignments, they can direct

the agency. With respect to the wider community, however, their authority is tenuous. Roughly 85 per cent of the community lies within the Defense Department, and the secretary of defense is a statutory member of the body—the NSC—to which the DCI reports. As a result, the community has never been effectively, centrally managed.

> *National Security Agency.* In terms of the number of people employed—reportedly more than 20,000 in the United States, with others manning some 2,000 overseas monitoring stations—the community's largest component is the National Security Agency (NSA). Established by executive order in 1952 and lodged in the Defense Department, the NSA monitors and attempts to decode or analyze an enormous range of foreign communications and other electronic signals. It is also responsible for the security of U.S. codes and communications. The NSA produces enormous masses of raw data.

> *National Reconnaissance Office.* The largest agency in terms of budget is the National Reconnaissance Office (NRO), also lodged in Defense. The NRO operates the numerous "overhead" (principally satellite) reconnaissance programs for the community, working largely through the U.S. Air Force. Its products are medium-resolution photographs of wide areas and high-resolution pictures of selected points: these are useful to economic analysts and essential to those concerned with military and arms control issues. The NRO is subordinate to the DCI and a deputy secretary of defense.

> *Army, Navy, and Air Force Intelligence.* Each of the armed services maintains its own substantial intelligence organization. Their combined staffs total some 50,000, largely overseas. These are especially concerned with so-called "tactical intelligence," the capabilities and disposition of their counterpart forces in other countries. But service staffs also participate in the production of national intelligence estimates and functions, and maintain their own communications security arms.

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> *Defense Intelligence Agency.* The Defense Intelligence Agency (DIA) reports to the Joint Chiefs of Staff and the secretary of defense. It was established in 1961, principally to reduce interservice duplication and disagreement by performing centrally much of the work then conducted separately by the service intelligence branches. Its success in that mission has been limited. Each of the service intelligence branches is now larger than it was in 1961. The DIA collects little information, but publishes various intelligence digests, performs analyses on a wide range of subjects, and represents the Joint Chiefs of Staff in community-wide analyses and estimates. Its performance is constrained by two difficulties that it shares with the service arms. Intelligence assignments have little promotion value in service careers, and are generally avoided by promising officers. Intelligence assignments outside one's service, in particular, are viewed as dead ends.

> *Bureau of Intelligence and Research.* The State Department's Bureau of Intelligence and Research (INR) is the smallest by far of the foreign intelligence agencies, and the only one which engages in no collection activities. But Foreign Service reports from posts abroad—not considered intelligence in the usual sense—are probably the largest and often the most important source of information on foreign political and economic developments. INR provides analyses to State's principal officials and contributes to the national estimates made jointly by the intelligence community. Its budget of \$8 million approximates one one-thousandth of the community resources. Like the service intelligence arms, it is not viewed by its department's professionals as a mainline assignment.

> *Other Agencies.* The intelligence units of the FBI, the Treasury Department, and the Energy Research and Development Administration also participate in the intelligence community, contributing on matters within their jurisdictions.

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Central direction of the community falls to several committees chaired either by the DCI or the assistant to the president for National Security Affairs.

> The U.S. Intelligence Board (USIB), chaired by the DCI and composed of all major U.S. agencies with intelligence responsibilities, works through various committees to establish intelligence requirements and priorities, to produce national intelligence estimates, and to protect intelligence sources and methods.

> The Intelligence Resources Advisory Committee, chaired by the DCI and composed of major intelligence agencies, provides a forum for coordinating resource allocation throughout the community. The DCI's authority to shift resources within the Defense Department budget, however, has been quite limited.

> The Intelligence Committee of the NSC, chaired by the assistant for National Security Affairs, is intended to provide a forum in which major consumers of intelligence can inform collectors and analysts of their interests and requirements. It has met infrequently and had little impact.

> The Forty Committee of the NSC, also chaired by the assistant for National Security Affairs, approves covert actions and other high-risk operations. It, too, has rarely met and in recent years has largely provided pro forma approvals to recommendations of its chairman.

Outside the community, the Office of Management and Budget plays the key role in reviewing agency budgets. On presidential request, it has also served as a source of critiques of the community and of proposals for restructuring. The president's Foreign Intelligence Advisory Board is a panel of distinguished citizens with a broad oversight charter, but it meets infrequently and has tended to focus on the targetting of intelligence and on techniques of collection. It is served by a two-man staff.

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year, congressional oversight, lodged in intelligence subcommittees of the Armed Services Committees, had been similarly perfunctory. The subcommittee chairmen have chosen not to inquire deeply into activities of the intelligence community.

#### *How Has the Community Performed?*

No assessment of so diverse and shrouded a community can be complete, or completely balanced. But enough is now known to force a number of conclusions.

The capability of the community to collect information by technical means is remarkably good—in some respects almost magical. That is of great significance. It provides a hard basis for military—and to a lesser extent for economic and diplomatic—decisions of high importance. The SALT agreements, for example, could not have been concluded without independent verification of the Soviet strategic posture. Similarly, some analytic work—especially in the CIA—is of high quality. Yet the community's deficiencies are large. They fall into three broad categories.

1. *Inadequate analysis.* Congressman Pike's assertion that the intelligence agencies would fail to warn of another Pearl Harbor is almost certainly wrong, but shortcomings in the analyses and formal estimates prepared by the community are real. They include bias, irrelevance, and a judgmental rather than analytic orientation.

It is a law of bureaucratic behavior that agencies with operating responsibility produce intelligence, analyses, and advice that supports their own policies or programs. The cause is not dishonesty—indeed, the process may be barely conscious—but the tendency is universal.

To counterbalance such tendencies, the CIA was established as a neutral and independent agency, having no important operational function, no responsibility for policy, and a direct link to the president. And the CIA has, in fact, proved the most in-

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dependent and objective of intelligence agencies. But the products of the community as a whole have been biased by a number of factors. First, "national intelligence estimates" are a composite of judgments of the CIA, the DIA, the INR, and the service intelligence agencies. Compromises among these perspectives often lead to estimates that reflect an exaggerated, military-oriented view

**"However accurate its information or prophetic its estimates, the intelligence community must conform to acceptable standards of conduct."**

of the threat. Second, agencies whose business it is to collect information tend to believe that the capacity to collect more will insure important results. As a result, some estimates—as to our ability to monitor Soviet adherence to arms control agreements, for example—tend systematically to high confidence in U.S. capabilities, provided only that certain budget requirements are met. Finally, in the 1960s, the CIA's own clandestine functions evolved into large operating programs. In Vietnam and Laos, for example, the CIA provided support and leadership for hill-tribe armies and managed the attempt to identify and destroy Vietcong leadership. Responsibility for any such large-scale operation affects judgment about its worth and effect. The DCI was caught between his intelligence divisions' quite pessimistic judgments and his operating arm's optimism not only about its own programs but also about prospects for general success in the war.

A second source of inadequate analysis is simple irrelevance. Consumers of intelligence, especially at high levels, are often too busy and sometimes too secretive to clearly identify the issues on which analysis might be most helpful. Compared to the performance of other agencies, the CIA's record, again, is relatively good. But like all other

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governed largely by the laws of inertia. A decade of OPEC, terrorism, devaluation, threats to the ozone layer, the opening to China, and wheat deals with the Soviets has demonstrated that both threats and opportunities can take novel forms. Making intelligence consistently useful requires clear and early communication of revised priorities from levels high enough to force response.

Even when appropriate questions are addressed and biases are absent, the quality of analysis and estimates is often low. Though some national intelligence estimates series are of high quality, most deliver compromise judgments in an ex cathedra fashion that makes it next to impossible for policy-makers to uncover the analytic basis for the judgments offered, or to educate themselves about the grounds for disagreement. Perfection is not the appropriate standard. Assessments of complex situations will often be mistaken; predictions must often be wrong. But a better product would emerge from agencies that trained their analysts with care and rewarded them well; that maintained close links with sources of knowledge outside the government; and that invested significantly in the refinement of analytic techniques.

2. *Unacceptable means.* However accurate its information or prophetic its estimates, the intelligence community must conform to acceptable standards of conduct. It obviously has not done so. Over the last 20 years, virtually all U.S. foreign intelligence agencies have been involved in the surveillance of persons in the United States having no relation to any foreign power, or in monitoring the mail or telephone and telegraph communications of large numbers of U.S. citizens. The CIA plotted—and perhaps effected—the deaths of persons who had been adjudged guilty of nothing, and with whose countries the United States was not at war. The results have been a blurring of the moral standards that should distinguish the behavior of an

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open society, the setting of precedents that increase risks to all (open societies), and a hemorrhage of confidence in agencies previously held in general respect. The ugliest truth is that these were not the acts of a rogue bureaucracy. They were not unauthorized. They were directed by the community's political superiors—including presidents.

Identifying villains and punishing them may be necessary, but it will not be sufficient. The roots of the problem remain. They are basically three. First, neither law nor tradition has established clear rules of behavior; these will have to be specified. Second, monitoring the observance of such rules as exist has been left to interested parties—parties doubly insulated, moreover, by secrecy and the "deniability" of most covert behavior. Presidents and cabinet members cannot be permitted to press secret agencies for difficult results without accepting responsibility for the measures such results require. Finally, the only effective check on such activities, the Congress, has managed, until recently, to avoid implication by avoiding knowledge.

3. *Waste.* The third problem is less critical. Limiting the costs of the intelligence community and allocating its resources in accordance with an integrated sense of national requirements have been objects of pressure from the White House, and of personal concern to two DCIs over the past five years. That pressure, and the partial success of two institutional innovations—the Intelligence Community Staff and the Intelligence Resources Advisory Committee—have achieved a substantial cutback in intelligence personnel (chiefly from the NSA) and a leveling of the budget. Moreover, in an uncertain world, too large an intelligence effort is preferable to one too small.

Still, important additional economies remain to be made. The community is composed of many agencies funded through separate budgets and pursuing overlapping assignments. It is tempted to large invest-

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ments in exotic hardware by rapid advances in photography, electronic, and data-processing technologies. And it gives little consideration to the marginal value of additional information. As a result, analytic work (which is cheap) is underfinanced, while collection, which is expensive, is performed prodigally. It seems a reasonable guess that of the \$4 billion expended by the community on "national" intelligence, at least \$500 million could be saved without significant loss.

The gains would not be merely monetary. Large and activist intelligence services inevitably press against the constraints upon behavior which an open society must impose. The ready availability of funds—some unvouchered—compounds the problem. Similarly, plentiful resources blur attempts to focus on issues of high priority. Tighter budget control would strengthen both the observance of rules of behavior and attention to high priority concerns.

*What Is to Be Done?*

The aim of organizational reform must be to create institutions, processes, and incentives that together serve a number of partially competing objectives:

- > providing "eyes and ears" of the highest capacity to acquire timely and accurate information about issues of interest;
- > developing a "mind" capable of drawing the most penetrating inferences about the likelihood of future developments, and so connected to the eyes and ears as to assure timely access to all information;
- > insuring independence and objectivity in analyses and estimates—the mind must be responsive to the questions of policy-makers, but not to their preferred answers;
- > assuring the mind's access to the president and its application to policy;
- > making the mind accessible and useful to Congress;
- > guaranteeing regard for constitutional rights and social values; and
- > providing relative efficiency.

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Many proposed reforms attend to several of these objectives. Some proposals, for example, would provide an analytic capability so independent from the executive that its access to the president or the relevance of its conclusions to top policy-makers would suffer. Here we propose, for discussion and debate, a package of substantial reforms.

*Splitting the CIA*

The need to insure the neutrality and independence of advice to the president was the main reason for creating the CIA. Unlike the services and State, it was to be free of operating responsibilities and a policy role, and hence exempt from the commitments and loyalties those responsibilities inevitably create. The central analysts were to share an organization with clandestine operatives, but the advantages of keeping those two functions together seemed substantial: collectors would keep the analysts abreast of what was known; analysts would keep collectors aware of what was needed.

Experience has proved otherwise. Differences in style, temperament, lines of command, and requirements of secrecy have compartmentalized the two functions, limiting communication between them. While the advantages have proved slight, the disadvantages have been great.

The top position in the CIA has been largely controlled by the clandestine side of the agency, and clandestine work has involved substantial programs. The result has been a partial compromise of the agency's freedom from institutional bias, one of the very reasons for its existence. The surest way to avoid such compromise in the future is to split the CIA, placing the analysts in a separate and autonomous organization.

That reason alone might not justify surgery so radical, but it does not stand alone. At least four other benefits would flow from the separation of analytic and estimating staffs from clandestine collection and covert operations. First, in the study of many ques-

tions affecting our foreign relations and the development of improved analytic methods, the most advanced work goes on not in intelligence agencies, or anywhere in the government, but in the academic community and in "think tanks." During World War II and the early years of the cold war, the intelligence agencies drew heavily on these resources. But as U.S. intelligence became increasingly associated with disputed policies and large-scale covert activities, those connections became deeply strained. They need to be restored, and a clear separation of analysts from operators is probably an essential precondition. Second, such a separation—placing the central analysts in an organization focused wholly on producing studies, assessments, and estimates of the highest quality—would also facilitate the recruiting and training of superior analysts, and promotion and reward practices better adapted to retaining them. Third, splitting the CIA, following revelations of clear misconduct, would help insure future sensitivity in all U.S. clandestine services to the importance of observing more demanding standards of behavior. Finally, the disappearance of the CIA would relieve us of a name and an organization that would otherwise remain a target at home and abroad.

*A Foreign Assessment Agency*

The analytic and estimative tasks of the CIA would be assigned to a new entity organized and staffed solely for the purposes of producing good analysis and providing objective estimates. Its title might be the Foreign Assessment Agency (FAA). While this agency would be free to analyze any issue of foreign intelligence its director thought pertinent, its priorities would be set at the NSC level under the direction of a presidential assistant for Intelligence, as described below. The agency would begin by assuming most of the functions and personnel of the CIA's Directorate of Intelligence, including key interpreters of photography and other technically derived data, but it



would be shorn of the responsibility for any collection itself. It would seek good working relations with university research centers and think tanks. Indeed, it should develop and sponsor one or more Rand-like institutes specifically devoted to improving analytic and forecasting methods.

**"In spite of the real risks inherent in maintaining covert capabilities, the dangers of lacking them in the current world environment seem larger."**

The FAA would contain a Board of National Estimates, staffed by senior analysts, that would preside over the production of estimates on subjects like U.S.-Soviet strategic balance, on which formal government-wide consensus is agreed useful. As for subjects on which formal agreement is not appropriate or not possible, the board would present its own assessments together with the views of any differing agencies and full exposition of the nature of those differences.

The director of the FAA would rank as the community's senior "producer" of analyses and estimates, inheriting the DCI's current role as intelligence adviser to the president. He would have no responsibility for clandestine collection or covert action, and would not attempt to manage or direct the community as a whole. His appointment would be subject to confirmation by the Joint Intelligence Committee of the Congress, proposed below.

*Confirmation  
Prob 7*

The potential vulnerability of such an agency is that in calling shots just as it saw them it would make few friends; and without substantial collection programs of its own, or a supervisory responsibility for the rest of the community, it might simply be ignored. The main defense against this would be the authoritative quality of its analytic and estimative work, backed by its special capacities for interpreting important technical data. That defense might be re-

requiring the NSC to consider FAA views prior to specified kinds of decisions. It would be further strengthened by the responsibility of the FAA director to submit requested analyses to the Joint Intelligence Committee of the Congress.

*Additional Intelligence Analysis Staffs*

The FAA will not be able to meet all day-to-day needs of senior officials for analyses utilizing intelligence data. But there is little reason why it should have to. Responsibility for the production of analyses and estimates, now highly centralized, can readily be diffused. The collection of many forms of information is complicated and expensive, and therefore important not to duplicate. But the analysis of information shares none of those characteristics. It requires relatively few people, little machinery, and is useful to duplicate: nothing improves the quality of analysis so powerfully as the existence of competing sources of analysis. Small analytic and estimating staffs should therefore be assigned directly to all key intelligence consumers who need them. The additional costs of such staffs would be trivial, but their benefits substantial. They would give policy-level officials an opportunity to pose the questions whose answers would be most helpful to their own work, and to receive these answers from analysts whose performance they would be able to reward or penalize. The associated danger—that analysts so situated would tend to produce the responses their bosses found most congenial—would be largely offset by the existence of competing staffs elsewhere and by the retention of a well-insulated central analytic agency.

*A Special Services Agency*

The case can be made that the United States should abolish its clandestine agencies and deny itself a capability for covert action. This argument focuses on the risks posed by failure or disclosure of covert ac-

tions and the declining benefits of such capabilities. It stresses the point that such agencies have tended to infringe constitutional rights, and may again engage in actions, like assassinations, that affront humane national values.

We find these arguments telling, but ultimately unpersuasive. In spite of the real risks inherent in maintaining covert capabilities, the dangers of lacking them in the current world environment seem larger. Consider the growing accessibility of the materials and technology for manufacturing crude nuclear weapons. It is frightening enough if one considers only the possible behavior of unstable states and irrational rulers. But that is not the worst prospect: A nuclear device entering the hands of the Red Guerrilla Army or a national liberation splinter group is not grossly improbable. Supplementing the formal systems designed to account for fissionable material should surely become a high priority for the information-gathering arms of U.S. intelligence. And it would be a tragic peculiarity to forswear the capacity to act, if clearly necessary, on what the intelligence disclosed.

So we judge the question "covert action: yes or no?" badly posed. The appropriate questions are: what kinds of covert action may be justified, and under what circumstances; and how can the processes for their approval assure restraint and accountability?

We propose that needs for clandestine collection of intelligence and for limited covert action be met by a much slimmed and substantially restaffed agency incorporating elements and personnel of the CIA's present Operations, Science, and Support Directorates. A name like "Special Services" would emphasize the relatively narrow and controlled nature of its mission. The proper placement of such an agency is debatable; in fact, any location has important defects. But since it must be kept sensitive to the foreign policy implications of its actions, and also given some insulation from direct

...making it an independent agency, reporting to the president through the secretary of state, as the Arms Control and Disarmament Agency does now. Its director should be held by statute to a limited term—perhaps six years.

It is essential that the process for approving and controlling covert actions and other high-risk clandestine activities be tightened. The objective here is to make a secret process embody effective substitutes for the forced consideration of various viewpoints and the clear assignment of responsibility that more public debate normally assures. There must be clear accountability at all points. The current process clearly fails in this. It involves the submission of proposals to the so-called Forty Committee, a subcommittee of the NSC with narrow membership and—at least recently—extraordinarily informal procedures. Proposals have typically been carried from department to department, and committee members have been polled by phone. Once approved, actions have rarely been evaluated or reviewed.

A number of changes are necessary. The membership of the committee should be expanded to include at least one person of public stature with no other active association with the administration. No covert action or high-risk clandestine collection activity should be authorized except by written presidential order given after consideration of the action's risks and benefits by all available committee members, and after their signed recommendations have been received by the president. Besides granting initial approvals, the committee should be required to regularly review the utility and appropriateness of activities still being pursued. It should be served in this work by a staff drawn from outside the intelligence agencies. And its actions should be subject to the oversight of the Joint Committee of the Congress, as discussed below.

To assure that collection and analysis are targetted on priority concerns, and that the intelligence community's resources are ef-

fectively deployed, the community's central manager. Until now, that responsibility has been undertaken by the DCI. But a long series of studies has concluded that effective direction of the community has never been achieved, for two reasons. The first and foremost, referred to earlier, is inadequate authority. The great preponderance of the community falls under the jurisdiction of the secretary of defense, and the DCI is subordinate to the NSC, of which the secretary of defense is a statutory member. The second difficulty is apparent bias. The DCI is viewed in the community as necessarily partial to the interests and perspectives of the organization he heads: the CIA.

The long attempt to make the DCI responsible for community-wide direction has not only largely failed, but its failure has imposed an important cost. The DCI's devotion to the development of a capacity for analysis and estimates of the highest possible quality—the key responsibility of his own agency—has inevitably been diluted. Quite independent of our proposals for the splitting of the CIA, therefore, we believe that continuing to seek the direction of the community from the DCI would be mistaken.

#### *A Presidential Assistant for Intelligence*

Who then should perform the task? We believe that it can best be performed by a special presidential assistant for intelligence, for the fundamental reason that the president is the only official to whom all agencies in that disparate community report. The tasks of establishing consumer priorities, assessing producer performance, and developing budgets that allocate resources across the community in accordance with the national importance of the functions being performed can only be effectively carried out by someone who speaks in the president's name.

To help clarify consumer priorities, and to specify the meaning of those priorities

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for intelligence, such an assistant should expand and activate the NSC's Intelligence Committee, the little-used forum designed to permit high-level consumers of intelligence to regularly make producers aware of current policy concerns and resulting intelligence priorities. Agriculture, Commerce, and Energy officials might appropriately be added to its membership on at least an ad hoc basis. The assistant should also use the committee as a medium for review of intelligence performance.

Beyond eliciting better specifications of intelligence priorities and sharper assessments of intelligence performance, the assistant for intelligence should be responsible for developing and defending a comprehensive community-wide foreign intelligence budget. The budget would be based on a clear allocation of responsibilities among the producing agencies, and would be subject to authorizing action by the Joint Committee of the Congress on Intelligence discussed below.

#### *Setting Boundaries to Behavior*

More demanding standards of behavior must be set and enforced. That will require dealing with the three main sources of past failure: (1) Neither law nor tradition has established clear rules of behavior; (2) monitoring the observance of such rules as exist has been left to interested parties; and (3) the only effective source of oversight, Congress, has defaulted on its responsibilities.

*What rules?* Centuries of reflection by theologians, lawyers, and statesmen have produced widely accepted rules of war. But what are the rules of quasi-war? Is it proper for the CIA to subsidize a foreign newspaper? To blackmail a foreign leader? To encourage assassins? Do the circumstances matter, and if so, how? Is it permissible for the NSA to intercept telephone or cable traffic between foreigners and Americans? Between foreigners and American corporations? Is it avoidable? Amtorg, the Soviet trade organization that performs espionage

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as well as commercial and financial New York corporation. Does that matter?

None of the answers to these questions is clear. But there is no way to hold men or organizations responsible for their behavior unless rules of responsible behavior are made known in advance. If we wish intelligence agencies to accomplish difficult results in secret and at the same time observe certain standards, then we had better define the standards, understand that we have issued partially conflicting instructions, and provide some method for resolving the conflict.

*What will this entail?* Congress must define and limit, by statute, the powers of any government agency to intercept messages, to engage in surveillance, or to commit any other acts in possible violation of the civil rights of U.S. citizens. For a wide range of acts undertaken abroad and not directed against U.S. citizens, explicit but probably nonstatutory standards must be developed. These might best be embodied in executive orders. They cannot be written in the detail appropriate to a tax code, but they might reasonably be expected to distinguish among types of behavior that involve no violation of law in the country where undertaken (such as the provision of financial support to a friendly journal), cases that may be technical violations of foreign statutes, and actions clearly violating basic norms (such as those intending to injure or kill). The statutes and orders establishing these substantive rules must also set out clear-cut procedures for applying and enforcing them.

*Enforcing the rules.* The design of mechanisms for enforcing such rules should be based on the principle that clandestine and covert capabilities are too easily abused to be controlled solely by the foreign policy community. Officials of that community must obviously be part of the decision processes since the only legitimate purpose of these activities is to advance U.S. foreign policy objectives. But their perspectives are not the only ones relevant. The addition of a nongovernmental member to the Forty

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one way of adding other perceptions and giving them some weight. The attorney general should be made responsible, by statute, for determining whether actions with clear potential for violating the rights of U.S. citizens can be authorized. The statutes should specify civil and criminal penalties applicable to violations of their terms. Finally, an independent inspector general of intelligence should be established. His appointment should be subject to Senate confirmation, and his office should be made responsible for reporting any discovered violation of statute or executive order to both the president and the Congress.

#### *Active Congressional Oversight*

The proposed rules and procedures covering clandestine and covert activities would begin to establish checks and balances against abuse of power. But standing alone, they could be short-circuited or ignored. In the end, the only effective check against executive abuse is the same for intelligence as it is for other policy areas: an informed Congress imposing effective oversight. We have never had such oversight.

The span of intelligence responsibilities has now broadened far beyond military concerns, and the costs of congressional passivity are clear. It is time for genuine oversight, and that will require a congressional body specifically concerned with intelligence, capable of viewing the purposes of the community broadly and of assessing its performance critically. Though it profits little for outsiders to specify the nature of congressional reform, such a body should almost surely be a joint committee, on which the leadership as well as the Foreign Relations, Armed Services, Judiciary, and economic policy committees of each house are represented. To keep the body representative, its membership should rotate. It should exercise jurisdiction over all intelligence agencies and activities.

The committee should propose the statu-

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tory charters of all major intelligence agencies, establish the rules according to which they will operate, review the internal regulations of each agency, and monitor their observance. It should confirm the appointments of directors of the Foreign Assessment and Special Services agencies, and of the inspector general of intelligence. It should be empowered to receive (and staffed to review) all requested estimates, analyses, or information except policy advice to the president, and should be regularly briefed on all major issues of intelligence policy. It might be empowered to require advance notice of any particularly sensitive activity it may designate. And it must bear the associated responsibility of proposing rules of congressional procedure capable of protecting the confidentiality of the information it receives.

Finally, the joint committee should have responsibility for reviewing and authorizing the comprehensive community-wide intelligence budget prepared by the assistant for intelligence. It will require staff fully cleared.

This is a formidable list of reforms.<sup>1</sup> But an effective and controlled U.S. intelligence capability will require restructuring of at least this scope and approximately this nature. And the political conditions for such reforms are now present—for the first time since 1947, and perhaps for the last time in this century. It is important that the opportunity be seized.

<sup>1</sup>Yet it is far from complete. Many important and arguable questions remain, including whether the NSA and the National Reconnaissance Office should be removed from the Defense Department; whether the DIA should be abolished or sharply reduced in size and function; whether the president's Foreign Intelligence Advisory Board can be made more useful; and whether the current system of classifying information, constructed almost entirely on executive orders, should not be made both more limited and more enforceable by statute. We believe the answer to each of these questions is probably "yes." They are all questions which might usefully be explored by the joint committee.

George A. Carter, Jr.:

eter Szanton and Graham Allison's provocative, thoughtful article is a valuable contribution to the current debate about the proper role, scope, and structure of American intelligence. Their discussion of the intelligence community—though wrong in some details—effectively conveys its complexity. And they do a real service in laying to rest that taxonomist's delight, "the red herring of a rogue elephant."

Being a party at interest, I will not dwell on their net assessment of the community's performance. More than many, they make a serious effort to be fair; but their assessment (to use their words) is neither complete nor completely balanced. The community's analyses and formal estimates—few of which Szanton or Allison has ever actually read—are far better than their assessment suggests. Both need improvement; but shotgun allegations of bias, irrelevance, poor intellectual quality, and general inadequacy are rather sweeping charges to make on hearsay or secondhand evidence.

Szanton and Allison commendably call attention to the fact that this is an often unpleasant world in which mindless terrorism and access to nuclear weaponry are both proliferating. They should have underlined the fact that it is also a world in which negotiation warheads could land on American cities minutes after being launched, in which openly declared wars are out of fashion, and in which many nations energetically intervene in the internal affairs of others (including ours). They are also to be commended for proposing that we squarely face the conflict posed by our open, democratic society's legitimate needs for intelligence and covert action. Unfortunately, in their discussion of "unacceptable means" and "setting boundaries to behavior," they deflect their gaze from some of this conflict's harsher realities and their perspective thus goes awry.

Acquiring intelligence on the capabilities

and intentions of potential aggressors—especially on their intentions—requires considerably more than “technical violations of foreign statutes.” The secrets of dictatorships planning aggression are ruthlessly protected; and even in open societies—including ours—espionage is punishable by death.

American intelligence agencies have clearly done some things that were stupid, wrong, even criminal—things deservedly censured. In their zeal for “identifying villains and punishing them,” however, Szanton and Allison are careless about the distinction between allegation and proof, and ignore the fact that carelessness about this distinction on the part of many impassioned critics has made its own contribution to the “hemorrhage of confidence in agencies previously held in general respect.” They are also careless about historical accuracy. American intelligence agencies have set no precedents. Even if all the allegations about the CIA were true—and they are not—its acts would have been pallid compared to the precedents set by (and elaborated by the national, institutional, or ideological successors of) not just Dzerzhinsky, Yagoda, and Beria, but also Saint Ignatius Loyola, Sir Francis Walsingham, Joseph Fouché, and, for that matter, Menachem Begin.

There is another historical inaccuracy that has considerable impact on Szanton and Allison’s recommendations. The critical importance of the intelligence community’s analyses and estimates are now self-evident, as is the need for continually improving their quality and ways to shield them from bias. But the National Security Act of 1947 did not establish the CIA “to insure the neutrality and independence of advice to the president.” Its broader, important responsibilities for doing analyses and estimates came later. Those who drafted and passed the 1947 act had a perceptibly narrower purpose immediately in mind: to minimize the risk of another Pearl Harbor. With reason, they saw the “intelligence failure” of Pearl Harbor not as one of analysis, or even of collec-

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tion, but rooted in errors of collation and distribution. Information bearing on Japanese actions and intentions known to some government departments was not shared with others. There was no mechanism for assembling *all* the information available to the U.S. government, evaluating it in its totality, and disseminating the results to all senior civilian and military officials.

In 1947, “intelligence” was thought of more in terms of “information” than in terms of “assessments.” The basic charter of the Director of Central Intelligence (the DCI) and the CIA is the five numbered subparagraphs of Section 102(d) of the 1947 act. The first three stress coordination, correlation, evaluation, and dissemination—focusing on what Congress saw as the root of the Pearl Harbor problem: monopolized information. This was one of the main problems Congress was trying to solve in laying down the legislative foundations on which the U.S. intelligence structure is built.

After nearly three decades, that structure’s foundations need re-examination. How much change they require, however, or of what kind, are matters for debate. Logic and experience both argue against Szanton and Allison’s principal executive branch recommendations: dismembering the CIA and abolishing the position of the DCI.

Contrary to their assertions, more than two decades of experience have shown that the benefits of combining the national analysis and the covert collection/action functions in one *central* agency reporting to the National Security Council (NSC)—with neither controlled by any cabinet department—far outweigh the disadvantages of this arrangement. Those who charge that the CIA’s analysts have been compromised by proximity to its operators generally have little first-hand knowledge of either.

In fact, the problems engendered by “differences in style, temperament, lines of command, and requirements of secrecy [which] compartmentalized the two functions, limiting communication between them” were

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most acute during the first years of the CIA's existence, when the two functions were de facto separated by being housed in separate buildings. They have been greatly attenuated by more than a decade of physical co-location, but would be regenerated with a vengeance by a new separation that was institutional as well as physical.

Most of the alleged advantages of splitting the CIA are illusory, or can be attained without this institutional surgery. Many of the tasks Szanton and Allison would assign to their Foreign Assessment Agency (FAA) are already being undertaken, very much in the way they recommend, by the National Intelligence Officer approach. Some of their recommendations, if implemented, would be harmful. Under the Szanton/Allison proposal, each NSC member would come to the decision table with his department's estimate, and would not feel compelled to give much weight to the estimate of the FAA, or that of any other department. One of the present system's main merits would be lost. *National* estimates, under the present system, are the DCI's estimates; those holding divergent views throughout the intelligence community are compelled to present their cases, and register their dissents, in them. Thus, a single document lays out all these differences clearly (and fairly) for the NSC-level reader, including the president. Competition in analysis is unquestionably beneficial—indeed essential—but some argue that the drafting of national estimates is already too diffused.

The real driving force behind the recommendation for splitting the CIA seems to be an itch to separate the virtuous analysts from the leprous operators. This is nonsense. The intelligence process is seamless. Both analysts and operators serve the same country. Neither have any monopoly on virtue, dedication, objectivity, or integrity. Dismembering the CIA seems a rather high price to pay to assuage the sensibilities of American academic and intellectual critics, some of whom seem averse to any association with their own government, though they show little

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reluctance to see cordial relations with analysts and institutes affiliated with or subsidized by other governments, including that of the Soviet Union.

In our system of government—with our laws and our press—the activities of a totally separate covert collection/action agency would certainly not long remain covert, and that agency would probably not long survive. Even if it did, the quality of the estimates, assessments, and substantive intelligence advice provided our national decision-makers would soon suffer, and other risks would swiftly be engendered.

A DCI with line authority over both the national analysts and the covert collectors can ensure that the latter's most sensitive, spectacular acquisitions are shown to—and assessed by—the former. Under the Szanton/Allison structure, one cabinet officer (the secretary of state) would be able to control the flow of covertly collected information to the FAA's analysts (even to its head), to other cabinet departments, and to the president. Their Special Services Agency (SSA) approach would regenerate precisely those dangers of monopolized, unshared (hence often unevaluated) information that the Eightieth Congress was trying to minimize in 1947. When an SSA report came from a particularly sensitive source, dealt with a particularly sensitive topic, or was urgent—especially in a crisis period—there would be a natural tendency to rush it directly to the president and his senior advisers, bypassing the FAA and thus entailing two great risks: missing what analysts with background knowledge might quickly spot as a clear warning or, conversely, overreacting to bad or misinterpreted information.

Though there are obvious problems with present institutional arrangements—notably the disparity between the DCI's responsibilities and his authority—substituting the proposed Assistant to the President for Intelligence for the present DCI would probably make things worse. At any given time, this officer (as described) would almost inevit-

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ably be a political appointee of the administration then in office. His relationship to the president's chief substantive intelligence adviser (the head of the FAA) would be obscure; he would have no direct control over the activities of the SSA, or any other component of the intelligence community; nor would he seem to have an adequate staff of his own. Such arrangements seem unlikely to improve the community's performance.

Szanton and Allison have done much to put the debate about intelligence in clearer focus. Their "What Is to Be Done?" list succinctly identifies the objectives that ought to guide any consideration of structural improvement, though they should have flagged the need for developing means simultaneously compatible with our laws and mores yet effective in protecting the kinds and degree of secrecy without which an intelligence structure cannot function. In sum, they ask most of the right questions, but their questions are better than their answers.

Morton H. Halperin:

Since I agree with most of what Szanton and Allison propose, it seems most useful to elaborate on their argument for a separate intelligence agency to perform only analytic functions. But first a few other comments.

Szanton and Allison do not give sufficient weight to the costs to our foreign policy and to the American constitutional system of conducting covert operations, and they succumb too readily to the now fashionable view that such techniques could not contain communism but will help us to deal with terrorists or nuclear proliferators. It is time, in my view, to halt all such operations.<sup>1</sup>

The article passes too quickly over the scope of the abuses of constitutional rights

by the CIA and other intelligence agencies and gives far too little attention to the needed remedies. Indeed, the historical opportunity they write about was created by the exposure of abuses, starting with the running sore of Watergate. If we do not deal with those problems now, we will never do so. This is not, however, the place to elaborate a structure to prevent abuses; nor to spell out the necessary reforms of the secrecy system (which Szanton and Allison relegate to a passing footnote).<sup>2</sup>

It has become commonplace to note, as Szanton and Allison do, that the three career intelligence officers who rose to be directors of Central Intelligence were all from the clandestine operations side of the agency. It is equally important to note that, with the exception of James Schlesinger's brief tenure, the agency has never been run by an analyst. Surely that provides an important clue as to what has gone wrong and where to begin to get a better intelligence product.

Good insights into what is going on in the world and what is likely to happen are always difficult to come by, but interest and training surely are a prerequisite. The skills needed to put pieces of information together to deduce a coherent pattern can be taught and refined, but not by an agency headed by an operator with no background or interest in this kind of "intelligence." These skills will not be highly regarded or rewarded by those who gained their spurs parachuting into France. And those who have dominated the agency all did. Right from the start the energy and enthusiasm came from the operational side of the agency—those who had been engaged in the "bodyguard of lies," to use Churchill's phrase. (That is also the title of a new book on the covert operations that helped to defeat Hitler, indispensable for understanding the gestalt of the CIA.)

Think about what the supporters of the agency hearken back to—operations to pre-

<sup>1</sup> I have elaborated this position at length elsewhere. See, for example, Morton H. Halperin and Jeremy J. Stone, "Secrecy and Covert Intelligence Collection and Operations" in Norman Dorsen and Stephen Gillers (eds.), *None of Your Business* (New York: Viking Press, 1974).

<sup>2</sup> On that subject, if on few others, a good place to begin is with the Murphy Commission Report, for which Szanton served as a research director.



vent Communists from coming to power in Western Europe in the late 1940s—and the other things the agency was doing at the time: covert operations designed to harass if not overthrow governments in China, Tibet, and Albania, and to take over the Nazi spy network in Eastern Europe. No real effort was put into trying to understand, for example, the nature of the Chinese revolution or of Soviet-Chinese relations. The debates about priorities were, as they always would be, among those interested in gathering intelligence from spies or with fancy technology and those who favored small covert operations or large paramilitary campaigns. The voice of the analysts could not be heard. The analysts from the Office of Strategic Services, on the whole, did not stay on: their techniques were not incorporated or refined.

Congress, in 1948, wanted an agency that would avoid the problem of Pearl Harbor, which was not that the United States did not have enough information, but that it had failed to put it together properly. The Pike Committee has shown that the problem persists. We now have much more information, but we still fail to put the pieces together properly. For example, at the time of the Yom Kippur war, the government had the necessary intelligence but failed to appreciate its significance.

President Truman wanted an agency that would pull the intelligence views of the military together and give him an unbiased judgment. On some subjects, our presidents got that; but on too many others, the CIA simply became biased, protecting its own operations and intelligence collection programs.

Surely the place to begin is with the splitting of functions, as Szanton and Allison propose. It is difficult to see how it can hurt. The head of the intelligence side of the CIA is hardly an individual with great status and authority in Washington. The head of the Foreign Assessment Agency (FAA) cannot fail to have more. That career CIA officials are, on the whole, fighting this proposal should come as no surprise. The myth of

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the disinterested analyst was seen as a desirable and probably necessary cover for their clandestine operations right from the start. It is even more important now. The clandestine services standing alone would be subject to intense congressional and even executive branch pressures from budget-cutters as well as substantive critics. Having held the analysts aloof for so many years, the operators should not now be permitted to argue that the two functions must be kept together.

There is genuine need of preventing the FAA from being shunted aside, starved for information, and ignored. One remedy is a truly distinguished director who, by temperament and training, will understand what an intelligence staff can do, and will fight to have the product taken seriously. Congress can help by institutionalizing the role of the FAA director, as Szanton and Allison suggest, in certain decisions. The point deserves elaboration. Congress could and should require that the president consider the views of the FAA director before he approves any proposed covert operation. That assessment should include the likelihood of whether what is being attempted will work, the consequences of success as well as failure, and the consequences if the operation becomes publicly known. The congressional committees overseeing the intelligence community should also be briefed on these matters by the FAA director when the committees examine a covert operation.

The FAA director should also, by statute, be involved in advising the National Security Council on potential policy choices, and in advising the Office of Management and Budget and the secretary of defense on the value of various intelligence gathering techniques, including clandestine operations.

There are two problems here. First, to get a good product; second, to have it pushed vigorously at high levels within the administration. The current process is spotty on the first and almost a total failure on the second. The Szanton/Allison proposals are a modest step forward and well worth taking.

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