

CENTRAL INTELLIGENCE AGENCY
WASHINGTON, D.C. 20505

13 October 1975

The President
The White House
Washington, D. C. 20500

Dear Mr. President:

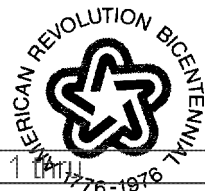
The scope of the several investigations being made of American intelligence has inevitably raised the subject of its organization. The Rockefeller Commission made certain recommendations on this subject, and it is predictable that the House and Senate Select Committees will do the same. Your own staff has also given consideration to whether an Administration initiative would be desirable on this subject.

Some weeks ago, six senior professional intelligence officers in CIA were asked to examine this question. I believed their experience in this field could possibly offer insights into the matter which would sharpen the issues, eliminate unnecessary focus on useless or even counterproductive proposals and identify some subjects for attention which otherwise might be missed. They approach the subject from a CIA perspective, of course, but in the nature of their work and in this study they have acquired a broad familiarity with the intelligence interests and problems of the other agencies and departments. They represent the various aspects of the intelligence process, from clandestine and technical collection to analysis and management.

This booklet is the result of their study, with an Executive Summary to provide a quick overview. It should be read as their work, embodying their ideas, and not as my own or any agency's or department's official view or recommendation. I do believe, however, that the ideas are worth considering with the other factors affecting the likely final outcome of the several investigations in process. For this purpose, I am planning to make it available to the members of the National Security Council, the President's Foreign Intelligence Advisory Board and members of your staff such as Messrs. Buchen, Marsh, and Lynn.

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I am of course at your disposal for any discussions or other action you would like to take with respect to this study.

Respectfully,


W. E. Colby
Director

Attachment

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AMERICAN INTELLIGENCE:
A FRAMEWORK FOR THE FUTURE

CIA Study Group
13 October 1975

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EXECUTIVE SUMMARY

For the past year American intelligence has been subjected to intense scrutiny by both the press and Congress. In early 1975 the President established the Rockefeller Commission, and the Senate and House each established a Select Committee to investigate the American intelligence system and make recommendations for change. The Rockefeller Commission focused on alleged improprieties in the domestic area and recommended ways to prevent the American intelligence system from posing any threat to civil liberties. The Congressional investigations still underway are broader. They have a mandate to consider the full range of questions dealing with intelligence, from constitutional issues to the quality of the product.

These developments led the Director of Central Intelligence to commission this study, in the belief that a thorough analysis of American intelligence by a group of experienced professionals could make a useful contribution to the ultimate decisions to be made.

This paper does not address past excesses or steps to correct them. Nor does it address the related issue of oversight. We fully recognize the need for stronger oversight, but we believe the appropriate arrangements for this function require more than an intelligence perspective.

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This study concentrates on basic issues which will need consideration in any reorganization of American intelligence. The President has a particular opportunity not available to his predecessors, who saw to varying degrees a need for basic reform in the intelligence structure but also recognized that basic reform could not be carried out without amending the National Security Act. Now the Act is certain to be reconsidered, with or without a Presidential initiative.

The intelligence structure must be made more efficient and effective. It must also be made more acceptable to the American polity. Thus, efficiency achieved through rationalization and centralization of authority is not the only test. Structural improvements must be accompanied by provisions for external controls and internal checks and balances, even at a cost in efficiency, to develop and sustain public confidence. Changes in the elaborate structure in being must also be justified by the improvements which would be achieved. These must be weighed against the losses and disruption which would result from altering the existing machinery; our recommendations must build upon the present, rather than start from scratch.

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Part I describes the present environment of intelligence. Part II focuses on present problems in the organization and management of intelligence, emphasizing the central role of the Director of Central Intelligence and the difficulties in meeting his extensive responsibilities with the limited authorities vested in him. The expanding breadth and depth of national requirements for intelligence and the growing sophistication of the technology developed to meet them add year by year to the difficulty of this management task. We place particular stress on two problems:

-- First, the relationship between the DCI, who has at least nominal responsibility for all US intelligence, and the Secretary of Defense, who has operating authority over the bulk of its assets. This relationship is ill-defined and hampers the development of a coherent national intelligence structure.

-- Second, the ambiguity inherent in the current definition of the DCI as both the head of the Intelligence Community and the head of one element of the Community. This poses internal management problems for CIA and also reduces the DCI's ability to carry out effectively his Community role.

Part III outlines three basic approaches to organizing the Intelligence Community. These are:

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

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

-- Leave mostly unchanged the division of labor between Defense and CIA which has evolved since 1947 and, instead, focus on the office of the Director of Central Intelligence; modifying that office, and its authorities, in ways that will enhance the DCI's ability to play a more effective role in contributing to the overall effectiveness of the Intelligence Community, at the same time reducing his direct involvement in managing CIA.

The study argues that fundamental political problems and the unquestioned need to maintain both Defense

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involvement in intelligence operations and an independent CIA preclude the first two of these solutions.

The third basic approach structures the office of the DCI so that its holder can discharge the responsibilities of Community leadership without adversely affecting the legitimate interests of the Departments of State and Defense. The DCI clearly needs a stronger voice in decision making on fundamental substantive intelligence judgments and on management issues in the Intelligence Community. At the same time, individual program managers in Defense need to retain considerable latitude and flexibility in the conduct of day-to-day operations. Both goals can be met by increasing the DCI's voice in the processes which determine how intelligence judgments are made and disseminated and how resources -- money and people -- will be allocated in the Community, while preserving an independent CIA and continuing Defense responsibility for actual operation of most present programs.

There immediately arises, however, a critical choice, namely whether:

- 1) The DCI is to be responsible in a major way for stewardship of the resources this nation devotes to intelligence and, simultaneously, to be the nation's principal substantive foreign intelligence officer, or

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- 2) The substantive and resource management responsibilities are to be split, with the DCI being replaced by two senior officers; one charged exclusively with resource management and the other with substantive responsibilities.

For reasons explained, we reject the second of these choices and argue that the Community leadership role must include responsibility for both resource and substantive matters. We present two options for restructuring the office of the DCI, leading to two quite different DCIs of the future.

In the first option, the DCI retains direct responsibility for CIA and a staff role with respect to the balance of the Intelligence Community. This option would much resemble present arrangements, but would differ from them in several significant respects. This DCI's ability to influence decision making on certain important issues would be enhanced somewhat by creation of an Executive Committee, under his chairmanship, for the Consolidated Cryptologic Program, along the lines of the present arrangement with respect to the National Reconnaissance Program. His line responsibility for management of CIA would be reduced by creation of two statutory deputy directors, one responsible for day to day supervision of CIA and one for Intelligence Community coordination.

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Implementation of this option would improve in important ways the overall management arrangements which currently exist within the Intelligence Community. The study group is convinced, however, that the changes needed are more fundamental than those reflected in this option, and that an opportunity for effecting such basic changes now exists.

The second option would create a new kind of DCI called the Director General of Intelligence (DGI). He would be separated by statute from the present CIA, which would be renamed the Foreign Intelligence Agency (FIA), with its own Director (D/FIA). Funds for most US intelligence programs would be appropriated to the DGI, then allocated by him to program managers for actual operations. The DGI would assume broad substantive production and resource coordination functions and would receive staff support to exercise both responsibilities. Finally, the DGI would be a statutory member of the National Security Council with concomitant access to the President and standing with the Secretaries of State, Treasury and Defense.

Under this arrangement, two important and inter-related questions must be answered:

-- To whom should the Director of the FIA report; specifically, should he report directly to the NSC (as does the present DCI), or should he report to the NSC through the DGI, himself a member of the NSC?

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-- Should the DGI's staff include the production elements of CIA or should these remain in the new FIA?

We present two workable solutions to the problems raised by these questions. Both have important advantages and serious disadvantages. The study group did not make a choice between them. A chart of these organizational choices appears opposite page 85.

If fundamental change could be at least contemplated in 1971, it is a central issue in 1975. Current political developments suggest that the National Security Act of 1947 will be rewritten, at least to some degree. Our analysis of the Act and the intelligence structure it established convinces us that it should be. We have made no effort in the pages which follow to set forth how precisely the law should be rewritten, but rather have addressed the broad principles which we believe should be incorporated in such an effort. It is not an exaggeration to observe that we are fast approaching an historical moment and unique opportunity to charter the Intelligence Community to meet future needs for effective intelligence support. It may be another 25 years before events provide the President a comparable opportunity. Our detailed recommendations are presented at the end of Part III.

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PART I
INTRODUCTION

The Central Intelligence Agency and the outlines of a national intelligence structure were created by the National Security Act of 1947. They grew out of a consensus -- in Congress, the Executive Branch, and major elements of public opinion -- that the experience of World War II ("No more Pearl Harbors") and the emergence of the United States as the first superpower required the creation of a permanent national intelligence structure.

Today that structure is under intense examination, and the consensus out of which it grew has been seriously eroded. Moreover, 28 years of experience suggest that the intelligence provisions of the Act are obsolete and too weak a foundation for the large and complex system that has evolved over that period. This paper examines some of the problems that beset American intelligence today. It recommends ways the structure might be modernized and broad support for it restored. Both are necessary, and the former cannot be achieved without the latter.

In 1947 Congress had in mind the creation of a small independent agency, not subordinate to any Cabinet Department, to "correlate and evaluate" the product of the existing, largely military, agencies responsible for strategic intelligence -- a term then understood to cover primarily the military intentions and capabilities of potential enemies. The Congress placed on the

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Director of Central Intelligence responsibilities thought to be modest and provided him with what it considered commensurate authorities. After almost three decades, it is apparent that the contribution of America's intelligence organizations is immeasurably important, that the responsibilities imposed by Congress are enormous and that the authorities it provided are less than adequate.

Those who drafted and enacted the National Security Act of 1947 neither anticipated nor could have foreseen:

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

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

-- That the extraction of intelligence from closed societies capable of threatening major US interests, or even survival, would require the development of large, complex, and expensive collection systems; and that efficient employment of these systems in the national interest would require central, unified management.

-- That the Act would not provide a basis for resolution of important management problems, primarily

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involving the Department of Defense, inherent in the development of these major systems.

-- That incorporating within the new CIA the operational elements of OSS, but not its analytic ones, would require CIA to start from scratch in its primary function -- collation and analysis -- with a staff heavily oriented toward espionage and action.

-- That the onset of the Cold War would compound this problem by creating a critical need for a national covert action arm, a responsibility that would logically and naturally be assigned to the CIA at some further cost to its original mission, thereby causing it to become publicly identified with covert action rather than with correlation and evaluation.

-- That the silence and total secrecy traditionally maintained by governments about their intelligence activities would prove impossible to maintain in the United States when its intelligence structure grew large and complex.

-- That, further, such secrecy would be considered inappropriate within the American political system for something playing so pervasive and so critical a role in decisions vital to the national interest.

With respect to the last point, the framers of the Act evidently believed that the intelligence tradition of silence and discretion could be maintained in

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the United States. The OSS-trained cadre of CIA were thus encouraged to follow this path. Secrecy was established, but at significant cost: it prevented the education of the public and of all but a few Congressmen in the realities of intelligence and helped to insulate intelligence itself from detailed oversight.

Intelligence thus had as its political base only a small group of senior Congressmen, who both protected it from and blocked its exposure to their colleagues. Over a quarter of a century, however, age and electoral defeat took their toll of this small group of Congressional elders. The position of those who remained in Congress was weakened, partly because the national attitudes of the 1940-1945 period were changed and the consensus they reflected was eroded by the Vietnam War and by Watergate. Intelligence became exposed to a rapidly growing new generation of national leadership that shared neither its traditions nor its view of the world. The oversight of intelligence became a battlefield both in the generational struggle within Congress and in the overall struggle between Congress and the Executive Branch.

The national turmoil of recent years had two other related effects: intelligence security was damaged and the public was presented with a distorted image of intelligence. The intensity of political emotion generated by the Vietnam War led to intelligence being leaked by both supporters and opponents of that war for advantage in partisan debate, and the atmosphere

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thus created led to a breakdown in intelligence discipline. When subjected to the investigative reporting in vogue since Watergate, some intelligence activities were exposed for the sake of exposure, or at the behest of a "higher morality." Many skeletons -- real and imagined -- were dragged from the intelligence closet. Disclosure of some activities that were illegal and others which were injudicious gave ammunition to those hostile to intelligence itself. Further, those encouraged by recent events to believe the worst of their Government have been tempted to accept at face value often exaggerated imputations of impropriety to legitimate activities.

This, then, is the dilemma for American intelligence in 1975. It has failed to win public acceptance, partly because public attitudes have changed, partly because its own secrecy has prevented it from educating the public to the need for intelligence and to the costs, moral and monetary, of getting it. Yet the nation's need for foreign intelligence has never been greater.

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

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To the intelligence officer, the new challenges of supporting negotiations and agreements on arms limitation and force reduction give rise to important new requirements and demanding new methodological approaches. At the same time, the increasingly complex environment confronting military field commanders leads to difficult new challenges for intelligence support.

To the intelligence officer, the knowledge that the world's resources are finite, and that population growth is rapidly overtaking food and energy supplies, means that national interests once considered important will soon become vital. When there is not enough to go around, intelligence on the capabilities and intentions of foreign producers and consumers becomes as essential to the survival of the United States as intelligence on Japanese intentions was in 1941.

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

Pursuit of such intelligence has required the development of procedures, techniques, and programs far beyond any conceived in 1947. These have added a new dimension to the concept of intelligence, and demonstrated to the satisfaction of the Executive -- over a number of Administrations -- that a copious flow of

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quality intelligence is essential to the conduct of national security policy in today's complex world.

But these efforts have sometimes been wasteful and the product sometimes less useful than it might have been, to a considerable extent because neither the organization nor the management of the national intelligence structure has kept pace with the evolving complexity of its techniques and the expanding scope of the requirements placed upon it. The Act of 1947 did not provide the DCI with authorities and an administrative structure adequate for the management of the Intelligence Community in 1975. Instead, there has evolved an accretion of improvised structures, lacking statutory basis, over which the DCI exercises varying degrees of influence.

There are therefore two sets of needs: to restore public confidence and to establish a sound statutory basis for American intelligence for the future. These are not irreconcilable. The President, in meeting Congressional requirements for reforms in the conduct of intelligence, can at the same time meet the Executive requirement for fundamental improvements in its management.

Any President will probably:

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

-- Want reassurance that the system is under control.

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

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

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

-- Want a system that can function well in both peace and war.

This President has a particular opportunity not available to his predecessors, who saw to varying degrees a need for basic reform in the intelligence structure but also recognized that basic reform could not be carried out without amending the National Security Act. This they were unwilling to undertake. Now, however, the Act is certain to be reconsidered, with or without a Presidential initiative.

The intelligence structure must be made more efficient. It must also be made more acceptable to the American polity. Thus, efficiency cannot be achieved simply by rationalization and centralization of authority. Structural improvements must be accompanied by provisions for external controls and internal checks and balances, even at a cost in efficiency, in order to develop and sustain public confidence. Congress and the public must be satisfied that foreign intelligence activities pose no domestic threat and that such a threat cannot be created. Parts II and III which follow are addressed to efficiency

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and needed changes in the organization and management of intelligence.

There are two other aspects to the question of confidence: how to establish effective Executive and Legislative oversight of intelligence; and how to reconcile the need for secrecy in intelligence with greater public pressure for disclosure and accountability. We fully recognize the need for stronger oversight, but we believe it inappropriate for intelligence officers to suggest how they might themselves be overseen.

On the other hand, the need for secrecy is critical to the continued effectiveness of American intelligence. Intelligence operations require some measure of secrecy and cannot be conducted unless Congress and the public accept this fact. This is not impossible. The public accepts -- because it understands -- the need for secrecy in a wide range of private and public matters from the lawyer-client relationship to the Federal Reserve's interventions in the nation's monetary system.

The issue of secrecy, however, is complex: Resolving the problems it raises in our society requires a fresh analysis of what aspects of intelligence actually require protection (of what kinds and to what extent), a fresh analysis of the concepts involved, and a careful examination of the kind of legislation needed. These issues go beyond the scope of this paper and should be the subject of a separate study.

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PART II
ORGANIZATION AND MANAGEMENT
PROBLEMS IN THE INTELLIGENCE COMMUNITY

At this writing, the "intelligence problem" is often described as one of combatting an assault on civil liberties. The professional intelligence officer, however, sees a different problem and views it from a different perspective. He believes that domestic civil liberties are not seriously threatened by the US Government's foreign intelligence activities. These domestic liberties could be seriously threatened, however, by a foreign adversary whose capabilities and intentions were not understood by our Government. The intelligence officer, in short, sees himself as the protector -- not the subverter -- of his fellow citizens' liberties. For him, the "intelligence problem" is defined by the need to improve our Government's foreign intelligence capabilities to the highest attainable degree. He is, however, fully aware of the need to protect civil liberties; the suggestions that follow do not in any way impinge upon them.

This paper addresses the organization and management of US intelligence from the point of view of the professional, describing the present state of US intelligence and cataloguing some of its problems. Because we are proposing changes, our emphasis is necessarily on those things we think need to be changed, and not on the many strengths of American intelligence. Equally important, it must be noted that our concern with the

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organization and management of intelligence is based on a conviction that these issues are important determinants of the ultimate quality of the intelligence product: its scope, perceptiveness, timeliness and even availability.

Of these issues, several of the most important involve the Office of the Director of Central Intelligence. This paper therefore discusses:

-- The central role of the DCI as it is defined by law and as it is in fact.

-- His relations with the Departments of Defense and State.

-- His management of CIA: why it complicates the discharge of his responsibilities for the Intelligence Community.

-- How various DCIs and Administrations have handled this office, and how it appears now.

THE CENTRAL ROLE OF THE DCI

Statutory Basis

The present American intelligence structure derives from the National Security Act of 1947.* Laying the foundation for a national intelligence structure was

* *The Central Intelligence Act of 1949 only clarified certain administrative authorities of the DCI.*

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neither the primary purpose of that legislation, however, nor the topic on which its drafters focused the bulk of their attention. Their main purpose was to merge the old War and Navy Departments into a new Department of Defense under a civilian secretary, establish the Air Force as a separate service, and sketch the outlines of the National Security Council. The intelligence portions of the Act were secondary.

The Act's legislative history suggests that those who wrote its intelligence sections had a clear purpose in mind but knew they were venturing into uncharted waters. There is also a suggestion that they planned a second look at the intelligence portions of the Act in a few years to make more permanent arrangements in the light of experience. They certainly do not seem to have realized that they were laying a foundation which would last without significant legislative change for more than a quarter of a century.

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

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On 1 November 1971 President Nixon signed a directive, developed by an Executive Branch task force on intelligence needed by the present Secretary of Defense, which elaborated and made explicit certain responsibilities of the DCI only implicit in the Act. In so doing, that directive increased the DCI's responsibilities without increasing his powers. He was directed to:

-- Plan and review all intelligence activities including tactical intelligence, and the allocation of all intelligence resources.

-- Produce national intelligence required by the President and other national consumers.

-- Chair and staff all Intelligence Community advisory boards or committees.

-- Reconcile intelligence requirements and priorities with budgetary constraints.

The Three Roles of the DCI

On the skeleton provided by these two documents* there has grown, by accretion, a congeries of bureaucratic mechanisms, doctrines, and the equivalent of

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

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case law precedents all centering on the institution that we call the DCI. To understand, one must first define some terms. First, what is the national intelligence that the DCI is supposed to produce? Second, what are the functions he must carry out to produce it? Third, what is the Community he is supposed to lead? Fourth, what management tools are available to him as leader?

-- National Intelligence is used here to denote that foreign intelligence needed by the senior levels of Government to do their job in making and implementing policy.

-- This paper discusses the production of national intelligence in terms of six functions: the collection of information, its processing, its analysis, the presentation of findings and judgments, research and development, and support. Covert action, broadly defined, is a separate area of DCI responsibility, which employs assets also used in collection but is not directly related to the production of national intelligence.

-- The composition of "The Community" is a complicated question, discussed in detail in Annex A. There are separate, though overlapping, communities of collectors, producers, resource managers, and consumers, each with a few primary members and several peripheral ones.

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-- Management tools or controls include the line authority the DCI exercises over the Central Intelligence Agency, and four instruments by which he can exert influence over the Community: (a) the management of resources: including manpower, money, and -- peculiar to intelligence -- cover; (b) collection management: by which we mean the allocation of collection resources to substantive requirements, specific tasking of those resources, the continuing review and assessment of collection results, and the identification of collection gaps and deficiencies; (c) product review: which includes both the final shaping of the intelligence product to match the needs of the national consumer and a continuing evaluation of the product against those needs; and (d) inspection. All of these except inspection are interdependent.

In some senses, the DCI is a member of all the communities identified above, although in precisely what sense is not always clear. He wears three hats -- as Presidential advisor, as head of "the Community" and as line manager of CIA -- but his hats by no means correspond fully with the four functional communities. Moreover, he also has responsibilities to the Congress that represent a complicating factor.

-- The DCI as Presidential advisor. In this capacity he is the primary source of national intelligence for the President and the NSC. He personally

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advises the President and the NSC on all foreign intelligence matters, including budget, and serves on the various NSC sub-Committees.

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

-- The DCI as Manager of CIA. As the head of CIA, the DCI is a line officer administering a large independent agency under the NSC. He is a producer of intelligence for the mechanisms over which he presides in his two other roles. In addition, he has a specialized line function as the agent of the NSC in the conduct of foreign policy through covert action. For the Congress, this DCI too is a source of foreign intelligence. Congress expects him to present and defend CIA's budget, and to account for its performance. He is also required to inform the Congress of covert action programs.

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

	Executive	Congressional
As Presidential Advisor	<ul style="list-style-type: none"> - Provides national intelligence - Advises on intelligence 	
As leader of Community	<ul style="list-style-type: none"> - Produces national intelligence ----- - Advises on Community budget ----- - Coordinates Community-- 	<ul style="list-style-type: none"> - Provides intelligence - Defends Community budget - Advises on intelligence
As Director of CIA	<ul style="list-style-type: none"> - Produces intelligence-- - Runs CIA ----- - Carries out covert action programs ----- 	<ul style="list-style-type: none"> - Provides intelligence - Defends CIA Budget - Accounts for its activities - Informs on covert action programs and defends them in the appropriations process

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Authorities of the DCI

Charts such as this are misleading, for they suggest the DCI has great authority. This is true more in principle than in fact. In his capacity as Chairman of the United States Intelligence Board (USIB), for example, he has less authority than is suggested by the fact that, on paper, the USIB is only advisory to him as Chairman. Even the "observers" at USIB have the right to dissent from the DCI's Estimates. His authorities as chairman of other boards and committees are similarly limited. The DCI has direct or line authority only over those elements of the collection and production communities that are part of CIA.

Though they pay lip service to the DCI's primacy, program managers within the Community (outside of CIA) are primarily influenced by the views of their own line superiors or of those who control their budgets. It is possible for a staff officer who controls resources to exert as strong an influence over an organization, at least on some issues, as its nominal departmental superior. In intelligence as elsewhere, money talks.

There is no single manager for an enterprise as complex and as expensive as the national intelligence system which has evolved over the past quarter century. The DCI not only lacks line authority, but his ability to use the management devices we have identified is at

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best limited. In cases of conflict, the DCI's only real recourse is to go directly to the President, a course of action that must be taken sparingly.

-- In the resource field his nominal authority is limited to giving advice to the President through the Office of Management and Budget. It is sometimes further limited by the DCI's inability to acquire important information on resource issues in timely fashion. (A full discussion of this problem follows in the next section.)

-- In collection management, the DCI has no mechanism cutting across independent and autonomous systems. As head of the "Community" he has a set of USIB Committees, developed ad hoc and operating independently, responsible for individual systems. They range from the Committee on Imagery Requirements and Exploitation (COMIREX), which is elaborately developed and in which he has strong influence, to the Human Sources Committee, which is rudimentary and through which his influence over Foreign Service reporting is minimal. Also, important collection management decisions are often made outside the USIB structure, in the Intelligence Resource Advisory Committee (IRAC) or in the National Reconnaissance Program Executive Committee (EXCOM). Here at least the DCI plays a major role, but sometimes such decisions are made between individual producers and collectors, or by individual system managers acting on their own. Annex B deals in greater detail with these matters.

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

-- No DCI has ever asserted, much less exercised, the right to inspect in the traditional sense intelligence agencies other than CIA, although such a right is implicit to some degree in the basic statutes and directives.

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

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RELATIONSHIPS WITH THE DEPARTMENT OF DEFENSE

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

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

It has been argued that this difference is irrelevant: in peacetime, the DCI and Defense missions can be made more or less compatible given a certain amount

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of goodwill; major war, in the unlikely case it ever comes, will make any extant arrangements meaningless in any event. This argument misses the point. For Defense, wartime requirements have a critical impact on peacetime priorities and organization. Defense must plan for war, regardless of its likelihood or consequences, if only to prevent it, and must assure itself in peace that it will have the intelligence capabilities it will need in war. Of necessity, Defense takes this responsibility seriously. In so doing, however, its interests often run counter to the interests of the DCI.

Different Customers in Intelligence

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

For his customers, the DCI must provide intelligence across the entire spectrum of national interests. He recognizes the importance of major strategic questions

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but also must give attention to the large economic and political issues which will be central concerns of our foreign policy for the rest of this century. For the NCA, however, military questions must be paramount and must be considered from both the strategic and the operational viewpoint. The field commander at every level needs intelligence in great detail on the forces and weapons that might oppose him. Moreover, he must amass it in peacetime if he is to be effective in war. He believes he must exercise in peace the collection assets that will support him in war, both to collect intelligence and to train them for their wartime missions.

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

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

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controlled national systems, Defense naturally tries to assert effective control over those systems. It can be seen with respect to the "crisis management problem." Finally, it can be seen in the resources world where the DCI's attempts to assert his staff responsibility with respect to Defense intelligence budgetary matters meet understandable resistance.

The Transition of National Intelligence to War

The transition problem arises from the absence of a coherent national plan for the evolution of control over intelligence systems from peacetime through crisis to war. In peacetime, centrally managed technical collection programs -- such as the National Reconnaissance Program and the Consolidated Cryptologic Program (CCP) -- are controlled by a variety of mechanisms in which the DCI's voice ranges from dominant to marginal. In wartime, it is generally understood that Defense's interests should be paramount.

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

Defense naturally seeks to define this point as far toward the "peace" end of the spectrum as possible. To the DCI, however, political and even economic considerations remain at least as important as military ones until the actual outbreak of hostilities. Independent political assessment is essential if the

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door is to be kept open for negotiations and war to be avoided. To turn intelligence support of the President over to an organization for which intelligence is secondary to operations, i.e., fighting a war, is to make military considerations overriding. There is a grave danger that, in the absence of independent assessment of enemy intentions, the actions and reactions of opposing forces will acquire a momentum of their own.

This is clearly a dilemma. In the absence of a basic understanding between the Secretary of Defense and the DCI, the two will dispute the control over individual collection systems in peace. Should a major crisis arise, individual assets would be transferred to Defense piecemeal, in confusion and with a sharp drop in efficiency, at a time when the nation needs efficiency most. Again it may be argued that this eventuality is too far-fetched to matter in the light of real present-day national concerns. Perhaps it is, but because Defense takes its responsibility seriously, it will continue to contest the development of a coherent peacetime system directed at those concerns until the civilian authorities accept Defense's wartime concerns as equally valid.

The Merging of National and Tactical Intelligence

The question of national versus tactical requirements, while as much a problem for the Secretary of Defense as it is for the DCI, gives a new dimension to their wartime-peacetime dilemma. Until a few years

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ago, tactical intelligence was collected for the field commander by assets under his control. The more significant portions of this intelligence were passed to the next echelon above, and by successive steps of selection and aggregation became an input to national intelligence. In return, general conclusions on enemy doctrine, tactics, and weaponry were passed down through the chain for the background use of the field commander.

In such a system the DCI had neither responsibility nor great interest. He was not brought into the problem formally until 1971, when the President's directive made him in some way responsible for budgetary aspects of tactical intelligence. This was done partly because, given the growing capability of tactical intelligence assets, it was thought necessary to consider whether money could be saved by using these assets in peacetime for national purposes, a concept that put the DCI squarely at odds with the military from the JCS on down. Even if he had not been given this budgetary responsibility, however, we believe the DCI would increasingly be forced to involve himself deeply in tactical questions, because these questions have become thoroughly entangled with national ones.

To fight an enemy equipped with nuclear weapons, missiles, and sophisticated electronics, the field commander needs equally sophisticated intelligence support, often of the kind that can only be provided by national collection and analytic assets. Moreover, the rapid

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pace of modern war means that this support must be provided almost instantaneously, a concept that has come to be termed "real time."

On the other hand, the perspective from the national view has changed as well. When even the most minor incident can rapidly escalate into strategic warfare, the national authorities must have timely and accurate intelligence on activities which in the past would have seemed purely local and tactical in character. This happened as early as 1961, when the President was directly following by radio the actions of individual Soviet tanks in Berlin. Moreover, local military activities can be of great political significance at the national level, e.g., the USS Pueblo and the SS Mayaguez. A fuller discussion of the national/tactical problem is included as Annex E.

The "national/tactical" problem is being progressively complicated by the advent of new centrally managed collection systems whose capabilities provide intelligence essential for national decision-making but equally essential for the conduct of tactical operations.

These considerations suggest that, if the US is to maintain an effective military force over the next few years, it will have to develop an integrated military intelligence system incorporating both strategic and tactical interests and serving both the NCA and the field commander. It can be argued that development of such

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a system is a departmental responsibility for Defense. This is true as far as it goes, but because of its scale and because of the many overlaps with national concerns and with national intelligence assets, such a system will tend to displace the national one unless it is incorporated within a larger system devoted to all national intelligence purposes including the tactical. This obviously affects the DCI's responsibilities, and he is already being forced to deal piece by piece with some of its aspects -- a danger in itself to comprehensive national planning.

Crisis Management and the Extended National Military Command Center

Many of the issues between the DCI and Defense are illustrated by Defense's current plans for the Extended National Military Command Center (ENMCC) as the national center for crisis management. The ENMCC, which is to incorporate a National Military Intelligence Center (NMIC), is to serve the NCA. There is minimal recognition of the roles of the Secretary of State and the DCI in Defense's emergency plans.

The concept of the ENMCC is of course valid for the conduct of military affairs in wartime. It is not well adapted, however, to national security policy making in conditions short of general war. Here, as we have noted, most decisions have political, and often economic, as well as military dimensions. The Secretary of State

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and the DCI both have a not inconsiderable responsibility to the President. This is presently reflected in the composition of the NSC and its sub-Committees and in the flow of intelligence to those bodies. Since 1969, the arena for crisis management has been one of those committees, the Washington Special Action Group (WSAG), and the DCI is responsible for its intelligence support.

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

Another problem is in the area of tasking collection systems. The NMIC is to contain a central tasking facility which, in a crisis, is supposed to control all collection systems including overhead satellite systems, NSA's assets, and CIA's stations, in support of the NCA.

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These plans are moving forward with minimal consultation with the DCI. Again the fact that a system is being developed to function in general war is acting to distort arrangements for serving broader national interests in times of peace or of crisis short of general war.*

The DCI and Defense's Budgetary Process

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

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

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

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First, the November 1971 directive changed none of the legal authorities that charge the Secretary of Defense with sole responsibility for decisions on Defense programs. Regardless of what any DCI may conclude about how Defense allocates its intelligence resources, in the last analysis it is the Secretary of Defense who is responsible for these decisions and accountable to the President and Congress for them. Clearly, the directive was not intended to change the Secretary's line authorities. Rather, its intent was to give the DCI a staff responsibility to the President on Intelligence Community matters, a role which is of course compatible with Defense's continued exercise of its line responsibility for budgetary matters. However, Defense has, from time to time and not unreasonably, been reluctant to share information about resource recommendations with the DCI in sufficient time to enable him to have significant impact on the decision-making process.

Partly this is due to the fact that final Congressional decisions on a current year Defense budget have, at least in the recent past, been made in November and December after extended negotiations between the Executive Branch and Congress. The need to pull together a current year program halfway through the fiscal year and to present a budget for the following year -- given the enormous size of the Defense budget, the literally thousands of decisions which must be made, and the very short time available to finish the task -- forces reliance on a process in which fairly arbitrary numbers are handed out to a variety of program managers and the related

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Service components late in the year. The program managers themselves and the Services must decide how they will live with the levels they have been given. It has proven extremely difficult for the DCI to involve himself or his staff effectively in this important part of the decision-making process, which is generally compressed into a very short time period.

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Over decades, the cumulative action of many Congresses has contributed to the problems which face both a DCI, and a Secretary of Defense, in trying to involve themselves deeply and effectively in the myriad details which characterize the United States Government's intelligence programs. The various intelligence programs described above are funded from a variety of different appropriations made to different organizations within the Pentagon. The numbers of people who must

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participate in decisions about the Consolidated Cryptologic Program, for example, make difficult the conduct of a comprehensive review of the resource requirements of the total program. An outsider who lacks the necessary time or information to do much more than monitor the process by which these programs are shoehorned into a given overall total will always be frustrated.

Consequences of the DCI-Defense Impasse

The DCI's responsibility to provide national intelligence cannot be discharged unless there is an effective system in which national needs can be balanced against the departmental needs of Defense, including those of the tactical commands. But Defense's control over the bulk of the Community's collection resources inhibits the development of such a system. Conversely, the DCI's statutory authority and influence inhibits the establishment of a coherent departmental system. This situation serves no one.

RELATIONSHIPS WITH THE DEPARTMENT OF STATE

The DCI's relations with the Secretary of State, though less complex than those with the Secretary of Defense, also present a number of important and persistent problems. (We speak here of the general relationship, not of the unusual situation created by the dual responsibilities of Dr. Kissinger.)

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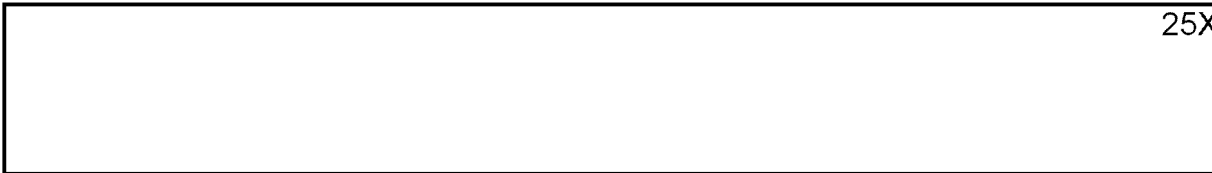
-- As Defense resists independent intelligence assessment and reporting on matters affecting the military, State resists on matters affecting diplomacy. On the other hand, the DCI needs State support to balance the military hand in intelligence assessment.



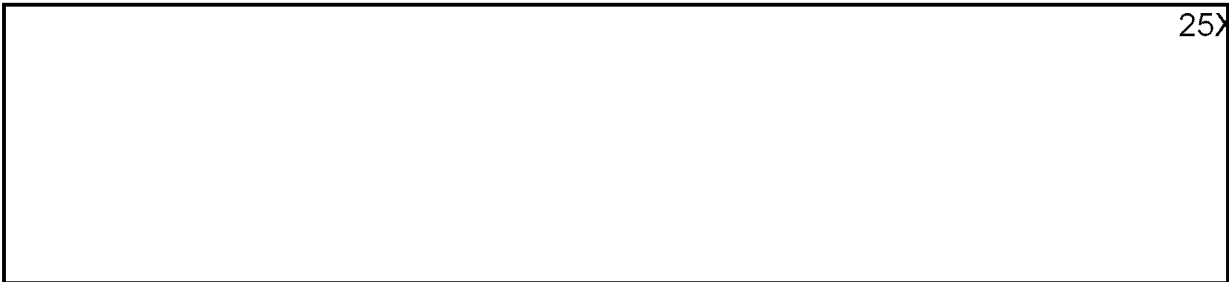
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Some of these problems would probably yield to the changes we propose below. There does not now exist, however, any mechanism by which the entire range of

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Community-State relationships can be regulated at the policy level. We believe there should be an arrangement whereby a senior officer at the Undersecretary level is charged with these matters in the Department, and the DCI is charged with coordination between him and the Community elements concerned.

THE DCI AS MANAGER OF CIA

The DCI's Community responsibilities would by themselves be overwhelming, but the DCI must also manage CIA.

CIA, like the Community, is not the organization Congress thought it was creating in 1947. CIA did not evolve its present structure by reasoned design, but through pragmatic response to challenges as they arose. Congress, working with its investigation of Pearl Harbor freshly in mind, was seeking to ensure through CIA that never again would the US Government be disadvantaged because it failed to consider as a whole all the information available to its parts. (An agency set up for this purpose could however serve other necessary purposes as well, and the Act authorizes CIA to carry out a number of largely unspecified functions in addition to "correlation and evaluation.")

Production

Seen in the context of Pearl Harbor -- and of Hiroshima -- Congress obviously meant by "intelligence

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relating to the national security" political and military intelligence of a strategic nature with emphasis on its military aspects. (Peacetime applications of national intelligence in support of diplomacy or of economic policy were apparently given little if any weight.) Moreover, Congress was acting in response to collective and individual failures of War and Navy Department intelligence and to a lesser extent of the State Department. Its solution was to establish an independent, and by inference largely civilian, central intelligence agency to "correlate and evaluate" strategic intelligence, then thought of in largely military terms.

While CIA was to be the instrument through which the DCI would correlate and evaluate, the Act did not specify whether it would also "produce" intelligence or conduct intelligence research. Congress seems to have had in mind that it would not. Experience with the Office of National Estimates (ONE) demonstrated that the DCI, to be independent in his judgments, had to be able to do independent analysis as a check on and stimulus to the other intelligence agencies. ONE found that it could not take issue with a military service interpretation of events without the analytic resources to back up its argument. Moreover, the progression from policy needs to requirements to tasking or to R&D and the resource decisions which both flow from and control this process have come more and more to depend on an independent substantive evaluation capability. Over

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time, therefore, CIA developed an analytic and production capability in the Directorates of Intelligence (DDI) and Science and Technology (DDS&T).

Science and Technology

A second major influence in the growth of CIA -- also unforeseen in 1947 -- has been technology. Beginning with a modest analytic effort against Soviet science on the one hand and with the development of the U-2 on the other, CIA has over 20 years developed major national assets both for scientific analysis and for technical collection. These two aspects were tied together in the early 1960s by the creation of the Science and Technology Directorate.

At the same time a broad research and development program was formulated with the objective of developing a center of expertise and technical capability focused on areas of unique interest to intelligence. This growing technical expertise, when married to other unique CIA operational capabilities, has led to a number of relatively small but extremely productive collection programs.

The existence of these operational and technical assets, independent of the Department of Defense, has provided an essential stimulus to the much larger Defense activities in similar areas. Interaction between technical and engineering personnel of CIA and Defense

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has led to an exchange of information to the advantage of both, and has made programs not under the direct control of senior intelligence managers more productive and better focused on real needs.

Operations

Long before this had been achieved, however, CIA had become a powerful arm of Government through the rapid development of its espionage and covert action capabilities in the Operations Directorate. This came about because the CIA, just created by Congress, seemed the only place to lodge the remaining operational elements of OSS. Almost by accident, therefore, a CIA supposed to concentrate on correlation and evaluation was staffed with a cadre of clandestine operators steeped in the security discipline and no-holds-barred tradition of World War II. The onset of the Cold War and the resultant clear need for extensive covert action programs, especially in Europe, gave a tremendous impetus to an organization already inclined in that direction, and successive DCIs devoted much attention to this aspect of their responsibilities. Their preoccupation had an important impact on the DCI's bureaucratic position: the more he was seen as leader of a single operating agency, the less he could claim to preside impartially over the entire intelligence effort. Their attitude also had an important effect on the public image of CIA. Clandestine operations are sexy; correlation and evaluation are not.

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CIA'S CURRENT ORGANIZATION

As now organized, the CIA has four Directorates, each headed by a Deputy Director:

- Intelligence, responsible for analysis and production other than scientific and technical.
- Operations, responsible for clandestine collection (principally from or through human sources), covert action and the control of CIA's overseas stations.
- Science and Technology, encompassing intelligence analysis plus the development and management of technical collection systems or activities.
- Administration, encompassing communications, security, personnel, training, finance, medical services and other internal housekeeping functions.

The first two Directorates -- Intelligence and Operations -- came to be housed in the same agency more or less by historical accident, as explained above. The third -- Science and Technology -- was created out of evolving components of the first two. All three Directorates developed virtually independently of one another and came to have quite distinct, some might say

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introverted, characters.* (The Administration Directorate has its own individuality, but it is better integrated with the other three than any of them are with each other.) In practice, CIA always has been largely managed at the Directorate level, with all threads ultimately coming together only in the office of the DCI, which has traditionally been a very leanly manned institution.

This is not to imply that the Directorates do not cooperate, but that their cooperation is frequently achieved through something akin to treaty alliances among virtually independent fiefdoms. In some respects, the DCI resembles a medieval king ruling over four baronies. He, and only he, can adjudicate among them. (With but one exception, no DCI has yet found it possible to delegate these functions in any meaningful way to his principal Deputy. The brief exception was Admiral Raborn, under whom Mr. Helms became the only DDCI ever to exercise significant line authority over the day-to-day management of the Agency.)

The above described arrangements have had two results: one obvious, one easily overlooked. The obvious one is a further, continuing burden on the DCI. Less

* *Each Directorate has its own career service, covering all General Schedule grades through GS-18. Apart from short-term, avowedly "rotational" assignments, the number of Agency officers who have been permanently assigned to more than one Directorate during the course of their careers is very small.*

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obvious but also important is the anomaly produced when the DCI, as head of the Community, is arbitrating a disagreement between two or more Community components where one party to the disagreement is the CIA. In such situations, the institutional equities of each of the other Community components involved has a vigorous advocate -- that component's head -- while the CIA, institutionally, has no advocate. The DCI is thus placed in an unenviable position: he must be both partisan advocate and impartial arbiter simultaneously, run the risk of appearing to be unduly partial to his own subordinates, or give the legitimate concerns of his own Agency short shrift.

The DCI and Covert Operations

As head of CIA, the DCI is responsible for, and spends considerable time supervising, the activities of the Operations Directorate which controls the Clandestine Service (CS).

In Annex F, we discuss the Clandestine Service and the questions posed by its operations, particularly those posed by covert action -- a term here used to encompass a wide variety of activities, ranging from small scale media-influence operations to large-scale paramilitary operations bordering on conventional war.

At the moment, covert action is a subject much discussed in Congress and in the press. Some argue that

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the US should not engage in such activities at all. Others accept the need for covert action in certain situations overseas, but question whether such operations should be conducted by the same service or organization also responsible for the clandestine collection of positive intelligence, i.e., espionage.

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The two activities appear to belong within the same organization for the reasons given above. This paper will not review in detail the 1949 to 1952 period, when there were two separate organizations, but it should be noted that virtually every professional intelligence officer who lived through this period and emerged to serve in the unified service has opposed a return to that earlier arrangement.

Assuming the Clandestine Service remains one organization, the question remains where in the government it

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should be housed. There appear to be three options: under the Department of State, under the Department of Defense, or under CIA.

Placement in the Department of State. Just how the Department would react to such a suggestion or how it would include the service organizationally is difficult to judge. There are the following advantages:

- Coordination of covert action should be easier.

- Planning would be easier.

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-- There would be a tendency to restrain the CS from carrying out its activities because these might endanger diplomatic equities of the United States. Restrictions on independent reporting from the field would be harder to resist.

-- There would be great difficulties in maintaining a separate line of command, separate communications channels and the degree of compartmentation* essential to the conduct of clandestine operations.

-- Budgeting would present problems since it would be difficult to hide the CS budget within that of the State Department.

Placement in the Department of Defense. At first blush this appears a more logical choice. The Defense Department includes intelligence organizations, the

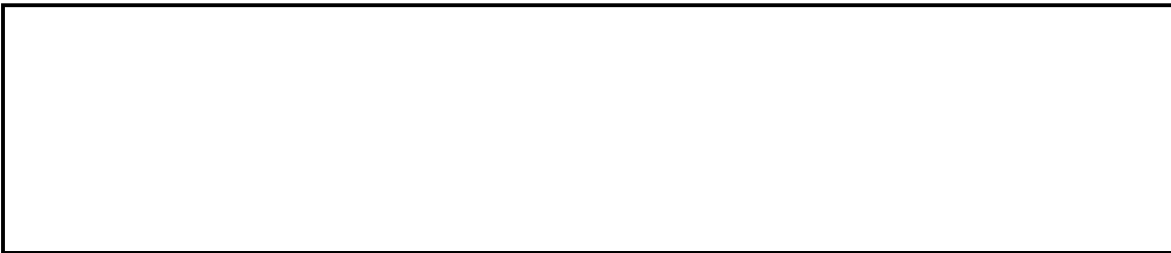
* *"Compartmentation" is a concept central to the secure conduct of clandestine activity which, in turn, rests on another concept: "need to know." Under it, access to sensitive information is restricted to those who need it to discharge their specific responsibilities, with no one being automatically entitled to such information by virtue of other considerations such as rank.*

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military services are traditionally prime customers of intelligence, and the Defense Department is a large organization with many functions in which the Clandestine Service could be sequestered.

Advantages:



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-- Much of the support now available to the CS in CIA is available in the Defense Department.

-- Closer coordination with Defense intelligence organizations would be achieved.

Disadvantages:

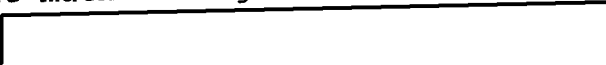


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-- The ability of the Clandestine Service to serve the production elements of CIA would diminish, since there would be increased emphasis on Department military reporting. It would be more difficult to maintain a balanced intelligence collection effort directed at national goals.

-- It is doubtful that much saving would be effected through joint budgeting. 

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Continued Subordination to CIA

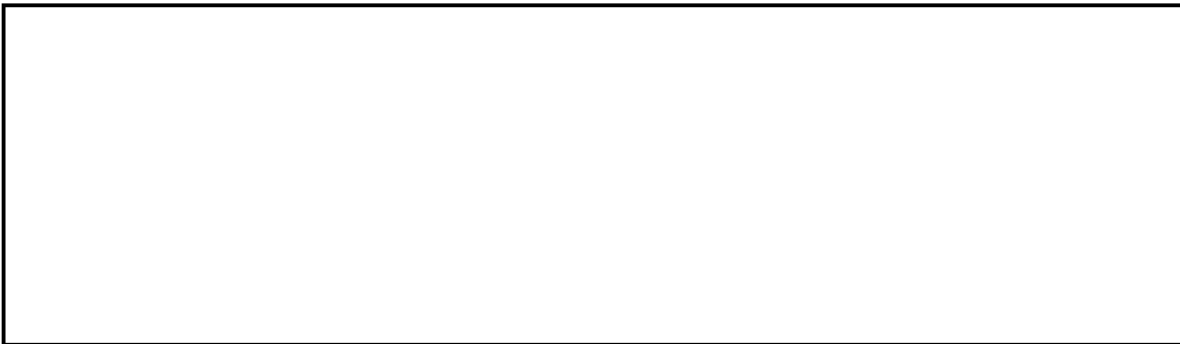
Against the arguments for transfer elsewhere must be considered the advantages of leaving the Clandestine Service within CIA.

First, it can be argued that the CS would lose some, or most of its "objectivity" as a collector of intelligence should it be moved into either of the two large customer organizations. A tradition has developed in the Clandestine Service that it serves everyone -- the Secretary of State, the Secretary of Defense, other departmental secretaries, the working Foreign Service Officer, his counterpart in the military and any other US Government office with a legitimate need for clandestinely procured information. While it serves these customers, its primary responsibility to the President and the NSC keeps the CS focused on national objectives.

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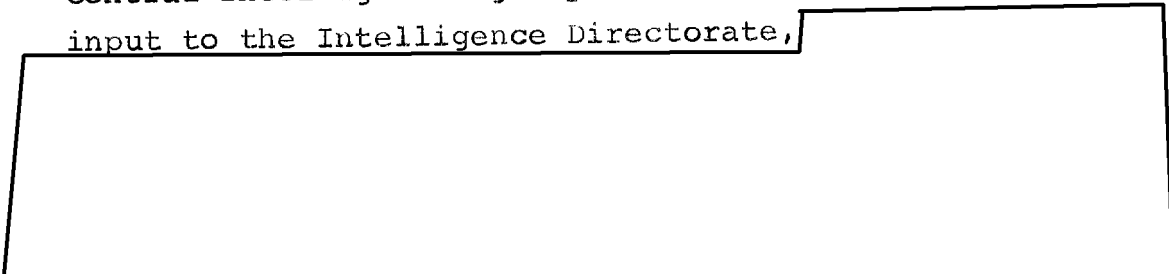
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Second, the clandestine service is now supported by the rest of CIA. CIA's Directorate of Administration provides the CS with communications assistance, physical security for its personnel and its buildings, computers and other data storage, transportation, the recruitment and retirement of its personnel, a host of housekeeping advantages, and a link to the administrations of other departments and agencies. The Intelligence Directorate provides the CS with finished intelligence papers to be used by the CS and with foreign intelligence services. It also provides guidance for the collection of intelligence, guidance and assistance in relationships with other departments -- particularly in communications intelligence -- and a unique exchange of ideas on worldwide political, economic, and military events. The Directorate for Science and Technology provides the CS



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In return, the CS supports other elements of the Central Intelligence Agency. Its reports are a major input to the Intelligence Directorate,



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If the Clandestine Service is to be placed elsewhere than in CIA, it will be necessary to develop such support either within the Clandestine Service itself or within the host US department. In short it is probably best to leave the CS where it is.

DCIs AND THEIR MANAGEMENT OF THE COMMUNITY

Faced with such a bewildering array of functions and organizations, each DCI has chosen to concentrate on a part of his responsibilities. Dulles saw himself primarily as director of the Government's covert arm. McCone saw himself as Presidential advisor, and found CIA a useful instrument for that purpose.* Raborn was only in office fourteen months. Helms concentrated on the management of the Agency; under President Johnson, he functioned to some extent as advisor but resisted asserting his authority over the Community. Schlesinger appeared in the short time he served to be putting the Community role first. Colby has sought to give equal weight to his Community and Agency responsibilities. More broadly, he has sought to bind both these responsibilities together, across collection, production, and resource management, through the concepts of the National Intelligence Officer (NIO) and the Key Intelligence Question (KIQ).

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

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

Whether under Helms, who did not feel he had the Presidential backing necessary to carry out the full intent of the directive, or under Schlesinger, who set about to implement the plan he helped write in a manner that set his newly formed Community staff in sometimes bitter opposition to his own CIA, or under Colby, who has been too involved in dealing with the external difficulties he inherited to give full attention to the problem, the directive only marginally changed power relationships and therefore solved little.

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To the two objectives pursued by Schlesinger, recent events have added two more: the need to build effective internal and external oversight, and the need to develop public confidence in the effectiveness of intelligence that will permit it to function.

DOES THE COMMUNITY NEED A MANAGER?

No DCI or anyone within Defense, before the Schlesinger study, considered that his Intelligence Community responsibilities included making recommendations on all the various resource questions arising within the Intelligence Community. Should there be such a role at all?

The need for an effective overall management mechanism in the Intelligence Community was clearly recognized in the 1971 Schlesinger study; the need is no less important today. The Intelligence Community of 1975 is larger and vastly more complex and sophisticated than anything contemplated in 1947. Evolving technology is increasing, not reducing, both the need for effective central management over all intelligence and the difficulty of that management task. In addition, the size of the Intelligence Community and the demonstrable need to balance the contributions made by all of the various components argue strongly for a leader. The compartmentation which characterizes many individual intelligence programs increases the likelihood of unnecessary duplication of effort. This requires that a special effort be made to

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insure that someone in the Community, who is knowledgeable about all of the programs, coordinates the allocation and use of resources. There are signs that if the Executive Branch cannot find an effective way to carry out this responsibility, the Congress will try its hand.

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

The DCI in 1975

As Presidential advisor, the DCI has always been organizationally removed from the President he is supposed to advise. In 1975, this separation is increased by the fact that the current DCI is head of an agency under political attack for "improprieties." If the position of the DCI as manager of national intelligence was seen in 1971 as too weak to accomplish the job, that position is even weaker relative to his problems today.

PART III
THE FUTURE ORGANIZATION AND
MANAGEMENT OF THE INTELLIGENCE COMMUNITY

Based on the analysis presented in preceding sections, this section outlines three basic approaches to effecting necessary changes in the current management arrangements and organizational structure of the Intelligence Community: creating an independent unitary national intelligence agency; placing all intelligence components now independent of departmental control within the Department of Defense; and concentrating on reordering the office of the DCI.

We find the first two approaches create more problems than they solve, and hence reject both in favor of the third: building an intelligence system which has both independent and departmental components, but is under an independent authority.

When one goes through the gate of this third approach, however, the path immediately forks: One fork follows the path of separating the substantive and the resource management responsibilities now combined in the Office of the present DCI; the other keeps them combined. For reasons explained in our argument, we opt for the latter.

Having concluded that the US intelligence system ought to be presided over by an independent senior official who is (in all senses) the nation's principal foreign intelligence officer, we set forth

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the conditions under which this officer can be effective, and propose some new organizational concepts for making him so. Change is not suggested for the sake of bureaucratic neatness. Rather, it is proposed to bring about improvements in the quality and efficiency of the American intelligence process.

BASIC APPROACHES TO COMMUNITY ORGANIZATION

The number of possible organizational permutations is infinite. Practical considerations, including the extent and weight of Defense Department interests, narrow this range to three basic approaches. The President, in collaboration with Congress, could:

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

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

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-- Leave mostly unchanged the division of labor between Defense and CIA which has evolved since 1947 and, instead, focus on the office of the Director of Central Intelligence; modifying that office, and its authorities, in ways that will enhance the DCI's ability to play a more effective role in contributing to the overall effectiveness of the Intelligence Community, and at the same time reducing his direct involvement in managing CIA.

The Monolithic Solution

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

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For several reasons, however, we believe this basic approach is unsound. First, we doubt Defense could be

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

The Defense Solution

We have argued that there should be a strong overall leadership function exercised within the Intelligence Community. The alternative discussed above is one extreme approach toward meeting this objective. At the other end of the spectrum, it can be argued that this responsibility should be lodged not within an independent intelligence agency but within the Department

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of Defense. The CIA program would in effect become part of the Defense intelligence program and budget. CIA would no longer be an independent agency and the DCI's role as Community leader would be eliminated in favor of an appropriate Defense official. After all, as has been pointed out many times, the bulk of the dollar resources in the Intelligence Community already belong to Defense.

This second basic approach also would allow control over all US intelligence to be consolidated in the hands of one individual, though it is questionable how real such control would be unless all existing intelligence organizations were placed under his line command -- a difficult move that would be strongly resisted within Defense.

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

Second, and even more important, this approach would effectively repeal the 1947 Act's most basic provision with respect to intelligence: placing the correlation and analysis function in an independent agency. We doubt anyone would seriously advocate this

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basic change since the need for independent intelligence appraisal seems well accepted everywhere.

The argument for an independent CIA is based on the need in policy councils for "objective" intelligence on which to base the discussion of policy issues. CIA does not necessarily perceive truth more clearly than others do. Nonetheless its views can be communicated directly to the ultimate decision makers without being influenced by departmental superiors who have other interests on which these intelligence judgments will inevitably impact, or simply a different world view.

If CIA were integrated into Defense, protecting its substantive independence would not be easy. A law could stipulate that the DCI, now a Defense official, would continue to report to the National Security Council or even the President on all but resource matters. This would be similar to the arrangements under which the Joint Chiefs of Staff now report independently to the President. But this independence, even if supported by law, would be difficult to maintain.

One early task of the newly created Deputy Secretary for Intelligence would certainly be to examine and rationalize the diverse production elements for which he would now have a responsibility. Resource and other pressures would make sensible an effort to combine the existing DIA and Service production organizations with the newly transferred DDI and DDS&T production entities.

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We doubt this process could be completed without perhaps irreparable damage to the capabilities of the CIA production entities and to their independence of view.

There would also be other statutory and bureaucratic problems: different legal authorities, personnel systems, etc., would need to be made consistent with other Defense authorities or explicitly excluded from them if what is now CIA is to remain a flexible instrument.

A National-Departmental Balance

The third basic approach -- finding a way to assert greater control over the whole intelligence process while leaving both Defense and CIA in the intelligence business -- seems to us the only practical one. The fundamental political and substantive problems described above preclude classical organizational solutions placing command and control over all or most intelligence functions in one individual, either the Director of Central Intelligence or an appropriate Defense Department official.

Moreover, there are cogent arguments for the continuing existence of an independent intelligence organization not subject to the control of any other line department or agency.

At the same time, the Department of Defense, charged with responsibility for defending the nation, requires a measure of control over important collection, processing and other intelligence activities in which CIA also has a major continuing interest.

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The key to successful implementation of this third basic approach is structuring the office of the DCI so that its holder can discharge the responsibilities of Community leadership without adversely affecting the legitimate interests of the Departments of State and Defense. The DCI clearly needs a stronger voice in decision making on fundamental issues in the Intelligence Community. At the same time, individual program managers in Defense need to retain considerable latitude and flexibility in the conduct of day-to-day operations. Both goals can be met by increasing the DCI's voice in the processes which determine how resources -- money and people -- will be allocated in the Community, while preserving an independent CIA and continuing Defense responsibility for actual operation of most present programs.

A CRITICAL CHOICE

If the President and the Congress opt for this third approach, they will soon find themselves at a critical fork with two diverging paths leading to quite different future Intelligence Communities.

The Act of 1947 established the DCI, and the CIA, primarily to discharge a set of substantive responsibilities: to "correlate and evaluate intelligence relating to the national security." Over time, the DCI that the Act created came to be acknowledged as the nation's principal foreign intelligence officer. His orientation in this sphere was primarily toward sub-

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stance: the collection of intelligence, and the synthesis of all information available to the US Government into objective and comprehensive appreciations and estimates. As the techniques and instruments of technological collection became more complex and costly, however, the DCI was inevitably drawn into basic issues of resource allocation and resource management. This process was gradual and, to a large extent, unplanned.

Part II of this paper explained how and why the foundations Congress laid in 1947 are not adequate to bear the structure that has been erected upon them. It devoted particular attention to explaining why the office of the DCI, as now constituted, is ill-equipped to discharge the substantive and especially the resource management responsibilities with which he is now vested. If structural reform is to be grounded on altering the DCI's role and authorities, a crucial decision has to be made, namely whether:

- 1) The DCI is to be the true head of the Community in both senses; i.e., to be responsible in a major way for stewardship of the resources this nation devotes to intelligence and, simultaneously, to be the nation's principal substantive foreign intelligence officer, or

- 2) The substantive and resource management responsibilities are to be split, with the DCI being replaced by two senior officers; one charged exclusively with resource management and the other with substantive responsibilities.

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If the latter decision is made, one of these officers would be concerned with broad management problems in the Intelligence Community but not with substantive support to high-level consumers. He might be called the Intelligence Comptroller and would be provided strong authority over resource matters. Funds for all Community programs would be appropriated to the Comptroller; he would use an Executive Committee arrangement to seek Community guidance and counsel, and to arrive at major policy decisions on programs. The DCI would remain the senior substantive officer.

The principal advantage of this approach derives from the division of responsibility for the management and substantive functions. The responsibilities of each position would be spelled out in law. A Comptroller would find it easier to be impartial in the Community, since it could not be argued that he was favoring his own production components, or the collection systems which support them, at the expense of others. Furthermore, a full time resource manager could give more attention not only to problems within the Intelligence Community but also to the presentation and defense of that Community's budget before Congress. Finally, filling these positions would be simplified since there would be no need to find an executive who could discharge equally well both sets of responsibilities.

There are, however, major disadvantages. This approach would create two Community leaders. Conflict between them would be inevitable as they tried, from

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the quite different perspectives of substance and resource management, to influence major decisions within the Community. Although this conflict might help illuminate the issues surrounding major policy questions, it would crystallize over the issue of who was the Government's principal intelligence officer: the Comptroller or the DCI. Which one would be a member of the NSC or attend its meetings? Would both? The Comptroller would have little to contribute to substantive NSC deliberations; but his position would be undercut if the substantive officer (the DCI) attended NSC meetings and he did not.

Furthermore, without substantive background or his own substantive staff, the Comptroller would be ill-equipped to evaluate the qualitative contribution of analytic approaches or collection systems competing for scarce resources, or to adjudicate disputes over such issues between Community components with substantive responsibilities.

Any Comptroller would be strongly tempted to develop his own substantive capability in order to do his resource job, a temptation to which some Comptroller would be bound to succumb, thus starting down the slippery slope of redundant duplication.

The basic problem is that the intelligence process is seamless, and divorcing resource questions from sub-

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stance does inevitable damage to the adequacy of the Community's response to both. There are better approaches, outlined below, which will achieve the advantages of this concept while minimizing its inescapable costs. It is worth noting that our conclusion here supports one of the most fundamental conclusions of the 1971 Schlesinger study -- the need to combine responsibility for leadership on both substantive and resource management issues within the Intelligence Community in one individual.

For these reasons, we believe the path of separating the substantive and resource responsibilities of the DCI, divesting him of the former so that he may better discharge the latter, is a blind alley -- temptingly simple on first inspection but leading to a situation even worse than that which now exists and which clearly demands fundamental improvement.

THE PREFERRED PATH

If we stay within our third basic approach but follow the path of keeping substantive and resource management responsibilities combined, there are two broad options for restructuring the office of the DCI. They would lead to two quite different DCIs in the future.

The first option contemplates a DCI with line responsibility over CIA and a staff role with respect

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to the balance of the Intelligence Community, as now. In appearance, this would much resemble present arrangements, but it would differ from them in several significant respects. This DCI's ability to influence decision making on certain important issues would be enhanced by creation of an Executive Committee, under his chairmanship, for the Consolidated Cryptologic Program, along the lines of the present arrangement with respect to the NRP. His line responsibility for management of CIA would be reduced somewhat by creation of a statutory civilian deputy director charged with this responsibility. This approach is discussed as Option One below.

The second option would eliminate the DCI's direct responsibility for day-to-day management of the CIA but materially enhance his authority over the allocation of resources to all elements of the Intelligence Community and give him a much stronger voice over the Community as a whole.

Under both options we propose that the DCI be made a member of the NSC. This would reconfirm his position as senior advisor to the President on major intelligence issues and increase his stature vis-a-vis the Secretaries of State and Defense.

Implementation of the first option would require relatively minor adjustments to the current structure. These could be carried out with only slight modifications to existing legislation. Achievement of the

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second option would require considerable effort; it involves fundamental change, and would require a major revision of the intelligence portions of the National Security Act of 1947 and the CIA Act of 1949.

OPTION ONE

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

-- Adapt the Rockefeller Commission recommendation for a deputy director of CIA responsible for line management by amending the Act to provide the DCI with two deputies, a civilian to run CIA and a military officer to preside over the Community. Make the DCI a member of the NSC. Amend the 1947 Act to clarify the DCI's responsibilities within the Intelligence Community, and to establish the new Deputy DCI's management responsibilities for CIA. These changes would strengthen the DCI's hand in exercising a staff role with respect to resource issues in the Intelligence Community, and it would help to ease the management problem within CIA presented by a DCI who personally wears two hats.

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

-- Charge the DCI with providing the President each year an evaluation of the contributions made by various collection systems to the solution of intelligence problems. This proposed annual evaluation would supplement the report to the President required under the November 1971 letter calling for an independent DCI recommendation on the overall Intelligence Community Budget.* Include language in the amended act establishing the DCI's staff responsibility to the President for Intelligence Community resource matters. This point is discussed at greater length in Annex G.

-- Create an Executive Committee for overall policy direction and budgetary oversight of the Consolidated Cryptologic Program, the largest and most important Community program in which the DCI now has no formal management role. As in the case of the NRP, the DCI should chair the ExCom, but final decision-making authority would of course be retained in Defense. White House and JCS representation on the ExCom would be highly desirable.

-- Form a National/Tactical Planning Committee chaired by the DCI's military deputy with appropriate

* *It would have the effect of suggesting to Defense and to the President (OMB) the desirability of certain decisions about Intelligence Community resource matters without, however, significantly extending the DCI's direct role in decision making.*

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Defense representation. Charge it with considering how to make better use of centrally-managed national collection to support tactical requirements and with developing plans for the transition of the national intelligence system from peace to war.

-- Establish an Intelligence Coordinating Committee to deal with problems between the Intelligence Community and the Department of State other than in the production area. This Committee would be chaired by the DCI and would include a senior State Department officer at the Under Secretary level. Here too a White House presence would be desirable.

-- Retain the USIB, under the DCI, for national intelligence production and for such other functions of USIB as are not assigned to the other bodies proposed in these recommendations. Re-examine its membership in the light of these changes.

-- Make the DCI Chairman of the National Security Council Intelligence Committee. The DCI needs consumer reaction and no consumer has ever systematically provided it.

Under this option, the statutory relationship of the DCI to CIA would remain unchanged, but he would be freed to the extent he permitted himself from his responsibility for administering CIA. The DCI would be

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given a modest increase in authority within the Community, he would be provided better machinery for coordinating community activities, and he would be given an opportunity to increase his influence in the management of the CCP.

Implementation of this option would improve in important ways the overall management arrangements which currently exist within the Intelligence Community. We are convinced, however, that the changes needed are more fundamental than those reflected in this option, and that an opportunity for effecting such basic changes now exists. Our suggestions for more of these basic changes are spelled out, in considerable detail, in our second option.

OPTION TWO

This option is based on the premise that it is feasible to make major changes in the DCI's legal authorities and, hence, to consider steps -- more drastic than those outlined above -- which would get to the root of the problems and structural weaknesses that now inhibit the effectiveness and efficiency of the US Government's intelligence system.

Necessary Conditions

If the DCI is to have the authority he needs, there are three necessary conditions.

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The first is delicate and double-edged. The DCI must have, and be known to have, the President's confidence and support. He should have, and be seen to have, regular, frequent access to the Oval Office. While it is essential that a DCI have the President's continuing confidence and support, it is equally important that the DCI's office neither be, nor appear to be, politicized. The institutional organization and physical location of his office should be fixed in a way which emphasizes that the DCI supports the Office of the Presidency.

Secondly, the scope of the DCI's authority should be defined in statute. Even if the DCI does enjoy the relationship with the President described above, it is reasonable to expect that the Secretaries of State and Defense will also have the President's confidence and even greater access to him. If this is indeed the case, they will readily outweigh the DCI unless his position is buttressed by a stronger framework of statutory authority than that which now supports him. The main girder of this framework should be resource management. The stronger the DCI's voice in the allocation of funds, the easier it will be for him to impose rationality on other aspects of his job.

Thirdly, our intelligence system must meet not only the national level requirements of the President and the members of the NSC, but also the departmental requirements of the Secretaries of State, Treasury,

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and Defense, the other principal officers of state, and their staffs. The relationship between the head of the Intelligence Community and the Secretary of Defense is of particular importance. Their respective interests must be, and be seen to be, congruent rather than competitive or divergent. This relationship should be set forth in a statute which clarifies their respective roles in the management of intelligence and encourages their subordinates to cooperate rather than compete.

THE DGI APPROACH

After carefully considering other alternatives, we are convinced that the best answer to the problems addressed by this study lies in making certain major changes in the nature and functions of the office of the Director of Central Intelligence. For the purpose of this paper, we propose to call this new officer the Director General of Intelligence, or DGI.* We would put him at the apex of a framework which provides him with stronger statutory authority over the Community than that of the present DCI but which places him at

* The best title for this officer would probably be the Director of National Intelligence. That title, however, was used in the 1971 Schlesinger Report to label a concept different from that which we are here proposing (and, in fact, one we specifically recommend against adopting, for reasons explained on pages 55-56). Hence to minimize the risk of confusion between our recommendation and that of the 1971 report, we label our concept with the different title.

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a greater distance from CIA. The DGI approach (Option Two) entails:

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

-- A new concept for the DGI's role in relation to the Intelligence Community;

-- A new concept of the DGI's relationship to the Department of Defense and to major collection programs;

-- A new concept of the relationship between the DGI and the CIA.

In carrying out his responsibilities, the DGI would be supported by a substantive staff and by a staff to assist him in the critical functions of comptrollership, collection management, and performance evaluation. This last function is of particular importance since regular careful review of the Intelligence Community product and its responsiveness to consumer needs is central to effective community management. The evaluation function would also extend to the effectiveness of the various community elements in contributing to the product, particularly the expensive and complex technical collection systems.

We also propose that the DGI have a strong inspectorate with access to the entire Community. This organization would put the DGI in a position to exercise

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effective internal oversight, in cooperation with whatever external oversight organs are created.

The DGI's Resource Controls

In resource management, our concept is simply stated, although we are fully aware that it is a major step. *It is that the bulk of the intelligence budget now appropriated to Defense and CIA be instead appropriated to the DGI for further allocation to the various existing program managers in the Community.** At the same time, the present DCI's responsibility for direct management of the CIA would be eliminated. New legislation would of course be required. This legislation should provide for the DGI, in handling these larger funds, as much of the fiscal flexibility given the DCI by the CIA Act of 1949 as politically feasible if the major technical collection programs are to be efficiently managed.

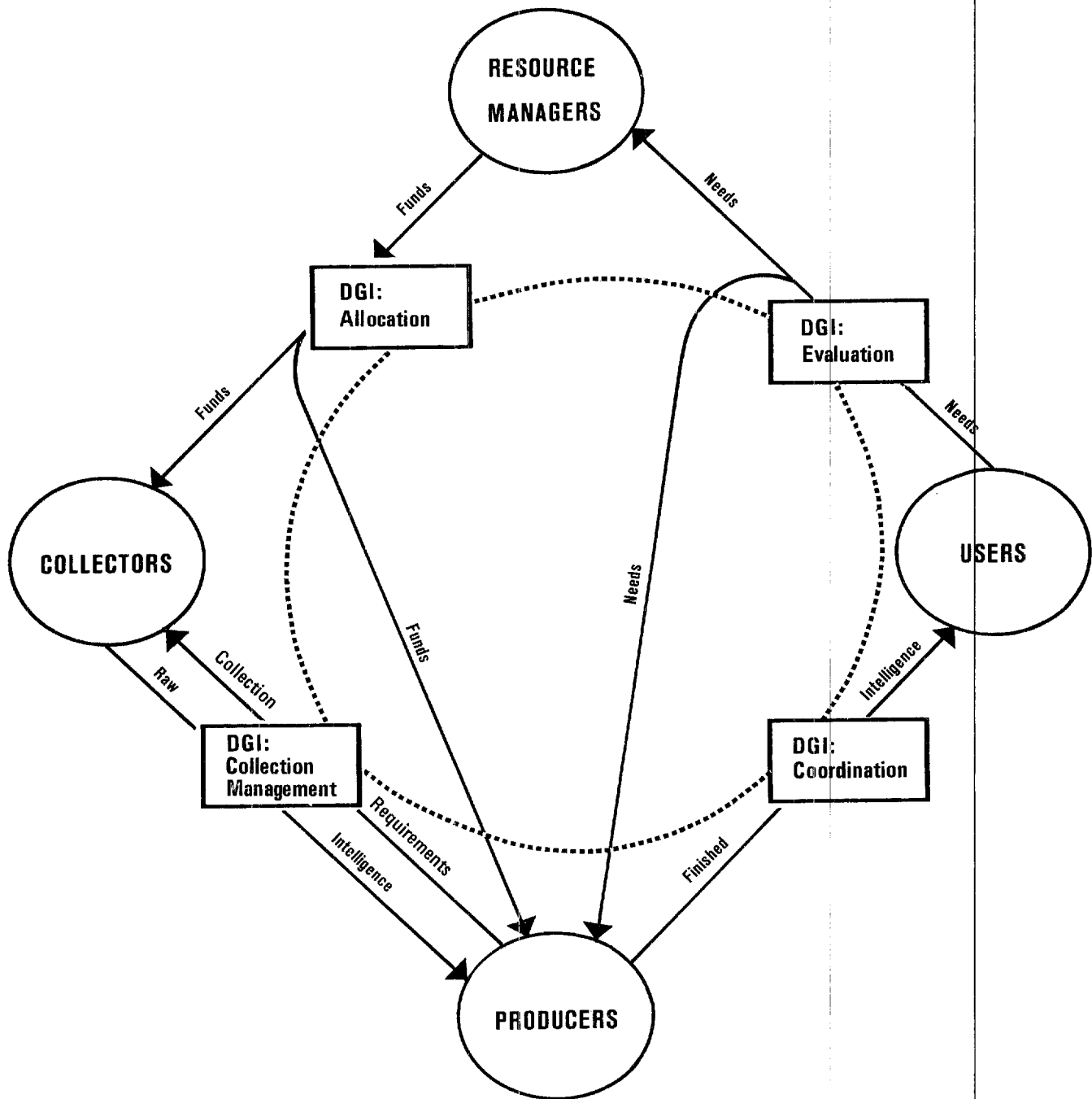
The DGI and the Community

This option would not involve placing operational control over all Community programs in the DGI or, in the case of most Defense programs, moving those programs out of the Department. As noted above, the concept of

* *Such an arrangement has been effectively employed before. During the 1960s, for example, certain funds were appropriated to the Director of the Office of Economic Opportunity but then delegated to the Department of Labor for actual program operation.*

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A CONCEPT OF THE NATIONAL INTELLIGENCE PROCESS



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a unitary command structure for intelligence, either under an independent office or within Defense, has been considered and rejected. *Rather, in this new concept, the DCI would exchange his present powers (variously to command, advise, and persuade) for the DGI's more effective and less conspicuous management powers at key points in the structure.*

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

Under this option, the DGI would provide policy direction and would work to ensure an efficient, productive and coordinated community program. He would pursue this objective without exercising direct line management over any of the operational elements in the community, but instead indirectly, by regulating the linkages among these elements (see sketch), largely through chairmanship of several boards and committees. The DGI's control over the allocation of funds would ensure that the decisions of these boards were implemented.

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The DGI's Relationship to the Department of Defense

A proposal to transfer substantial funds and authority from Defense to the DGI will no doubt meet resistance. The success of this approach will depend upon the establishment of a new relationship between the DGI and the Secretary of Defense, based on a recognition of the impact of planning for war on intelligence operations in peacetime. As has been noted, the failure to deal with this problem has frustrated the creation of a truly national intelligence system for almost three decades. We propose now to turn the question upside down, to consider the question from the wartime end rather than, as we have since 1947, from the peacetime one. The inherent conflicts in the current structure might be resolved by new legislation as follows:

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

Such a formulation would help to cause the interests of the Secretary of Defense and DGI to converge where they are now adversary. The Secretary would be more

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interested in seeing that the DGI built a strong intelligence system in peacetime, while the DGI would be more concerned that the system be designed to meet Defense's needs in peace or war. The DGI would be de facto a part of the National Command System, and his relationship to the National Command Authority would be clearly established. In the event of war the entire system, including the DGI, would theoretically move under the Secretary of Defense's authority as a unit with less disruption of internal command mechanisms than would take place under such understandings as now exist.

Much more important in today's world, this formulation would help open the door to development of a more coherent overall intelligence system, with a unitary budget, in peace. This should, over the long run, make possible improvements in the ultimate quality of the intelligence product at lower overall cost. At the same time, the Congress could be assured that the peacetime DGI was in fact independent of departmental interests.

This arrangement would work to Defense's net gain. The same disagreements that have prevented development of a truly national intelligence system have also handicapped development of the military intelligence system. With the DGI clearly responsible both for wartime support of the military and for effective organization of that support in peace (in collaboration with Defense) a serious problem for military planners could be reduced.

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Defense could also expect national intelligence production to be more responsive to its needs.

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

Specific Problem Areas

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

National Reconnaissance Program. A DGI armed with budgetary powers and a better defined relationship with Defense will be in a position to manage technical collection more efficiently, to make more sensible choices, and to respond more flexibly to new requirements. Better arrangements will be needed, however, to link him with technical program managers. The current operational structure for the National Reconnaissance Program is the National Reconnaissance Office. The NRO in its current form is an anomalous patchwork originally constituted in a period of bureaucratic strife. Competition within the NRO will not be as useful in the future as it has been in the past, and the coordination problems within a

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

An alternative to present practice would be to reconstitute the NRO as an integrated, operational organization jointly staffed by elements of the Department of Defense and CIA. In this arrangement the D/NRO would become the line manager of the various NRP programs. This would create an organization in some ways analogous to NSA, which has under NSCID 6 a clear line of command over the CCP. This organizational structure for the NRO has appeal from the point of view of streamlined management and tight, coherent program direction. It would certainly meet the increasing insistence of Congress on efficient use of resources and elimination of needless duplication. It would also be well suited for dealing with the increasing complexity and growing diversity of consumers, which is likely to occur as direct support to military commanders becomes more substantial.

However, an integrated operating organization of this type raises the problem of appropriate organizational location. Such a structure would probably be inappropriate, if not totally infeasible, as an element of the Secretary of Defense's staff. For different rea-

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sons, establishing such an organization within one of the three Services would pose a number of serious problems. If the role of the DCI were to be changed substantially and the Intelligence Community restructured, a better location for the NRO might be found.

In considering the future organizational location of the NRO, an important problem associated with the funding of the NRP should be discussed. The appropriation and expenditure of NRP funds is both a unique and an anomalous process.

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There would in fact be serious penalties in flexibility, dollar efficiency, and ultimately, performance if this privileged status of the NRP were not preserved. On the other hand, it seems extremely unlikely with the current mood of Congress that such arrangements between a few key senators and congressmen and certain Executive Branch officials will be allowed to continue outside the normally applicable statutes. Thus, in addition to finding a proper home for the National Reconnaissance Organization, a means for appropriating funds for the NRP must be established outside the normal Defense appropriation process if an aggressive and effective National Reconnaissance Program is to be continued. This problem would obviously be solved by appropriating funds to the

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DGI proposed under this option, if the DGI retained the flexible funding authorities given to the DCI by the CIA Act of 1949.

Consolidated Cryptologic Program. As noted, NSCID 6 gives the Director, NSA authority over the national SIGINT system. This provides strong management for NSA and protects it from many of the bureaucratic pressures that affect other organizations of the Community. It also tends to isolate it from the Community, however, and to make it in a number of ways difficult for a Community manager to handle.

-- NSA with its control over the service cryptologic agencies is virtually self-contained, and physically separated from the rest of the Community. This makes NSA the hair shirt of any DCI seeking to measure its effectiveness or to form balanced judgments as to its responsiveness to national needs.

-- For reasons valid in the past but less so today, NSA continues to be dominated by the military. It is controlled by Defense and most of its intercept work is still carried out by the service cryptologic agencies. Overall military influence is declining,

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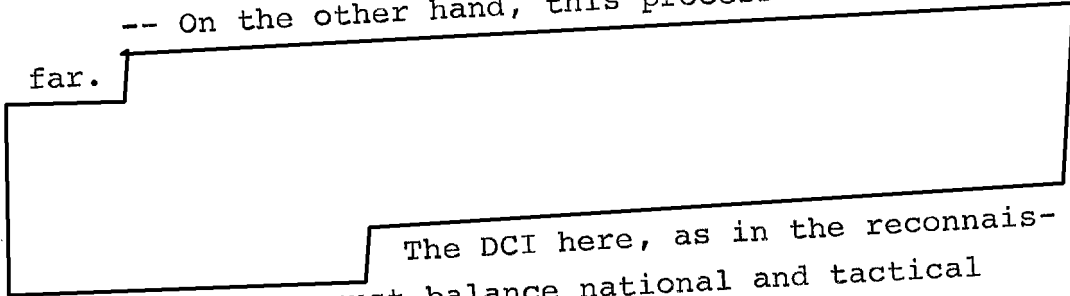
Nonetheless NSA remains more responsive to military requirements than to the growing po-

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litical and economic needs of national intelligence. A continued strengthening of civilian influence is desirable if these latter demands are to be met.

-- On the other hand, this process cannot go too far.



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The DCI here, as in the reconnaissance program, must balance national and tactical needs, a task complicated by his difficulties in obtaining information.

-- The DCI has at least some voice in the management of all major collection programs except the Consolidated Cryptologic Program. His influence over NSA are limited to the IRAC and the SIGINT Committee of USIB. The latter is able to establish priorities for NSA, but for reasons stated above is unable to monitor adequately NSA's performance against them.

If a DGI is to develop a coherent national intelligence structure to serve both national and tactical needs, he must find ways to integrate NSA and the service cryptologic agencies more fully into that structure. To do so, he will need a strong voice in establishing requirements for NSA and the ability to measure its performance against those requirements, and this

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cannot be obtained without much greater access to the details of its operations.

It seems unlikely that the DGI can succeed where all DCIs have been frustrated unless he acquires a major voice in the management and funding of the CCP. In the context of the other arrangements proposed in Option Two, it seems logical to give him such a voice. Under this option the CCP as well as the NRP would be funded through the DGI, and we propose that the responsibilities of the NRP EXCOM, chaired by the DGI, be extended to cover the CCP. If the DGI had these powers, information and responsiveness would follow.

The DGI and the CIA

In recommending a greatly increased role for the DGI in Community matters, we also recommend a major change in his relationship to CIA. In fact, we propose a statutory separation.

Divesting the DCI of direct management for CIA has been suggested before and rejected, largely because of arguments such as the following:

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

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

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-- A DCI, separated from the resources of CIA, would need a substantial staff.

The first of these reasons is no longer valid since the National Security Act may be revised in any event. The second is not necessarily true. The third has merit, but it is not by itself a fundamental argument for maintaining the status quo.

On the other hand, there are strong reasons for separating the proposed DGI from the CIA:

-- The DCI has important responsibilities for managing the whole Intelligence Community, responsibilities which would be increased under the DGI concept. The DCI's ability to exercise his Community responsibilities has long been complicated by his concurrent role as the administrative head of CIA. Within the Community itself, he is seen as the head of one Community component with its own vested interests in certain programs and policies. Furthermore, the time and attention the day-to-day management of CIA inevitably requires detracts from the time available to the DCI for concentration on Community problems. In point of fact, no DCI over the past 28 years has been able to do full justice to both sets of responsibilities.

-- If the new DGI's overall management and budgetary role is to be considerably larger than that of the present DCI, his management span must be reduced in other ways.

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-- The CIA itself has become the subject of widespread criticism. Separating the new DGI from direct management responsibility for CIA (or its successor) would enable him to concentrate on his new responsibilities without encumbering legacies from past controversies or the political onus of being the nation's chief "spymaster."

In light of the above, under this option the DGI and CIA would be separated by law, and the CIA would be renamed the Foreign Intelligence Agency* -- a piece of symbolism designed to stress the break with the past. Its operating head, the Director of the FIA, would be appointed by the President and confirmed by the Senate.

By increasing the DGI's power over the Community while divesting him of operating responsibility for the FIA, we believe greater efficiency and political acceptability can be obtained. Two issues however immediately arise:

-- To whom should the Director of the FIA (D/FIA) report; specifically, should he report directly to the NSC (as does the present DCI), or should he report to the NSC through the DGI, himself a member of the NSC?

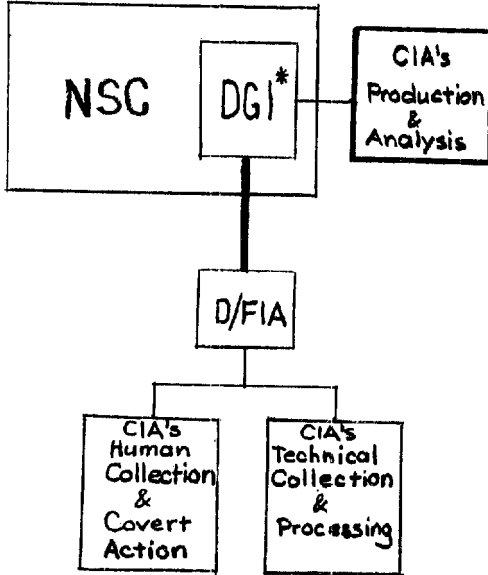
-- The DGI's staff must include a substantive group essentially similar to the present NIOs. Should

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

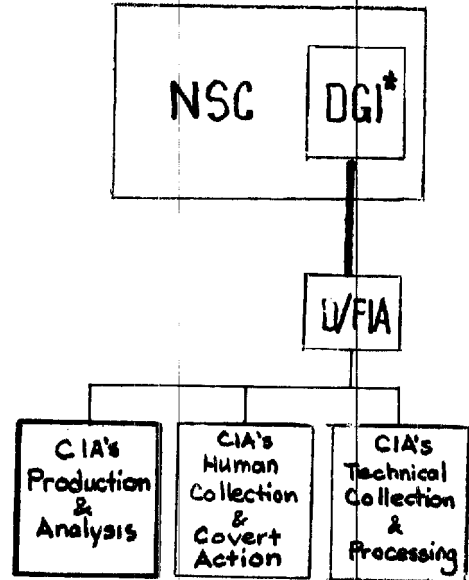
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Schematic Sketch of Option Two's Four Variants

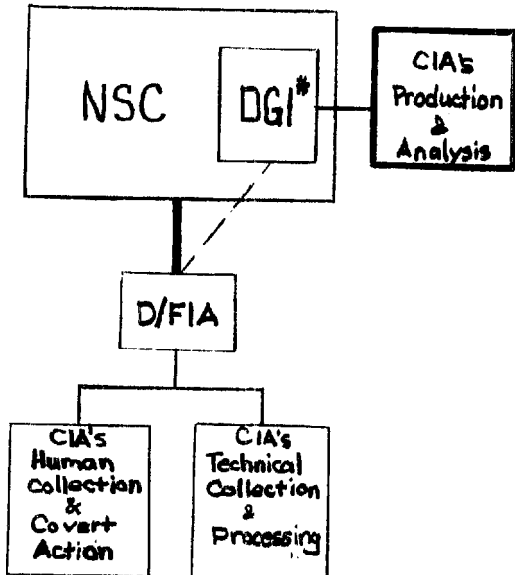
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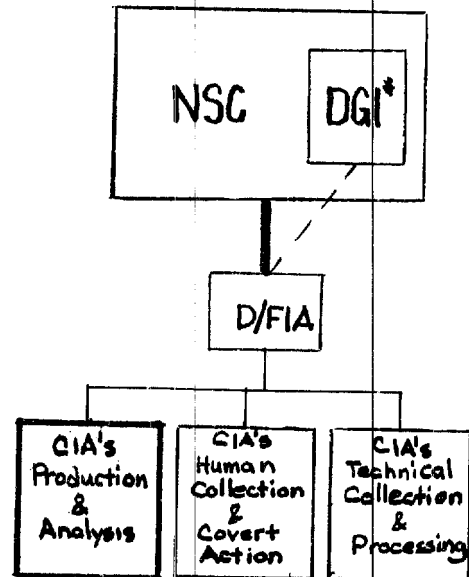
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** In all four variants, the DGI is a member of the NSC.*

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it also include the production elements of CIA's DDI and DDS&T, on which the NIOs now heavily rely, or should these remain in the new FIA?

These two questions may appear to be separate, but they are actually intertwined. As stated, they may seem of small consequence, involving only niceties of bureaucratic subordination or protocol. This is not the case; for wrapped up in them are organizational and functional considerations of major importance.

There is no set of arrangements which will perfectly accommodate all of these considerations. The choices involved can be most clearly distinguished by permuting the two variables.

- Variant A: D/FIA subordinated to DGI; DGI acquires CIA analytic and production capabilities.
- Variant B: D/FIA subordinated to DGI; D/FIA retains CIA analytic and production capabilities.
- Variant C: D/FIA subordinated to NSC; DGI acquires CIA analytic and production capabilities.
- Variant D: D/FIA subordinated to NSC; D/FIA retains CIA analytic and production capabilities.

In our view, only two of these four theoretical choices are viable. The arrangement under Variant A,

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if the DGI were given the funding authority and other enhanced powers we propose, would approach the "monolith" we have already outlined and rejected above. The DGI of Variant D, on the other hand, would be too weak to be effective. A D/FIA with control of intelligence production and of clandestine operations, who was not required to report through the DGI to the NSC, could easily come to rival the latter as the Government's principal foreign intelligence officer.

Variants B and C, however, are better balanced. They both provide workable, although quite different, structures for the DGI-D/FIA relationship. Under both, the DGI would have the personal staff discussed on page 72 above, including an entity with responsibilities similar to those of the present group of National Intelligence Officers.

Variant B. Under Variant B, the D/FIA would be subordinate to the DGI and report to the NSC through him. The D/FIA, in turn, would have direct control over all line functions of the present CIA, including its analytic and production elements.

This variant places major emphasis on effective management. It divests the DGI of responsibility for the day-to-day direction of the FIA and fixes that responsibility squarely on a separate official who would be accountable for the efficacy and propriety

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of the FIA's activities.* At the same time, it preserves for the DGI a clear line of authority over the FIA, and hence over covert action, retains the present DCI's ability to respond to NSC requests, and minimizes the risk of the D/FIA's becoming a rival to the DGI. Moreover, it keeps intact and independent the closely integrated collection, processing, and production capabilities that make CIA an important national asset.

The DGI's impartiality on substantive and resource issues would be less open to the challenges levied against the present "two-hatted" DCI. In the substantive sphere, however, the DGI would need to draw heavily on FIA's production resources, both to develop positions independent of departmental views and to make informed decisions on resource issues.

But this would create problems. It would re-raise the question of his partiality, unless he significantly augmented his own staff's analytic and production capabilities, a move that would undercut the rationale for maintenance of the FIA's production organization.

Moreover, this DGI would have difficulty providing current intelligence for the President and the NSC. There is a significant difference between national esti-

* *In effect, the DGI becomes Admiral of the intelligence fleet and the D/FIA Captain of its flagship. If the flagship runs aground or goes off course, that is primarily its Captain's responsibility.*

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mative assessments and national current intelligence, even though they serve the same customers, deal with similar questions, draw on the same intelligence materials, and are closely linked. Estimates can be produced by a small coordinating staff, drawing on contributions from throughout the Community. Current intelligence, however, requires a large integral organization, complex procedures, and considerable physical support. The NIOs supervise the production of estimates for the DCI, but he needs the full analytic resources of the DDI and DDS&T to produce current intelligence. Variant B would split these functions organizationally, making it difficult for the DGI to keep them in step.

Many of these problems would be eased if the DGI and the D/FIA were co-located at Langley. The DGI could operate with a much smaller personal staff. His immediate subordinates could draw on the talents and resources of FIA analysts in the same building, and there would be minimal need for duplicative overhead support.

There are, however, at least two flaws in this arrangement. Having the DGI and his staff in the same building would make it difficult for the D/FIA to run his own ship. The more serious objection is that it would not appear to be much of a change. The statutory separation would be seen by many to be cosmetic, preserving, in effect, the present DCI's relationship to

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CIA while greatly increasing his authority in other areas. This would especially be the case if DGI and D/FIA were both resident at Langley. Despite the actual significance of this variant's changes, its appearance of similarity to present arrangements might not make it politically acceptable at this time.

Variant C. Under Variant C, the D/FIA would report, as does the present DCI, directly to the NSC (of which the DGI would be a member) not to or through the DGI. CIA's present analytical and production capabilities would be incorporated into the office of the new DGI. The FIA would be explicitly limited to technical and human collection, related processing, research and development and support -- and covert action. It would have no production role. The D/FIA would not usually attend meetings of the NSC or its major subcommittees.

This variant places major emphasis on political acceptability. It has two major advantages. First, it represents a clearly recognizable change: the increase in the DGI's powers over the Community inherent in Option Two is balanced by an obvious reduction in his authority over CIA. Second, it provides the DGI with the substantive staff he needs to meet his responsibilities as the President's senior intelligence officer and to assist him in his resource allocation and collection management responsibilities. Moreover, his responsibilities for current intelligence could readily be met.

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Under this variant, however, the DGI could not easily contend that he was impartial on substantive issues. The rest of the Intelligence Community would see the DGI's analytic and production components as a closed corporation that paid little more than lip service to their views and their dissents. (As noted in Annex D, other elements of the Community do not accept CIA's present production as having more "national" standing than their own.) In fact, however, the DCI or the DGI will have to rely primarily on analysis that is not prepared for departmental purposes. This means the DGI must be "partial" to the independent organization created for his support. Variant C would frankly recognize that this partiality is necessary, its impact on the other agencies of the Community somewhat mitigated by their right to dissent. At the same time, the DGI and his substantive staff would be fully separated from the interests of the D/FIA as well as other Community managers, and hence free to be genuinely impartial with respect to resource issues, the most important of which relate to collection and processing. This change might be recognized by grouping the FIA's program with the NRO and the CCP under EXCOM management.

A major disadvantage of this variant would be the danger that the D/FIA might become a competitor to the DGI. The DGI's membership on the NSC, his control of funds, and the status and access conferred by his position as the nation's principal substantive foreign

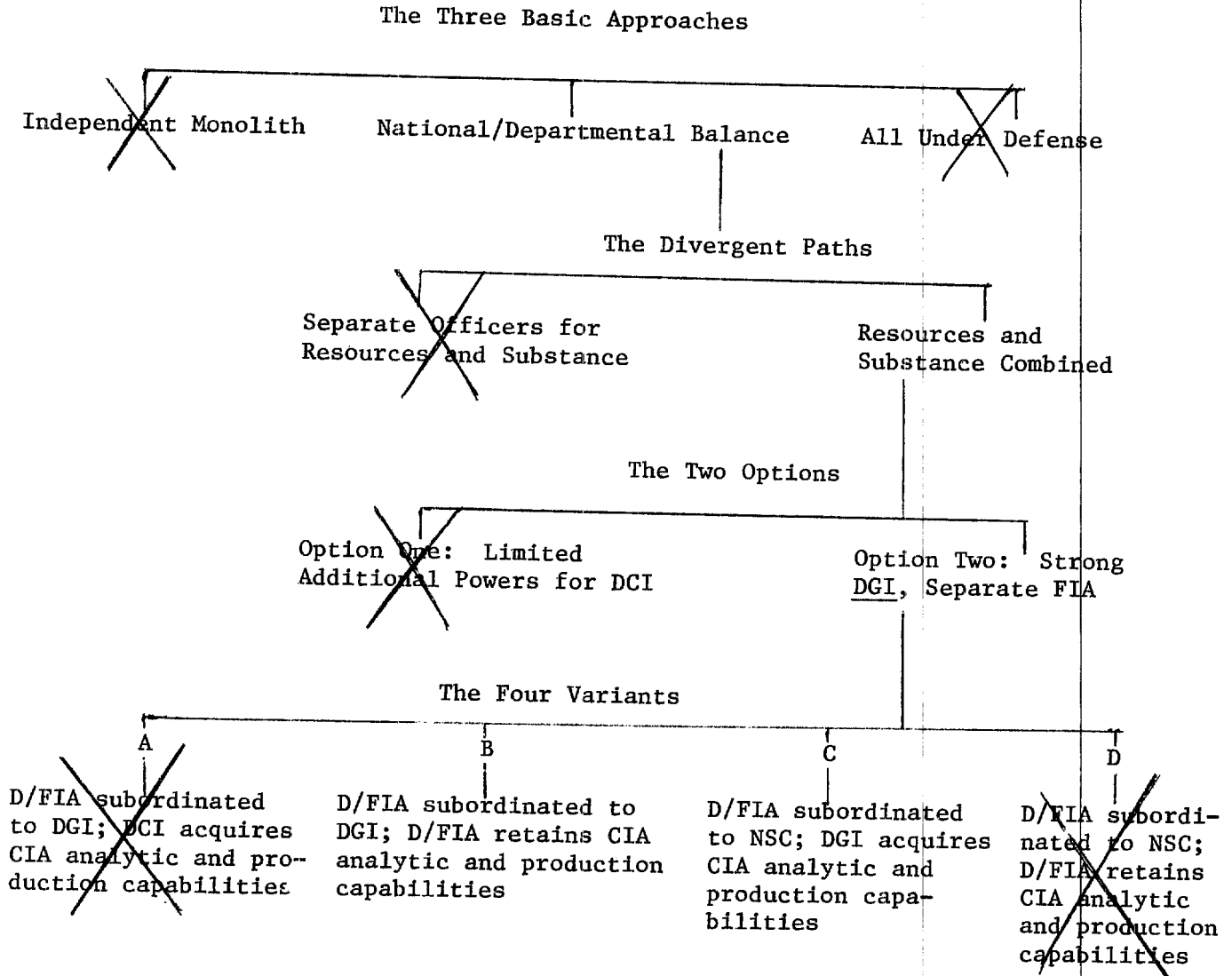
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intelligence officer would put him in most respects in a dominant position over the D/FIA, but the latter would not be formally subordinated to him. Despite the DGI's formidable powers, the D/FIA's position as the nation's covert action officer would generate strong temptations to by-pass the DGI, especially in crises or on ultra-sensitive matters. The relationship between the DGI and the D/FIA under this variant would therefore be messier. It would, however, be more politically acceptable than that under Variant B.

There is another serious risk. If this variant is adopted, the present organizational integrity of CIA would be ruptured. It could then be argued that, with the independent production elements of CIA already transferred to the DGI, the formation of FIA would be unnecessary. The collection and processing elements of DDS&T could be transferred to Defense and the Clandestine Service to State. We believe there would be serious damage to important national assets if this occurred. As mentioned elsewhere in this paper, harnessing long range R&D and technical collection system development and operations to important intelligence needs is a fundamental problem. DDS&T has been and is a strong positive force in this regard. Consolidating all technical collection in Defense would be a step backward, leading to substantial long range losses and inefficiencies.

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For the reasons outlined above on pages 43-49, we consider the arguments against placing the Clandestine Service under the Departments of State or Defense to be compelling.

* * * * *

We believe that the best approach to correcting the Intelligence Community's present structural flaws, and simultaneously solving other current problems, is to be found in Option Two, under either variant B or variant C. Each of these, however, has great advantages and serious shortcomings. Which is the better choice, more likely to contribute to the national interest of the United States, is a judgment call. How that call is made hinges on the relative weights one assigns to the numerous considerations involved.

Before proceeding to the specific recommendations needed to implement Option Two, we believe it would be desirable to recapitulate the complicated argument which brings up to it. The sketch on the facing page is a road map for the reader.

RECOMMENDATION

If fundamental change could be at least contemplated in 1971, it is a central issue in 1975. Current

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political developments suggest that the National Security Act of 1947 will be rewritten; our analysis of the Act and the intelligence structure it established convinces us that it should be. It is not an exaggeration to observe that we are fast approaching an historical moment and associated unique opportunity to charter the Intelligence Community to meet future needs for effective intelligence support. It could be another 25 years before events provide another President with a comparabl opportunity.

On both substantive and tactical political grounds, we suggest consideration of legislation to establish the arrangements envisioned under the Option Two above. This proposal could serve as a point of departure for constructive debate within the Executive Branch and ultimately the Congress on the future legal and political basis for the conduct of American intelligence.

In summary, we recommend the following steps:

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

-- Provide the DGI with a staff capable of performing the substantive, coordination, resource management,

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and evaluation functions outlined above, i.e., the National Intelligence Officers and the Intelligence Community staff, reconstituted and strengthened. Under Variant C, the production elements of CIA/DDI and DDS&T would be included as well.

-- Charge the DGI with preparation of a total national intelligence budget covering the FIA program, NRP, CCP, and portions of the GDIP. Appropriate funds for the programs covered by this budget to the DGI for reallocation, according to detailed procedures to be developed. Provide for DGI staff review of other Departmental intelligence expenditures. Retain IRAC to advise the DGI on resource matters.

-- Charge the DGI with responsibility for better support of the needs of Defense in peace and especially in war through use of centrally coordinated collection programs, and with planning for the transfer of intelligence assets to the Department of Defense in time of war. Charge Defense with cooperating in this endeavor by providing access, staff support, and quality personnel. Charge the DGI with establishing a National/Tactical Planning Committee, on which the JCS would be represented as the regulating mechanism for this program.

-- Create a new Foreign Intelligence Agency (FIA) with a Director appointed by the President and confirmed by Congress. Place under him the present CIA minus the

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DGI's staff. Under Variant B, he would be responsible to the NSC through the DGI. Under Variant C, he would be responsible to the NSC collectively.

-- Reconstitute EXCOM with the DGI in the chair and appropriately senior White House and Defense Department officials as members, including the Chairman of the JCS. Charge it with broad budgetary and policy guidance over the NRP and the CCP and, under Variant C, over the Foreign Intelligence Agency program.

-- Reorganize the NRO as an integrated organization jointly staffed by FIA and Defense.

-- Make the DGI Chairman of NSCIC, as in Option One.

-- As in Option One, establish an Intelligence Coordinating Committee to regulate relations between the intelligence system and State (except for substantive production).

-- Lastly, as in Option One, retain the USIB, under the DGI, for national intelligence production and for such other functions of USIB as are not assigned to the other bodies proposed in these recommendations. Re-examine its membership in the light of these changes.

These changes add up to a relatively clean arrangement, given the complexity of the matters involved.

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We believe they would greatly improve the management of US intelligence. We are fully aware that these recommendations are revolutionary as change goes in the bureaucratic world, and that they will meet strong resistance in many quarters. In particular, the ability of a DGI to meet military needs has not been tested and will be suspect. Nevertheless, these are traumatic times. They create both the need and the opportunity for fundamental improvement.

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GLOSSARY OF ABBREVIATIONS

ACSI -- Assistant Chief of Staff for Intelligence (Army)
AEC -- Atomic Energy Commission
AFIN -- Air Force Intelligence
ARPA -- Advanced Research Project A
ASD(I) -- Assistant Secretary of Defense for Intelligence

CCP -- Consolidated Cryptologic Program
CEA -- Council of Economic Advisors
CIAP -- Central Intelligence Agency Programs
CIEP -- Committee on International Economic Policy
CIG -- Central Intelligence Group
COMINT -- Communications Intelligence
COMIREX -- Committee on Imagery Requirements and Exploitation
CS -- Clandestine Service (CIA)

DDI -- Deputy Director for Intelligence (CIA)
DDO -- Deputy Director for Operations (CIA)
DD/R&D -- Deputy Director for Research and Engineering
(Department of Defense)
DDS&T -- Deputy Director for Science and Technology (CIA)
D/FIA -- Director, Foreign Intelligence Agency
DGI -- Director General of Intelligence
DI -- Directorate of Intelligence (CIA)
DIA -- Defense Intelligence Agency
D/NRO -- Director, National Reconnaissance Office
DO -- Directorate of Operations (CIA)
DO/MBO -- Directorate of Operations/Management by Objectives

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ELINT -- Electronics Intelligence
ENMCC -- Extended National Military Command Center
ERDA -- Energy Research and Development Administration
EXCOM -- National Reconnaissance Program Executive Committee

FBI -- Federal Bureau of Investigation
FBIS -- Foreign Broadcast Information Service
FIA -- Foreign Intelligence Agency
FIR -- Foreign Intelligence Report
FIS -- Foreign Instrumentation Signals
FSO -- Foreign Service Officer
FTD -- Foreign Technology Division (Air Force)

GDIP -- General Defense Intelligence Program

ICBM -- Intercontinental Ballistic Missile
INR -- Bureau of Intelligence and Research (Department of State)
IRAC -- Intelligence Resource Advisory Committee

JCS -- Joint Chiefs of Staff

KIQ -- Key Intelligence Question (Derived by Director of Central Intelligence, in consultation with the United States Intelligence Board, to identify key national-level intelligence questions to serve as a focus for the Intelligence Community's collection and production activities.)

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MBO -- Management by Objectives

NCA -- National Command Authority (A single chain of command reaching from the President through the Secretary of Defense to the Joint Chiefs of Staff.)

NIE -- National Intelligence Estimate

NIO -- National Intelligence Officer

NMIC -- National Military Intelligence Center

NPIC -- National Photographic Interpretation Center

NRO -- National Reconnaissance Office

NRP -- National Reconnaissance Program

NRP

EXCOM -- National Reconnaissance Program Executive Committee

NSA -- National Security Agency

NSC -- National Security Council

NSCIC -- National Security Council Intelligence Committee

NSCID -- National Security Council Intelligence Directive

OMB -- Office of Management and Budget

ONE -- Office of National Estimates

ONI -- Office of Naval Intelligence

OPC -- Office of Policy Coordination (CIA)

OSO -- Office of Strategic Operations (CIA)

OSS -- Office of Strategic Services

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PFIAB -- President's Foreign Intelligence Advisory Board

R&D -- Research and Development

SAFSP -- Secretary of the Air Force, Special Projects

SALT -- Strategic Arms Limitation Talks

SIGINT -- Signals Intelligence

USIB -- United States Intelligence Board

WFTU -- World Federation of Trade Unions

WSAG -- Washington Special Action Group

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ANNEX A THE INTELLIGENCE COMMUNITY

The United States Government has an intelligence structure whose shape and functions have been dictated more by pragmatism and accident than by conscious design. This structure is sometimes called the "Intelligence Community," a term that is elusive, means different things to different people, and is a fertile source of confusion. In the broadest sense, the American "Intelligence Community" encompasses those components of the US Government responsible for the collection and processing of intelligence information, the production of finished intelligence, the provision of various kinds of intelligence support to the Executive Branch (including, for example, covert action), and some measure of support (largely in the substantive field) to the Congress. It is not easy to specify, however, precisely what components of the US Government are, or ought to be, considered part of that "Intelligence Community."

There is a common notion that the Intelligence Community can be defined by the membership of the United States Intelligence Board, but the apparent simplicity of this approach is illusory. In pursuing it, one immediately has to face the question of whether USIB consists of its full members (CIA, NSA, DIA, State/INR, and the Treasury, plus ERDA and

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the FBI); or these plus the three military services' intelligence components, which are technically only observers at USIB; or this larger group plus those other entities which from time to time attend USIB meetings.

Attempting even the more limited task of trying to define the intelligence production community also quickly leads one into a swamp. There is general agreement that the principal producing organizations are CIA, INR, DIA, and the Service intelligence agencies -- plus ancillary entities such as the Air Force's Foreign Technology Division, the Army's Missile Intelligence Agency, and the Naval Intelligence Support Center. After this point, however, distorting anomalies emerge.

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

ERDA (formerly part of AEC) is unique in a different way. Though a full member of USIB, ERDA neither

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collects intelligence nor has a significant analytical effort. It owes its Community membership to the fact that it represents a unique and exclusive body of nuclear information and to the language of certain provisions of the Atomic Energy Act of 1946.

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

Defining the Defense Department production community poses other problems. One set lies in the nature of the relationship of DIA to:

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

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

-- The three Service intelligence components (the Office of Naval Intelligence, Assistant Chief

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of Staff, Intelligence (Army), and Air Force Intelligence).

Though Treasury is now a full member of USIB, many do not regard it as a member of the Intelligence Community. Primarily a consumer of intelligence, Treasury has become a member of USIB by virtue of its increasingly important requirements for intelligence support. Though Treasury does both collect and analyze information in the course of its business, opinions differ on whether what Treasury does is "intelligence." With the rising importance of economic considerations as matters of intrinsic intelligence concern, as well as key ingredients of many military and political intelligence judgments, this whole area is now in a process of transitional flux.

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

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and economic information; but many Foreign Service officers would be aghast at being included in anyone's definition of the "Intelligence Community."

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

IRAC is chaired by the DCI and includes among its formal members the DDCI (representing CIA), the Assistant Secretary of Defense (Intelligence), OMB's Associate Director for National Security and International Affairs, and the Department of State's Director of INR. The NSC Staff's Director for Intelligence Coordination, the Director of DIA, and the Director of NSA also attend IRAC meetings but as observers, not full members. In addition, others -- including the Director of NRO -- also usually attend the IRAC meetings. Collectively, those who attend IRAC meetings control almost all of the personnel and dollar resources associated with the United States intelligence establishment.

IRAC also has links into the R&D community, another heavy consumer of intelligence-related resources. Under the chairmanship of the Department of Defense's DD/R&D, IRAC has established an Intelligence Research

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and Development Committee whose members include the heads of the principal R&D organizations represented on IRAC, the Service Assistant Secretaries for R&D, the Director of ARPA, and the Assistant Secretary of Defense for Telecommunications. Though these entities certainly fall outside usual definitions of the "Intelligence Community," it is nonetheless clear that there is a strong bond of common concern and technical affinity tying these entities into that Community.

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

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

b. The analysts and producers of substantive intelligence. This community encompasses CIA's Directorate of Intelligence and certain parts of its Di-

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rectorate of Science and Technology, elements of DIA and the three service intelligence agencies, other Defense Department components (e.g., FTD), NSA (sometimes in some fields), State/INR, and occasionally ERDA and the Treasury.

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

d. The consumers. The consuming community is itself complex and has several distinct components within the Executive Branch.* These include the President, the members of the NSC, and their senior staff and subordinates. They also include the Secretary of the Treasury, and, to a lesser extent, the Secretaries of Commerce and Agriculture and their senior staffs and subordinates, as well as the economic policy community (CIEP, CEA, the Special Trade Representative, Governors of the Federal Reserve, Chairman of the Export-Import Bank, etc.)

The above are primary (and primarily) consumers of national intelligence. The consumers of tactical intelligence (primarily military) constitute an additional galaxy or, actually, series of galaxies.

* There are also, obviously, additional groups of consumers in the Congress and -- some would argue -- outside the Government as well, e.g., in the academic world, the print and electronic media, and among the whole body of voting, tax-paying citizens. This study focuses on the Executive Branch and does not address Congressional (or Judicial) consumers of intelligence, nor does it address the question of consumers outside the Federal Government.

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ANNEX B
COLLECTION MANAGEMENT

One of the central problems of intelligence community management is that of establishing mechanisms and processes for insuring the efficient and effective allocation of collection resources -- i.e., collection management.

Collection management has as its objective the matching of collection capabilities to intelligence problems. Collection management, therefore, deals with the communications process between the managers of collection systems and the intelligence production community. The critical feature of this process is the translation of intelligence problems into specific requests for information. To be successful, this translation must put the information requests in a form (or format) on which collection managers can take action. While clearly related to resource management, collection management concerns itself with existing resources and their best use to collect data to solve a given problem. (Resource management per se is not the subject of this Annex and will not be further addressed in it.)

The Principal Sources

Current collection programs can be classified into seven categories, covering information or data obtained from:

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- (1) Human Sources;
- (2) COMINT (communications intelligence);
- (3) ELINT (electronics intelligence);
- (4) Foreign Instrumentation Signals (principally telemetry);
- (5) Optical Signatures;
- (6) Imagery; and
- (7) Open or unclassified sources, such as published literature, the press, and the monitoring of foreign radio, television and news circuits.

Human Sources collection is concerned with people getting information from other people, or with covert technical collection systems which have to be emplaced and/or serviced by humans. Dominant in this category is the CIA's Clandestine Service. Defense attaches and the Foreign Service are primarily concerned with the overt gathering of information, although the military services do a relatively small amount of clandestine collection.

COMINT, ELINT and Foreign Instrumentation Signals fall under the general heading of SIGINT (signals intelligence). SIGINT is collected from ground, aircraft, by a large number of civilian and military organizations. The National Security Council (in NSCID 6) has given NSA the leading role in the tasking of all SIGINT resources and the processing of SIGINT data for dissemination to all consumer organizations. NSA has the paramount role in the col-

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lection of COMINT since all the Service Cryptologic Agencies are under its direct control.

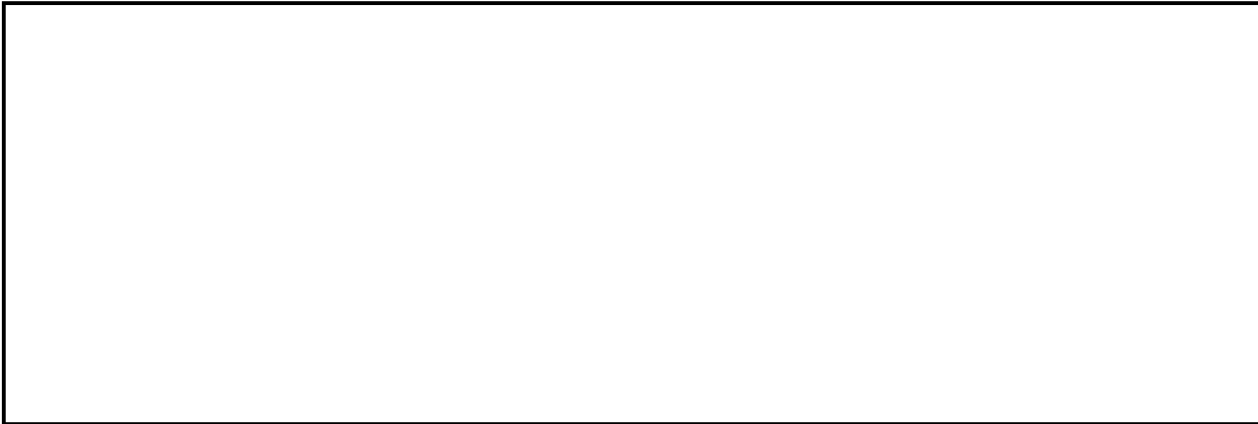
NSA also plays a major part in collecting and processing ELINT, although several other organizations also do one or the other, or both.

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At one time aircraft were the sole platforms used for imagery -- principally photographic -- reconnaissance.

Now most -- though not all -- photography of strategic importance comes from NRO operated satellites. Excep-

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tions are the regular U-2 [redacted] [redacted]

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and, to a lesser degree, the SR-71 [redacted]

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There are also six SR-71s in the Air Force inventory which have been used for coverage in [redacted]

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[redacted] Finally, there are

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available a variety of tactical aircraft equipped for photographic reconnaissance -- e.g., RF-4s -- but these are normally useful only in specific localized applications, such as tactical intelligence support to forces in combat.

Collection from open literature (books, magazines and other periodicals) is done by the simple expedient of buying books or periodicals of interest. CIA has the primary responsibility in this field, discharging it as a central service of common concern. Reporting on the press is done by the State Department's Foreign Service, by the Defense attaches and through regular

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monitoring of foreign wire services

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The Four Budgets

Another way of looking at collection resources is through the four major intelligence program budgets: the CIAP, CCP, GDIP, and the NRP.

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The General Defense Intelligence Program (GDIP) funds the Defense attaches and a number of aircraft activities.

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The National Reconnaissance Program (NRP) is devoted exclusively to satellite collection, [redacted] photography [redacted]

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

[redacted] They

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include a worldwide network of human beings focused on intelligence collection and covert action. They also encompass a technology that puts almost every conceivable sensor on every possible kind of platform. The collection manager tries to orchestrate these diversified resources to gather data on important intelligence problems quickly and efficiently. In the course of doing this, he often has to decide where, and how, more than one collector can make a contribution. This task is complicated by the need to bridge the gap between collector and producer, who view the problem involved from different perspectives and, hence, are likely to see them in different ways.

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The Communications Problem

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

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

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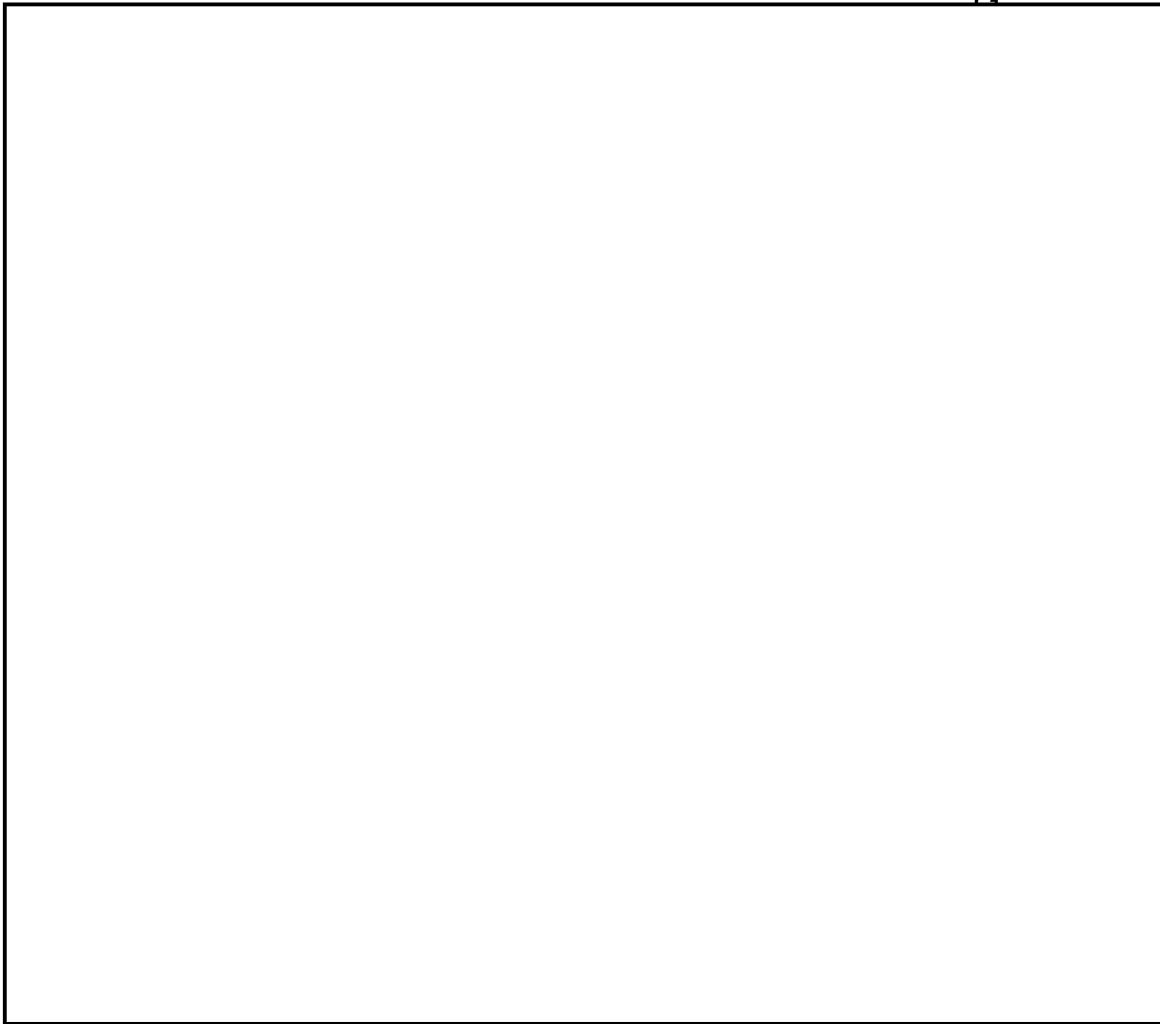
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requirement must thus be further translated into specifics for collection.

The COMIREX Solution

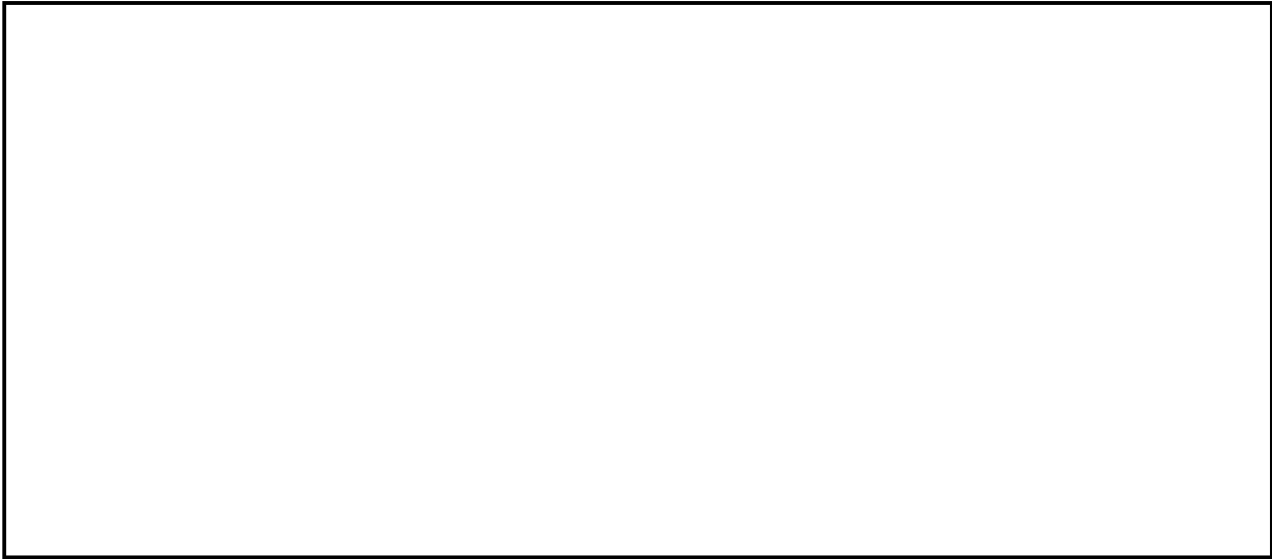
COMIREX is the single most elaborate and formal mechanism that attempts this translation. COMIREX reduces general requirements for imagery into detailed statements in terms of geographic coverage, image quality, and frequency of coverage

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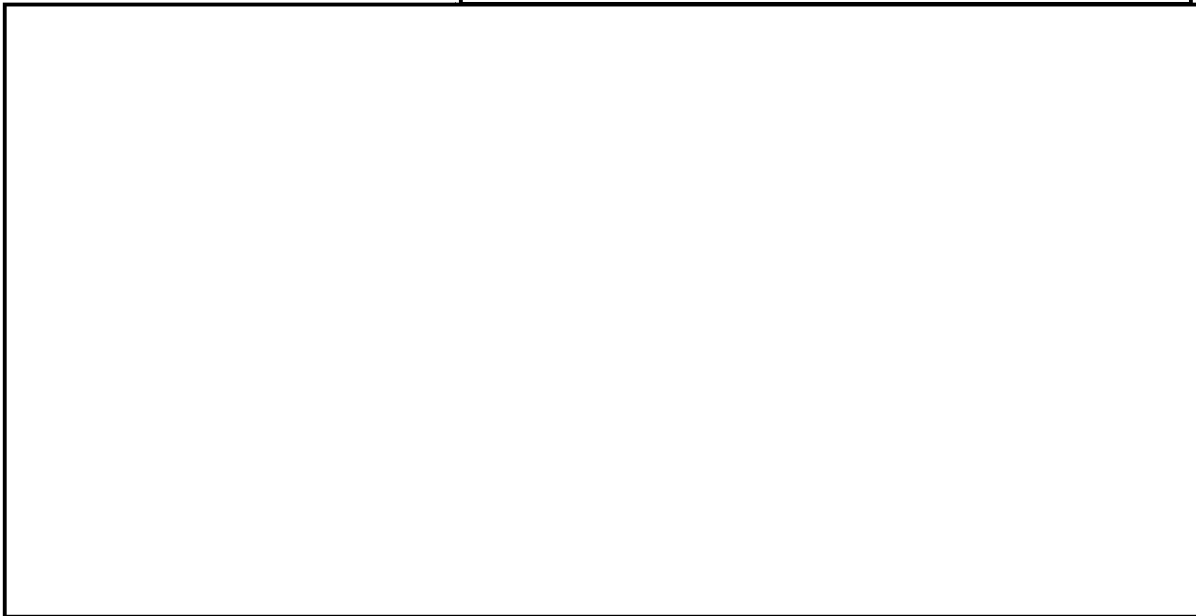
The SIGINT World

The process of generating requirements and detailed tasking for the SIGINT machine has some parallels with the photographic community but is very different in its essential elements. There is a SIGINT Committee roughly analogous to COMIREX.



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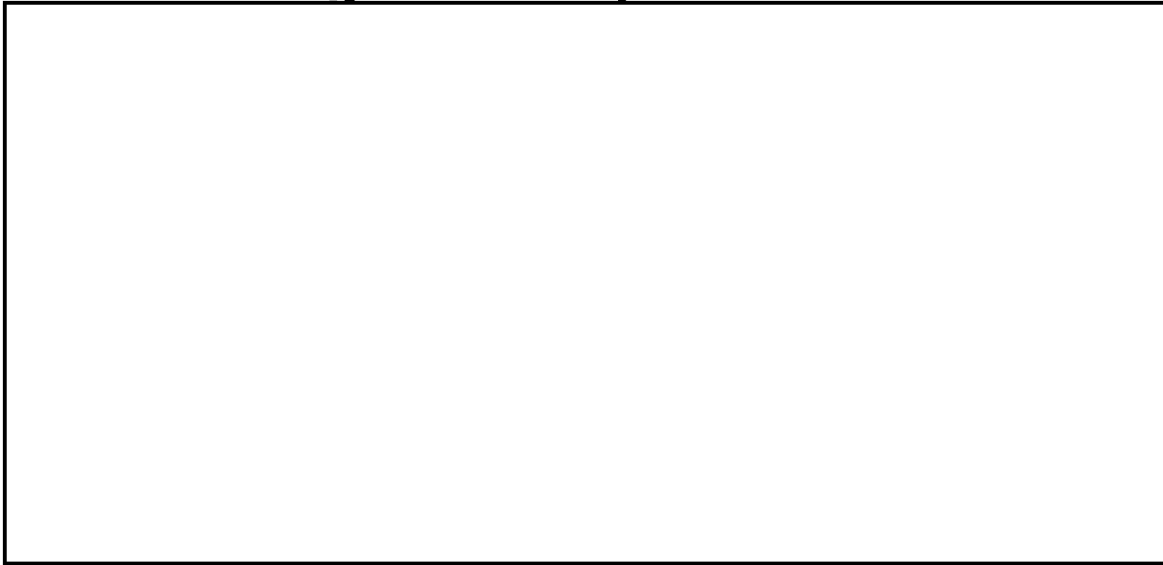
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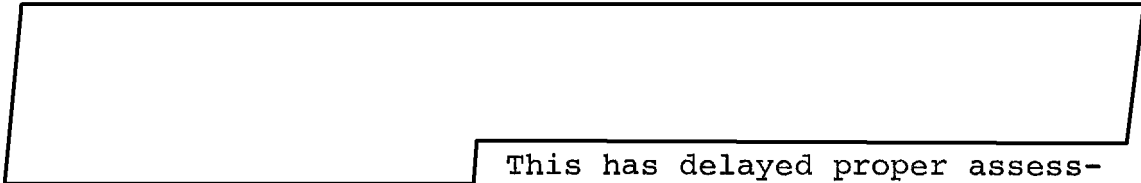
While NSA has a clear charter and direct authority over money and people, it nonetheless must oversee a vast worldwide empire not easily coordinated. Moreover, the COMINT collection process is complicated by difficulties in evaluating results. There is no general methodology for measuring the value of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

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In the past ten years, NSA has recognized that there is more to SIGINT than COMINT and has focused its resources more sharply on ELINT and Foreign Instrumentation Signal collection and processing. Historically, the intelligence establishment has performed poorly in collecting critical ELINT on a timely basis.

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This has delayed proper assessment and slowed down the development of countermeasures. However, these problems are slowly yielding to better

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

Unlike COMINT, NSA is not the sole collector and processor of ELINT and FIS. There are a number of Service programs which are only loosely coupled to

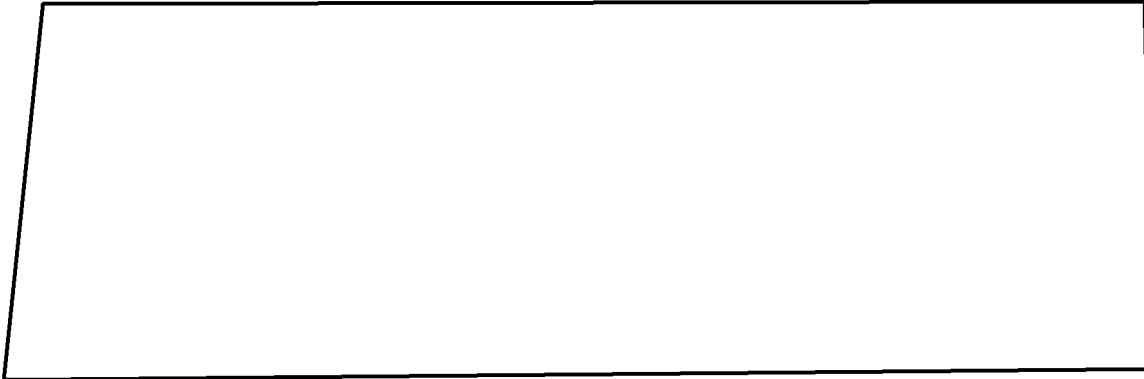
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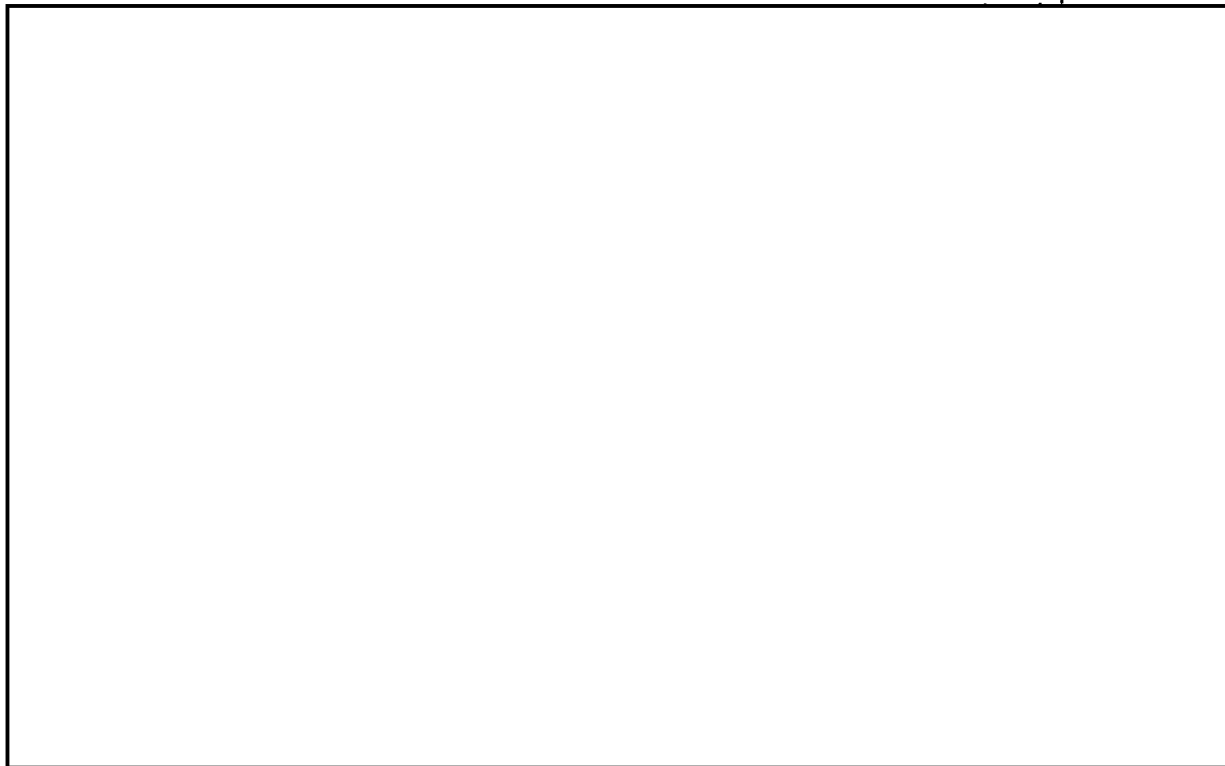
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NSA. Additional programs are managed within the GDIP and still others are under the management of the CIA.

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The Human Sources World

Human sources are an important and in many cases a unique source of information. Even more than in the

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case of COMINT, it is difficult to devise a quantitative measure of value. Nonetheless, human sources make major contributions to most categories of important national intelligence, particularly on issues dealing with the plans and intentions of foreign governments (as opposed to their physical capabilities).

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

As in the case of COMINT collection, it is seldom possible (or reasonable) to ask human sources collection managers to produce a given piece of information at a given time, for there is seldom any way in which the collection manager can be sure that at some given

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moment there will exist a source who can answer a specific question of interest to the production community.

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

State Department Foreign Service Officers also have functions which can be classified as human collection. At least officially, however, FSOs are concerned only with overt collection. In addition to the collection of information, FSOs often are called upon to perform other duties and therefore are not usually fully dedicated to the collection of information. The FSO, understandably, responds more to State Department requirements for information than to the requirements of the Intelligence Community.

The DIA attache system is a third component in the human sources area. The attaches are managed by DIA but are generally responsive to national priorities, particularly at posts in countries such as the USSR where in-

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telligence collection is the most important aspect of the attaches' duties.

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

Two Management Models

To examine the relationships of the collection community to the production or analytical community is to uncover the diversity and casualness of these relationships. Nonetheless, two basic approaches are evident. One of these can be called the "NSA model" and the other the "COMIREX model." The NSA model is characterized by a tightly structured management chain with a single senior individual, Director/NSA, responsible for a large collection and processing resource and who operates with only general guidelines for collection. The COMIREX model focuses in a committee which is a creature of the production community and which concentrates on developing extremely detailed tasking of appropriate collection sys-

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tems. In these terms, the two somewhat idealized models represent two extremes as mechanisms for relating intelligence problems to collection resources.

The NSA model has several positive features: (1) its tight, highly integrated management control has the potential for flexible resource trade-offs and responsiveness to changing intelligence needs; (2) feedback from processing and preliminary analysis to operations is closely coupled and within a single organization; and (3) authority for decisions can be distributed through the total organization and, in principle, be established at appropriate points. On the other hand, there are several weaknesses: (1) NSA is exclusively concerned with SIGINT and finds it difficult to judge when SIGINT is the most efficient collection resource for a given problem, as opposed to other collection resources; (2) this management approach tends to develop a large monolithic organization which becomes a closed community; and (3) because of its closed community character, there is a tendency to relate more to the resource manager in Defense than to the intelligence production community and USIB.

The COMIREX model also has pluses and minuses. On the plus side: (1) the COMIREX product is a specific detailed set of tasks which are easily understandable by the collector; (2) structures of this type are in principle closely coupled to the requirements of intelligence production; and (3) there is total production

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community involvement in the evolution of specific collection tasking. On the other hand: (1) because of the many and diverse interests in the production community, a "committee" approach is inevitable, which in search of consensus and a common denomination, tends to defocus important issues; (2) there is an endemic and perhaps fundamental problem in establishing and holding a high-quality staff; and (3) it is virtually impossible to establish responsibility for collection performance.

The Requirements Issue

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

The question is: who is in the best position to work from general problems and priorities to the specific and detailed tasking statements needed to drive the col-

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lection machinery? In the case of technical collection, if users are to perform this function, the user community must have a detailed understanding of the characteristics of the technical devices and devote the appropriate technical and analytical resources to the task. Mechanisms must be identified to ensure that the user community has a current and detailed understanding of the collection environment which, in many circumstances, is changing rapidly.

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

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ever, in other segments of the user community other arrangements are feasible, at least in principle.

Also, the specific characteristics of the collection asset must be considered. In collection system dealing in a real-time, dynamic environment, where feedback of collected data to operations must occur on a timely basis to ensure efficient collection, the collection manager must understand the user community and have the capability to deal with more general problem statements. Certain collection operations must by their nature operate with broad statements of intelligence problems and broad guidance or priorities and cannot deal with detailed specifics. The best example of this class of collector is covert human sources collection. On the other hand, some collectors can function equally well with detailed tasking statements or with broader intelligence problems and priority statements.

In any case there is always the difficult problem of cross tasking. This is the process of allocating collection resources against a given intelligence problem where more than one resource can provide useful information or data. Here the problem is particularly acute when efficiency or cost effectiveness issues are involved. These problems by their nature cannot usually be resolved by the managers of particular collection systems and must be addressed at the highest levels of Intelligence Community management.

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The Evaluation Dialogue

A key element which is required at a high level in the Community, independent of the specific management patterns for relating collection resources to users, is evaluation. Collection assets and collection managers need to be regularly examined to assess efficiency and effectiveness. This function is important both to provide feedback so that improvements can be identified and to provide a continuing measure of the utility of collection assets to support resource allocation decisions. By the same token the performance of the user community in articulating information needs requires review to ensure that collection guidance is being properly formulated and prioritized. Again, both feedback to the performer -- in this case, the user community -- and evaluation information for Community management are important. It is this evaluation process which relates the day-to-day process of collection management to the larger problems of resources management.

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ANNEX C
NATIONAL RECONNAISSANCE PROGRAM

The current National Reconnaissance Program organization is based on a Memorandum of Agreement dated August 1965 between the DCI and the Deputy Secretary of Defense. That agreement was born out of strife between the CIA and the Department of Defense over the future shape of the NRP. The strife centered at that time on two proposed new programs:

(1) the desirability, technical feasibility and program management responsibility in one case; and

(2) the requirement for, the configuration of, and the management of an improved satellite photographic search system in the other case.

Although these two program issues were the focus of the strife, there were more fundamental issues. Defense at that time was striving to achieve total control over satellite reconnaissance. However, history to that date (1965) had suggested that Defense was both unwilling to give proper weight to national intelligence needs and unable to effectively carry forward large, high risk programs.

The then DCI felt that he needed a measure of control over a program as essential to intelligence

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as the National Reconnaissance Program. To achieve this objective, he felt that CIA must have direct, operational participation in the NRP. He was strongly supported by the White House, in particular the President's Science Advisor. It was generally agreed, at least outside Defense, that CIA expertise, both technical and managerial, was an essential ingredient to assuring a satellite reconnaissance program capable of meeting perceived intelligence needs. Although many of the particulars of the 1965 agreement have been set aside by subsequent events, it remains the chartering document for the NRP.

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At the same time, the growing convergence of military and national intelligence needs has introduced new and as yet not fully understood factors in program and resource management. In the future, military field commanders will need direct support from intelligence satellite programs.

This has generated increasing pressure from the Services for participation in satellite programs. The Navy wants more of the satellite action; the Army wants to establish a degree of equity in satellite collection; and the Air Force wants a larger and different role. The

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regular Air Force in particular has never liked the Special Projects organization and the associated strong civilian direction of NRP programs and would prefer to "normalize" the organization, with the Air Force established as the developer and operator of satellites through their line organizations to meet all intelligence as well as other Defense needs. However, it is impractical for each military service to have its own satellite collection capability as each has in the past had its own aircraft and ground based collection capabilities.

In important respects, the factors which shaped the NRP agreement between Defense and CIA, and dictated the structure of the National Reconnaissance Organization in 1965, have been replaced by another set of problems and issues in 1975. The atmosphere of conflict and disagreement between CIA and Defense which was a major issue in 1965 is not the dominant factor in 1975. The problem in future years will be to insure that collection resources needed to meet evolving national requirements are maintained, while at the same time essential support to the various military services, particularly military field commanders, is provided. The most serious conflicts are likely to arise in defining the realistic needs of military field commanders, allocating collection resources to military field commander requirements, and developing effective tasking and product dissemination arrangements for these users.

These new factors are likely to require a restructuring of the National Reconnaissance Program, as well as the

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National Reconnaissance Organization. The NRP EXCOM will continue to be an essential high level policy and major program decision body, preserving the strengths and advantages of the current arrangements. However, the membership of the EXCOM should be examined. Consideration should be given to re-establishing a senior White House EXCOM member. In the past the President's Science Advisor was such a member, but when his position was abolished in 1972 no White House replacement was identified. Particularly in view of the growing requirement for military use of satellite collected data, a JCS representative should also be considered. Depending upon other organizational changes and their impact on the DCI, reconsideration of the appropriate Defense member of the EXCOM may also be desirable.

The Under Secretary of the Air Force is likely to find it increasingly difficult to fill both his Air Force and his Director, NRO role. As the senior operating official responsible to the EXCOM, he is charged with preparing program recommendations and carrying out EXCOM decisions. At the same time he is a senior official of the Department of the Air Force and therefore must concern himself with Air Force equities and requirements. As satellite reconnaissance becomes increasingly important to the Air Force mission, it is likely that these two roles will generate real conflicts of interests. Inter-service rivalries, where satellite reconnaissance issues are at stake, may produce strong pressures in support of

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Air Force views on specific issues to the detriment of the NRP.

In anticipation of this problem, at various times in the past there has been serious discussion of re-establishing the NRO outside the military services. Most recently during Dr. Schlesinger's brief tenure as DCI, he considered several proposals, one of them generated by the PFIAB, which would have placed the NRO reporting directly to the Secretary of Defense. However, draft NSCIDS which would have rechartered the NRO and readjusted its organizational placement were not carried forward.

There are two options for the restructuring of the NRO. First, earlier proposals which would have the NRO reporting to the Secretary of Defense could be reconsidered and adjusted so as to be pertinent to today's needs. Any such arrangement would no doubt need to provide for more direct involvement by the Army and perhaps expanded involvement by the Navy. [REDACTED]

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[REDACTED] would need to be continued in something like their current form. Also, an appropriate position for the D/NRO would need to be created.

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A second option would be to reconstitute the NRO as an integrated, operational organization jointly staffed by the three military services, CIA [REDACTED]. In this arrangement the D/NRO would become the line

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manager of the various NRP programs. In addition to program management resources, the NRO would require a full range of contracting, security and administrative support services. This organizational structure for the NRO has appeal from the point of view of streamlined management and coherent program direction. It would help meet the increasing insistence of Congress on efficient use of resources and elimination of needless duplication. It would also be well suited for dealing with the increasing complexity and growing diversity of consumers, which is likely to occur as direct support to military commanders becomes more substantial.

However, an integrated operating organization of this type raises the problem of finding a workable organizational location. Such a structure would probably be inappropriate as an element of the Secretary of Defense's staff. For different reasons, establishing such an organization within one of the three services would pose a number of serious issues as discussed above. If the role of the DCI is changed along the lines of Option Two as discussed elsewhere in this paper, and the CIA were correspondingly renamed and rechartered, the NRO could be placed within this structure. On the other hand, there is considerable doubt as to whether Defense could accept this arrangement.

In addition to the issues surrounding the organizational placement of the NRO, there is another serious pro-

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blem associated with the funding of the NRP. The appropriation and expenditure of NRP funds is both a unique and anomalous process. To date the NRP budget has been [REDACTED]

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[REDACTED] use of the funds has been governed by a series of essentially undocumented understandings with senior members of the relevant Congressional committees. These arrangements have made possible a degree of flexibility and efficiency for the NRP which could not be achieved if the normal requirements applying to Defense appropriations were to be required. Some legislative provisions covering the expenditure of Defense funds have been waived in these various informal agreements and understandings.

It seems extremely unlikely, however, with the current mood of Congress, that these private, informal arrangements between a limited number of senators and congressmen and certain Executive Branch officials will be allowed to continue. Thus, in addition to finding a proper home for the National Reconnaissance Organization, consideration should be given to developing a means for appropriating funds for the NRP which will both meet evolving Congressional moods and the requirement for a flexible and effective National Reconnaissance Program. This issue needs further study; there is no immediately obvious solution. One suitable arrangement would provide for the appropriation of such funds to the DGI developed under Option Two.

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ANNEX D
PROBLEMS IN THE PRODUCTION
OF NATIONAL INTELLIGENCE

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

Because correlation and evaluation are by statute the DCI's primary duty and the one most specifically directed by law, there is in fact a formal working mechanism, the United States Intelligence Board (USIB), for producing coordinated national estimates. Through it, the bulk of the information and expertise available to the federal government is assembled and weighed. Conclusions are drawn, dissents are included when appropriate, and the results are forwarded to the President and the NSC. Similar mechanisms, less structured, govern to varying degrees the issuance of less formal monographs and the production of current intelligence. On the surface, the mechanism appears to be precisely what Congress wanted, and it seems to work.

The appearance is deceptive, however; the DCI in fact suffers from having responsibility without authority as much in production as he does elsewhere. The USIB

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production machinery works, but it does so in part because the participating agencies know they need not be inhibited by it when they do not want to be. A DCI who independently has access to the President can extract a serious product from USIB and personally ensure that this product will be read by the right people. Simply being named DCI does not give him this standing; he must have earned it elsewhere.

The fundamental weakness of the DCI's statutory position shows up across the whole range of his production responsibilities, but most seriously in his inability to establish the primacy of national products over departmental ones. On the other hand, the departmental agencies are unable either to compete with or to contribute fully to the national product. Finally, USIB itself is a hybrid body not particularly well configured for handling production.

The DCI's Production Responsibilities

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

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

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

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

-- Analytic resources on which he can draw to do the final stage of the job.

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

Feedback. Feedback is of two kinds: information on policy concerns and consumer reaction to the product.

-- The DCI keeps track of policy through his participation in meetings of the NSC and its subcommittees, through his access to cable traffic, and through his personal dealings with senior policy officers. In fact, his participation in meetings is virtually complete, but his freedom to share what he learns with his subordinates is limited. His access to cable traffic of State and

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Defense, especially concerning sensitive policy matters, is intermittent and invariably spotty. For these reasons, in many matters of greatest national concern, national intelligence is not privy to the policy context in which it must assess the capabilities and actions of other states.

-- Theoretically, the DCI receives consumer reaction through NSCIC, created by the Presidential directive of 1971. NSCIC has met twice since that time.

Access. The Act specified that the DCI was to have access to all intelligence held by other agencies, and indeed his right to it has generally been observed. There have been important exceptions, however, especially in intelligence contained in Foreign Service reporting ("not intelligence at all"), in some NSA materials ("technical information"), and in certain naval matters ("operational information"). Beyond the DCI's right of access to existing intelligence, however, he has other informational needs for which he lacks explicit authority.

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

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

-- Finally, there is other intelligence that is needed but that cannot be acquired by existing means. To obtain it the DCI must develop or stimulate the development of new collection systems and methods.

The Multiple Channels Problem

The most serious problem in the production of national intelligence is the DCI's inability de jure to force his message home. Although the Act is explicit that CIA (under the DCI) is to be the central mechanism, DCIs have been somewhat ambiguous about it, and other agencies tend to reject the notion altogether. Moreover, the DCI has a dilemma. The more the DCI uses CIA as his substantive staff, the more he is seen by the other members of the Community as short-changing their interests, and the more they feel justified in pleading their views through other channels.

National vs. Departmental. Channels free of the DCI are readily at hand. The doctrine that has developed under the Act calls for the DCI to deliver neatly packaged national intelligence, complete with dissenting views,

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to the NSC. The Act also authorizes, however, the continuing production and dissemination of departmental intelligence. Thus the DCI is responsible for intelligence support of the Secretaries of State and Defense as members of the NSC; but, INR and DIA are, properly, responsible for support of the secretaries as their respective department heads and thus have a channel for direct dissemination of their product to the White House. Moreover, while both agencies insist that CIA's national product be coordinated with them and exercise vigorously -- as they should -- the right to dissent, neither hesitates to issue uncoordinated views in conflict with a national intelligence position. The result is a flood of overlapping papers, of varying degrees of validity, unleashed on the policymaker. No DCI has felt strong enough to bring a halt to this practice, or even to offer his services in bringing coherence to it.

"Just Another Agency." The policy officer is not acutely aware of the delicate but important distinction between national and departmental products. To many, a National Intelligence Estimate is simply a CIA paper, with no more standing than one from DIA. This attitude is reinforced by the ambiguity of the DCI-CIA relationship and encouraged by bureaucratic opposition to CIA's claim to a first-among-equals role. CIA, in turn, has been able to establish that role only by the recognized

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excellence of its product in the competition of the marketplace. But because that product does not carry the necessary bureaucratic cachet, it often does not reach many of the consumers who could use it best. The intelligence agencies of Defense, for instance, feel no requirement to distribute the CIA product to policy officers within the department.

Competition

As noted, there is a tendency for departmental agencies to seek independent channels for their own views. These views obviously overlap broadly with what is considered national intelligence. Thus CIA, DIA, INR, and to some extent other agencies produce intelligence that is often duplicative or competitive. Obviously, sheer duplication is to be avoided (must every intelligence organization have a current intelligence/briefing shop?), but competition is something else again.

The normal tendency in reorganizing government is to decide what group is best equipped to do a particular job and then assign that job to that group alone. This should not apply to intelligence production. Intelligence analysis seeks to know the unknowable and penetrate the impenetrable. When evidence is insufficient or ambiguous or absent, the more minds and the more lines of analysis pursued the greater the chance of approximating the truth.

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Each organization is stimulated by the critical work of others; none can afford to stand pat on the conventional wisdom. Moreover, analysis is cheap relative to the other costs of intelligence.

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

DIA. This Agency has many problems. DIA is handicapped by the division of its production elements between Arlington Hall and the Pentagon, and it has never been able fully to solve the problem of combining a military command and staff system with high-quality civilian professional personnel. Its greatest problem, however, is its dual mission. It is responsible for support both

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of the Secretary of Defense and his office and of the Joint Chiefs and their field commanders. The requirements of these two sets of customers are not the same, and they add up to considerably more than DIA can efficiently accomplish. In his dealings with the DCI, the Director of DIA represents two masters; his efforts to serve the national authorities represented by the Secretary of Defense often compete with the need to meet the tactical requirements of field commanders and the strategic ones of the JCS.

INR. INR has for many years been a stepchild of the Department of State. Prior to the present Director, INR's appointment, State was on the verge of eliminating it as an intelligence production organization (but not as its voice in other intelligence matters). The DCI took the position that he preferred a strong INR as a counterbalance to DIA in the production field and as a potentially useful national analytic center but noted that CIA if necessary could pick up some of its load.

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

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USIB as Regulator of Production

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

As noted in Annex A, USIB has other problems stemming from the effort to combine in one board too broad a range of responsibilities. For production matters, CIA, DIA, and INR are the primary players, and all are present. But so are the service agencies, ERDA, Treasury, FBI, NSA, and sometimes ASD(I). The service agencies are classed as observers, and do in fact make useful contributions in areas of their specific technical competence. ERDA is a member, but makes an even more limited contribution than the services. Treasury is primarily a consumer. FBI has no role in production matters. NSA and the Assistant Secretary of Defense for Intelligence (ASD(I)) are special cases discussed below.

NSA's problem as a producer is that national intelligence is all-source, and NSA is one-source. Occasionally, for operational use or for highly specialized analysis

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problems, NSA's product can stand by itself, but NSA has neither the analytic resources nor the access to information that would put it in a class with the three primary producers. On the other hand NSA is more than a collector and processor; in this its situation is not unlike that of the National Photographic Interpretation Center (NPIC). The traditional view of producing analysts in CIA, DIA and INR has always been "just give us the facts. [redacted] NPIC is to count things. We will integrate these into an order-of-battle." Under budgetary pressure, however, and faced with ever-larger amounts of data, analysts have given way and are in fact looking for help. They are now encouraging NSA and NPIC to go much deeper into such subjects. Moreover, they are coming to recognize that a NSA analyst develops a feel for his source that enables him in a fast-moving and complex situation to draw useful intuitive conclusions that are beyond the competence of an analyst further removed from the communications traffic.

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

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Conclusions

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

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ANNEX E

THE NATIONAL/TACTICAL PROBLEM

Until recently the general view has been that a useful distinction could be made between national intelligence and tactical intelligence. At the national level the interest in military intelligence was primarily strategic in character. The President, policymakers, and planners were and are concerned with long-range weapon systems, the effectiveness of weapons, weapons research and development, overall force structures, and military budgets. A separate category of intelligence information, called tactical, although not well defined, was presumed to be primarily of interest to military commanders.

Although a meaningful distinction between national or strategic intelligence and tactical intelligence no doubt did exist in the past, it is no longer a useful distinction. The military commander, faced with sophisticated modern weapon systems needs equally sophisticated intelligence support. He needs a current and detailed understanding of the fighting capability of the weapon systems arrayed against him. He needs to know the disposition of opposing forces, and he must have a good understanding of the vulnerability of these forces. The long range and flexibility of modern weapons make warning of the imminence of hostilities both more important and more difficult to achieve. Once hostilities have commenced, the military

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commander needs to have the means for following the rapid course of battle. His intelligence must be as close to "real time" as feasible so that he can make both offensive and defensive command decisions. These requirements for military commander intelligence support all demand a level of collection and analytical sophistication which historically has been associated primarily with national strategic intelligence.

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

The table on the following page outlines three major categories of intelligence which are relevant in the current and future time frame: National Intelligence, Military Departmental Intelligence, and Military Commander Intelligence Support. For purposes of this paper the emphasis is on military related subjects, so the several categories of non-military national intelligence are suppressed. There are a range

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CATEGORIES OF INTELLIGENCE

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

of subjects which are military and have high national interest and priority. These include the major strategic military questions having to do with threats against the United States and the planning for the US military capability needed to maintain an acceptable defense posture.

In addition to these national level military interests, there is a range of departmental military interests. These include many of the same subjects that are of interest at the national level, but also include more detailed issues. At the departmental level, intelligence supports systems design for both offensive and defensive weapons. Intelligence is also important in developing military doctrine and tactical plans, such as electromagnetic countermeasures and force deployments.

The military commander is, in the end, the beneficiary of much of the national intelligence, and, in principle, of all of the departmental intelligence since this intelligence influences the design of new weapon systems and the theater force structures. On the other hand the military commander has a number of special requirements having to do with the nature, structure, and status of the military forces deployed in direct opposition to him. His intelligence support requirements in the face of present and future weapon environments far exceed the traditional boundaries implied by the term "tactical intelligence." The unique

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intelligence requirements of the military commander need to be carefully defined and placed in proper perspective with respect to national and military departmental requirements.

In the past, theater intelligence has been largely in the hands of the theater commander. He has acquired his information through aircraft, foot patrols, forward radar installations, and in more recent times, COMINT resources under his direct command authority. Intelligence derived in this manner was (and is) called "tactical intelligence." Because of the relative simplicity of the opposing weapons, the field commander's need for strategic intelligence support was not critical.

The term "tactical intelligence" is still in common use, but the situation facing the field commander has undergone important changes. Tactical aircraft supporting military ground operations are equipped with guided weapon systems and have an operating radius of hundreds of miles. Accurate ballistic missiles are a key element in the opposition force structure. These "tactical" ballistic missiles have ranges from a few tens of miles to hundreds of miles. Helicopters have enhanced mobility and changed combat tactics in important ways. Man-carried guided weapons are altering the once dominant character of armored vehicles, particularly tanks, in the fighting force. This vast array of complicated and flexibility weaponry has in turn impacted the military doctrine and fighting strategies of opposing forces.

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Most of the important weapon system characteristics are not derivable by the military commander using resources under his control. This factor places a heavy demand on strategic and departmental intelligence if effective and timely countermeasures or counterforces are to be available when needed by commanders, and wise long range weapon system development decisions are to be made. Strategic intelligence, including detailed weapon system characteristics, is derived from national strategic collection resources, such as photographic satellites, [REDACTED] COMINT, and human sources using sophisticated analytical methodologies. With the evolving effectiveness of modern weapon systems, the need for strategic intelligence has been well understood and generally well served by the Intelligence Community.

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Recently, however, it has become clear that the intelligence support to the military commander falls far short of the capability required if he is to effectively deal with active hostilities where modern weapon systems are employed. The intelligence resources under his direct control remain essentially as they have been for many years. The intelligence support derived from the national community has been useful but limited. National intelligence frequently has not focused on the weapon systems characteristics and vulnerabilities of most interest to a commander. His limited collection and analytical resources cannot provide him with good measures of opposing force deployment and status or warn him of impending hostilities. There are serious

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questions about the military commander's ability to track events after the outbreak of hostilities and to couple this intelligence to his own tactical decisions.

In response to this intelligence gap, two things have happened. First there has been increasing priority placed on real time collection resources. This is particularly true of SIGINT, where there is currently a substantial effort under way to integrate SIGINT collection resources, [redacted] and provide processed information directly to military commanders at the theater level and below. These requirements are supported by a rapidly developing technology, particularly in communications and data processing. As a consequence of the "new" intelligence needs of military commanders and the evolving capability of strategic intelligence collection resources to support military problems, the distinctions among strategic, tactical, national, and military commander intelligence have virtually vanished. Within the next five years, all critical collection resources which are essential to support national intelligence will have capabilities which are useful to and in some cases essential to field commanders.

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The implications of this suddenly changed situation are profound. Resource decisions and collection management in the future will be more complex because of the broader range of needs which are competing for atten-

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tion. New factors must be considered, such as the vulnerability of collection systems and the rapid forwarding of intelligence information to those who need it. The field commander can no longer be regarded as an independent entity who must and can have his own self-contained intelligence apparatus. Complicated weapon systems and associated doctrine and tactics require equally complicated and effective intelligence apparatus if the nation is to maintain a viable military capability. Intelligence can no longer be left in the hands of military officers primarily trained for conduct of military field operations. The disciplines of modern intelligence are becoming increasingly specialized and complex. Therefore intelligence must rise above its historical second-class status in the military establishment.

All of this implies that, as leader of the Intelligence Community, the DCI must deal with a broader range of intelligence problems and requirements than have been of concern to him in the past. Questions of tasking national systems in support of military commanders and questions concerning real-time forwarding of information are critical questions which are extremely important from a military force standpoint but can only be addressed and resolved at the national level. While the Department of Defense and the Military Services must play a key role in providing intelligence support to military commanders, many relevant resource and substantive issues cut across a far wider range of considerations. Further, because of the deep substantive

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background which is available in the Intelligence Community at large, the DCI is in a key position to guide and influence the improvement of military intelligence. However, if the DCI is to play the key role which he must in these matters, it is essential that he take steps to provide himself with the background and support which he will require.

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ANNEX F
THE DIRECTORATE OF OPERATIONS

The Directorate of Operations (DO) is the Clandestine Service (CS) of the CIA. The CS has two roles: clandestine collection of information and covert action.

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As it is difficult to define covert action precisely; it is equally difficult to define just where such action oversteps the mark. The key appears to lie in establishing an appropriate oversight capability which has the confidence of the American people and the support of all three branches of our government. Such oversight can ensure that covert action is used only in those situations in which it reflects the consensus of US Government opinion, but is nonetheless available when needed.

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ANNEX G

A PRODUCT REVIEW CONCEPT OF RESOURCE ALLOCATION

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

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

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This report would be made available to Defense and OMB, and they would use it as a tool to help shape resource decisions relating to various intelligence programs.

This approach would raise fewer troublesome questions about direct involvement of the DCI in Defense decisionmaking than does the present approach. That role would be reserved to the Department itself and to OMB which has recognized legal responsibilities in assisting the President to develop his overall budgetary strategy.

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

The issues which arise between CIA and Defense in the processing area need attention. They are among the more complex and difficult problems which confront us

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

There are other difficulties inherent in this "product review" approach which can be most graphically illustrated in the Comprehensive Cryptologic Program (CCP), although they can be seen in some measure in other programs as well. In the case of the CCP, if the DCI determined in any given year that five particular facilities made an outstanding contribution to the solution of certain intelligence problems, this would in all likelihood not constitute any effective basis for making decisions about resource levels for those or any other CCP. It is extremely difficult to tell when, or if, any particular CCP facility will make a contribution in a given year. Also, so often the CCP contribution on a given problem results from the combined efforts of a number of facilities over a period of time, each piece of raw data being important but none being essential.

The fact is that with respect to both the CCP and the DO, no one can predict which of many facilities (and the people in them) will yield the hoped-for re-

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sult. The nature of the problems which become important at a given time tends to determine which particular installations make a noteworthy contribution in any given year. For this reason resource decisions for these programs tend to be dictated by the desirability of maintaining the existence of an overall apparatus or capability as conditioned by cover, working environment, and other shifting concerns, and the "product review" approach would be of little real value. However, there are judgments that may be made from year to year or over a longer time on which country or area may become more or less important to US policy. From these qualitative assessments, some resource decisions are possible.

On the other hand, on some of the largest issues which face the Community, the "product review" approach could enable the DCI to develop a coherent view for implementation by others. For example, it is possible that in coming years new overhead reconnaissance systems may substantially change the need for analysts and theater commanders for the kinds of COMINT information which have been supplied in the past by CCP assets. Such a long-term trend ought to be discernible under the basic approach outlined in this option, and thus the DCI would be able to comment that new assets have made a large portion of an existing program irrelevant. It is also true, however, that such a conclusion could be reached by others.

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

We believe the "product review" function would need to be carried out by an organization separate from the production components. This would help overcome the proclivity of analysts to continue to require all information, no matter how marginal, on problems of interest to them in the belief that such information may someday prove essential. Such an organization would also include a small group to investigate major issues of the type suggested above.

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MEMORANDUM FOR: Chief, DDI' Executive Staff

Attached is a copy of the report of the Taylor Study Group. Due to its bulk, the Director has limited its dissemination to one copy for each operating component and staff. It is not his intention, however, to deny interested parties access to the report. Would you, without further reproduction, take the steps necessary so that the report can be examined by your senior officers and other interested people in your component.

[Redacted Signature]

Paul V. Walsh
Acting DDI

Attachment

Date 16 October 1975

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