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The Director of Central Intelligence
Washington, D.C. 20505

OLC # 78-0347/6

Resource Management Staff

DCI/ICS 78-1198
18 October 1978

MEMORANDUM FOR: Mr. Anthony A. Lapham
General Counsel

FROM:
Acting Director, Policy Guidance Office

25X1

SUBJECT: Input to the DCI's Annual Report (U)

1. (C) Preparation of the DCI's Annual Report for calendar year 1978, due to the President and the Congress by 25 January 1979, is now under way. The DCI has approved a concept for this year's Annual Report which is more selective than last year's, both because this seems more appropriate to a 1978 characterized by attention to key intelligence issues rather than the comprehensive report approach used for 1977 as a year of extensive community restructuring, and also to limit length for a busy reader to a manageable 30-40 pages (last year's ran 80 plus). The DCI has also approved an outline for this year's report (Attachment 1). Part I is designed to allow the DCI to highlight the particular characteristics and emphases of 1978 in intelligence; Part II is intended to air several issues of great importance to him, his key Executive users, and the Congress. The Annual Report will carry a high classification and receive extremely limited distribution.

2. (U) Additionally, in a 15 September 1978 letter to the DCI on his Annual Report generally, Chairman Boland of the HPSCI listed six special topics on which the HPSCI desired additional information in the Annual Report or appended to it. (Attachment 3.) The fifth of these is: "All reports from the Attorney General to the President regarding any intelligence activities which raise questions of legality and decisions made or actions taken in response to reports from agencies within the intelligence community forwarded to the Attorney General by the Intelligence Oversight Board." Your office would seem the most appropriate focal point for staffing out this particular request with the White House, Justice and the Intelligence Oversight Board, and resolving any questions of jurisdiction and/or appropriateness that may arise in preparation of a response. We will probably want to make a general statement on this subject in the body of the Annual Report, appending a full response to the HPSCI's (only) copy of the Annual Report.

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3. (C) We would also appreciate input from your office on two sections of the Annual Report outline -- Legal and Propriety Issues and some aspects of Security and Counterintelligence Issues. Please address the following specifics, but feel free to raise other matters you feel should get attention

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in the DCI's Annual Report this year:

a. What strike you as highlights of 1978 on the legal and propriety fronts? We would like to note, and air insofar as DCI comment may be appropriate in an Annual Report, major legal issues rather than cataloguing categories and volume of legal activity.

b. Are there particular concerns and emphases of the Intelligence Oversight Board's 1978 activities that should be noted in the Annual Report?

c. Is the volume or thrust of litigation significantly enough different from 1977 to be worth mention?

d. Beyond specific cases, are there general points to be made from the legal perspective on security and counterintelligence issues involving espionage, ex-intelligence officer authors, other kinds of leaks, etc? How are we doing at coping with the perennial dilemma of legal recourse to exposure of sensitive intelligence data without further damaging disclosure of sources and methods?

e. Are more effective legal remedies to these problems under consideration? If so, should the DCI so note in his Annual Report?

4. (U) We are asking the OLC for input on Congressional relations, including charter legislation, but you may have comment on some congressional matters as well.

5. (C) is responsible for producing this year's DCI Annual Report. Please identify a principal point of contact for her to work with. We shall need your overview comments for the Annual Report by COB 6 November, in order to accomplish integrated drafting of the entire Annual Report in November, review in December, and DCI clearance and production in January. An early idea of the rough dimensions of the response to the HPSCI's 5th task would be helpful in order to write any appropriate highlights into the text of the Annual Report, but the full response will not be needed until January in time to append to the HPSCI's copy of the Annual Report.

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Attachments:

1. DCI Revised Outline - AR for 1978
2. DCI letter to NFIB principals requesting help on Annual Report
3. Boland letter to DCI (15 Sep w/att & DCI interim reply)

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SUBJECT: Input to the DCI's Annual Report (U)

Distribution: DCI/ICS 78-1198

Original & 1 - GC w/atts

1 - OLC w/atts

1 - IG w/atts

1 - SA/DCI/CI w/atts

1 - DCI Security Committee via Exec. Secy. w/atts

1 - RM/EO w/atts

1 - RM/CLLO w/atts

1 - RM/REG w/atts

1 - RM/PGO w/atts (78 AR Production/Tasking)

1 - RM/PGO Chrono w/atts

DCI/RMS/PGO (18 October 1978)

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6 October 1978

DCI REVISED OUTLINE - ANNUAL REPORT FOR 1978

I. 1978 in Intelligence

A. Execution of the E.O. and Other Organizational Questions

1. evolution of the PRC(I); work on user priorities
2. resources: experience in use of DCI's budget authority
3. production
 - a. NFAC's first full year
 - b. DIA
 - c. INR
 - d. DCI substantive committees (EIC, JAEIC, STIC, WSSIC)
4. collection
 - a. status of NITC
 - b. 3 DCI collection committees
5. other management
 - a. DDCI
 - b. NFIB: shifting membership/concerns
6. I&W

B. New or Altered Emphases in Analysis

1. strategic balance: new developments & experience in communicating them
2. proliferating support for arms limitation talks
3. emergence of China as an active world player
4. world petroleum supply

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5. substantive support for crises--e.g., Ogaden, Shaba II
(Afghanistan?)
- C. Intelligence and the Congress
 1. activities in support of both oversight committees
 2. activities in support of other committees
 3. charter legislation
- D. Legal and Propriety Issues
- E. Security and Counterintelligence Issues
 1. Espionage
 - a. Kampiles
 - b. "moles," etc.
 - c. counterintelligence initiatives
 2. Leaks
 - a. Authors
 - b. Others
 - c. Remedies?
 3. Other security measures; e.g., implementation of new industrial security measures
 4. New directions in foreign counterintelligence program
 1. role of new DCI CI coordinator
 2. PRC (CI)
- F. Covert Action - emphasis on mission and programs
- G. Intelligence and the public - new emphases

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H. Major Accomplishments 1978

- a.
- b.
- c.
- d.

II. KEY ISSUES (lead into with NFIP graphics)

The early 1980s budget bow wave and trade-off issues on technical sensors

issues, outcome,
rationale;

COMINT/ELINT upgrade needs, appropriate packages

HF modernization

Quality of Analysis and Policy Support

including progress on improving interdisciplinary analysis

collection/production: an appropriate budget balance?

Community ADP

National/Tactical Interface Issues

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NATIONAL FOREIGN INTELLIGENCE BOARD

NFIB-6.1/10
2 October 1978

MEMORANDUM FOR THE NATIONAL FOREIGN INTELLIGENCE BOARD

SUBJECT: My Annual Report

I very much appreciated the help that you and your organizations provided a year ago in the preparation of my first report as DCI on the Intelligence Community to the President and the Congress. Preparation of this year's Annual Report is now underway, and I would be grateful if you and your organizations would assist with input and/or review as requested. The staff of my Deputy for Resource Management will be in touch with you shortly on specific needs.

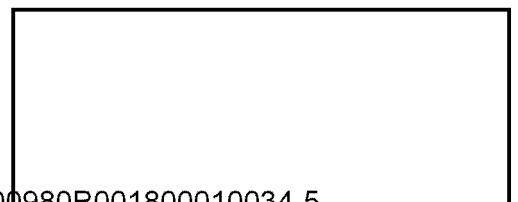
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STANSFIELD TURNER
Chairman

(29 September 1978)

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MURPHY, ILL.
IN, WIS.
CHARLES ROSE, N.M.
NORMAN L. MAZZOLI, KY.
NORMAN Y. MINETA, CALIF.
WYCHE FOWLER, JR., GA.

BOB WILSON, CALIF.
JOHN M. ASHBROOK, OHIO
ROBERT MCCLORY, ILL.
J. KENNETH ROBINSON, VA.

THOMAS K. LATIMER, STAFF DIRECTOR
MICHAEL J. O'NEIL, CHIEF COUNSEL

U.S. HOUSE OF REPRESENTATIVES

PERMANENT SELECT COMMITTEE
ON INTELLIGENCE

WASHINGTON, D.C. 20515

Executive Registry

78-216/4

September 15, 1978

Honorable Stansfield Turner
Director of Central Intelligence
Washington, D.C. 20505

Dear Admiral Turner:

This is in further reference to your letters of March 1 and April 12, 1978 suggesting that the annual reports to be submitted to this Committee concerning intelligence and intelligence-related activities should be consolidated into one report. The structure of the Annual Report which you submit to the President could then be changed to respond to the requirements of reports requested by this Committee.

After careful consideration, the Committee agrees that it would be useful and more efficient for you to continue reporting on the activities of those organizations and programs which are part of the National Foreign Intelligence Program, while leaving to the Department of Defense the responsibility to prepare an additional report on intelligence-related activities, as well as other appropriate comments regarding intelligence activities.

In addition, the Committee recommends more detailed treatment of the intelligence activities of the Department of State and Federal Bureau of Investigation in your next report.

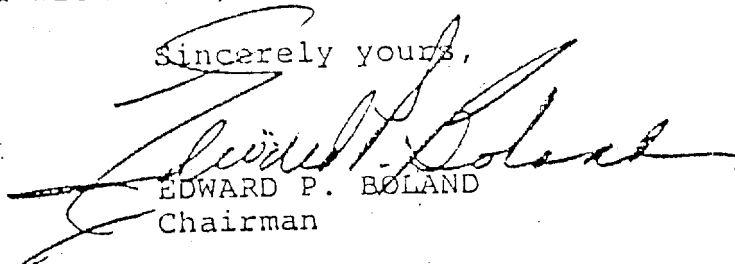
The format used in the 1977 Annual Report is acceptable for 1978 provided the additional information specified in the attachment is included or otherwise appended.

With respect to the Committee's request for an unclassified version of your report, the Committee recognizes it may be necessary to use a different approach and proposes to leave its arrangement to your judgment.

The Committee requests your assistance in providing the Annual Report prior to January 25, 1979.

With every good wish I am,

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Edward P. Boland".

EDWARD P. BOLAND
Chairman

Attachment

Additional Information

Annual Report to the House Permanent Select Committee

on Intelligence

January 1 - December 31, 1978

Special Subjects

Provide:

1. Specific recommendations for legislation or appropriations to correct problem areas identified in the report. *handle in A.R. (or possibly a separate report to Congress)*

2. A comprehensive statement with specific instances of foreign intelligence activities against the intelligence community organizations and corrective action taken by the FBI, the CIA, NSA and the Military Services. *to Post, Williams to manage further task*

3. A list of major studies completed or on-going which impact on the National Foreign Intelligence Program or budget. *RMI action*

not an A.R. function

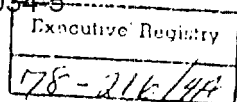
4. All agreements on cooperation between intelligence components of the U.S. Government and foreign governments or elements thereof. *has to be separate response*

5. All reports from the Attorney General to the President regarding any intelligence activities which raise questions of legality and decisions made or actions taken in response to reports from agencies within the intelligence community forwarded to the Attorney General by the Intelligence Oversight Board. *OLC staff with Justice*

6. Identification of all unauthorized disclosures of classified information together with damage assessments and steps taken as a result, i.e., administrative, prosecution, etc. *NTIC Secret*

The Director of Central Intelligence

Washington, D. C. 20505



September 28, 1978

The Honorable Edward P. Boland, Chairman
Permanent Select Committee on Intelligence
U.S. House of Representatives
Washington, D. C. 20515

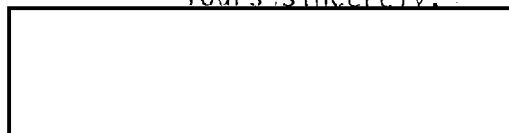
Dear Mr. Chairman:

Your letter of September 15, 1978, is very helpful in clarifying guidance on timing and content of my Annual Report. I will be able to accommodate the topics you specify as wanting included and/or emphasized with one probable exception--agreements on cooperation between intelligence components of the U.S. Government and foreign governments. That does not seem to me an appropriate topic for coverage in an Annual Report; accordingly my Office of Legislative Counsel will be in touch with your Staff shortly about an appropriate separate response to this request.

With respect to the other five special subjects, and the scope and content of the Annual Report generally, members of my Resource Management Staff are in touch with the Committee's Staff Director, Mr. Latimer.

With very best wishes.

Yours sincerely,



STANSFIELD TURNER

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**CONFIDENTIAL****SECRET****ROUTING AND RECORD SHEET***HPS CF*

SUBJECT: (Optional)

Input to the DCI's Annual Report

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FROM:

AD/PGO
BW09 CHB

NO.

DCI/IC 78-1198

25X1

DATE

19 Oct 78

TO: (Officer designation, room number, and building)

DATE

OFFICER'S
INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

RECEIVED

FORWARDED

1. OLC
7D49 HQS

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3-62**610**USE PREVIOUS
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