

Secret
NOFORN

SEMIANNUAL NSC INTELLIGENCE REVIEW

**An Assessment of
National Foreign Intelligence
Production**

Volume I

EXECUTIVE SUMMARY
THE ASSESSMENT

Prepared by the Intelligence Community Staff on behalf of the
Director of Central Intelligence for the National Security Council

Secret

December 1976

Copy N^o 22

Warning Notice
Sensitive Intelligence Sources and Methods Involved
(WNINTEL)

NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

DISSEMINATION CONTROL ABBREVIATIONS

NOFORN-	Not Releasable to Foreign Nationals
NOCONTRACT-	Not Releasable to Contractors or Contractor/Consultants
PROPIN-	Caution—Proprietary Information Involved
NFIBONLY-	NFIB Departments Only
ORCON-	Dissemination and Extraction of Information Controlled by Originator
REL . . . -	This Information has been Authorized for Release to . . .

Classified by 680797
Exempt from General Declassification Schedule
of E.O. 11652, exemption category:
§ 5B(1), (2), and (3)
Automatically declassified on:
date impossible to determine

Approved For Release 2001/09/06 : CIA-RDP82M00311R000100270001-2

SECRET
NOFORN

SEMIANNUAL NSC INTELLIGENCE REVIEW

An Assessment of
National Foreign Intelligence
Production

Volume I
Executive Summary
The Assessment

Prepared by the Intelligence Community Staff on behalf of the
Director of Central Intelligence for the National Security Council

SECRET

Approved For Release 2001/09/06 : CIA-RDP82M00311R000100270001-2

SECRET
NOFORN

An Assessment of National Foreign Intelligence Production

Table of Contents

	<i>Page</i>
Foreword	v
Executive Summary	1
The Intelligence Community and Its Activities	7
Findings on Intelligence Products	11
Some Systemic Problems in Satisfying User Needs	17
Findings, Actions and Recommendations	29
Annex <i>Summary</i>	35
Annex	Volume II

SECRET
NOFORN

FOREWORD

Executive Order 11905, promulgated by the President on 18 February 1976, states that the National Security Council (NSC) shall provide guidance and direction to the development and formulation of national intelligence activities. The Executive Order further directs the NSC to conduct a semiannual review of intelligence, including among other aspects "the needs of users of intelligence and the timeliness and quality of intelligence products"

This report responds to a request in June 1976 by the Assistant to the President for National Security Affairs that the Intelligence Community Staff (IC Staff), in consultation with the NSC Staff, assess on a continuous basis these user needs and the products of intelligence, and report the results of this program for review at each semiannual NSC meeting on intelligence matters.

The report has been prepared by the IC Staff assisted by an *ad hoc* task force composed of representatives from the Departments of State and Treasury, Defense Intelligence Agency (DIA), Central Intelligence Agency (CIA), and the Energy Research and Development Administration (ERDA). It has been developed through interviews with users and selected producers of intelligence, including those in the Departments of State, Treasury and Defense, the military services, the CIA, the Office of the Director of Central Intelligence, the Federal Bureau of Investigation and ERDA. Over 100 users of intelligence in the Executive Branch were formally interviewed. They ranged from the Vice President and the Secretary of the Treasury through senior staff and line policy officials in relevant departments and agencies. In preparing the report, IC Staff officers have analyzed the results of the consumer survey and also have drawn heavily upon documentary data, including the broad range of intelligence products over the past year or so and the observations on intelligence performance that have been made by: the President's Foreign Intelligence Advisory Board, the Senate Select Committee on Intelligence, the Rockefeller Commission Report, the Lynn Report of December 1975 on Organization and Management of the Foreign Intelligence Community which led to Executive Order 11905, and independent studies of the IC Staff. Comments by the Intelligence Community on a draft of the report have been utilized in preparing the final report.

This report is an initial effort to provide regular evaluations of a very broad scope. It covers a wide spectrum of political, economic, military and technical matters of concern to users of intelligence. Yet, it is by no means

v
SECRET

SECRET
NOFORN

exhaustive, with many key regions and topics omitted because of time limitations. This report tends to concentrate on the needs of intelligence users at the "national" level, that is, to support policymakers on issues that confront the National Security Council, its members and their senior staffs, and top leaders in national foreign economic policy. By contrast, much less attention is paid to many departmental needs. For example, this report does not give extensive attention to the vital intelligence needs of military commanders, some of which are to be met by national intelligence resources and products. Some, but not all, needs of agencies dealing with arms control are treated. In subsequent evaluations the IC Staff will cover areas omitted from the first report and analyze in greater depth issues of continuing national concern.

This report attempts to delineate the broad strengths and weaknesses of the Community. In addition to analyzing performance on specific regions and topics, it discusses several systemic problems of intelligence management and performance which affect, directly or indirectly, the satisfactory response to users' needs. These systemic problems are addressed to develop a better understanding of reasons for identified intelligence strengths and weaknesses, and to help generate measures for improvement. Problems addressed in this report relate primarily to Community structure, process, and resources. Largely untreated are questions of recruiting and training appropriate analytical manpower.

The report is organized into two volumes. Volume I contains an Executive Summary, The Assessment, and an Annex which summarizes salient points from Volume II. The second volume contains a detailed review of the timeliness and quality of intelligence products concerning various regions and topics, organized as seven Annexes to The Assessment.

SECRET
NOFORN

An Assessment of National Foreign Intelligence Production

EXECUTIVE SUMMARY

Findings on Intelligence Products

In the eyes of its users, the products of the Intelligence Community are uneven, a mixture of demonstrable strengths and significant deficiencies. This appraisal no doubt results in part from the large number of users, with diverse interests, concerns and responsibilities. But intelligence performance can be improved; indeed, it must be improved in many areas addressed in this review.

In summary, this review finds:

- An increasing diversity and sophistication in the demands of an expanding community of users.
- Inadequate Intelligence Community understanding of the needs of various sets of users and of priorities among these needs.
- General user satisfaction with current, short-term reporting on most topics and geographic regions, but a serious deficiency in anticipatory analysis which alerts policy components to possible problems in the relatively near future (one to three years).
- User desire for more multi-disciplinary analyses which integrate political, economic, technological and military factors to provide a broad appraisal of issues and events for developing US policies and programs.
- User discontent with NIEs and interagency products, especially regarding their utility, and relevance to policy issues.
- Problems in the Community's ability for early recognition of impending crises; in integration of intelligence with information on US political and military actions; and in the definition of responsibilities of the DCI and other Government officials concerned with warning and crisis information.
- User concern about what they view as unnecessary compartmentation of many intelligence products.

SECRET

Systemic Problems in Satisfying User Needs

The findings on intelligence products indicate an uneven record of performance. The causes are many, but the critical aspects appear to derive from some systemic problems of intelligence.

1. Demands and Resources

One problem concerns the demands on intelligence as compared with the fiscal and manpower resources available to meet those demands. The number of intelligence users is expanding and their needs are becoming more complex and sophisticated. Vital issues concerning international economic, political, social and technological developments are striving for recognition on an equal footing with more familiar national security issues. But the Community cannot easily move to support these new concerns within fixed resources. This is because questions regarding the traditional issues of Soviet and Chinese military capabilities and intentions are becoming both more resistant to collection and more complex as regards the information needed by the United States.

2. Determining What Users Really Need

The Community too often has a poor perception of users' needs and cannot project future needs with confidence. But most users do not articulate their needs for intelligence particularly well and inadequately project their future needs. Thus, intelligence managers have difficulty in setting priorities for allocating intelligence resources. This difficulty is particularly apparent in dealing with user needs which are not well established or which cut across traditional intelligence topics or regions, e.g., information relating to nuclear proliferation.

The following actions are under way or will be explored by Community elements and the Intelligence Community Staff (IC Staff) to alleviate this problem:

- More consultation with users in planning intelligence research and production.
- User review of or participation in the development of general intelligence planning and requirements.
- More workshops, briefings and personnel exchange programs to familiarize users and Community personnel with one another's problems, perspectives and constraints.
- Examination of possible ways to increase the collection, processing and production flexibility of the Community to respond rapidly to shifts in user needs.
- A concerted Community effort to analyze in depth the several markets and customers it services, as an aid to better anticipation of users' needs.

SECRET

SECRET

3. Allocation of Resources to Various Aspects of the Intelligence Process

At present, it is very difficult to relate intelligence resources to the end uses of intelligence or to future production requirements. Current management information systems at the Community level do not provide senior managers with adequate understanding of the complex ways by which parts of the intelligence process relate to one another. Community budgets and manpower accounts are currently organized by *inputs* (e.g., the Consolidated Cryptologic Program, CIA Program, General Defense Intelligence Program); resource allocation decisions are not routinely made on the basis of their effect on *outputs* (the end products used by consumers). Needed are:

- Improved data bases to relate Community funds and manpower to intelligence products.
- Better measures of the utility of specific intelligence products, stated in terms of users' needs.
- Analyses which explicitly relate collection, processing and production resources to intelligence products and users' needs, to provide a better basis for decisions by the Committee on Foreign Intelligence (CFI).

Establishing the means for better intelligence resource management on the basis of outputs is a priority task for the Intelligence Community Staff and other Community elements.

4. Balance of Production Effort Among Data Bases, Current Intelligence and Analysis

Producers of intelligence tend to give priority to factual reporting on events and issues because it is necessary for their own operations and answers the first line demands of users for direct support. Most producers also want to undertake deeper analyses to improve users' understanding of current situations and future developments bearing on policy and negotiating issues. But there are problems in moving from factual reporting to complex analyses. More comprehensive, detailed data and the best people are needed; analysis takes more time and closer supervision. This kind of product is in competition with the needs of both users and producers for factual reporting. But clearly both are needed.

In recent years it appears that the balance has tilted away from data base and analytic support of traditional national security concerns and in favor of current intelligence products to support new demands. For example, attention to detailed analysis of Soviet industry has given way to more effort on international trade. Steps which would redress this balance and permit a larger portion of in-depth analytic products include the following:

- Reduction in the amount of finished current intelligence products, consistent with the needs of departmental users.

SECRET

- A reduction of self-initiated descriptive and factual memoranda, but the maintenance and improvement of solid data bases to support production of *ad hoc* analytic papers responding to the immediate needs of users.
- Joint user-producer procedures for establishing priorities for analytic reporting on regions, topics and areas of particular concern to users.
- Planning Community analytic work to better dovetail with the large amount of analytic work that takes place within the policy areas of key Government departments and agencies.

5. The Degree of Proximity Between Policy and Intelligence

Should the coupling of users and intelligence be tight, to enhance the relevance of intelligence to policy, or loose, to assure the objectivity of intelligence products? Users, desire and, in many cases, encourage a close relationship (e.g., through participation in policy review committees, study groups, NSSMs) in the belief that it leads to more responsive intelligence focused on priority user needs. Producers—perhaps more in CIA than in the departmental components of the Community—are apprehensive about mixing policy and intelligence. Intimate user-producer relationships may suppress objectivity. Nevertheless, much of the effective intelligence support noted in this review is the result of close contact between intelligence personnel and policymakers.

The Director of Central Intelligence (DCI), following the philosophy of his predecessors, has instructed the Community to be action-oriented and responsive to users' needs. But he demands total objectivity in intelligence reporting and analysis, and professional judgments on developments, without coloration by policy considerations. Perhaps there should be a more comprehensive policy statement on participation of intelligence producers in policy activities, to define a responsive, yet proper, relationship. Lacking this, users and producers should maintain professional standards of performance and an appropriate degree of tension in their relationship to ensure the objectivity of intelligence.

Actions and Recommendations

1. Actions to be Taken by the DCI

- Assure the effective functioning of mechanisms for evaluation of major new user requests for national intelligence production, to ensure intelligence sources and methods are required and will contribute meaningfully to the issues involved.
- Examine the possibility of key users augmenting their own analytic resources to reduce the volume of requests for memoranda that are not primarily dependent on intelligence sources and methods.

SECRET

- Work to establish through the IC Staff a base of tools and data for assessing the interplay of resources for collection, processing and production and their impact on the value of intelligence products.
- Direct producers of national intelligence to consider reductions in current intelligence and event reporting, while assuring that high-quality current intelligence support is provided as actually needed by users. Request departmental intelligence components to do the same.
- Direct national intelligence components to produce more broad, predictive, multi-disciplinary analyses to assess foreign developments which could have a major impact on US interests.
- Direct the National Intelligence Officers (NIOs) to be more active in soliciting users' views in planning the production of National Intelligence Estimates (NIEs) and other interagency papers.

2. Recommended NSC Actions

- Concur in the findings of this review and provide comments on the principal problems and issues.
- Consider improved ways for users to communicate to the Community their changing concerns and prospective intelligence needs.
- Express strong support of the DCI's leadership in improving the quality and relevance of intelligence products and in determining the organizational and management arrangements within the Community that would enhance his authority to allocate resources toward that end.
- Endorse the continuing need for well-integrated national intelligence during a major crisis or war. Consider measures to assure a strong role for the DCI in providing this intelligence, while also assuring that his role is in consonance with the responsibilities of the Secretary of Defense and the Joint Chiefs of Staff.

SECRET

SECRET

An Assessment of National Foreign Intelligence Production

The Assessment

THE INTELLIGENCE COMMUNITY AND ITS ACTIVITIES

This report is concerned with the activities of the Intelligence Community (called IC or the Community hereafter) which support the production of foreign intelligence on the capabilities, intentions and activities of foreign powers, organizations or their agents. Except for terrorism, it does not address counterintelligence; nor does it address covert actions.

The Community carries out activities which result in intelligence products in support of US policies in the areas of national security, foreign affairs and international economic policy. This first chapter briefly describes the intelligence process, the organizations involved in intelligence and the users of intelligence.

A. The Intelligence Process

The intelligence process consists of organizations, machines, networks of overt and clandestine foreign contacts, communications systems and a body of lore and techniques, all of which provide information about foreign powers, organizations and their agents. This process carries out six basic activities:

- *Identification of users' requirements* for intelligence.
- *Collection* of intelligence information by human and machine systems.
- *Processing* of raw intelligence into forms suitable for analytic exploitation.

- *Analysis and Production* of intelligence end products in forms suitable for use by consumers.
- *Dissemination* of these products to users through cables, maps, bound reports, papers and briefings.
- *Evaluation* of the timeliness and quality of intelligence products in meeting users' needs, with feedback to the intelligence process to improve performance.

Intelligence products can be classified into the following broad categories, based on the purpose to be served by the products:

- Background information and data on foreign countries and groups which are not directly relatable to specific actions or programs of the US Government. This type of information is essential for developing other intelligence products and helps establish the context within which US policy is formulated.
- Information reports, analyses, estimates and projections related to specific foreign actions or programs used more directly by departments of the Government, military commanders and the Congress to help determine US peacetime actions and programs.
- Alerting of US officials and military commanders to potential foreign military, politi-

SECRET

cal, economic or terrorist actions inimical to US interests. Alerting (sometimes called strategic warning in the military context) differs from estimates and projections in that it signals a probable increase in the likelihood of hostile foreign actions in the near future.

- Warning of imminent foreign military, political, economic, or terrorist actions inimical to US interests. Whereas alerting concerns foreign intent which may change before hostile action occurs, warning implies foreign commitment to hostile actions and includes a much higher content of tactical intelligence than alerting.
- Intelligence support to US military, foreign policy and economic actions during crises or war. During such periods tactical intelligence assets provides major support to military planning and operations, as well as some support to national leaders. National intelligence assets are expected also to contribute to support of tactical operations, while fulfilling their primary mission of supporting the national leadership in the broad direction of crises or wartime operations.

B. Intelligence Organizations

The Director of Central Intelligence (DCI), his staffs and 11 organizations, collectively known as the Intelligence Community, operate the foreign intelligence process.* The Community includes the Central Intelligence Agency (CIA), National Security Agency (NSA), Defense Intelligence Agency (DIA), special DOD offices for the collection of intelligence through reconnaissance programs, the intelligence branches of the three military services, and intelligence elements of the Federal Bureau of Investigation (FBI), State Department, Treasury Department and Energy Research and Development Administration

*Responsibilities of the DCI and Community organizations are defined by statutes, National Security Council Intelligence Directives (NSCIDs) and Executive Order 11905.

(ERDA). The Defense Mapping Agency (DMA), while not part of the Community, processes and produces cartographic information. Other organizations actively involved in the foreign intelligence process are the Office of the Secretary of Defense (OSD), the National Security Council (NSC) Staff, the National Intelligence Officers (NIOs) and the Intelligence Community Staff (IC Staff).

The DCI, Deputy Secretary of Defense and Deputy Assistant to the President for National Security Affairs compose the Committee on Foreign Intelligence (CFI), which reviews the National Foreign Intelligence Program (NFIP) and budgets. The Assistant Secretary of Defense (Intelligence), who is also the Director of Defense Intelligence, manages DOD intelligence resources. The NSC Staff oversees the semiannual NSC review of intelligence. The Deputy to the DCI for National Intelligence and his staff of NIOs are senior counselors to the DCI on substantive matters of national intelligence and are responsible for supervising the production of National Intelligence Estimates (NIEs) and other interagency intelligence products, except for national current intelligence, which is a function of the CIA. The Deputy to the DCI for the Intelligence Community and his IC Staff provide the primary support to the CFI, are responsible for coordinating the requirements process and evaluate intelligence performance. Table 1 shows the involvement of these organizations in the intelligence process.

Coordination of Community actions is effected by a number of committees and boards. The CFI has already been mentioned. The National Foreign Intelligence Board (NFIB) consists of representatives of each Community agency and is responsible for approving national intelligence requirements and estimates. The DCI Committees (12 in number) are composed of representatives from appropriate Community agencies and are responsible for coordinating key Community aspects of the collection, processing and production of national intelligence.

SECRET

Table 1

Foreign Intelligence Activities and Organizations

	<u>Requirements</u>	<u>Collection</u>	<u>Processing</u>	<u>Analysis & Production</u>	<u>Dissemination</u>	<u>Evaluation & Feedback</u>
CIA	x	x	x	x	x	x
DIA	x	x	x	x	x	x
NSA	x	x	x	x	x	x
FBI		x ¹			x	
INR/State	x	x ²		x	x	x
Treasury	x	x ²			x	x
ERDA	x	x ²		x	x	x
Military Services ³	x	x	x	x	x	x
DMA	x		x	x	x	x ⁴
OSD	x					x
NSC Staff	x					x
NIOs	x			x	x	x
IC Staff	x	x ⁵	x ⁵			x

¹ The FBI collects foreign intelligence within the US when requested by authorized Intelligence Community officials.

² Representatives of State, Treasury, ERDA, Commerce and Agriculture, when stationed overseas, conduct overt collection of information. Resources in support of these efforts are not included in the NFIP.

³ Includes the Air Force Office of Space Systems.

⁴ For imagery only.

⁵ Coordination of collection and processing efforts.

C. Users of Intelligence Products

The users of foreign intelligence products are generally concerned with three broad areas of US interests: national security, foreign policy and international economic policy. These users include:

- The White House: The President, Vice President, NSC Staff and the President's economic advisors.
- Cabinet-level departments, particularly State, Defense, Treasury and Commerce.
- The Arms Control and Disarmament Agency (ACDA).
- Military commands.
- Economic bodies, such as the Economic Policy Board, East-West Foreign Trade Board, National Advisory Council on International Monetary and Financial Policies, and Council of Economic Advisors.
- Energy organizations, such as the Nuclear Regulatory Commission, Federal Energy Administration and ERDA (also responsible for developing, producing and maintaining nuclear warheads).

SECRET

- Law enforcement or protective agencies, such as the Drug Enforcement Agency and the Secret Service.

Congress is also increasing its use of intelligence. Congressional committees request and receive intelligence briefings and reports, primarily from CIA and DOD. The CIA also provides briefings and biographic materials to Congressmen in preparation for overseas trips.

The Intelligence Community is itself an important consumer of intelligence. Many products—e.g., data bases, maps, biographic information and analyses of specific regions, weapon systems and political trends—are inputs to higher levels of intelligence products. Production to meet internal demand contributes to the data bases, expertise and general information needed for products which respond to external consumers.

SECRET

FINDINGS ON INTELLIGENCE PRODUCTS

In the eyes of its users, the products of the Intelligence Community are uneven, a mixture of demonstrable strengths and significant deficiencies. This appraisal no doubt results in part from the large number of users, with diverse interests and concerns, and an extraordinarily broad range of policy and operational responsibilities. But intelligence performance can be improved; indeed, it must be improved in many areas addressed in this review.

Users are most critical of what intelligence does not do, not of what it does. In general, users see a base of good quality, timely and relevant products. They note fairly substantial support on short-term, day-to-day issues and events. However, users see a serious deficiency in anticipatory intelligence that alerts policy components to possible problems in the relatively near future. Users complain about the relative lack of multidisciplinary area analyses which integrate political, economic, technological and military factors to provide a broad and balanced appraisal of issues and events for developing US policies and programs.

Intelligence components do many traditional types of reporting and analysis well. This is particularly so when intelligence officers are familiar with the issues, when user needs are stable, and when the requirements for intelligence support have had relatively high priority over a number of years. Intelligence does less well with new tasks and new issues, not for lack of priority, but for lack of specific guidance from users on what is expected and useful, and in many cases for lack of experience, data bases, training or appropriate emphasis within the Community.

A. Current Intelligence

Government officials, force planners, overseas missions and military commanders have considerable requirements for intelligence on current events and for follow-up commentary and analysis. In addition to reports on the occurrence of events, they want analyses of their significance. Closely related is the need for data, memoranda and summary views on short-term developments or time-urgent issues where policy decisions are imminent. Similarly, as important happenings unfold, users require wrap-ups or situation reports that are reasonably comprehensive and consider peripheral actions or developments bearing on the problem. In these regards users rate intelligence products as follows:

- Current reporting in the *National Intelligence Daily* (NID), specialized periodicals such as *International Oil Developments*, and other current intelligence publications get high marks as timely, clearly stated products.
- Topical reporting on most issues by the CIA, NSA and departmental components is timely and relevant.
- Support to the international economic activities of the Government, an expanding intelligence function, is viewed by economic users as a valuable supplement to reporting from other sources.
- Brief analytic memoranda by the CIA or departmental components on events or new developments that affect user understanding of issues are generally of value.
- Some users in State, Treasury and Defense find that the drafting of certain current

SECRET

SECRET

intelligence reports to include highly classified or compartmented information limits their usefulness.

- Economic users find that current reporting in the NID often omits reference to significant economic events.

B. Facts, Figures and Data Bases

Users have an insatiable appetite for direct field reporting and hard data such as order of battle information and summaries of force capabilities, political interrelationships among major world countries, and compilations of economic, financial and biographic data. The Community supplies this data to users in a constant stream via direct field reporting from such entities as NSA, the clandestine service of the CIA and overseas missions, and via finished products developed and disseminated for general consumption or tailored to the needs of particular users.

- The Community supplies excellent data of this type on Soviet strategic forces and on primary order of battle for Soviet general purpose forces (counts of ships, divisions, aircraft, etc.). Data on Soviet strategic forces in support of SALT and on Warsaw Pact forces in the NATO Guidelines Area in support of MBFR negotiations are rated excellent. As detailed in Annex A of Volume II, however, the effort to support MBFR negotiations since 1972 has drawn heavily upon the analytic resources in the Community. As a result, there has been limited analysis of the qualitative force effectiveness of Warsaw Pact forces required to support net assessments.
- Data development and field reporting in support of US international economic actions and negotiations are generally given good marks, although some economic consumers feel that resources applied to this function are inadequate.

- While intelligence on technology transfer, terrorism and nuclear proliferation has made useful contributions to US programs concerned with these developments (e.g., intelligence in support of licensing decisions), intelligence in these areas definitely needs strengthening. Not only are more comprehensive data bases needed, but the Community should provide more multi-disciplinary analyses of the impact of technology transfer on the Soviet Union and of the political, economic and regional factors affecting nuclear proliferation.

- Users commend the Community for its rapid and detailed support with all types of basic political, economic and military data on most countries of the world. Economic data on the USSR, however, tend to be aggregative and do not answer some national security and economic users' needs for detailed information on Soviet industry. Military information on free world countries continues to be weak, despite Community efforts to increase the emphasis on this area.

C. Analytic Products

As intelligence analysts move from facts and descriptive summaries to the more analytical and interpretative products of intelligence, users become more critical. Users' needs are manifold and include comprehensive research reports on topics or geographic areas, national estimates, analyses of the effectiveness of military forces, net assessments of opposing forces and speculative studies of future developments. Users are clearly not satisfied, but their reasons differ.

- The essence of the users' verdict is that analytical and interpretive products too often are not relevant to the problems currently facing the users. Products should be focused on issues, highlight developments that affect existing US policies and interests, and anticipate future problems to provide insights for US policymakers and force planners.

SECRET

SECRET

- Users in all areas — national security, foreign policy and international economics — see the need for more multi-disciplinary area analyses which integrate political, economic, military and technological factors. These analyses might relate to regional developments (e.g., the Persian Gulf or Mexico) or to such complex issues as Warsaw Pact warmaking potential or Soviet objectives and strategy.
- Policymakers at every level need more analyses of political, economic and military trends and projections of major long term developments bearing on US interests.
- Analyses of basic aspects of the Soviet and East European economies (R&D, industries, technology) are inadequate to support current user needs in such diverse areas as SIOP targeting, assessment of the implications of technology transfer, and estimating the economic burden of Soviet defense spending. In part, this inadequacy stems from the inability of the Community, within resources currently devoted to economic intelligence, to maintain data bases and expertise on the Soviet economy while supporting the major expanding market of users concerned with international economics. Economic policy officials believe that economic intelligence requires additional analytic resources; some have suggested that detailed economic analyses of Communist countries might be contracted out to properly cleared external research organizations under the direction of agencies within the Community.
- Users of nuclear proliferation intelligence need multi-disciplinary analyses of the prospects for increased spread of nuclear weapons. These analyses should address the political, economic and military incentives or disincentives for specific countries to acquire nuclear weapons and delivery systems, as well as their technical capabilities to do so.
- Several consumers have expressed the desire to have more analysis of those capabilities and vulnerabilities of foreign nations which would reveal possible areas of leverage for the United States in various international programs and negotiations.
- National security users, especially in the Department of Defense, are concerned with the lack of comprehensive analyses of overall Soviet and Warsaw Pact warmaking potential and with the inadequacies of net assessments. There are two problems regarding net assessments. The first relates to the need for the Community to develop better data bases and techniques for analyzing the effectiveness of foreign military forces. The second has to do with the role of intelligence in net assessments. The Community performs such assessments of foreign military balances (e.g., Arabs and Israelis) and provides inputs to net assessments of US-Soviet and NATO-Warsaw Pact military balances. It is also at times called upon by Congress and others to compare US and Soviet forces, which may be regarded by users as a logical rounding out of intelligence analyses, but which also can place the Community in the undesirable position of evaluating US military forces and policy.

D. National Intelligence Estimates and Other Interagency Products

Interagency products, particularly the more significant NIEs, are high-cost items in terms of manpower and time. Accordingly, users' criticisms are cause for concern to producers who, by and large, still view these products as useful compilations of facts, interpretations and judgments. Estimates are an effective way to force intelligence components regularly to review events, reassess developments and clarify issues on topics of importance to a wide range of users. Users are particularly vocal on the deficiencies of national estimates and other interagency products. Such reports are highly visible and try, in

SECRET

SECRET

one document, to meet the requirements of a number of users having differing responsibilities and concerns. But the flaws appear to be more generic.

- Policymakers find many estimates "old hat," often untimely, and consequently unread. They generally prefer direct support keyed to their immediate needs as issues arise. State Department users note, however, that National Estimates are useful in providing background for international meetings.
- Economic consumers find that interagency papers dealing with economic and political situations, while providing useful descriptive background materials, often fail to provide adequate intelligence relating to the more difficult policy and negotiating issues.
- Some NSC Staff users question the value of most National Estimates, except for those on military topics. Economic users feel that many of the politico-economic estimates are internally generated for the Community; these users seek more systematic arrangements for discussing priority needs for estimates.
- National security users, especially those in DOD, criticize the conventional wisdom and analytic bias they allege to find in National Estimates on Soviet objectives and strategy and the capabilities of Soviet and Warsaw Pact forces. These users want the Community to analyze incomplete data and project trends through adversarial techniques and net assessments that will provide a wider range of estimative judgments. The Community is beginning to respond to these demands, most notably with the experimental use of competitive teams to develop NIE 11-3/8-76, *Soviet Forces for Intercontinental Conflict Through the Mid-1980s*. The utility of this experimental technique has not yet been determined.
- Despite attempts by the NIOs in recent years to expose differences in view, there is still

criticism that coordinated interagency products too often do not provide balanced appraisals of all factors without being waffled and inconclusive. Users tend to be suspicious of agreed statements, arguing that serious differences of opinion are lost in the process.

There is the danger that these complaints reflect more a mind-set of the user than an objective view of the analytic products. Even when interagency products are at their objective, relevant and perceptive best, they may get no better than mixed reviews if their conclusions do not suit the preconceptions of users. Nevertheless, the complaints about relevancy and usefulness are sufficiently widespread to be telling.

E. Warning, Crisis and Wartime Intelligence

Crisis situations—impending or actual—provide the most stringent test of the timeliness and quality of intelligence. Most "intelligence failures" occur when policymakers or military commanders are surprised by hostile foreign actions when the Community should have provided some warning. The key question is whether the Community's warning abilities are improving. Post mortems have been conducted on a number of past crises and have resulted in improvements in organization, procedures and communications. But effective warning depends also upon the attitudes and alertness of intelligence officers in sensing that foreign actions may take unexpected turns, based on incomplete information. It also depends upon the readiness of users to receive warning in an uncertain situation. These factors can only be judged during the next impending crisis.

As noted, intelligence procedures, communications and facilities for warning and crisis support to national leaders are improving. This is reflected in favorable user comments on the performance of the Community or its elements

SECRET

during evacuation of Americans from Lebanon in June and July 1976 and during the recent Korean DMZ crisis. Most users also approve the concept of a single DCI task force to produce National Intelligence Situation Reports during a crisis. But some major, long-standing problems limit the value of intelligence support to national authorities during warning, crisis and wartime operations. There is a need for:

- Further improvements in the Community's ability for timely recognition of impending crises and hostile foreign actions, to provide better alerting and warning so that early steps can be taken to avoid or mitigate the crisis, as well as to increase the readiness of US forces.

- Better integration of intelligence, diplomatic and political plans and actions, and military plans and operations to support all elements of the Government concerned with warning and crisis situations.
- Better definition of the DCI's responsibilities in crises and wartime, which are vaguely defined in existing legislation and executive orders; better definition of the relation between the crisis and wartime responsibilities of the DCI and of other Government officials (e.g., the Secretary of State, Secretary of Defense, Joint Chiefs of Staff); and improved facilities, organizations and procedures to support the DCI in carrying out his crisis and wartime responsibilities.

SECRET

SECRET

SOME SYSTEMIC PROBLEMS IN SATISFYING USER NEEDS

The findings on intelligence products indicate an uneven record of performance. The causes are many, but the critical aspects appear to derive from some systemic problems of intelligence which are discussed below:

- The determination of what users really need.
- The allocation of resources among various stages of the intelligence process.
- The balance of production effort among data bases, current intelligence and analysis.
- The degree of proximity between policy and intelligence.
- The effect of compartmentation on product utility.

A. Determining User Needs

1. The Problem of Priorities

Meeting the requirements of users for timely, high quality intelligence is basically a problem of setting and adjusting intelligence priorities against a changing set of user needs.* Limits on the budgets and manpower of the Community preclude covering all user needs at the same time. Hence, priorities must be established so that the most important needs can be satisfied with available resources.

The straightforward approach of setting priorities by simply asking users what they need fails on two counts — there is a multitude of users, with varying and sometimes conflicting demands which exceed available intelligence resources,

* The term "priorities" is used in the sense of a set of criteria by which the Community implicitly or explicitly allocates its fiscal and manpower resources.

and the users all too often do not understand their own needs for intelligence very well.

The number of intelligence users is expanding rapidly and their needs are becoming more complex and sophisticated. World power relationships are changing and new, vital issues concerning international economic, political, social and technological developments are striving for recognition on an equal footing with more traditional national security issues.

But the Community cannot easily move to support these new concerns within fixed resources, for questions regarding traditional issues are becoming more comprehensive and sophisticated, demanding increased efforts. The traditional subjects — Soviet and Chinese military capabilities and intentions — are becoming both more resistant to collection and more complex as regards the information needed by the United States. Growth in Soviet capabilities and limits on US defense budgets make military planning decisions more sensitive to finer details of Soviet capabilities. The more delicate balance of world power which now prevails leaves less margin for ignorance or error by the United States about the USSR. Better information is needed earlier to provide the opportunity for the United States to affect international developments during the formative period, before foreign options get fixed and countries become committed to courses of action which run counter to US interests.

These conditions increase the importance for the Community of accurately prioritizing the many and varied needs of users. But the Community too often has the wrong perception of users' needs and cannot project future needs as well as users can. Most users, on the other hand,

SECRET

SECRET

do not articulate their needs for intelligence particularly well and inadequately project their future needs. Even if future needs and priorities were carefully projected, they would still be subject to unexpected change caused by external events which cannot be forecast far in advance.

Intelligence managers often are faced with conflicting, high-priority demands requiring support from the same pool of resources. Some inadequacies in intelligence products noted by users are a result of earlier decisions to support other policy needs. For example, the demand for order of battle data on Soviet general purpose forces to support MBFR negotiations has limited broader studies of the effectiveness of Soviet forces which are now being sought to support net assessments. Similarly, the demand for data in support of current economic and trade issues eroded the Community's ability to provide basic Soviet economic and industrial studies now needed for SIOP targeting, technology transfer analyses and estimates of the burden of Soviet defense spending.

These considerations suggest that the Community must have flexibility to shift collection, processing, or production resources rapidly in response to changing user needs. But the Community has only limited flexibility of this sort. Satellites provide some capability to retarget collection assets quickly, but not as much as is sometimes imagined. Many collection means require ground-based facilities or networks of human contacts which cannot quickly be shifted to new locations. Linguists for processing raw intelligence take time to train, as do area experts who provide the finished products. New data bases require time to develop. Thus, flexibility to respond to rapid shifts in priorities is inherently difficult to achieve. Moreover, what flexibility the Community has developed in the past has been reduced in recent years by the declining purchasing power and manpower of the NFIP.*

* See Table 2, page 23.

2. Mechanisms for Establishing Priorities

Current mechanisms for adjusting intelligence priorities to match user needs are complex, imperfect and do not involve users to the extent they should. They fall into three categories — the formal Intelligence Community planning system, other formal mechanisms and informal communication networks.

The Intelligence Community Planning System. The CFI is charged with establishing policy priorities for collection and production of national intelligence. The DCI and NFIB provide detailed guidance to the Community on intelligence objectives, requirements and priorities through a system of planning documents developed under the aegis of the IC Staff. This system consists of short-range, mid-range and long-range elements.

- The short-range element consists of the *Key Intelligence Questions* (KIQs) and the DCI's *Goals and Objectives*. About a dozen KIQs will be issued for FY 1977 to focus special collection and production attention on priority user needs. The DCI *Goals and Objectives* are intended to provide broad goals for the Community during FY 1977.
- The mid-range element is a comprehensive set of national intelligence requirements and priorities for the FY 1979-83 planning and programming period. It consists of three documents: (a) the *DCI's Perspectives for Intelligence Planning and Programming*, a review of trends and broad needs projected for the period; (b) a new document, *National Foreign Intelligence Requirements and Priorities for Planning and Programming*, intended to define the highest priority national intelligence requirements for the next five years; and (c) a revised attachment to DCID 1/2, which assigns intelligence priorities to regions and topics.
- The third element is a long-range study, extending 15-20 years into the future, to project trends and identify implications for

SECRET

SECRET

planning of future intelligence collection, processing and production.

These formal planning documents are the product of a Community coordination process and reflect Community consensus on high priority users' needs and broad priorities for allocating resources. Users have not participated directly in developing the planning documents, so user needs are reflected only insofar as they are understood by the Community.

Other Formal Mechanisms. Three other formally established mechanisms have more direct effects on determining users' needs and on the detailed management of intelligence resources. These are the NIO system, which primarily affects production priorities; the DCI committees, which affect collection and production; and intelligence liaison units in major user agencies, which influence both production and collection.

The NIOs are the DCI's staff for overseeing production of all national intelligence except for current intelligence, which is a responsibility of the CIA. They are responsible for supervising production of national intelligence, assuring that collection and production are responsive to national needs and maintaining a dialogue with senior users. The NIOs help the Community stay aware of high priority user needs in a number of key areas, but they are a small staff and are not charged with primary responsibility for liaison in all areas of interest to intelligence users.

The DCI Committees have evolved over the years to handle collection, processing, production and other problems requiring coordination among Community organizations. Two of these, the Committee on Imagery Requirements and Exploitation (COMIREX) and the SIGINT Committee, coordinate Community management of critical collection assets in their respective areas. Others coordinate Community production and collection efforts in various specialized areas.

Intelligence units within several Government departments serve more directly as interfaces

between departmental users and the Community than do the other formal planning mechanisms discussed above. Treasury has such a unit and efforts are underway to establish an intelligence liaison unit in the Department of Commerce. The intelligence unit in ERDA provides liaison with the rest of the Community, in addition to carrying out its own production functions. The Bureau of Intelligence and Research in the State Department and DIA in the Department of Defense have many responsibilities, including liaison between users in these departments and the rest of the Community. While such liaison is essential for effective user-Community interface, it does not resolve all problems of apprehending user needs, since each departmental intelligence unit represents a special set of customers and cannot adjudicate Community-wide priorities.

Informal User—Community Networks. Users and Community specialists in key areas communicate informally on users' needs and priorities. These informal communication networks probably do more to tie together users, collectors and producers than other, more formal mechanisms, although they are not substitutes for the formal mechanisms. Areas where such networks exist include strategic forces, international economics, SALT, MBFR, China, terrorism, the technical aspects of nuclear proliferation, specialties within the science and technology area, and Soviet politics and foreign policy.

Being informal and evolutionary, these networks provide uneven coverage of user needs. They are narrowly oriented to specific topics or regions and do not provide a means for dealing with adjustments in intelligence priorities which cut across topical or regional lines. Moreover, these informal networks generally provide for communications among analysts, and do not tie together policymakers and managers of intelligence resources. Nevertheless, such networks have considerable potential—and, in some cases, such as international economics, are currently quite effective.

SECRET

SECRET

3. Improved Ways to Determine User-Needs

Intelligence managers have inadequate means for obtaining a comprehensive view of user needs, projecting these needs into the future and setting priorities for allocating resources. These means are especially inadequate for responding to user needs which are not well established or cut across traditional intelligence topics or regions. In most areas of collection, processing and production, the users are not involved with intelligence managers in setting priorities and making tradeoffs within limited intelligence resources.

Some within the Intelligence Community caution against too much direct involvement of users in setting intelligence priorities, arguing that sometimes users do not want the Community analyzing problems in certain areas where the analysis may challenge the users' views on policy. Some users are skeptical that their greater involvement in setting priorities will materially enhance the relevance of intelligence products. They feel that Community managers must do sufficient planning to anticipate users' needs before the users realize that they are needs. Others argue that the Community must make a concerted effort to analyze in depth the several markets and consumers it services, rather than merely interview consumers or ask them to communicate their needs more precisely.

These observations have merit, and the call for market research by the Community on its various types of consumers warrants pursuit. Nevertheless, the timeliness and quality of intelligence production can be improved by close user-Community interactions, provided these are carefully devised to serve the purposes of relevance and understanding. The following steps, for example, are underway or will be explored by Community elements or the IC Staff:

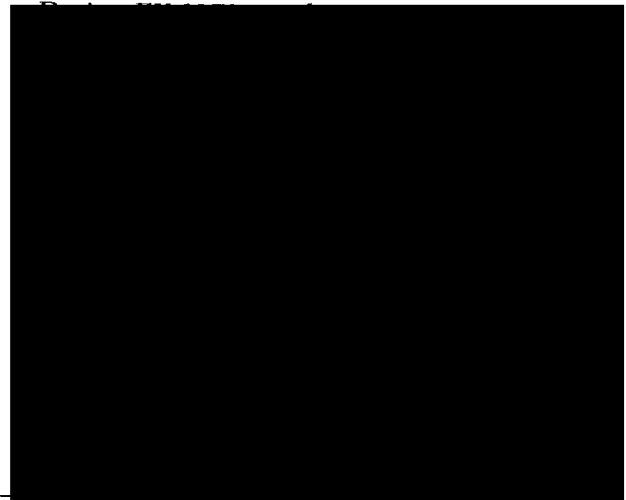
- More consultation with users in planning intelligence research and production.

- User review of or participation in the development of intelligence planning documents.
- More workshops, briefings and personnel exchange programs to familiarize users and Community personnel with one another's problems, perspectives and constraints.
- Examination of possible ways to increase the flexibility of the Community to respond rapidly to shifts in user needs.

B. Allocating Resources to Intelligence Activities

Figures 1 through 3 show FY 1972-76 trends in the allocation of NFIP resources. Table II shows overall trends in NFIP budgets (in current and FY 1976 dollars) and manpower levels.*

Among the priorities and trends shown by these data, the following are noteworthy:



25X1A

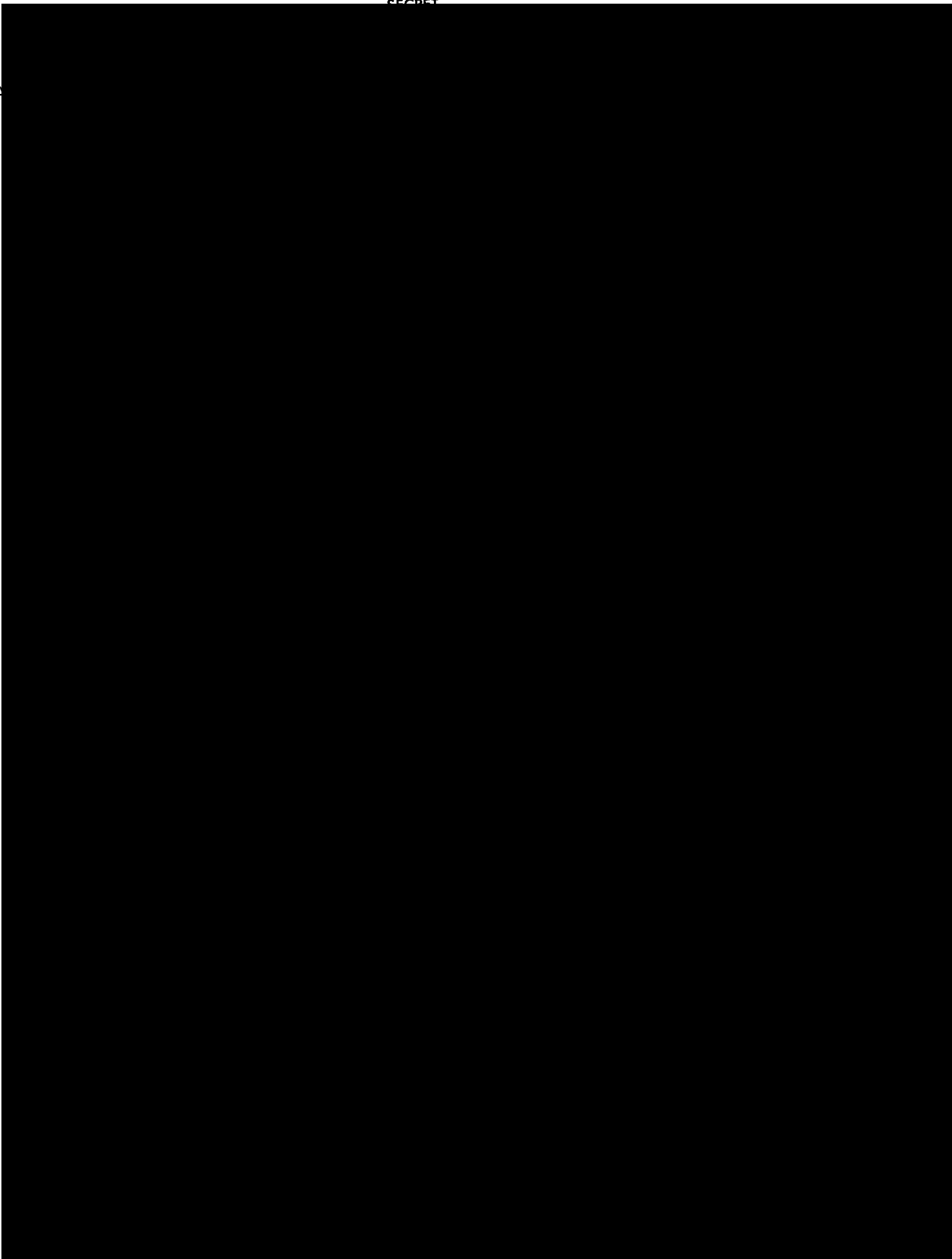
* The data in Figures 1 through 3 and Table II show NFIP resources as contained in the CIRIS (Consolidated Intelligence Resources Information System) data base. CIRIS shows, for current and past fiscal years, the distribution of intelligence resources in official programs and budgets. This distribution reflects the best judgment of intelligence managers on how their resources will be allocated by function, subject and regions. Ground rules for these allocations sometimes vary between programs and over time within specific programs. Moreover, the data do not reflect the actual allocation of resources. Nevertheless, a valid picture of *de facto* priorities and trends emerges at the level of aggregation used for Figures 1 through 3 and Table II.

25X1A

Approved For Release 2001/09/06 : CIA-RDP82M00311R000100270001-2

Approved For Release 2001/09/06 : CIA-RDP82M00311R000100270001-2

25X1A



1. The Collection-Production Balance

It is often stated that resources for collection are out of balance with those for production and that production should receive a larger share. This criticism is based on the fact that production receives only 6-7 percent of NFIP funds, the judgment that intelligence products do not fully satisfy user needs, and the widespread but still subjective opinion among many users and producers of intelligence that a relatively modest increase in resources for production could bring major improvements in output. Translating this general perception into specific resource allocation recommendations for the CFI is a priority task for the IC Staff.

The extent to which present production inadequacies stem from a collection-production resource imbalance is not clear. Intelligence collection systems must be redundant to some extent and postured worldwide simply to be ready, when and where information is accessible and needed. Collection is the expensive end of the intelligence business, is getting more so, and—along with processing—will always far exceed the cost of analysis and production. What is important to note in the mix of resources is that relatively small reallocations from collection resources would amount to significant additions to the production budget.

In the end, it might be found that insufficient resources are committed to production, but hard data for making such a judgment are not yet available. There are several steps that should be

taken before making a determination that production expenditures are too low. Better user-producer interactions may allow elimination of some products and a redistribution of existing production resources to better satisfy user needs. We must assess whether we are processing from collected raw data the maximum available information needed to fill identified intelligence gaps. Recent concern about a shortage of linguists to process COMINT and of photointerpreters, for example, certainly suggests that more resources could readily be used in processing. New options for machine processing of raw collected data are under continuous examination. Thus, addressing the long-standing complaints that intelligence collection and production or analysis are out of balance must delve to the heart of complex intelligence resource management issues.

2. Better Management of Intelligence Resources

At present it is very difficult to relate systematically the resources of intelligence to the end uses of intelligence or to future production requirements. Current management information systems at the Community level do not provide senior Community managers with adequate understanding and control of the complex ways that parts of the intelligence process relate to one another. This is especially true of those relationships which cut across organizational or budget lines. The DCI and CFI must deal with this

SECRET

problem in order to control more efficiently the resource allocations for the NFIP.

Budgets and manpower accounts are currently organized and displayed at the Community level by collection programs (e.g., Consolidated Cryptologic Program) or by organizations (e.g., CIA Program and General Defense Intelligence Program); that is to say, resources are managed in terms of *inputs* to the intelligence process. Resource decisions are not routinely made on the basis of their effect on the *outputs* of the intelligence process, which are the end products used by consumers. The CFI's responsibility to control resource allocation for the NFIP is limited by the lack of adequate:

- Data bases which relate past, current and programmed Community funds and manpower to intelligence products.
- Measures of the utility of specific intelligence products, in terms of user needs. It may not be realistic, or useful, to assign numerical values to intelligence products, but — at the minimum — the implicit measures of product utility used by senior Community managers should be made explicit, so that individual judgments about product utility can be compared and debated.
- Analyses which explicitly relate collection, processing and production resources to specific products and future requirements for products. While these analyses would be facilitated by the data bases discussed above, they need not wait upon the development of better data bases, and indeed the IC Staff and other Community elements are proceeding with output-oriented analyses in support of the CFI.

Establishing the means for better intelligence resource management on the basis of outputs is a priority task for the IC Staff and all Community elements.

C. The Distribution of Production Resources Among Data Bases, Current Intelligence, and Analysis

The traditional intelligence output is solid, descriptive reporting — the when, where, who, what and how of facts bearing on various issues. Every analysis calls for control over a body of hard data that can be massaged to meet the users' needs. Producers of intelligence tend to give priority to this side of their responsibilities because it is necessary for their own operations and it answers the first line demands of users for direct support. Most producers, however, want to move beyond factual reporting. They want to undertake deeper, more sharply focused analyses of the data that will improve policymakers' understanding of current situations and likely future developments bearing on the principal policy, program and negotiating issues. A vocal body of users (and critics) also want such analyses — context, intentions, projections, net assessments, and appraisal of the aims and strategies of the protagonists.

Despite this motivation, producers have their problems in moving from factual reporting to complex analyses. Analytic products require more comprehensive and detailed data — usually more difficult to collect and process — and the best and most experienced personnel, as compared with factual reporting. Moreover, analysis takes time — lengthy gestation periods and closer review by supervisors. This kind of intelligence product is in competition with the needs of both users and producers for “bread and butter” intelligence that underwrites order of battle and capabilities documentation, reporting on scientific and technological trends, and descriptions of day-to-day political and economic developments. But clearly the Community has to respond to the needs for both descriptive reporting and analyses.

Users and producers share a responsibility for limiting and prioritizing user demands and for establishing the appropriate mix of factual

SECRET

SECRET

intelligence and near-term analysis. In recent years it appears that the balance has tilted away from data base and analytic support of traditional national security concerns and in favor of finished current intelligence products to support new demands. Steps which would redress the balance include:

- Reduction in the amount of finished current intelligence products, consistent with the needs of national and departmental users. Steps have already been taken by CIA and DIA to streamline and improve current intelligence production.
- A reduction of self-initiated descriptive and factual memoranda, but the maintenance and improvement of solid data bases for daily support production of *ad hoc* analytic papers responding to the immediate needs of users.
- Joint user-producer procedures for establishing priorities for analytic reporting on regions, topics and areas of particular concern to users.
- Community recognition that a large amount of analytic work takes place within the policy areas of key Government departments and agencies. These analytic activities are outside the framework of the Intelligence Community. Nevertheless, the Community must take these efforts into account so they will not be unnecessarily duplicated by intelligence analyses. Insofar as practical, the analytic output of departmental policy desks should be disseminated to the Community for background information and other uses as appropriate.
- More attention by policy-level users to providing the Community with important information they acquire from their own foreign contacts and information identifying important policy and negotiating issues.

D. Intelligence Objectivity and the Policy Process

Intelligence producers have mixed views about their role in the policy affairs of the Government. There is a cyclic history of passive and active intelligence relations with policymaking. Recent years have seen a swing towards closer intelligence participation in some policy areas.

Good interpretive analysis often comes close to a meshing of policy and intelligence. Users seem to approve of drawing producers closer to policy issues. In fact, some consumers are seeking to bring producers more into the policy process through participation in various policy review committees. This is being done not to ask the advice of intelligence producers on policy decisions, but to strengthen the Community's understanding of the issues and its appreciation of the factors of prime importance to policymakers.

Should the coupling of users and intelligence producers be tight, to enhance the relevance of intelligence to policy, or should it be loose, to assure the objectivity of intelligence products? Interviews with users indicate they generally desire a close relationship in the belief that it leads to more responsive intelligence focused on priority consumer needs. But producers—perhaps more in CIA than in the departmental components of the Community—are apprehensive about mixing policy and intelligence. By tradition, intelligence producers have favored passive over active support of users and have been reluctant to initiate a closer user-producer relationship. As a result, many intelligence products have been less relevant and timely with respect to consumers' needs than could be the case.

User criticisms of analytic products often are couched in terms of the relevance of the products to users. Much of the effective intelligence support noted in this review is the result of frequent discourse between intelligence personnel and relatively senior policymakers. Areas where production and policy are closest are energy,

SECRET

international economics, terrorism, narcotics, SALT, MBFR and territorial negotiations. Maintaining objectivity in descriptive and quantitative intelligence in these areas has generally not been a serious problem. There is a danger however, that close working relationships between intelligence analysts and departmental staff officers or senior policymakers could result in biased products that are structured to support policy, as producers come to identify with the policies they helped develop.

Other forms of bias pose problems for both users and producers. Some users find bias in estimates and projections. One must, however, be guarded in treating this criticism. Charges of bias can result from products which do not provide the answer desired by users. Nevertheless, bias continues to be a problem, particularly on topics on which there is extensive uncertainty allowing institutional leanings of various Community components the opportunity to come to the fore.

There is a subtler form of bias which both users and the Community must watch for — the cultural bias of Americans, who unconsciously view the world from a different frame of reference than others. For example, Americans find it difficult to take the subject of nuclear war as seriously as the Soviets apparently do. And Americans have different criteria for what is rational action in the Middle East than do the Arabs.

The DCI, following the philosophy of his predecessors, has instructed the Community to be action-oriented and responsive to users' needs. But he demands total objectivity in intelligence reporting and analysis, and professional judgments on developments, without coloration by policy considerations. Perhaps there should be a more comprehensive policy statement on participation of intelligence producers in policy activities, to define a responsive, yet proper, relationship. Lacking this, users and producers should maintain professional standards of performance and an appropriate degree of tension in their

relationship to ensure the objectivity of intelligence.

E. Compartmentation of Intelligence Products

Compartmentation of intelligence products is necessary to protect specially sensitive information and safeguard sources and methods which are vulnerable to counteraction by adversaries. But compartmentation also limits the uses to which such information can be put. A balance must be struck between these divergent but valid concerns — a balance which ensures that users have access to and can disseminate information they need and at the same time protects sensitive information, sources and methods.

In recent years, the President, DCI and Community have taken a number of steps to broaden dissemination of compartmented information. The existence of US imagery satellites and most information derived from these sources are now available to users at the Secret level, outside of compartmented controls. T

s. Detailed procedures have been developed for the sanitization, downgrading and decontrol of certain classes of SIGINT information, although the general policy is still to keep SIGINT information under compartmented controls.

During the past year, special studies of compartmentation problems have been undertaken by various Community elements and changes recommended to improve intelligence support to consumers. One major change currently under consideration is the removal of a substantial amount of SIGINT information from compartmented controls. A promising new effort is the creation of a Single System Working Group under the DCI's Security Committee. It is charged with developing a single system of compartmentation to encompass the needs of all

SECRET

special programs and of users as well. Consumers still feel, however, that more should be done to sanitize and decontrol intelligence products.

- Many users, ranging from State to Defense to Treasury, feel that the balance between source protection and access to information is still tipped too far in favor of source protection. They continue to press for more sanitization of intelligence products, to permit wider use of intelligence information while sources remain secure. When requested to prepare reports on specific issues for particular users, the CIA and departmental intelligence components tailor their reports to the needs of these users and can often address the issue satisfactorily with sanitized information. But when reports are prepared for a large audience with diverse interests, it is more difficult to be relevant and informative without including sensitive details of sources and methods.
- It should be noted that user organizations have been slow to nominate necessary per-

sonnel for access to compartmented information. Community officials will expeditiously clear any persons nominated, provided they meet personal security standards and have a need to know.

- The Joint Chiefs of Staff have studied compartmentation problems and have recommended decompartmentation of all intelligence products derived from satellites and adjustments in the classification and compartmentation of the "fact of" satellite reconnaissance. These recommendations have been forwarded to the DCI and are awaiting his decision. They are aimed, *inter alia*, at improved intelligence support to military commanders, who need intelligence data at the lowest possible classification to permit wide dissemination.
- Department of Defense users note that none of the actions discussed above adequately take into account the role of NATO in US national security strategy and the need for improved intelligence support to NATO and its Allied commands.

SECRET

SECRET

FINDINGS, ACTIONS AND RECOMMENDATIONS

A. Findings

In summary, this review finds:

- An increasing diversity and sophistication in the demands of an expanding Community of users.
- Inadequate Community understanding of the needs of various sets of users and of priorities among these needs.
- General user satisfaction with current, short-term reporting on most topics and geographic regions, but less satisfaction with analyses and prognoses of developing issues.
- User discontent with NIEs and interagency products of all types. Their utility and relevance to policy issues are questioned by many users.
- Problems in the Community's ability for early recognition of impending crises; in integration of intelligence and information on US political and military actions; and in the definition of responsibilities of the DCI and other Government officials concerned with warning and crisis information.
- Long-standing problems systemic to the intelligence process concerning the identification of user needs; the basis for allocating intelligence funds and manpower; the balance of production efforts among data bases, current intelligence and analysis; the degree of proximity between intelligence production and the policy process; and the compartmentation of intelligence products.

B. Improvements Under Way

Community components have a number of actions in progress which should effect some improvements, although these actions alone will not resolve the deeper problems of intelligence noted above.

- The NIO concept, when vigorously adhered to by individual NIOs, provides a valuable service. NIOs are responsible for keeping the DCI abreast of policy issues and needs of intelligence relevant to various areas or topics. They are also charged with ensuring that interagency intelligence products are responsive to national needs.
- The Defense Intelligence Officer (DIO) system serves somewhat the same purpose for production of military intelligence which comes under the authority of the Director of DIA.
- The DCI's system of KIQs, when consciously used as a management tool, can assure appropriate emphasis on selected intelligence questions. The list is revised annually and this year is sharply reduced to focus on a small number of intelligence questions that require priority attention because of policy implications or deficient intelligence performance. NIOs have the lead in formulating agreed Community collection and production strategies to develop answers to the KIQs.
- The NFIB and DCI Committees play a key role in the complex process of coordinating detailed Community collection, processing

SECRET

and production activities and relating these to users' requirements.

These mechanisms help focus intelligence on national needs. Other actions work more directly to support departmental needs for intelligence production. The following represent ongoing developments:

- The Defense Intelligence Board, in operation within DOD for some eight months, brings together DOD users and producers of intelligence. It has initiated actions to deal with a number of problems, including compartmentation of information and the establishment of user requirements.
- Informal networks between intelligence analysts and the user community exist in many areas and probably are more productive means of user-producer communications than are purely organizational mechanisms. These networks should be expanded and more systematically exploited to assure effective user-Community communications.
- Within the Department of the Treasury there is a separate office for national security affairs in the Office of the Secretary which in recent years has been successful in strengthening the interface with intelligence and in maintaining a daily dialogue with intelligence officers. This office has contributed to increased relevance of intelligence to international economic policy and negotiating issues. A similar arrangement will be initiated at the Department of Commerce and the technique could be expanded to other departments.
- Oft-suggested but infrequently attempted user-producer workshops are planned for such topics as nuclear proliferation intelligence.

C. Actions to be Taken by the DCI

There has been little need in the past to control users' demands on intelligence resources or to

establish priorities for areas and subjects outside of traditional national security concerns. Users' requests for support have increased to the point, however, where they are beginning to divert research resources devoted to priority concerns. Ultimately, the Community will have to determine the limits of its capabilities and develop criteria for refusing some requests for specialized intelligence support.

DCI Action: The DCI will assure the effective functioning of mechanisms for evaluation of major new user requests for national intelligence production to ensure that the desired information is available primarily through intelligence sources and methods. Where requests conflict with recognized priorities, the DCI will emphasize explicit adjustment of priorities, in consultation with appropriate users.

DCI Action: The DCI will examine the possibility of key users augmenting their own analytic resources to reduce the volume of requests for memoranda that are not primarily dependent on intelligence sources and methods.

Provision of improved intelligence support to users may require some reallocation of intelligence resources. To do so, the Community needs better tools and methods for measuring the potential value to users of collection, processing or production funding changes, as well as the consequences of manpower changes within production components.

DCI Action: The DCI will seek, on a priority basis during FY 1977 and 1978, to establish through the IC Staff a comprehensive, accurate and flexible base of tools and data for assessing the interplay of resources for intelligence collection, processing and production and the impact on the value of intelligence products. He will work with other members of the CFI to establish management policy which will

SECRET

ensure the full participation of Community program managers in this effort.

The Community must improve its near-term analyses, multi-disciplinary analyses and national estimates. These improvements should be made deliberately, so that good work and existing relationships will not be destroyed in the process.

DCI Action: In consideration of those steps which can be taken within present budgetary limits, the DCI will:

- Direct analytic components involved in production of national intelligence to produce a larger number of broad, predictive analyses to assess foreign developments that could have a major impact on US interests.
- Direct production managers in the national intelligence field and request those producing departmental intelligence to consider some reductions in current intelligence and event reporting, while assuring that they will continue to provide quality current intelligence support on a timely basis as needed by users.
- Direct the NIOs to incorporate a broader view of possible trends and developments into their country and area estimates, and to develop more effective ways of interrelating the economic, political, military and technical aspects of issues in their major interagency analyses.
- Direct production managers involved with national intelligence and encourage production managers dealing with departmental intelligence throughout the Community to adopt procedures or reorganizations to establish integrative, multi-disciplinary analyses on areas and topics of interest.

The Community must deal with users' concerns for the lack of relevance and utility in many NIEs. The NIOs have developed several ways of outlining key issues in estimates by discussions prior to drafting, but they rarely solicit the direct views of users on what issues and factors should be addressed by NIEs.

DCI Action: The DCI will direct the NIOs to solicit users' views in planning the production of NIEs and other interagency papers. The NIOs could borrow from the technique of National Security Study Memorandums (NSSMs), in which intelligence users and producers interact directly on specific topics. Some of the more important NSSMs demonstrated the feasibility of forcing producers to perceive policy issues more broadly and to focus their products on specific user concerns. A more direct and perhaps less cumbersome approach would have the NIOs invite the principal users of major intelligence estimates to participate in drafting terms of reference and provide background briefings to the estimate drafting teams on the principal policy questions pertaining to the area or topic under review.

The DCI recently met with the Economic Policy Board (EPB) to consider means of improving the interface between economic policymakers and the Intelligence Community. A number of constructive suggestions came out of that meeting and will be included in a special EPB report.

DCI Action: The DCI will ensure that all members of the new Cabinet concerned with economic policymaking are briefed on the contributions that intelligence can make in this area and the arrangements for doing so. He will also give early consideration to the recommendations of the EPB report.

D. Actions Recommended to the NSC

This review has not identified any issues which are susceptible to final NSC resolution at this

SECRET

time. There are, however, several areas in which NSC guidance or support is desirable.

One area is the findings of this review and the Community actions for improvements reflected in the foregoing discussion.

Recommendation: The NSC principals should concur in the findings of this review and provide comments on the principal problems and issues which relate to their areas of responsibility. It would be of particular value to have NSC members and their senior staffs identify as specifically as possible those improvements in intelligence products considered to be most urgently needed.

Experience with the now disbanded NSC Intelligence Committee (NSCIC) indicates that formal user-producer mechanisms at a senior level are difficult to maintain on a continuing basis. Nevertheless, users must be more explicit and disciplined in their expression of intelligence needs, in order to increase the relevance and timeliness of intelligence products. In particular, the Community has to understand the areas of future user concerns to bring its collection and processing capabilities to bear on issues some time before specific reporting and analyses are needed.

Recommendation: The NSC should consider improved ways for users to communicate to the Community their changing concerns and prospective intelligence needs.

The intelligence products reviewed in this study are the output of several agencies and departments, only one of which is the direct executive responsibility of the DCI. The DCI can direct changes within the CIA that will improve national intelligence in areas of unique Agency competence and in interagency products. He can directly affect the field reporting of the CIA's clandestine service, which supplies a significant amount of intelligence to consumers. But much

of the Community is departmentally based and the DCI can affect the ultimate performance of such elements primarily through positive leadership and guidance in the NFIB and CFI.

Recommendation: The NSC should express its strong support of the DCI's leadership in improving the quality and relevance of intelligence products and in determining the organizational and management arrangements within the Community that will best enhance his authority to allocate resources toward that end.

The Community's ability to function effectively in crisis and wartime situations could be seriously affected by several long-standing problems. Improvements directed toward more timely recognition of impending crises and more complete and relevant reporting during crisis situations are now under way. However, the DCI's role during major military crises or war has long been in need of formal clarification, particularly as regards his authority in respect to national collection assets and his performance as principal foreign intelligence advisor to the President. The need for such clarification becomes more urgent as major national intelligence assets, managed by the DOD, are increasingly tasked to provide direct support to military operations, and as the assurance of reliable and secure communications between national intelligence elements and the National Command Authorities in a nuclear conflict becomes less likely. The NSC must eventually engage in a comprehensive examination of the role of the DCI, and of national intelligence generally, in a major crisis or war. But considerable study is required over the next several months to prepare to address the wide range of issues involved.

Recommendation: The NSC should declare its endorsement of the continuing need for well integrated national intelligence during a major crisis or war. The NSC should consider measures to assure a strong role for the DCI in providing this

SECRET

intelligence, while also assuring that this role is in consonance with the responsibilities of the Secretary of Defense and the

Joint Chiefs of Staff and with the needs of other departmental intelligence users during major crises or wartime.

33
SECRET

SECRET

ANNEX

Summary

The following summarizes the salient points of users' views on intelligence support on geographic and topical areas (Annexes A through G in Volume II).

A. The Soviet Union and Eastern Europe

1. Economy, Technology, and Politics

- There is general satisfaction with the quality and timeliness of most of the current intelligence.
- However, there is increasing need to go beyond current reporting and produce more policy-oriented research, credible estimates, factual compendia and imaginative, multi-disciplinary analyses. There is a particularly strong plea for in-depth, integrated politico-economic reporting on internal matters in Eastern Europe.
- Shortfalls exist in the Community's data bases on and analysis of the Soviet economy. These deficiencies affect the ability to support:
 - Nuclear war planning requirements to prolong Soviet economic recovery under the guidance of NSDM 242.
 - In-depth studies of the Soviet economy. Deficiencies in this area weaken the ability to provide policy-oriented analysis on such topics as the impact of Soviet acquisition of Western technology and its effect on our export control policies.
 - Estimates of Soviet military expenditures.

2. Military Strategy and Capabilities

- The Community provides excellent descriptions of Soviet and Warsaw Pact strategic forces and major general purpose force units and weapons systems.
- There is equal satisfaction with support to SALT and MBFR negotiations. But there is concern with the treatment of dissent and uncertainty. Annex A in Volume II of this review notes the importance to arms negotiations of disagreements concerning the range and mission of the Backfire bomber and uncertainty about the size of Warsaw Pact forces.
- Users need enhanced analytical sophistication. On the basis of available data, more intelligence products are required on such complex, qualitative issues as:
 - Soviet and Warsaw Pact strategy, tactical doctrine and concepts of operation.
 - Overall Soviet and Warsaw Pact warmaking potential.
 - The Soviet ability to project power to distant areas.
 - Soviet and Warsaw Pact training, maintenance, logistics and command, control and communications.
 - National net assessments of critical US-Soviet and NATO-Warsaw Pact military balances.
- Basic user needs for general purpose forces intelligence have been illuminated by the user-producer debate following publication

SECRET

of NIE 11-14-75, Warsaw Pact Forces Opposite NATO.

- The ongoing competitive analysis experiment for NIE 11-3/8-76, Soviet Forces for Intercontinental Conflict Through the Mid-1980s, represents a significant attempt to respond to user criticisms of the national estimative process regarding Soviet strategic forces.
- The Community has been less responsive to requests for a comprehensive, up-to-date estimate of Soviet long-range strategic objectives. Such an estimate is currently in preparation.
- Users' demands for newer types of sophisticated intelligence products are straining the Community's capacity to redirect scarce analytical talent while continuing to deliver a high volume of good analyses of the more traditional, quantitative style which is still in demand.

B. East Asia

- There is general agreement that most intelligence reporting and analysis has been adequate, although there is some controversy as to the adequacy of analysis on Chinese leadership politics.
- Greater collection and analytical effort is needed on North Korea, particularly Pyongyang's domestic political developments, diplomatic strategies and international intentions.
- Users have a growing need for a better grasp of Hanoi's domestic and foreign policies that affect US interests in Southeast Asia and any further negotiating strategies. Intelligence resources were shifted away from Hanoi after the fall of Saigon and the Community's resources devoted to Southeast Asia may have to be reassessed to satisfy these anticipated user requirements.

- Examples of especially good support include:
 - Clandestine reporting on nuclear weapons development programs in South Korea and Taiwan.
 - State and CIA reporting on PRC foreign policy. 25X1A



- Community efforts on the Korean military balance and the Korean I&W problem.

C. The Middle East

- There is general concurrence that the Community has covered three major issues in a meaningful, timely, and effective manner: issues related to peace settlement, with emphasis on the politico-military dimensions of the complex Arab-Israeli equation; threats to political stability of key countries; and activities of major oil exporters bearing on US international economic policy decisions and negotiations.
- Support has improved noticeably since 1973 Arab-Israeli war.
- Current problems include the need for better dialogue between users and producers; the excessive volume of current intelligence; and the need for more in-depth analyses.

D. The Proliferation of Nuclear Weapons and Technology

- The Community's performance on this topic has been mixed. Current and ad hoc intelligence support, especially on technical aspects of proliferation, has been satisfactory. The consensus is, however, that the Community has not performed as well in providing longer term, in-depth analyses which integrate political, economic and military aspects with technical factors.

SECRET

- The DCI is attempting to improve matters through user and producer meetings to (1) better define required intelligence information (including data bases on special nuclear material stockpiles and trained personnel in nuclear technology); (2) determine what can realistically be provided; and (3) establish a more effective Community mechanism for integrating nuclear proliferation intelligence.

E. Support to International Economic Actions of the US Government

- There has been good to excellent support in terms of timeliness, quality and coverage on international economics, particularly in current reporting. There is, however, widespread need for more multi-disciplinary analyses of current politico-economic developments and trends, particularly those drawing on classified material.
- CIA's Office of Economic Research is the principal producer of finished economic intelligence.
- Treasury's intelligence unit is facilitating the user-producer dialogue. Consideration is being given to a similar liaison unit at Commerce.
- Interest in improving economic intelligence support has been shown by the Economic Policy Board (Secretary Simon, Chairman) and PFIAB.
- Periodic collection and reporting guidance from Washington to diplomatic and consular posts abroad has been helpful.
- Some problem areas include:
 - Compartmentation of certain products substantially restricts their dissemination and usefulness.
 - More economic content in NIEs is desirable.
 - More intelligence support is needed to the continuing series of meetings related

to North/South issues and the Less Developed Countries.

- There is a need to improve user-producer interchange.

F. Warning, Crisis and Wartime Operations

- Recent technological advances have permitted improvements in communications systems and operating procedures which support the Community's warning process and enhance its capability to provide better intelligence to national authorities during crisis.
- Major long-standing problems include:
 - Improving the Community's ability to recognize indications of potential foreign actions affecting US interests.
 - The need for better definition of the DCI's role and relationship with other USG officials in warning and crisis operations, and provisions for improved support to the DCI in carrying out those responsibilities.
 - The need to achieve more systematic and adequate integration of US operational and policy information in intelligence assessments pertaining to warning and crisis situations.

G. Support to US Counterterrorism Activities

- There is general satisfaction with the timeliness, quality and relevance of terrorism information provided by the Community. The focal point for intelligence support is the Working Group (WG) of the Cabinet Committee to Combat Terrorism (CCCT), a policy guidance and coordination activity.
- There is a need for products that analyze attitudes and intentions of countries and groups most likely to perpetrate terrorism,

SECRET

and any changes from the norm of terrorist conduct or activities.

- There is a need for information on counter-terrorism policies and practices of other countries and wider dissemination of published materials, e.g., to military commands and various military schools.
- Specific suggestions and recommendations include:
 - Tasking of special Community studies or other production requirements on terror-

ism should be coordinated by the CCCT/WG.

- A computerized central file of terrorism-related intelligence should be established.
- Collection and analysis on terrorism should be expanded to include the possible use by terrorists of chemical and biological agents. This topic could be handled by a subcommittee of the CCCT/WG and perhaps addressed in an "Interagency Intelligence Memorandum."

SECRET