

5 October 1982
DDI #7619-82/1

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

THROUGH : Executive Director

FROM : Deputy Director for Intelligence

SUBJECT : Independent Panel to Investigate DDI Research on Costing
of Soviet Defense Programs (S)

1. As I have discussed with you, I have asked [redacted] -- Chairman of the DCI Military Economic Advisory Panel -- to form a panel to take a detailed look at our highly controversial effort on costing Soviet defense programs. The effort has steadily decreasing credibility and I view this as an opportunity to get the recommendations of some knowledgeable outsiders with respect to changing the effort to make it better and more defensible; to changing the way we convey conclusions to make them less susceptible to distortion by consumers; or to discontinuing the effort because the information gaps are such that no matter how good the methodology the results will be unreliable. (S) 25X1

2. It is [redacted] intention to recruit 2-3 members of the present MEAP who are intimately familiar with Soviet economics and our defense costing effort and therefore will need not start from scratch in terms of understanding intelligence sources, having clearances and so forth. He will ask 2-3 others as well. It is [redacted] objective to complete this project within four to six months. Before proceeding with this I want you to review [redacted] proposal, with my changes, so that you fully understand what he is about to undertake. (S) 25X1 25X1

3. [redacted] proposal reflects his concern that the report might be misused or changed in some way which would make the effort of the panel for naught. I have told him on the telephone that his approach for independent control of the report was out of the question but that he need not worry about the report being simply buried. I assured him that my mind is completely open and that we genuinely are looking for specific recommendations from the Panel on what to do about a problem we cannot ignore. He has agreed with most of the changes that I have made in his work proposal, including eliminating the review committee and insuring that CIA and the DCI have final control over any dissemination of the report. (S) 25X1



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4. If [redacted] accepts all of these changes, as I believe he will,
I believe it is a workable undertaking -- as does [redacted]
I believe [redacted] will give us as honest and thorough an appraisal as
we could have. Because the report will be provided to you (through
me), I believe it appropriate for you to decide whether to proceed
under the conditions outlined in the revised attached work proposal.
I recommend that you approve [redacted] plan as I have amended it. (S)

25X1
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25X1

5. My proposed response to [redacted] also is attached. (U)

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[redacted signature box]

25X1

Robert M. Gates

Attachments:
As Stated

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[redacted]
Chairman, Military Economic Advisory Panel

25X1

Dear [redacted]

25X1

Attached is your work proposal with the changes I noted on the telephone to you a week or so ago. If this revised version is acceptable to you, I suggest you begin work as soon as you can. As agreed, your staff support will be provided by the MEAP secretariat in the Office of Soviet Analysis.

In line with our conversation, you may assure the participants in your effort that the DCI and I genuinely are open in terms of any and all recommendations the panel may make concerning our defense costing effort. What we want from the Committee is a thorough investigation of what we do now, the criticism of our effort by outsiders regardless of the nature of those criticisms, whether there are improvements that can be made in either the information or methodologies we use, and specific concrete recommendations on what we should do.

The report should go through me to the DCI. You may rest assured that the independence and objectivity of the panel is in our view essential to the completion of its work -- but given the nature of the problem and of the arrangements, the report must be classified and under the control of the DCI.

Let me know if there is anything I can do to help along the way. I look forward to seeing the report.

Robert M. Gates