

Executive Registry
82-1285

DCI/ICS 82-4284
5 November 1982

MEMORANDUM FOR: National Foreign Intelligence Program Managers
SUBJECT: Preparation of the DCI's Annual Report to the Congress

1. It is time again to prepare the Annual Report to the Congress. I believe that last year's report which began with a DCI overview of the Community followed by separate reports from CIA, DIA, NSA, INR, and the FBI was comprehensive and informative, and, therefore, quite successful. This approach permitted us to address cooperatively and individually the progress we made toward meeting the needs of national policymakers and departmental intelligence consumers, and will be maintained this year. 25X1

2. You will note from the attached Terms of Reference that I intend to emphasize the theme of restoring balance to the NFIP as we rebuild. I am focusing on three areas of interest identified by the President--HUMINT, analysis, and counterintelligence--with particular attention to efforts in 1982 to achieve balance in our intelligence capabilities. I also plan to address the support provided to policymakers of both a crisis and long-term nature. Finally, I again intend to devote some attention to a look to the future; this year I would like to address the challenges facing the Community in recruiting, retaining, and training the highly skilled personnel we will require in the coming years. 25X1

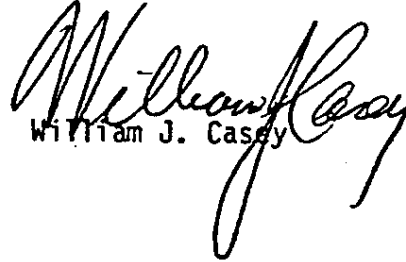
3. As in previous years, I invite you to take this opportunity to address the Congress personally in your own report. We are required to provide a review of US intelligence activities as well as the intelligence activities of foreign countries directed against the US or its interests. I would urge you, however, to devote some time to addressing those three key issues of HUMINT, analysis, as well as counterintelligence, where appropriate. 25X1

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4. The preparation of the report is again being managed by the Office of Planning of the Intelligence Community Staff. Please submit the name of your action officer to [redacted] who also is prepared to meet with you to discuss the report and will provide any assistance you might require. [redacted]


William J. Casey

Attachment:
Terms of Reference

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1 November 1982

TERMS OF REFERENCE

DCI ANNUAL REPORT TO THE CONGRESS

The Office of Planning of the Intelligence Community Staff will manage the preparation of the DCI's Annual Report to the Congress. Congress has reacted favorably in the past three years to the format and content of the Annual Report, i.e., a DCI Overview and separate reports each from the CIA, DIA, NSA, INR, and the FBI. The theme of the 1981 Report was rebuilding which seemed appropriate for the first report by the DCI and several agency directors. This year, the theme will be that of restoring balance to the overall US Intelligence capability as we rebuild, and will focus on efforts to bring HUMINT into balance with the other INTS, analysis into balance with collection, and counterintelligence activities to protect intelligence into balance with the total NFIP effort to generate intelligence. 25X1

Format

The Annual Report will contain seven sections: a DCI Community Overview; a report from the DDCI on CIA activities; and a report each from the directors of DIA, the FBI, NSA, and INR. There will be a set of issues that the DCI will address independent of what individual agency directors may choose to discuss. There also will be a set of issues that the DCI will address in the aggregate, and request that the individual agency directors discuss in greater detail and from their individual perspectives. Finally, agency directors are encouraged to address events and issues of particular significance to them. The length of last year's agency reports ranged from six to ten pages in final published format; this range should be adhered to again this year. 25X1

The DCI's Overview

The theme of the DCI's overview this year will be that of balance; it will tie US intelligence developments and world events in 1982 together with last year's theme of rebuilding to provide a report on the progress made in restoring balance to the NFIP. As has become tradition, the overview will begin with a discussion of intelligence support to policy formulation. This will be followed by a discussion of three programmatic areas identified by the President as requiring emphasis in the rebuilding process: HUMINT; analysis; and counterintelligence. Finally, there will be a section entitled "1983 and Beyond" after last year's final section. The look ahead this year will focus on the Intelligence Community's need to compete successfully for the skilled manpower it requires. 25X1

Introduction - The introduction will be used to restate the theme for the 1981 Annual Report, and discuss in broad terms the progress made during 1982; it will be prepared by the Office of Planning/ICS. Organizational changes will be addressed, as well as planning activities and budgetary initiatives in response to those efforts. 25X1

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Intelligence Support to Policy Formulation - This section will be written by the NIC as it was last year. It will be divided into two parts: the procedural and operational performance based on improvements to the NIE process initiated in 1981; and a review of significant world events of both crisis and long-term concern in 1982. [redacted] 25X1

HUMINT - The Office of HUMINT Collection/IC Staff will take the lead in discussing the progress made [redacted] 25X1

[redacted] 25X1

Analysis - This section will be prepared by the DDI and will address the Community's analytical strengths and weaknesses with respect to such factors as manpower, skills, productivity, and tasking. The overriding theme will be that of redressing the imbalance between collection and analysis, questions of quality of analysis, and consumer relations. Several major events of 1982 will be contrasted with the 1985 Capabilities Study for an assessment of collection strengths and weaknesses. Specific agency programs and initiatives will be left for agency directors to discuss in their respective reports. [redacted] 25X1

Counterintelligence - This topic is the only one that is specifically requested by Congress. This section will be written by the Community Counterintelligence Staff/IC Staff, as it has been in the past years, in close coordination with the FBI. Its emphasis will be on Community efforts to promote coordinated activities and generate greater resources to address the IC and CM issue as described in the NSSD-2 Study. The Technology Transfer Intelligence Committee/ICS will be asked to discuss the counterintelligence implications of the technology transfer issue during the year. [redacted] 25X1

1983 and Beyond - As a final variation on the balance theme, the Office of Planning will address manpower as a resource whose particular needs will be given special attention in the coming year to anticipate the consequences of demographic trends. The task of recruiting, retaining, and training the highly skilled personnel the Community will require over the next decade will become increasingly difficult, and imaginative, and farsighted responses will be necessary if the Community is to compete successfully with the private sector. Societal changes will influence present work force attitudes, and will determine future relationships with work in general. The Community will review the manpower issue in the coming year to determine the need for and qualifications of our future specialists and generalists/managers, and what steps need to be taken to encourage leadership to emerge from these two groups. [redacted] 25X1

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Agency Overviews

If the past is any guide to what can be expected in the individual agency reports, virtually all--CIA, DIA, NSA, and INR--will discuss their responses to world events. The other area where the response can be predicted is that of counterintelligence, where the CIA, DIA, and FBI traditionally have elected to address the subject. HUMINT and Analysis are being discussed in greater detail this year than before; CIA and DIA are urged to address HUMINT separately; CIA, DIA, NSA, and INR are requested to address the quality of analysis issue in their separate contexts. All are invited to address manpower, but that is an option as are any other issues they may wish to address separately. 25X1

Timing

Outlines for each section of the Overview are due by 15 November 1982 with the specific contribution to the DCI's Overview due by 15 December 1982. Individual agency reports are due by 1 January 1983. The Overview will be ready for the DCI's review by 1 January, and the entire report will be sent to the printers by 15 January 1983, and published by 31 January 1983. In order to expedite the editing and printing process, contributions are to be submitted on NBI System 3000 discs where possible. 25X1

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Central Intelligence Agency



Washington, D.C. 20505

DDI - 8068/1 - 82

8 OCT 1982

Ambassador Anne Armstrong
Chairman, President's Foreign Intelligence
Advisory Board
Old Executive Office Building
Washington, D.C. 20500

Dear Anne:

Thank you for providing to me Sy Weiss' report on his meetings with a number of policymakers concerning their perceptions of the intelligence support they are receiving. I found what they had to say both encouraging and dismaying. It was encouraging because their concerns and complaints so closely paralleled the problems that I perceived when I arrived here, a perception which has served as the foundation for a number of organizational and policy changes. I am dismayed because we have apparently not made as much progress as I would have hoped in conveying the significance of these changes to many policy people and they in turn appear not to have paid close enough attention to detect a number of the changes that have been made.

With respect to many of the concerns expressed, I believe that the attachments that I am forwarding with this letter will confirm that we have been aware of the shortcomings in our work and have acted to redress them over the last year or so. First, I would call your attention to the text (Tab A) of remarks which Bob Gates delivered to 1300 analysts in his first week as DDI last January. I think you will find it a startlingly candid appraisal of problems with Agency analysis — the first time the analysts had ever been told some of these things. Beyond a lecture on the shortcomings, however, it offers a concrete program to begin addressing many of the concerns noted by those to whom Sy talked. This includes our need for better insight into how the policy process works and how intelligence is used in that process, the need for longer term research that looks beyond near term developments, the need for a much more aggressive program of soliciting the views of experts on the outside, and a number of others. The second attachment is a copy of the revamped research program for 1982 put together this last spring. You will see that it presents a program reflecting for the first time the new capabilities afforded by the

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reorganization of the DDI a year ago and translating Bob's references on his January speech into a concrete program of longer range research on key issues of policy relevance over the next number of years. This is the first long range, directorate wide research program in the history of the Agency. It is a first effort and both Bob and I expect it to be even better in 1983. The program is at Tab B.

The third attachment that I would bring to your attention is a list of the NIEs and SNIEs published in the last year (Tab C). I think that this list conveys important changes in the way estimates have been produced in the Community. First, we have published several times more Community estimates in the last year than in any preceding period for a generation. Second, many of these estimates are relatively short, were prepared in a brief period of time and are highly policy relevant. Finally, any review of these estimates would see that the conclusions -- and particularly differences of view -- are more sharply highlighted than in the past. In sum, I believe that we have made substantial progress in making the Community estimative program much more useful to the policy community. By way of example, the SNIE on the Soviet Gas Pipeline in Perspective was read by virtually every principal who participated in the NSC meeting on this subject.

As I noted above, I am a little disappointed that the scope of these changes is not yet perceived by some of our policy users. I believe there are two causes for this. First, our dialogue with policymakers tends to be very issue oriented. When the DDI office directors and NIOs talk with policymakers -- which is very frequently -- it generally relates to specific requirements or issues and often does not get at the larger question of overall intelligence support or how it could be improved. Second, I believe many policymakers do not understand or know how intelligence is organized, who the right person is to call on various problems, or the extent of longer range intelligence research and analysis already completed or underway. There is another aspect of the problem: the difficulty of getting "negative feedback" from policymakers at the Assistant Secretary level and above.

To overcome these problems, we have taken several steps. First, I have renewed the charge to the National Intelligence Officers to use their frequent meetings with their policy community contacts to maintain a dialogue about consumer views of the Intelligence Community. Next, because the major portion of the intelligence analysis comes from the Directorate of Intelligence in CIA, Bob Gates has asked all of his office directors to establish a regular meeting with their substantive interlocutors at State, NSC and DoD that is not driven by issues but instead will provide an opportunity to review the overall level and quality of support on a routine basis. Second, we need to move quickly to reach new appointees both during an administration and at the beginning of an administration to explain to them intelligence organization, where they can go for help and to let them in on work and research of interest to them that already has been completed. (To this end, we have begun preparing bibliographies of intelligence research on longer range problems by region -- three examples are at Tab D).

Sy's report has brought home to us that the frequent, issue-driven contacts between our substantive managers and policy officials have not provided an adequate vehicle to discuss policy needs and analytical support/quality. Accordingly, Bob Gates now is visiting a number of the people interviewed by Sy to encourage them to meet every two or three weeks with the appropriate DDI office directors and NIOs for this purpose. Bob also is stressing to them the importance of providing their candid comments and criticisms so that we can make our work more relevant and useful to them. He also has provided them with both the research program and the bibliographies so that they can be aware that considerable long range work is in fact underway or has already been completed and is potentially of great value to them.

As I mentioned in my first letter to you on this subject, we have been making a number of changes here at CIA in the way we do analysis that are intended to improve substantially the quality of support for the American policymaker. It is important to all of us here to be aware of criticisms and concern about our analysis so that we can make it more useful, timely and relevant for the user. Your help in providing the comments of those interviewed by Ambassador Weiss is helpful in that regard and I appreciate it. I hope that the above comments and the attachments to this letter will be shared widely with the members of the PFIAB so that they too may have greater understanding of the efforts we are making here.

Sincerely,

/s/ Bill

William J. Casey
Director of Central Intelligence

Attachments:

- Tab A - Speech
- Tab B - DDI Research Program
- Tab C - Listing of NIEs and SNIEs
- Tab D - Bibliographies (3)

All Portions of the Above Letter
are Classified SECRET.

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7 January 1982

REMARKS TO DDI ANALYSTS AND MANAGERS

I want to thank you for coming today and giving me an opportunity to describe to you directly my views on the Directorate of Intelligence and its work and the steps that the Director, Admiral Inman, and I have agreed would be helpful to improve its capabilities and the quality of its work.

Let me say at the outset, for those of you who do not know me, that I come from the analytical ranks. I began as an analyst in the Office of Current Intelligence and remained basically an analyst until I first went to the NSC Staff early in 1974. So I understand your problems and your perspective.

--I too have tried to cope with vague or ambiguous instructions.

--I have had drafts I sweated over sit in a branch or division chief's in-box for days or weeks.

--I have been pulled off of research to fight current fires.

--I have tried to write analysis knowing full well policymakers and sometimes my own leaders had and were not sharing information essential to my work.

--I too had to prove myself again and again to a rapid succession of branch and division chiefs.

--I saw first-rate work produced under adverse circumstances.

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The Director of Central Intelligence

Washington, D.C. 20505

Executive Registry

82-12034/1

25 October 1982

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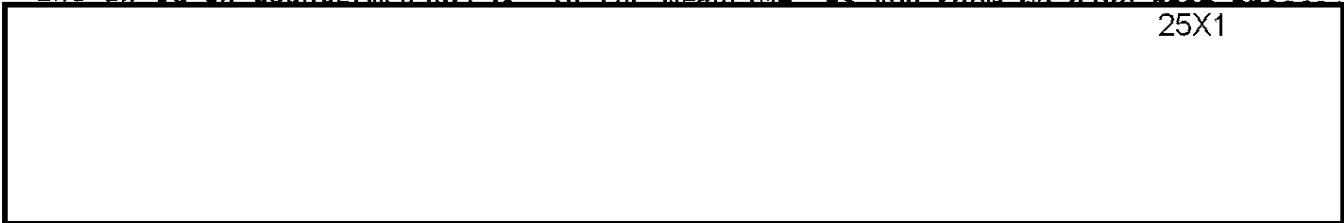
The Honorable William P. Clark
Assistant to the President for
National Security Affairs
The White House
Washington, D.C. 20500

Dear Bill:

I write this to follow up on the President's indication, in his recent letter to me, that he would like me to discuss with you how we can respond to the recommendations contained in PFIAB's initial report to him.

Anne Armstrong has provided us with the specifics of the comments and criticisms of the approximately 30 current and past U.S. officials interviewed over a seven-month period. I enclose a copy of a letter expressing our appreciation and outlining steps already taken and the additional ones planned to improve the quality of analysis and improve policymaker understanding of the Intelligence Community. For the first time in close to a decade, the scope of the analytical and estimative program now reasonably matches the scope of the issues and problems faced by the policy community. To illustrate, national estimates dwindled from an annual average of 51 in the late 60s to 33 in the early 70s and all the way down to an annual average of 12 in the 6 years from 1975 through 1980. During 1981 we did 38 national estimates and we will do 60 or more during 1982.

Under NSC auspices we have completed a comprehensive review of the hostile intelligence and the additional capabilities with which to deal. The implementation of those recommendations is proceeding in an IG on counterintelligence and an IG on countermeasures. In the meantime, as you know we have been



We are working to assist PFIAB in developing an independent assessment on the Soviet economy under the auspices of the Department of Commerce supported by outside experts. In addition, CIA economists will support Allen Wallis, the new Under Secretary of State for Economic Affairs, to make a net assessment of trade with the Soviet Union on their economy and ours which Secretary Shultz has asked him to do. This is likely to involve an evaluation of our work on the Soviet economy by Dr. Wallis and his colleagues who have high economic competence.

Secretary Shultz, Secretary Weinberger, and I have met with Johnny Foster's arms control committee. I found the recommendations made in their letter to the President both innovative and sound and we either have or will implement most of those relating to verification.

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I have redirected the SAFE program which had bogged down badly after some seven years and many millions of dollars. Shifting to proven technology and enlisting software, we are now scheduled to have [redacted] analysts on 25X1 with a first-stage system in 1983. I have engaged [redacted] to critique this redirection and will have their report shortly.

The system in the SIG-I under NSC auspices which has prevailed for ten years for an annual consumer formulation of key intelligence topics had become quite static and sterile. We will now have a quarterly review of intelligence products produced on the key topics and, at the same time, specify additional analysis and collection required.

You are familiar with the efforts being made to tighten Cocom and reduce technology loss.

Yours,



William J. Casey

Enclosure

cc: Chairman, President's Foreign Intelligence
Advisory Board

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D/ICS " "

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REMARKS OF WILLIAM J. CASEY

DIRECTOR OF CENTRAL INTELLIGENCE

to

CIA EMPLOYEES

CIA Auditorium

21 October 1982

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Good afternoon. I'm glad to be here this afternoon with all of you. As we move into a new fiscal year I thought I'd like to tell you where we are, how we're functioning and where we're headed as I see it.

I've just returned from two weeks visiting 11 of our stations [REDACTED] STAT

[REDACTED] STAT
Europe into Asia. In all, I've visited [REDACTED] stations since I've been in this job. In each case I've been powerfully impressed by our operations, our support and our technical people. In each country, almost always with our station chief and the DDO division chief, I've had good talks of an hour or more with the King or the President or the Prime Minister and have had good working sessions [REDACTED] STAT

[REDACTED] STAT
In all, these travels have taken about 6% of my working time here. It isn't restful to hit 11 countries in two working weeks plus three weekends, but I find these visits extraordinarily valuable. They make me proud of the people we have out there. They help refine and prioritize their objectives, develop additional support they need, and permit us to better evaluate and use their product back here. Talks on the scene always create a better grasp of reality in assessing intelligence and developing cooperation. [REDACTED] STAT

[REDACTED] STAT

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Talking to our colleagues during my trips overseas and around the country, I have found morale to be good. I think this can be attributed to an increased interest and value placed on intelligence, a renewed sense of mission, an improved public opinion, greater support at grass roots levels, and strong support from both the Executive and Legislative branches of government.

Overseas service has become more attractive with overseas pay a permanent thing, a stronger dollar, adoption of items contained in the Foreign Service Act, our efforts to improve personal and physical security overseas, and better training of our people prior to overseas assignments.

This Headquarters is an exciting place to be today because the national security apparatus, and economic policymakers as well, are placing a high value on good intelligence, on good analysis and on the versatility and can-do spirit that characterizes this organization. We can all take satisfaction in the knowledge that we are meeting the needs of the policymakers and that they are reciprocating by funding improvements for us in the face of tight fiscal pressure.

I see as my basic job to determine what it is that we need to know and understand, to see that the existing collection and analytical capabilities are focused on those subjects, and to develop any additional capabilities necessary to deal more fully with existing intelligence needs and with others likely to emerge.

To determine what it is we need to know is the starting point. This requires a close working relationship with the decisionmaking apparatus. For most of the last decade the formal mechanism for that has been an annually

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prepared and agreed list of key intelligence topics produced in an inter-agency process under the auspices of the National Security Council. That exercise had become rather static and sterile and we have supplemented it with a review every three months to evaluate the actual intelligence production related to those key topics and to define the additional collection and analysis still needed on those topics.

Probably more important in determining our intelligence needs are informal exchanges with decisionmakers. Every day, a CIA briefer reviews the President's Daily Brief and significant last minute reports with the Vice President, the Secretary of State, the Secretary of Defense, and the President's National Security Advisor. At about 11 a.m., the briefers come in to review with me the reactions and interests expressed in the briefing. We discuss the next day's brief and additional collection, analyses or estimates that may be indicated. That daily playback is supplemented by meetings of the National Security Council and the National Security Planning Group, which the President almost always chairs, and by weekly meetings which I and John McMahon have with Secretary Shultz, Secretary Weinberger and Judge Clark.

This whole vast process of collection and analysis culminates in the program of national estimates. It is the scope, the adequacy, the pertinence, and the timeliness of those estimates in relation to the threats we face and the needs of decisionmakers that ultimately determine how well we are doing our job. You've heard Admiral Inman describe how the 50% drawdown in funding and the 40% drawdown in personnel during the seventies required the concentration of dwindling resources on the most devastating threats and led to the neglect of many other areas of concern.

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This showed up most vividly in the national estimates which dwindled from an annual average of 51 in the late 60s, down to 33 in the early 70s and all the way down to an annual average of 12 in the 6 years from 1975 through 1980. During 1981 we did 38 national estimates and we will do 60 or more during 1982.

The real value of this sharply increased number of estimates turns on their timeliness, relevance and quality. As to timeliness, we haven't matched the starting pace of General Bedell Smith. When he was sworn in as DCI, he was told that President Truman was leaving the next day to confer with General MacArthur at Wake Island and wanted to take with him national estimates on seven subjects. He called the members of the then counterpart of the National Foreign Intelligence Board to his Pentagon office at 4 p.m. and told them to bring along their papers and experts and be prepared to spend the night. He parceled out the subjects to each of seven principals with appropriate advisors and announced that he would expect an estimate to be on his desk early the next morning. When President Truman flew off to Wake Island that afternoon, he had the seven estimates to ponder on the plane. Perhaps things were simpler and more clear cut in those days. We haven't found it necessary to match that pace but we have turned out significant and urgent estimates in a few days and one very complex and critical estimate in a week.

As to relevance, when the President and the NSC addressed Libyan sanctions, technology transfer, Soviet trade and credit, the Siberian pipeline and Western alternatives to Soviet gas, Lebanon, the next phases in the Iran-Iraq war, the Mexican financial crisis, the Law of the Sea, the President's Palestinian initiative, Poland, Kampuchea, the Horn of Africa, US strategic force improvements,

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arms sales to Taiwan and most other subjects, national estimates were on the table. We've had a lot of catching up to do. We have completed or have in progress estimates on important and pressing issues which have not been done in years, sometimes in a decade. New ground has been broken with first-time estimates on the economic stakes in the Law of the Sea, on the dependence of the Soviet military build-up on Western technology and trade, on regional aspects of Libyan, Cuban and Soviet-backed insurgencies in Central America, in the Horn of Africa and in southern Africa, on potential instability and regional tensions affecting strategically significant countries, on the high technology arms market, on the European peace movement and on INF arms negotiations in relation to the deployment of US and Soviet missiles in Europe.

Most of you know that we have instituted a new fast track system that can produce estimates on issues coming up for policy decision very quickly. Perhaps more important, we have taken steps to assure standards of integrity and objectivity, accuracy and independence, as well as relevance and timeliness to the national estimate process. The chiefs of the various components of the Intelligence Community -- DIA, NSA, State's INR, Army, Navy, Air Force, Marine Corps, Treasury, FBI, Energy -- sit on the National Foreign Intelligence Board and function as a Board of Estimates. Each chief at the table is charged with seeing that the information and the judgments coming out of his organization are reflected in the estimate. I'm responsible for the estimate but I charge myself to see that all significant and substantiated judgments in the Community are reflected so that in policy formulation and decisionmaking the full range of intelligence judgments in the Community is on the table. I believe this process has done a great deal to develop a new spirit of constructive collaboration among the components of the Intelligence Community.

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The strengthening and extension of our capabilities is being encouraged and strongly supported. We have a completed comprehensive review of the intelligence challenges we see for the rest of the decade, the adequacy of our current collection and analytical capabilities to meet them and what it will take to overcome the inadequacies. We have recently completed a similar review of hostile intelligence threats, our present ability to counter them and the additional countermeasure capabilities needed.

Although we are sometimes severely pressed as the new missions assigned us require carrying increasing activities and rebuilding at the same time, we are still managing to do the job. This has required many of you to put in longer hours, many have given up leave and undertaken extensive TDYs. We will remedy this as we rebuild. Right now the load is lightened by several hundred retirees working with us on contract.

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programs. We have just completed OMB hearings for our '84 budget and are encouraged with expected further growth in Agency programs.

We have started over these two years on a substantial increase in the number of human intelligence collectors overseas and the expansion of their activities into new areas. We've made a good start on sizeable increases in the number of intelligence analysts across the full range of intelligence problems with particular emphasis on those areas of sharply increasing demand --

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-- Third World, nuclear proliferation, international terrorism, and global resources. We are instituting a long-term program to upgrade the skills and experience levels of our intelligence analysts through overseas assignments and continuing education. These efforts are being supported by improvements in automated data systems to provide support to analysts and in building and maintaining expanded and improved data bases.

Initial efforts in the development of the SAFE system were disappointing but we believe we have turned the corner. I have redirected this program to provide an initial capability to screen, sift and store reports for at least

analysts starting in March '83.

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A major upgrading of our technical collection instruments and of our ability to process and interpret the data they collect will be showing results this year and be completed in 1986.

We are investing significant funds in our Office of Communications to upgrade our domestic and foreign communications networks. Our training staff and facilities, as we rebuild, are expanding and require additional resources. As we expand, new challenges will be faced by our Offices of Medical Services, Security, and Personnel. They performed yeoman work during the last fiscal year as we processed and entered on duty over 50 percent more personnel than in the prior fiscal year.

Thus, you see, there are new and immense challenges for every element and every individual in this Agency.

In this rebuilding process, we've gone public in our recruiting. I was hesitant but I now believe it to be a very good thing. We get a quarter of a million letters and telephone inquiries a year. It's an open and widely known fact that there is a broad spectrum of opportunities for honorable, satisfying and rewarding careers in the CIA. That by itself is a good thing. The quarter of a million inquiries boil down in round numbers to 20,000 interviews, 10,000 applications, [] people cleared and accepted as suitable, and [] new recruits a year. So, we're bringing on the new people we need while maintaining a high standard of selectivity. When they come in we intend to test their ability to meet high standards of performance early on and impose responsibility as rapidly as possible.

One of the things we must work toward is moving our people back into Headquarters. Today we are housed in [] locations in the metropolitan area. This is an inefficient and costly way of doing business and requires duplication of extremely scarce resources. I have authorized leasing [] square feet [] to reduce current crowding and to provide for our '83 increase in staff. Beyond that, we are planning for a new building here on this campus. We have obtained approval by the National Capital Planning Commission, the Fairfax Supervisors, and have the concurrence of local interest groups. We appear to have Congressional support and we have selected an architectural and engineering firm to design the new building during this year. I am seeking funds in the '84 budget for construction of the new building.

How are we gearing ourselves to carry forward a long-term rebuilding and at the same time handle the new pressures we face right now -- destabilization and external support of insurgency and subversion in friendly countries,

spreading terrorism, instability threatening disruption in strategically situated countries, technology transfer imposing heavier defense burdens on us, intensified espionage and active measures by the KGB and its partners. We've created new centers -- a Technology Transfer Center, a Center on Insurgency and Instability, co-located DI and DO units on terrorism and counterintelligence. We are strengthening the support we get from our intelligence liaison with friendly countries by briefing and training their officers and providing technical capabilities to generate greater assistance from them in counterintelligence, anti-terrorism, and intelligence support of counterinsurgency.

One of my prime objectives has been to get better mutual support among the components of the Intelligence Community and between the Directorates and the offices of the CIA. The Defense Intelligence Agency and INR at State are carrying as much as one-third of the drafting of the expanded estimates program. Monthly warning meetings did not yield a close enough watch and they are now supplemented by a watch meeting every Thursday in which the chief of our Intelligence Directorate meets with the chiefs of DIA, State/INR, and NSA to provide the President with a weekly watch report on Friday morning. One of my special interests of late has been to energize analysts to actively and regularly specify information gaps their analytical work points up. We need this to assure that our extensive technical and human collection abilities are driven primarily by the intelligence needs of analysts and decisionmakers rather than by our collection capabilities. We need more analyst tasking of the clandestine service and more contributions from field stations to analytical products. DDI use of DDO reporting is up 300 percent and DDO reports are up 10 percent over last year. In every crisis we've had and every hot spot from Namibia to Poland, from the Falklands to Central America and Lebanon, the

Operational Directorate and its stations, the Intelligence Directorate and the Science and Technology Directorate have been intimately involved in a mutually supportive way, and the DDA has supported all of them. Throughout the Agency, high quality performance from each and every segment is critical to the performance which the government and the national interest requires from intelligence and this is a challenge to every person here. Security, for example, which is so essential to meeting our responsibility, depends not only on the vigilance of the security office but also on the attention and discipline of each one of us.

Just because we have large needs and have thus far enjoyed generous support, we need to prune wasteful, uneconomic or unproductive activity. I have tasked our managers, in accordance with Administration directives, to search areas where we may reduce waste and perform our jobs more efficiently and economically. Significant savings have been realized by use of Government Travel Requests whenever feasible. Automation has significantly reduced overtime costs and improved efficiency and production in some areas. Through investments in capital equipment, we have been able to both increase efficiency and improve our responsiveness in a variety of ways -- as an example we have increased our computing power three times in the last four years. I would encourage each of you to make use of the Suggestion Awards Program to help us further improve the cost effectiveness of operating our Agency.

In analysis we cannot tolerate reluctance to entertain alternative interpretations or controversial views, defensiveness against outside criticism or failure to lean forward and be specific about future trends, intentions and alternative scenarios. In all our activities we cannot accept mediocre

performance, lack of realism or failure to apply rigorous standards of review and quality control. We are not prepared to apply scarce talent and resources to projects of marginal value or interest to the policy community and this has led to a certain amount of pruning and focusing of our research, development and operational activities.

We are looking for outside input, challenge and criticism of our work. Some 65 conferences and seminars bringing in experts from academia, think tanks and business are scheduled for the fourth quarter of 1982. Our outside contract research is broadening in scope. Work in the weapons area dropped from 80 percent in 1980 to 57 percent in 1981 to make room for more outside political, economic and strategic research.

In conclusion, let me say again that I appreciate what all of you have done to get as far as we have. I know you will meet the additional challenges ahead as I've tried to outline today and recognize new ones as they emerge.

Now I'll be glad to try to answer your questions and comment on any additional subjects you'd like to suggest.

SECRET

Executive Registry
82-13008

12 November 1982

OEXA 82-2854

MEMORANDUM FOR: Deputy Director for Intelligence
Deputy Director for Operations
Deputy Director for Science and Technology
Deputy Director for Administration
General Counsel
Inspector General
Comptroller
Director of Personnel
Director, Office of External Affairs

FROM:
Executive Director

25X1

SUBJECT: Preparation of CIA Portion
of DCI'S Annual Report to Congress

1. At Tab A is the terms of reference for the 1982 DCI's Annual Report to Congress. Our contribution to this report, like last year's, should be brief and address major points. We should take into account the accomplishments cited in the DCI's recent letters to Judge Clark and Ambassador Armstrong (Tab B) and the DCI's speech of 21 October 1982 to CIA employees (Tab C).

2. I have asked my Planning Staff to compile the Agency's portion of the Annual Report so that I can forward it to the IC Staff by 1 January 1983. To facilitate this and to take into account the holiday season, your section of the Agency report should be in the hands of the Planning Staff by 17 December. Please provide the text on NBI disks if at all possible. ✓

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Attachments

- DCI/ICS 82-4284
- DDI 8068/1-82
- DCI Address to Employees 21 Oct '82

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ALL PORTIONS SECRET

SECRET

