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14 August 1981
EXCOM 9047-81

DD/A Registry
81-1732

MEMORANDUM FOR: Executive Committee Members

FROM: Robert M. Gates
Director, DCI/DDCI Executive Staff

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FILE: O+M (EXEC COM)

SUBJECT: Minutes of 4 August 1981 Executive Committee Meeting:
Phase II - Intelligence Capabilities in 1985

1. The Executive Committee met on 4 August 1981 to review program proposals developed for Phase II of the National Security Council's Intelligence Capabilities in 1985 exercise. Admiral Inman chaired the session; participants included Messrs. McMahon (D/NFAC); Dirks (DDS&T); [redacted] (DDO); [redacted] (DDA); Lipton (Compt); Ware (D/EEO); Briggs (IG); [redacted] (GC); Gates (D/OPP); and representatives from the teams that developed the program proposals. [redacted]

2. Admiral Inman provided background on the genesis of the 1985 intelligence capabilities exercise. He noted his concern over the last five years that no headway was being made in the Intelligence Community in recovering from the drawdown of people and funds begun in 1969. Part of the problem, in his view, has been the failure of the bureaucracy to think about where it should be going in the future and to develop budgets to respond to these long-range requirements. He explained that discussions with the transition team about these concerns and about a Joint Chiefs of Staff paper on the lessons learned from the Iran experience culminated in Assistant to the President for National Security Affairs Richard Allen's memorandum initiating the 1985 Intelligence Capabilities effort. This exercise requires development of a broad statement of projected intelligence challenges for the late 1980s; an assessment of what could be done within existing programs to meet these challenges; and an estimate of what could be done with incremental augmentation of current capabilities. The latter should not be a detailed budget but a general framework that could provide guidance in developing programs for 1984 and the rest of the decade. The combination of these steps should produce a usable long-range planning document. [redacted]

3. [redacted] (SA/D/NFAC), who has directed the Agency's effort to respond to Mr. Allen's memorandum, explained that in order to meet short deadlines, the Agency had combined the second and third phases of the exercise -- identifying existing capabilities and gaps and proposing incremental program increases to fill those gaps. [redacted] introduced the leaders of the teams that had identified potential deficiencies in intelligence capabilities and developed program proposals to deal with them. He explained the methodology they had used, the next steps in the exercise, and the desirability of the Executive Committee's general endorsement of the proposed program initiatives before presenting the latter to an interagency Staff Working Group. [redacted]

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4. Messrs. McMahon and Lipton noted that the program proposals seemed to be generally on target and represented a good start on this important effort. Summaries of comments on some of the individual program proposals follow:

Communications. Messrs. McMahon, [redacted] questioned earmarking [redacted] given CIA's minimal involvement in this activity to date. [redacted] (DD/Office of Communications) explained the need to establish two base radio stations, one in the [redacted] to support a viable wartime communications capability for clandestine intelligence collection and unconventional warfare for the late 1980s.

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Surge Collection and Analysis. Members praised this innovative approach for developing reserve collection and analytical capabilities that could be tapped to respond to crisis situations without requiring a diversion of resources from other priority tasks. Messrs. Dirks and Lipton noted the need to develop this concept further, particularly what continuing resources would be required to manage "surge collection and analysis." Mr. McMahon said that he would prefer having these supplemental capabilities available within the Agency rather than on a reserve basis, similar to that used by the military. [redacted] cautioned that if the Agency chooses the reserve option, it will have to be careful to avoid potential conflicts of interest. Admiral Inman said that the bulk of the requirements for surge activities would probably affect the rest of the Intelligence Community more than CIA.

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Unconventional Threats. Mr. McMahon said that NFAC needed to organize its effort to analyze technology transfer. He and [redacted] confirmed the need to enhance the Agency's counterintelligence program. Mr. Gates suggested that the focus on the arms transfer issue should be broadened to include world traffic in arms transfers and the level of technology achievement revealed by those transfers. [redacted] noted that counterterrorism and narcotics collection activities had to be integrated with other collection efforts.

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Indications and Warning. Mr. McMahon endorsed the suggestion to train watch officers in indications and warnings methodologies. Messrs. Dirks and Briggs emphasized the need to couple long-range research and development efforts to the indications and warning process.

Third World Intelligence. Admiral Inman led a discussion on the importance of overt collection, from both the private and government sectors, in the Third World.

The USSR. Mr. Gates said that the proposed one-third increase in analytical resources devoted to the USSR seemed inflated. He suggested that better use of existing capabilities could reduce the additional resources required. [redacted]

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5. Mr. Briggs noted the lack of information handling requirements in the program proposals. Admiral Inman said that these had been factored into the Support Requirements proposal. [redacted] expressed concern about the overall magnitude of the proposals and their implications for support requirements. Admiral Inman noted that support requirements were often underestimated in long-range planning exercises. He urged that the Agency be careful to avoid egregious errors as it refines the estimates of the resources it will require to meet the challenges of the 1980s. He also suggested that at some point the Executive Committee will need to address how to prioritize these resource requirements.

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[redacted]

6. Admiral Inman adjourned the meeting. [redacted]

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Robert M. Gates

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