

~~SECRET~~

DDA 82-2729/1

17 NOV 1982

MEMORANDUM FOR: Director of Communications  
 Director of Data Processing  
 Director of Finance  
 Director of Information Services  
 Director of Logistics  
 Director of Medical Services  
 Director of Security  
 Director of Training and Education  
 Special Support Assistant to the DDA  
 Career Management Officer, DDA  
 Equal Employment Opportunity Officer, DDA  
 Chief, Safety Staff, DDA  
 Management Staff, DDA

FROM: Harry E. Fitzwater  
 Deputy Director for Administration

SUBJECT: DCI's Annual Report to Congress

100-21

1. As in past years, we have been asked to contribute to the DCI's Annual Report to Congress. Beyond the specific requirement for this report, I consider our submission to be an excellent opportunity to provide senior Agency management with our perceptions of our performance, problems, and resource needs. You may recall that major portions of our report were incorporated in the DCI's 1981 report.

2. It is requested that each of you submit your contribution to us by COB 8 December so that we can incorporate these submissions in a directorate-wide response. As with last year's report, your contribution should cover the following points: component overview, performance highlights, relations with consumers/customers, future research and development plans, and present/projected resource needs. The period to be covered by your report is the 1982 calendar year.

3. Forwarded herewith for your guidance is a copy of the directorate report submitted in 1981 along with the DCI's memo to NFIB Program Managers and a copy of the remarks he made to our employees on 21 October.

4. If you have any questions or require additional information, please contact  Executive Officer, DDA,

Harry E. Fitzwater

Attachments

~~SECRET~~

ALL INFORMATION CONTAINED  
 HEREIN IS UNCLASSIFIED  
 DATE 10/20/01 BY 60322 UCBAW/STW

SECRET

Directorate of Administration  
Annual Report to Congress Submission

DDA 1981 Overview

In spite of austere resources, the Directorate continued to provide timely administrative support, in most areas, to Agency components. Serious personnel shortages in several key areas, particularly communications, persisted throughout much of the year. The need for recapitalization in the areas of communications, logistics, training, and security continued to be most evident during 1981, which reinforces the budgetary initiatives undertaken in these areas. The pressures for expanded support were felt throughout the year. The increasing security threat to our people and facilities overseas presented a rash of problems. Growing demands for automated data processing support continued. Enhanced training in a variety of skills was very much in demand, especially in the areas of language, operational, and analytical training. Critical space requirements consumed much time and effort on the part of Directorate personnel. And continued pressures to meet the requirements of the Privacy Act and FOIA absorbed substantial resources.

I. PERFORMANCE HIGHLIGHTS IN 1981

General

During the past year we have worked closely with the Department of State in the implementation of benefits and allowances stemming from the Foreign Service Act of 1980. Child visitation travel, employee option for separate maintenance allowances, and danger pay are a few of the many Foreign Service Act benefits which were implemented.

to solve problems for Agency personnel. We have, for example, established an allowance to provide for residential security improvements overseas, revised our overseas medical program to liberalize benefits paid, etc.

During 1981 the Office of the Information Handling Systems Architect was established as a staff function in the Directorate of Administration. The Office has been staffed, a charter approved, and planning/implementing functions are

ALL PORTIONS SECRET

SECRET

under way. Among these functions were the initiation of several projects defining the existing architecture of information handling systems in the Agency, the establishment of a milestone management review system applicable to all information handling concerns in the Agency, and the beginning stages of the Agency's first strategic plan for information handling systems (to be completed in one year).

### Communications

25X1

### Data Processing

A major part of the effort and attention of the Office of Data Processing (ODP) has been focused on improving the productivity of the ODP user community. During 1981 productivity measurements indicated that ODP systems did indeed achieve this goal. In addition, a variety of new computer systems and services were implemented during the year. While support for ongoing programs continued, ODP was heavily involved in the development of SAFE, the upgrading of CAMS, TADS, etc. Because of budgetary constraints on the acquisition of terminals, user requirements could not be fully met. Also, a backlog of user requirements for applications software development was not met because of a shortage of applications programmers. This shortage in applications programmers is the result of an eight-year freeze on increasing their numbers in ODP and the fact that those on board are heavily involved in maintaining an expanding portfolio of developed applications systems. Relief will be realized in this area if ODP is successful in gaining the new positions requested in the FY-1983 program.

### Logistics

During the past year, the Office of Logistics continued to provide the full range of logistical services responsive to Agencywide requirements. Such services included printing and photography, centralized procurement, transportation, mail and courier support, and general housekeeping activities. While

SECRET

SECRET

the General Services Administration (GSA) is directly responsible for the latter, it has historically not been responsive to the Agency's needs in this area. During 1981, however, consummating years of negotiations, GSA has delegated several of its authorities to the Agency in terms of leasing space and the operation, maintenance, and construction [redacted]

25X1

In conjunction with the Directorate of Operations, the Office of Logistics has increased inventories of strategic reserve stocks maintained at the [redacted]

25X1

25X1

25X1

[redacted] Other significant accomplishments during the past year include the completion of the architectural design and engineering phase of the planned expansion [redacted] the preliminary work completed by the Building Planning Staff with regard to a proposed new building on the Headquarters compound; and the improved responsiveness and efficiency in printing and photography by the acquisition of automated equipment.

25X1

Security

Personnel security and integrity of both staff employees and industrial contractor personnel received continued strong emphasis during 1981. The Probationary Employee Screening Program and the Five-Year Reinvestigation/Repolygraph Program continued to pay dividends in terms of ensuring a healthy security posture. During the past year over [redacted] industrial contractor personnel were subjects of background investigations; over [redacted] polygraph interviews were conducted with contractor employees; and security audits were conducted at [redacted] industrial and government sites where sensitive compartmented information is maintained. Standard Agency security practice includes periodic audio counter-measures (ACM) inspections at our facilities. [redacted]

25X1

25X1

25X1

25X1

25X1

The increasing complexities and challenges in the intelligence security field are shared by other members of the Intelligence Community. Security of installations abroad, computer security concerns, and personnel security processing problems are, for the most part, shared by the intelligence agencies. The Office of Security is very much involved in a host of Community-wide efforts, including [redacted] program and the implementation of the Community-wide Computer-assisted Compartmentation Control System (4C). The increasing demands regarding security cannot be met with the limited resources available unless interagency cooperation becomes part of our daily routine.

25X1

SECRET

~~SECRET~~Training

25X1 During 1981 the demand for and participation in training programs  
 25X1 reached new highs. There were [ ] different courses of instruction offered [ ]  
 25X1 times, excluding language training. In addition, we had over [ ] enrollments  
 in external training. The past year has witnessed the beginning of what we  
 believe will become strong, mature programs in two particular areas: the  
 growth and development of analysis training and the professional development  
 program. The dramatic increase in operational and paramilitary training has  
 placed extremely heavy demands on the staff and facilities of the Office of  
 Training and Education (OTE). The steady influx of career trainees, most of  
 whom are DDO-bound, will continue to place additional burdens on OTE's resources as  
 25X1 well as the need for tutorial tradecraft instruction [ ]  
 25X1 [ ] etc. The decline in the Agency's  
 language skills has also had a substantial effect on training resources. We  
 are now providing language instruction to more students than ever before. The  
 25X1 [ ] is operating beyond its capacity, and the use of Agency  
 aircraft has been extremely heavy. In order to keep pace with the increasing  
 training requirements, we must upgrade our present facilities, provide for an  
 increase in classroom space, and increase the number of instructors.

Support Services

25X1 A significant effort was expended by the Office of Medical Services (OMS)  
 25X1 in Project SAFEHAVEN. This program, which provides for extensive first-aid  
 25X1 self-help equipment and training to assist employees in handling medical  
 25X1 emergencies abroad when professional medical assistance is not available, repre-  
 sents the combined efforts of OMS, [ ]  
 [ ] OMS' Center for Counterterrorism and Crisis Response continued  
 to play a key role in providing guidance [ ]  
 [ ] Computer-assisted programs have been utilized extensively in aiding  
 the medical services provided to Agency employees. During 1981, psychological  
 and psychiatric programs have been fully exploited in the area of testing and  
 assessment as well as in pioneer efforts involving psychobiographic studies of  
 disaffected employees. The support provided by our Regional Medical Officers  
 located abroad both in terms of operations and the well-being of our employees  
 continued to be most effective.

25X1 [ ]  
 25X1 [ ] The most  
 persistent problem area continues to be the updating of our automated financial  
 systems, which are suffering from the lack of programmers. This is particularly  
 critical in the payroll arena where our antiquated, automated payroll system is  
 not providing timely, efficient responses to our needs.

~~SECRET~~

The Office of Information Services (OIS) played an instrumental role in developing and coordinating the Agency revisions to Executive Order 12055. During 1981 this Office also initiated the processing of over 3,000 new cases under the Freedom of Information and Privacy Acts and the mandatory classification review requests. In addition, we strengthened our information handling program by incorporating most of the Agency's information and handling positions into a separate career subgroup. Through this action we can provide a cadre of employees specializing in information handling matters with professional development and more varied career opportunities.

## II. RELATIONS WITH CONSUMERS

The bulk of our customers are within the Agency. The principal area of service to other government agencies is in the communications field. Relations with our customers in this area are excellent; the support provided by the Office of Communications has been timely, responsive, and efficient.

## III. FUTURE RESEARCH AND DEVELOPMENT PLANS

The Administration Directorate is pursuing a research and development program utilizing state-of-the-art technologies to enhance physical security capabilities and information processing systems. The program includes data communications security and addresses detection and prevention of system penetration, data base encryption, and compartmentation of computer accessible information. Research activities will also address the problem of protection of newer classes of office equipment [redacted] and will keep the Agency abreast of advances in TEMPEST or other technologies to protect Agency information systems. The program provides for the development of new communications technologies such as: "smarter" HF, satellite and mixed-media communications terminals, as well as the use of graded fibre optics for high bandwidth communications. In text processing we are seeking software designs to efficiently process digitally stored textual information. In data base management we continue to seek new and easier access, retrieval, and processing of stored information; graphics and alphanumeric displays; and computer-aided instruction. This program addresses the prevention of unauthorized copying of sensitive documents. And finally, our program continues efforts to improve polygraph utilization by improving accuracy, detection and neutralizing countermeasures [redacted]

## IV. PRESENT AND PROJECTED RESOURCE NEEDS

The Office of Communications has drafted a comprehensive plan to modernize our communications worldwide. Modernization is essential to enhance the collection and timely dissemination of intelligence and to accommodate the use of automatic information handling systems in the field. Modernization is also vital if we are to ensure the continuity of communications under various contingency conditions. [redacted]

SECRET

25X1

The need for recapitalization has been alluded to several times in this presentation. Capital improvements are required to ensure that our present facilities and utilities remain reliable and responsive to our operations. Additional resources will be required in order to continue with our plan to centralize Agency activities on the Headquarters compound, which ultimately will eliminate the present inefficiency and security risks inherent in the present decentralized configuration.

Because of limited resources over the recent past, the Agency has not been able to make maximum use of data processing technology. Many of the Agency's present data systems are only partially automated and many systems are approaching obsolescence. An injection of both funds and personnel is sorely needed in this area.

If we are to keep pace with the challenges that confront us in all of the support areas, we must be able to take on board personnel to replace the number of experienced Directorate personnel who have left the Agency over the past five years. We simply cannot afford to wait until the requirements for support from the expansion of the Agency's collection and production activities are upon us. Given the limited lead time currently available to us, we frequently find ourselves in a reactionary mode, taking resources from one essential activity to support another. We are making a concentrated effort to work with the other directorates to determine their support requirements as far in advance as possible. Assuming that the Directorate of Administration's FY-1983 program gets through the approval process intact, an appropriate level of resources, especially funding for recapitalization, will be available to support the Agency's rebuilding efforts.

SECRET

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

25X1 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.

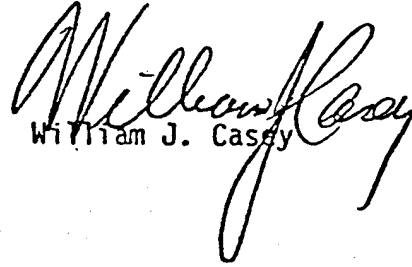
25X1 3. As in previous years, I invite you to take this opportunity to address the Congress personally in your own report. We are required to provide a review of US intelligence activities as well as the intelligence activities of foreign countries directed against the US or its interests. I would urge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

25X1  
WARNING NOTICE  
INTELLIGENCE SOURCES  
OR METHODS INVOLVED

SECRET



25X1 4. The preparation of the report is again being managed by the Office of  
25X1 Planning of the Intelligence Community Staff. Please submit the name of your  
action officer to , who also is prepared to meet  
with you to discuss the report and will provide any assistance you might  
require.

  
William J. Casey

Attachment:  
Terms of Reference

SECRET

## DCI ANNUAL REPORT TO THE CONGRESS

25X1 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. [ ]

### Format

25X1 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. [ ]

### The DCI's Overview

25X1 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. [ ]

SECRET

25X1 Inte Approved For Release 2008/08/06 : CIA-RDP85B00552R001100060008-1 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 in rebuilding the Community's HUMINT capabilities, and redressing the imbalance that had grown between it and the other INTS. The discussion will be broad in scope, leaving more detailed statements for the respective agency directors. The emphasis will be on trend analysis rather than specific programs. [redacted]

25X1 The other INTS, PHOTINT and SIGINT, will be addressed in a subsection to be prepared jointly by OICE, OSC, and OA&E of the IC Staff. The message to be conveyed is that by 1985 the Community will begin to benefit from a number of new starts that are in the pipeline. This section also will include a discussion of the difficult tradeoffs involved in the survivability issue. [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]

SECRET

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.

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.

SECRET

REMARKS OF WILLIAM J. CASEY

DIRECTOR OF CENTRAL INTELLIGENCE

to

CIA EMPLOYEES

CIA Auditorium

21 October 1982

CIA INTERNAL USE ONLY

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.

25X1 I've just returned from two weeks visiting [ ] of our stations -- [ ]

25X1 [ ]

25X1 [ ] In all, I've visited [ ] 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 with the chief of the local liaison intelligence service and his staff. In all, these travels have taken about 6% of my working time here. 25X1 It isn't restful to hit [ ] 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. More active collaboration with liaison services is generating a network of capabilities which can deal more effectively with threats that cut across national boundaries like international terrorism, the theft of technology, active measures, subversion and support for insurgencies.

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

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.



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,

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.

CIA INTERNAL USE ONLY

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.

As we move into Fiscal '83, our budget has increased by more than 25 percent. The actual real growth in light of inflation will be over half of that. We ended FY '82 with  personnel above our '82 ceiling--this was approved by OMB and Congress which demonstrates their support for the Agency's 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 --

CIA INTERNAL USE ONLY

-- 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.

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.

25X1

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.

25X1  
25X1

One of the things we must work toward is moving our people back into Headquarters. Today we are housed in over 30 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 150,000 square feet on the Route 123 corridor 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,

CIA INTERNAL USE ONLY

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.

CIA INTERNAL USE ONLY