

Col White -

I'm afraid that I have not been able to come up with any brilliant ideas - productive ideas on the OMB paper. None of the alternatives is really satisfactory for the Director or Agency, as far as I can see. The Coordinator would probably be easiest for the Director and the Agency to live with but the Director might be shut out of White House councils and from the taxpayer point of view the desired control over resources would not result. Any of them would seemingly involve more management or overhead or headquarters-type staff and that also means space and many other related problems.

There are various other points or questions which the options raise but I'm sure others are much more qualified than I to talk about them - competing centers, splitting CA from other present CS collection activities.

I'm sorry to be so mushy and unhelpful.



Coffey

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*No one else here saw
the paper.*

NSA, NRO, OSD reviews completed

NOTE: Attached are the initial comments by senior Agency officers on the OMB Study, "A Review of the Intelligence Community." Those submitting comments are: Jack Coffey, Larry Houston, Tom Karamessines, Carl Duckett, and Jack Smith and Ed Proctor.

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9 April 1971

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT: A Review of the Intelligence Community

1. This memorandum is for your information.
2. It appears to me that the attached is a very thoughtful and forceful paper. You do not have to accept or argue with all the specifics but should, I believe, take it as an accurate analysis of the major problems facing the Intelligence Community.
3. The question of the authority of the Director of Central Intelligence has plagued us from the start. Theoretically, the DCI could exercise adequate authority by making proposals which if not acceptable to other members of the Community he could then appeal to the National Security Council for specific directive. This course of action would be cumbersome in the extreme and would lead to one internecine war after another and, therefore, has not been adopted. On the other hand, I believe any proposal involving substantial changes to existing legislation could well lead to the emasculating of the intelligence effort. I agree with

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the authors that Option #1 as stated would require such legislation. However, the concept of Option #1 would be the most effective form of achieving control.

4. I believe that very nearly the same result could be achieved by a modification combining Options #1 and #2 and adopting a concept which actually was adopted in the Central Intelligence Group days when General Vandenberg obtained a directive from the National Security Authority to act as its Executive Agent in all matters relating to intelligence. One of the problems involved is made clear by the storm of opposition to the NSA directive which arose, particularly in the military area, and which led to its abandonment without being put into effect. If, however, the President were determined that this would be the proper way to obtain the necessary control, he could within the existing legal framework have the DCI constituted as the Executive Agent of the NSC in all matters relating to intelligence. DCIDs would then have the force and effect of law, and USIB would become only an advisory staff to the DCI. NIPE and NIRV could be combined or continue to operate separately with support from an expanded Comptroller function. NSCID would have to be amended as the Director would become Executive Agent of the Government for COMINT, ELINT,

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and SIGINT, with operational control over the National Security Agency instead of the Secretary of Defense.

5. If, as proposed in Option #1, there should be a single major intelligence appropriation, it could be made to CIA and transferred as appropriate to other agencies under section 5 of the Central Intelligence Agency Act of 1949, as amended.

6. Such additional responsibilities on the DCI would almost certainly necessitate greatly increased delegations of authority, particularly in the Support area and the Clandestine Service. On the other hand, CIA could be given an exclusive charter in clandestine intelligence as well as in covert operations, eliminating the military in those fields.

7. As proposed in Option #1, the Director's office would control all major collection assets and research and development activities, while Defense and State would retain their production groups. Again, as stated in Option #1, the Department of Defense would maintain budgetary and operational control over only the most "tactical" collection and processing assets necessary for direct support of military forces, although these assets should be subject to the DCI's review. This is the extreme proposal of what could be accomplished under existing law, and to my mind

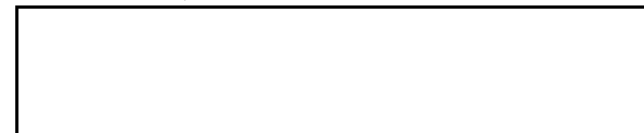
the primary disadvantage is that it would meet with the most formidable resistance from the Secretary of Defense and the Joint Chiefs.

8. Option #2 as stated would need legislation or at least a Presidential reorganization plan submitted to the Congress in that it proposes the current CIA collection organization be put in a new agency under a separate director. I believe here again the requirement could be fulfilled without legislation by giving the DCI a mandate just short of the Executive Agent concept so that operational control of NSA, NRO, and DIA would remain the same as it is now. To carry out a broader role, the Director would again have to delegate far more authority, particularly in the Support and Clandestine Service fields, but I do not believe a new agency is required or that the establishment of a new agency under a separate director would achieve any savings or advantages. Rather than a central budget and appropriation, the Director would present a coordinated intelligence budget for review by OMB.

9. Option #3 would not require legislation but in my mind would not be effective in achieving the ends sought.

10. If my extreme proposal were to be put into effect, I believe there should be neither a Director of Defense Intelligence nor an Assistant Secretary of Defense for Intelligence, as these

positions would constantly be in direct opposition to the DCI. My concept would be an Assistant to the Secretary of Defense for Intelligence whose responsibilities would be to coordinate Defense intelligence activities and carry out the DCI's policies and directives in the field of intelligence. Obviously, again this would be an anathema to any Secretary of Defense. If the DCI is not given directive power throughout the Community, then a Director of Defense Intelligence might make sense. If Option #2 or my proposed modifications to Option #2 were adopted, it would still be necessary to alter the function of USIB to something in the nature of an advisory staff and to expand the function of the Comptroller. A coordinated budget presentation or a single major appropriation for intelligence would probably require open handling of the whole appropriation process and expose at least the over-all amount that goes to the Agency, but as things have been going, maybe we are faced with this anyway.



LAWRENCE R. HOUSTON
General Counsel

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12 April 1971

MEMORANDUM FOR: Executive Director-Comptroller

SUBJECT: Comments on OMB-White House
Intelligence Community Study

1. This document's importance to us and to the Community derives mainly from the rank and position of its sponsor, -- certainly not from any merit as a sound, perceptive exposition of what is wrong and how it can best be corrected. We must respond positively, and at the same time not lean so far forward that our feet come away from basic foundations which fairly well determine the Community's structure. To do that would be neither wise nor helpful.

2. The central objective of the paper is "to bring about a closer relationship between cost and effectiveness". This should be one of the main touchstones in commenting on the paper's recommendations.

3. There are five specific criticisms of the Community. If they are curable without basic reorganization, the political and departmental disruptions and dislocations which basic reorganization among the Community would entail may be avoided. The five main criticisms are:

"1. Satellite photography, telemetry intercept, ELINT, acoustical detection and radar have become some of the most important and vital methods of intelligence collection not currently covered by any uniform national policy." (And, it might be added, these have become clearly the most expensive activities in the Community by far.)

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"2. Distribution of intelligence functions has become increasingly fragmented and disorganized."

"3. The Community's activities are dominated by collection competition and have become unproductively duplicative."

"4. The Community's growth is largely unplanned and unguided."

"5. The Community's activities have become exceedingly expensive."

4. I believe each of the above "defects" is curable without basic reorganization, but I also endorse the suggestion that some changes need to be made. This leads to a comment on the suggested options in the study.

5. The advantages of Option 1 are in my opinion clearly outweighed by its disadvantages. It would without question require new legislation, and it would vest one man with too much authority in the exercise of which he would be crossing too many other departmental interests of a critical kind.

6. I dismiss Option 3 as being too pallid a remedy.

7. Option 2 deserves our most careful consideration but not our unreserved endorsement. First of all, I do not believe that Option 2 is possible as stated without new legislation. The National Security Act of 1947 charges the "Agency" with certain responsibilities which Option 2 would vest in a DCI who had been divorced from the "Agency". This would have to be examined. Furthermore, and more importantly, the Agency's strength and therefore its contribution and effectiveness in the Intelligence Community comes in considerable measure from its relatively integrated method of operation across the board. I think there would be a great loss to the Community if what we know as the "Agency" were to be reduced to clandestine collection and covert action, much as some of my colleagues might think this a great idea. We profit daily from having access to the analysts and estimators, the scientists and other specialists; I dare say some of them profit occasionally from the same dialogue. Our collection activities and our covert actions benefit from this kind of continuing guidance. We achieve within the Agency, at least, the general avoidance of "unproductive duplication" and "fragmented and disorganized distribution of intelligence functions."

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8. We do need greater explicit authority, directed by the President, to the DCI over the budgets of the other intelligence agencies. To exercise this authority intelligently, we need a larger and more effective staff to monitor the Community's plans, budgets, and effectiveness in behalf of the DCI in much the same general way in which the OPPB performs this function for the DCI within the Agency. There should be included in such a staff at least one relatively senior representative of the OMB.

9. The study ignores, in its preoccupation with what the authors understand to constitute "national" intelligence, the fact that we cannot safely separate survival intelligence from the conduct of clandestine collection. Implicit in the study seems to be the thought that satellite photography, telemetry intercept, ELINT and the rest of the technical collection array should be the principal preoccupation of a DNI or a DCI, while a subordinate officer is adequate for the much less important clandestine collection and covert action; and yet we should note that, to a President and the Secretaries of State and Defense, the domestic and international day-to-day political and other problems turn most often on what may be happening in a given country or area with a non-existent or indirect impact, on our national survival. This is true without even taking into account the work done in counter-intelligence and covert action.

10. Finally, two very specific recommendations affecting the Clandestine Service are touched on in the paper, without elaboration. First of these suggests the transfer of CIA SIGINT to NSA. This is

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11. The other specific suggestion involves Defense clandestine collection and recommends that we take it over. This is also a feasible step but we should have to be most selective in what we accepted and ruthless in what we discarded and wrapped up. We would probably need a modest increase in numbers and budget, and additional viable

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12. To sum up, a reinforced DCI under the general terms of Option 2 but without the breakup of CIA, and with a larger and more effective "Intelligence Community" monitoring staff would have the tools he needs to accomplish, over a period of several years, the correction of some of the shortcomings of the Community as set forth in the study paper and repeated in paragraph 3 above. His leadership of the Community would be clear and authoritative; he would be in a position to influence heavily if not actually dictate the division of functions among the major intelligence agencies; he could exercise the same constructive influence and direction on the structuring, staffing, and funding processes, of analysis and interpretation, which the study suggests; and he could play a larger role in decisions to be taken by the Secretary of Defense on the direction and control of Defense Department's intelligence activities.

Thomas H. Karamessines
Deputy Director for Plans

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12 April 1971

MEMORANDUM FOR: Director of Central Intelligence
SUBJECT : White House Study Titled "A Review of the
Intelligence Community"

1. After a brief review of the subject document I would like to offer the following observations and recommendations.

2. A number of conclusions and assertions regarding the performance of the Intelligence Community are incorrect and misleading, but I believe it would be unwise to attack the paper. I do believe it essential, however, that at least the following two points are made.

a. The statement on page 18 that "The Director of the National Reconnaissance Office is similarly unable to control a large part of his program which is run by the Deputy Director for Science and Technology in CIA" is a bit overdrawn. Since the D/NRO and the EXCOM allocate all funds for NRO programs, it is impossible for the DD-S&T to do any freewheeling. CIA funds are not used for reconnaissance programs

and I contend that the guy who controls the purse strings is in fact controlling the programs.

b. The relatively small Office of ELINT in CIA has been a major contributor to the national collection program, yet the study suggests that all responsibilities in this area should be turned over to NSA. This is proposed despite a clear recognition in the report that there are serious management problems in various DOD intelligence programs, particularly NSA.

3. I admit that both points raised above may be parochial from a DD-S&T point of review, but I believe they are points that should not go unchallenged. Rather than any attempt at nitpicking the report itself, I have tried to concentrate on a constructive proposal for changes in the Intelligence Community which I believe might effect significant improvement. My proposal is based on the following assumptions which I believe to be true.

a. The intelligence organizations in government are somewhat outdated and need revision.

b. The "big spenders" are in the Department of Defense, thus any attempt at increasing efficiency must come to grips with the Defense components of the Community.

c. Granting there have been exceptions, the collection systems developed and operated by CIA have been effective and well managed.

d. The NRO approach to management of national collection systems has been quite effective, particularly during the last five years.

e. The DCI can never play a strong management role in the collection arena when 85% of the assets belong to the Department of Defense.

f. Establishment of a separate independent agency to manage intelligence collection is preferable to trying to restructure the Defense Department.

g. The DCI could exercise considerable control over a separate collection agency through budgetary review without being saddled with the day-by-day management problems of the organization.

4. The attached charts show two organizations which I recommend for consideration. One called the CIA would function as a staff to the DCI and would perform exploitation, analytical, and estimative functions. The study recommends that if collection responsibilities are removed from the DCI he should retain NPIC, and I agree. I consider it is just as important that the DCI take over responsibility for SIGINT exploitation

which to a first approximation would mean transferring the production components of NSA to the new CIA. I have also suggested that there might be some realignment as to the analytical functions currently assigned to the DDI and DD-S&T. The Requirements Evaluation Staff would be an expanded NIPE type of organization which would interface with the proposed new collection agency.

5. The second organization chart is titled National Collection Agency and I think it is reasonably self-explanatory. It assumes responsibility for all national intelligence collection, with a proviso that tactical collection responsibility be returned to the military services. I realize it is a debatable point, but believe such a split is feasible and can be defined. An outside committee which has been reviewing the whole ELINT picture for DOD is probably going to recommend this step in ELINT collection and I understand they have concluded that this could be done without major problems.

6. The organization chart indicates the way the present organizational components would be assigned to the new organization. It does not attempt to cope with the question of how DDS functions would be handled. If there is interest in pursuing the basic idea, I would propose that this question be addressed by those who are more familiar with that part of the organization.

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7. I also suggest that an EXCOM be established to oversee the entire collection apparatus much as it now does for the NRO programs. The DCI's dominant role in the community would make him the logical chairman of the EXCOM and I further believe that the new agency's budget should be submitted through the DCI. I suggest a Requirements Evaluation Staff in the Collection Agency which would work hand in glove with the similar staff in the DCI's organization. This staff component would also provide a full time secretariat for the EXCOM which I believe would need to meet at least once a month to assure that the collectors did not tend to take on a life of their own.

8. The titles I have used for the Directorates of the new agency would probably not be those actually adopted, but were selected to be descriptive of the jobs to be performed. I have made no specific proposal as to how covert action programs would be carried out, but believe it is probably best that this function stay with the other components of the DDP who would continue to have the overseas staffing and apparatus necessary for these activities.

9. I recognize that this proposal has at least one serious drawback. Almost certainly it would require legislative action. I believe, however, that this should not be a basis

for totally ruling out consideration of this approach since all of the functions which would be assigned to the new organizations are already approved by legislation and much of what I suggest might even be possible under existing statutes. I leave that question to the legal experts.

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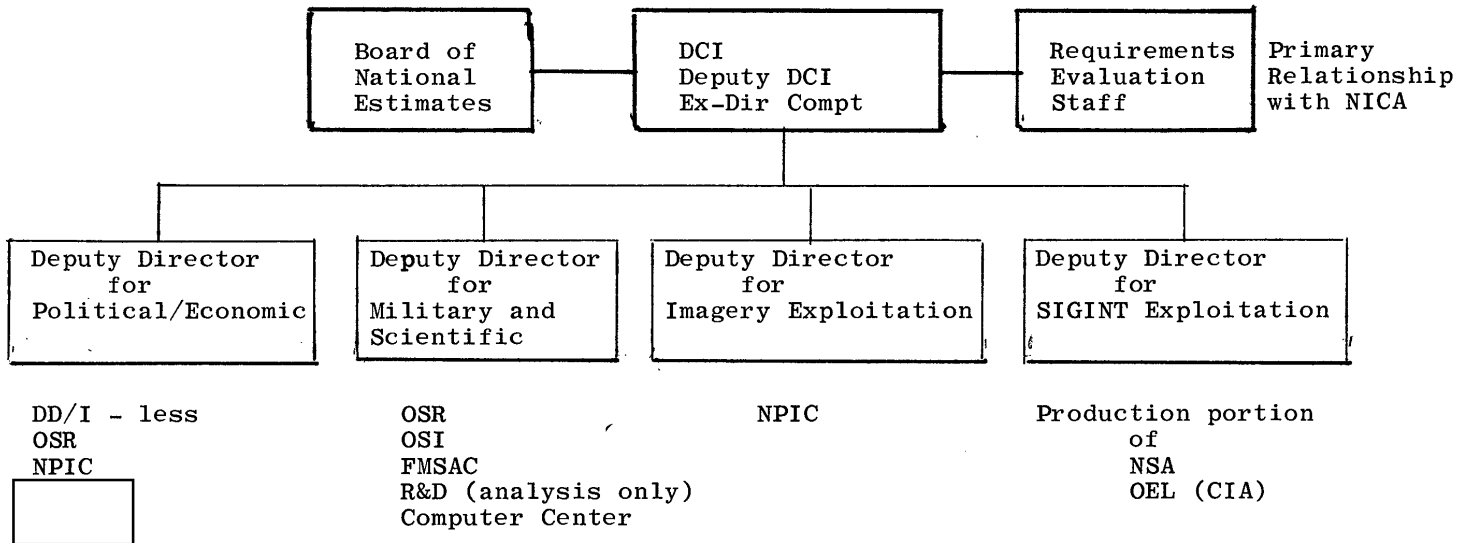


Carl E. Duckett
Deputy Director
for
Science and Technology

Attachments:

- 1 - Central Intelligence Agency
- 2 - National Intelligence Collection Agency

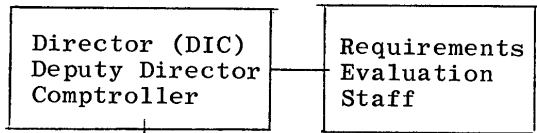
CENTRAL INTELLIGENCE AGENCY



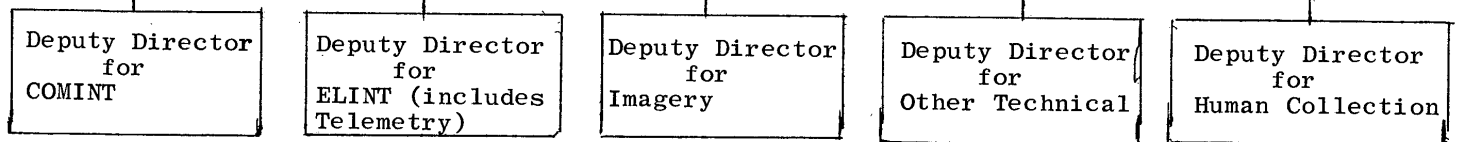
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NATIONAL INTELLIGENCE COLLECTION AGENCY

Supervision by an EXCOM
Possible members:
DCI - Chairman
Deputy Sec Def
Science Advisor
Deputy OMB
DIC



Primary relationship with DCI Staff

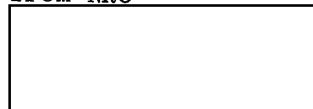


National Collection portion of NSA



National Collection portion of NSA

OEL (CIA)
ELINT Satellites from NRO



Imagery portion of NRO

Radars
Ships for missile monitoring
Black Boxes



DD/P
DOD Human Collection programs
(CIA)



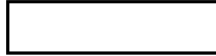
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NOTE: Tactical Collection would be the responsibility of the Military Services

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12 April 1971

MEMORANDUM FOR: Colonel White

FROM :



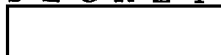
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SUBJECT : Comments on "A Review of the Intelligence Community," March 10, 1971

1. Scope of These Comments. This memorandum does not discuss directly the larger administrative issues raised in the Report such as Community management and the DCI's authority, the organization of intelligence in DOD, cost control and duplication in collection programs, etc. These matters obviously have a bearing on estimative work and some implications for NIE's of the Report's proposals are discussed. But D/NE has had no direct involvement in Community management problems and the DD's are evidently better qualified to comment on these subjects.

2. This paper therefore limits itself to the following topics: (1) the Report's observations on the quality of the Community's estimative/analytical effort; (2) implications of the Report's organizational proposals

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for NIE production; and (3) features of the Report which, from the point of view of estimates production, could and probably should be welcomed by the DCI in registering his reactions.

I. The Report's View of the Community's Estimative/Analytical Performance

Note: (a) These comments could be taken as defensive or as "fighting the problem." For this reason, they are not all intended for actual use in the DCI's response. But certain misconceptions on the part of the Report's drafters could be useful to have in mind as the dialogue proceeds. (b) The points made here apply not only to NIE's as such but also to analytical work done in CIA and in the Community on which NIE's are based.

3. Broadly, the Report's authors assert that analysis and production ("stepchild of the Community") have failed to improve in pace with gains in technical collection. (a) Why should this be expected? The assertion mixes apples and oranges. The gain made in acquiring a photograph unobtainable before is simple and obvious. Improvement in analysis and production is a much more complicated process and much more difficult to demonstrate. (b) Anyone who wants to take the trouble to compare the analytical product of today with that of earlier years will have no difficulty in recognizing great gains in skill, methodology, sophistication and

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relevance. (c) These gains were made in part because of the advances in technical collection; it is false to juxtapose elements which form a single process. If we have "greatly improved knowledge of military capabilities," as the report acknowledges, it is owing to advances in both collection and analysis.

4. "Expanded collection by means other than photography has not brought about a similar reduction in our uncertainty about the intentions, doctrine, and political processes of foreign powers," (as compared, that is, with our greater certainty about military capabilities - p.1) -- What is surprising about this? (a) Intentions, etc., are immensely more difficult to discern; (b) "Means other than photography" are inherently much more chancy in their returns and much more difficult to interpret. (c) Technical collection contributes on these matters also and should not be thought of as contributing exclusively to appraisals of capabilities.

5. The Report repeats a standard oversimplification often heard in the complaints of users to producers about failures in estimating intentions. The Intelligence Community, because of experience, cumulative

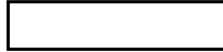
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insight, and the greater sophistication of our analytical effort, is greatly more knowledgeable about "intentions, doctrines and political processes of foreign powers" than it was twenty or even ten years ago. We speak with considerable confidence about the main directions of Soviet and Chinese policies and about the parameters of risk within which these policies will operate. But if by estimating intentions one means reliable prediction of a particular course of action among the many possible within such limits, one lives in a dream world. As the Report itself acknowledges in one passage (p. 10a), no intelligence organization, however competent, can ever relieve a government of all uncertainty. Intelligence can only reduce it somewhat; many policy decisions will inevitably have to be reached in the face of uncertainty about particular actions of other states. The argument of the Report is that not enough has been done to reduce such uncertainty. The Intelligence Community can honestly claim that much has been done, though naturally it should acknowledge its obligation to try to do more. To a large degree, the Report is a manifestation of the chronic and normal tension between producers and users of estimative intelligence.

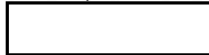
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6. A classic form of this tension is seen in the Report's criticism that there has been insufficient "initiative in developing the full range of possible explanations of available data," (p. 10a) and, at the same time, its insistence on the need to "refine" evaluation of capabilities, intentions, etc. (p. 44). This is an imprecise variation on an old contradiction in user complaints: "I want to know all the conceivable possibilities in the situation." But: "You give me so many possible explanations that I don't know what to expect." One source of our present difficulties is that customer emphasis has changed in recent years. Whereas there was formerly more often a demand that the range of possibilities be narrowed and probable developments estimated, now there is more often a demand that a fuller range of possibilities be described. This shift in emphasis could mean that intelligence judgment in general commands less credibility among high-level users than used to be the case.

7. The Report says that improvement, in both collection and production, must come from setting priorities. If this means anything, it means that some subject areas now covered should be eliminated. On a strict view of intelligence needed to support decisions in national security

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policy, this is no doubt possible and even desirable. But expectations of intelligence users are not geared to this strict criterion. Intelligence is expected to supplement, confirm or negate news media reports on all manner of events on which the USG will not act or even express an attitude. Servicing mere curiosity is an inevitable demand so long as the US thinks of itself as a world power potentially involved everywhere. If rigid priorities are set for intelligence effort, will the DCI be excused when he replies to queries: "Sorry, we don't cover that"?

8. Certain specific errors of judgment are charged: "Among the more recent results of this failure to acknowledge uncertainty and entertain new ideas in the face of it, has been a propensity to overlook such unpleasant possibilities as a large-scale exploitation of [REDACTED]

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[REDACTED]

The intelligence performance on some but not all of these developments might fairly be criticized, especially for failure explicitly to acknowledge uncertainty (though for this consumers seldom show gratitude). But none of these developments was "overlooked" as a possibility. (a) [REDACTED] was the subject of intensive

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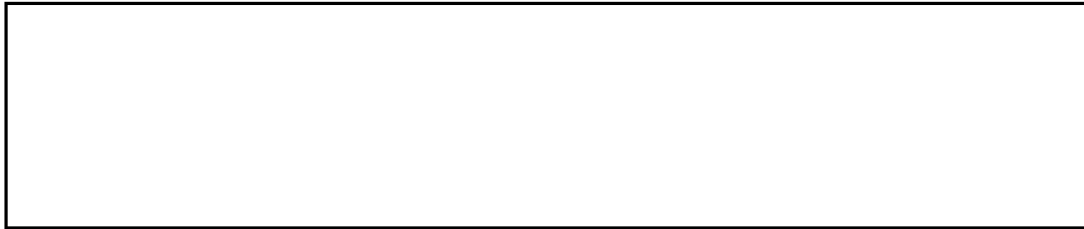
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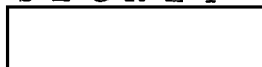


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9. The Report makes certain observations on personnel working in production. Theirs is said to be "a profession that lacks strong . . . career incentives, even within CIA." (p. 11) "More effective use" should be made of them and they should have "better career opportunities to hold them as analysts instead of forcing them to become supervisors in order to achieve promotion." (p. 46) -- (a) What can the authors have available as evidence to support their statement about the incentive of CIA analysts? Anyone who has worked with them intimately knows that, as compared with standards of individual performance usual in other large bureaucracies public or private, theirs manifest a very high degree of professional commitment. (b) In the intelligence business supervisors are almost inevitably promoted analysts because effective supervision is extremely unlikely to be achieved except by those who have demonstrated some substantive competence. (c) In any kind of large organization, high talent and commitment are hard to come by. In intelligence organizations,

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more than in others, shortages of these commodities are less easily compensated for by the "science" of management.

II. Implications for National Estimates of the Report's Proposals for Reorganization

Note: The report assumes throughout and under all three organizational options that the Community should convey its collective information and judgment in the form of National Estimates. While USIB is heavily criticized as an ineffective organ for managing Community collection resources, nothing is said about its performance as a substantive body deliberating on national estimative issuances. The authors evidently have in mind some connection between NIE's and NSSM's but they do not explain it.

10. The organizational options range from maximum centralization (# 1) through partial centralization (# 2) to preservation of the present confederal system (# 3). These alternatives apply, however, entirely to resource management and budget control. Under all options "competing centers" for analysis and participation in the national estimative process would exist in State and Defense and perhaps elsewhere. -- The question which arises is how "competitive" such components would be under greater centralization. Is centralized management really compatible with the Report's aim of "increasing competition in the interpretation of evidence

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and the development of hypotheses"? In the real bureaucratic world centralized control can hardly be expected to increase the autonomy of substantive production elements or to enhance the diversity of their output. -- Further, under present arrangements the authority of national estimative products derives precisely from the fact that they issue from a confederal system whose procedures encourage all parties to be heard at length and to dissent if they wish. There would be real danger in a more centralized system that departmental elements would not participate as vigorously and that end runs, which could only compound the dissatisfaction of users, would be attempted.

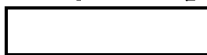
11. More centralized direction for intelligence components in Defense (discussed in Ch. VII) would in principle raise similar problems of compatibility between the objectives of better resource control and the autonomy of production elements. From the point of view of national estimative procedure, the latter has proved its value. Important analytical problems in the military field are likely to find better solutions when all services participate independently with qualified analysts from civilian components in a forum like that provided by the Board of National Estimates. The service intelligence units have diverse

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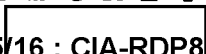
interests in and approaches to major military intelligence problems which help to generate a wider range of hypotheses. This latter objective of the Report would be impeded rather than promoted by greater centralization in Defense, given the inhibitions against independent and objective intelligence production normally found in military organizations.

12. The Report betrays considerable misunderstanding about the relationship between collection and production, evidently because it is primarily focussed on controlling the costs of the former. It fails to appreciate the close functional relationship between the two. In Option # 2 collection organizations are in fact to be removed to a new agency under a separate director. Good intelligence results from a vital and intimate inter-action between collectors and producers. Organizational separation, with the DCI's higher managerial role presumably as the only remaining link, would at a minimum seriously prejudice the chances of good performance in both functions.

13. These paragraphs are not intended to imply that the Report's attempt to examine organizational problems is entirely misguided. Obviously, organizational arrangements and functional divisions laid

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down 20 or more years ago may well need revision. But the Report says that organizational change is a pre-condition for improvement in estimative/analytical performance. This can be doubted. At least it can be said that some of the particular organizational changes proposed would hinder achievement of this goal. Generally, in its pursuit of managerial efficiency and cost control, worthy aims in themselves, the Report reveals little understanding of how production processes actually work, and is particularly insensitive to the vital need for autonomy of producer elements. In intelligence, organizational rigor can be the enemy of performance and some untidiness can be worth the price.

III. Features of the Report Suggested for Positive Reaction

Note: Within the limits of this memorandum, the suggestions for favorable comment made below concern only ways of improving the national estimative product mentioned in the Report. These are not central to the Report, however, since it states that, "It is probably premature to recommend detailed measures to improve the quality and scope of the intelligence product . . . this issue should be considered at greater length by the leadership of a reorganized community." (p. 46)

14. The need to "strengthen" analytical effort "to increase the competition of ideas" could be supported. It might be acknowledged that

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there has been a tendency to assume "that additional data collection rather than improved analysis will provide the answer to particular intelligence problems." (p. 11) It would be possible to welcome "a DIA with improved organization and staffing as a major competitor to CIA in the area of military intelligence." (p. 45) (This is, of course, not quite the problem. It is DIA that needs a major competitor in CIA. State should be stronger in this field also since DIA's natural weakness is failure to appreciate the political dimensions of military issues.)

15. Reference is made to the possible need for "new estimating centers" to participate in preparation of National Estimates, again to increase "competition". No indication is given as to where these would be lodged or what their organizational rationale would be. The "centers" already existing in the military services and in NSA are not mentioned and the inference is that they are not thought of as necessary participants. Nevertheless, the idea of additional "centers" could be welcomed in principle.

16. The Report inquires "whether a new review board should be created, especially to evaluate the analytical and estimating activities

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of the Community." (p. 24) This would surely be waste motion and evaluate nothing effectively. Indeed, the Report itself elsewhere suggests "product evaluation within the organizations themselves" (p. 45). As an alternative to a new review board the Report suggests "strengthening" PFIAB along with other existing review mechanisms. Perhaps this could be supported as a lesser evil.

17. The Report suggests "institutionalized ways of communicating consumer needs, priorities, and evaluations to intelligence producers." (p. 45) It can be doubted that "institutionalized ways" would do much good, the real need being for direct and informal communication with users, but the desirability of much more user feedback could be warmly endorsed. Lack of this has in fact been a chronic complaint by those involved in estimates, and an intensified one in recent years.

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MEMORANDUM

1. Although one could find fault with a fact here and an interpretation there, the over-all thrust of the paper would still remain valid. The expenditures for intelligence, principally collection, have increased greatly in the past decade and the results have not increased commensurately. One could of course select a few very expensive projects which provided great breakthroughs in our understanding of Soviet and Chinese military posture. Examples are the KH-4 project early in the 1960s [redacted]

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[redacted] But, these are exceptions and the major thesis of the paper is justified by all the other increases in expenditures which have produced little of note.

2. The principal assumption that improvements can come only from reorganization of the intelligence community, especially with respect to the "leader" of the community is not so well supported. Nevertheless, some reorganization will take place if only because the authors who are in a better position to have a sense of the President's predilections have pushed reorganization as the primary means for remedying the situation.

3. With these two considerations in hand, we believe there is little to be gained in further discussion of the first five sections of the paper. The primary section of the paper for the DCI is VI which presents options on the leadership of the community. Like many of the NSC option papers it presents a high and a low option both of which are unlikely outcomes.

4. Option #1, the appointment of a Director of National Intelligence would require so much change that it would be infeasible politically with little less than a year before the presidential election activities go into full swing. The argumentation in the paper itself against the third option, a Coordinator of National Intelligence, is sufficient to put this out of the running.

5. This leaves the second option, a Director of Central Intelligence or some variant of it. The way it is stated in the paper the DCI would lose direct responsibility for DDP, much of DDS and DDS&T and perhaps some of the DDI like [redacted] [redacted] However, he would have added responsibilities for recommending to the President appropriate plans, programs and budgets for the major elements of the intelligence community and for presenting a consolidated intelligence budget for OMB review. Obviously, other variants which do not involve losses could be constructed.

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6. The authors present two reasons for separating off the collection and covert action programs. The first implies that the DCI is now too busy with the day-to-day management of these CIA activities to take on the new responsibilities as well. In our view the major reason for the DCI not spending more time on community management matters is not the time factor, rather it is due more to the fact that the necessary Presidential backing and authority have not been provided. With these new responsibilities assigned and these thoroughly understood by all concerned, especially in the Department of Defense, the DCI could delegate the day-to-day management of the collection and covert action programs to a strong DDP with little diminution in their effectiveness.

7. The second reason given is that the Director serves as both advocate for CIA programs and judge in community-wide matters. This is supposed to diminish the community's

willingness to accept his guidance as impartial. Of course, the DCI is conscious of this pitfall and seeks to avoid it. If collection and covert action were removed from the direct control of the DCI, it would do little more than eliminate an excuse for an unfavorable judgment. The other two advantages of Option #2--improved efficiency and enhanced stature--are not affected by a decision to remove the collection and covert action programs from under the direct control of the DCI. Rather, these benefits would be forthcoming only if the President made very clear to all concerned that the DCI had the authority to make decisions on his behalf.

25X1 8. Chief among the disadvantages listed by the authors are those dealing with further weakening of the DCI's management of the separated parts and his lack of ability to mobilize deploy and target collection assets in time of crisis. In addition, the authors obviously are not aware of the amount of interplay between the production offices and those involved in the collection and covert action activities. Some of our most productive collection projects are the results of this interplay, the KH-4 [] projects being good examples of this.

25X1 9. Furthermore, with the possible exception of clandestine collection, most of the Agency's collection programs like [] and DCS (which are services of common concern to the entire community) [] are very efficiently performed, especially when compared with those carried out by the Department of Defense.

10. The whole discussion of what is wrong with the present system misses one important consideration of success. This concerns a sense of common purpose which those in charge of other intelligence components must have in order to make it work. Leadership in the intelligence community depends upon

the degree of support the DCI gets from the highest authority, how clearly and effectively the President instills this sense of common purpose in these people, and reinforces decisions made by the DCI. If the people in charge of the intelligence resources in the Defense Department feel that they can ignore or circumvent the authority of the DCI by going to the JCS, to the Secretary of Defense, to The President, or to Congress, it makes little practical difference whether the DCI is given more responsibility and written authority. The President must tell the others that the DCI has his full and virtually unquestioned support in order that the DCI be effective. Further, the people who are appointed to run the other intelligence organizations must be in tune with what The President wants as reflected in the actions of the DCI and must be personally compatible with him. Without these attributes, reorganization can be expected to produce little more than confusion in the short run and more of what we have experienced in the past decade in the long run.

11. Given this kind of Presidential support and the sense of common purpose among those who run the other intelligence organizations, the present scope of activity of the DCI with some modifications can work. The true options fall under this heading. What we must do right away is to get to work generating these true options as variants of Option #2.

12. We have no comment to make about the discussion in Section VII on the Department of Defense except to say that an Assistant Secretary for Intelligence would also have to have the support of the DCI, and all managers of intelligence in the Department would have to have the same sense of common purpose described above. It is easy for an outsider to say that if the mess in the Pentagon were cleared up, most of the problems of the control of expenditures would be solved. Yet, we believe it is true.

13. It is worth noting here that the discussion of the vast growth in expenditures for intelligence is tacitly attributed to the needs of national intelligence. The authors should realize that most of the expenditures for intelligence including much of the increases of the past decade, especially for SIGINT, are for tactical use of military forces. Although national intelligence derives some benefits from these expenditures, national needs alone would not require anywhere near the volume and frequency currently collected for military contingency use.

14. With respect to the discussion in Section IX on improvements in product, it would accomplish little to argue against the proposition that the product is not responsive and useful. The fact that the authors (who are close enough to HAK and The President to understand their feelings) say improvements are needed is sufficient reason to accept the proposition and to see what can be done to meet their needs.

15. Of the seven areas for improvement two seem worthy of special comment. First, the intelligence community must be in closer touch with the high-level consumers to know what they need to formulate and implement national security policy. The suggestion that a consumer council be established has much merit. With regard to a net assessments group, the discussion suggests that such a group be on the DCI's staff to prepare "net assessments of U. S. , allied and opposing capabilities and doctrines." If the purpose of this is to provide the intelligence community and thus the consumer with some insights into better estimating of foreign capabilities, intentions, limitations and doctrine, there is some merit in the proposition. If however, the DCI's staff would be tasked with testing various U. S. force options, this option is completely inappropriate on a number of grounds.

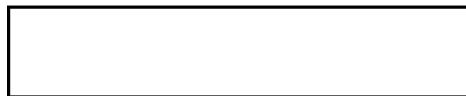
16. In their discussion of the USIB (page 21), the authors describe it as both a parliament and a confederation

and suggest that it be reconstituted "so as to formalize these relationships on an advisory basis." Any of us who have watched the Chairman run USIB would object to the idea that USIB was not now an advisory body to the DCI. But before doing so, we should realize that all the USIB Committees are run like parliaments and the desire not to bring controversy to the Board, unless absolutely necessary, frequently leads to USIB and the DCI being presented with highly compromised solutions which USIB usually affirms.



R. J. SMITH

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Remarks:

Red: I have approached this with a broad brush, looking primarily at the legal concepts. I trust this is responsive, and if you would like more detail, please let me know.

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LRHouston

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