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MEMORANDUM FOR: Executive Advisory Group Members
SUBJECT : Minutes of the 14 April 1977 Executive Advisory Group Meeting

1. The Executive Advisory Group (EAG) met on 14 April 1977 to discuss a proposed memorandum to the DCI, entitled "CIA Views on the Future Management of the Intelligence Community" (EAG 22), drafted by the Comptroller as a CIA contribution to current deliberations on Presidential Review Memorandum NSC-11, which directed a review of the organizational structure of the Intelligence Community.

2. In sum, the paper recommended that the DCI seek statutory line management authority over the National Security Agency and the National Reconnaissance Office in order to allow him to exercise his responsibility for management of the Intelligence Community.

3. Discussion centered on the paper's neglect of the DCI's role as intelligence advisor to the President, which competes for his time in his capacity as manager of the Intelligence Community. It was agreed that the paper should be redrafted to take this role into account and to define other options which would involve less radical change.

4. Subsequent to the meeting, the paper was redrafted, as requested, and circulated as EAG 22/a to EAG members for comment. It was delivered to the DDCI on 22 April for transmittal to the DCI.

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James H. Taylor
Secretary
Executive Advisory Group

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cc: IG
LC
Dep/NIO

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MEMORANDUM FOR: Comptroller
SUBJECT : Another Option for the DCI

1. The discussion last night made it clear that the DCI cannot go back to the President with ^{a recommendation to maintain} the status quo. The President wants to see a substantial increase in the DCI's authority. On the other hand, a number of objections were presented to the solution that you proposed, all of which have to be given some weight.

-- The DCI would have to be so much a manager that he would ^{be forced} ~~have~~ to neglect his principal job as intelligence adviser to the President.

-- CIA would be fragmented and ultimately swallowed up in NSA and NRO. (Some of this sentiment ^{reflects} ~~results from~~ the emotional resistance of those of us who are long-time CIA officers to such a concept, but some of it reflects the obvious losses from breaking up a piece of effective and integrated machinery.)

-- Such a move would not be politically feasible in view of DoD resistance.

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2. It seems to me that much of the argument against your proposal derives from the model that everyone was assuming last night. ~~Everyone~~ ^{we} ~~envisaged~~ ^{assumed} that the relationship between the DCI and the D/CIA, D/NSA, and D/NRO would be like the present ^{close} relationship between the DCI and DDCI. If we use another model, one in which these three relationships were similar to that now existing between, say, the D/NSA and SecDef, ~~many of~~ these arguments would have less force.

3. There are two basic ^{intentions} ~~modifications~~ for the creation of a stronger DCI, better intelligence and more efficient management. We and the Senate Select Committee place more weight on the former; OMB and House Appropriations focus on the latter; the President wants and the country deserves both. For us, at least, the key question~~s~~ is: How do we get better intelligence?

4. To begin with, we must emphasize the DCI's role as the President's substantive intelligence adviser. That in turn requires that the DCI have ^{an} independent intelligence production ^{its} capabilities ~~under~~ his control, and the time to ~~work with and~~ shape the output of ~~analysis~~ to meet presidential and other national requirements. Such a DCI cannot spend the bulk of his time either on management and resource problems or on fighting fires stirred up by the Congress, the press, and the Department of Justice. Such a DCI, however, needs to have the major collection systems immediately responsive to the requirements of his production organization. Over time it has become clear that ^{some} ~~many~~ of these systems, particularly those in NSA, ^{in real life} are somewhat less than responsive to his requirements and that all of them can only be brought to respond through ^{cumbersome} ~~elaborate~~, bewildering, and time-consuming collegial procedures. Moreover, the lack of central authority

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has meant that the case for the development of certain collection capabilities clearly needed to ^{solve} meet important analytic ^{problems} questions has not been effectively made either to Congress or to the OMB, viz, []

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[] Finally, the anomalous position of the DDCI as the primary advocate of ^{designed} programs ~~directed~~ to support ~~the~~ national intelligence production ^{under} capability has, especially E.O. 11905, prevented him from arguing his case as vigorously as its intrinsic merits deserve.

5. If one follows this chain of reasoning one ultimately reaches the same ^{Conclusion} point as those advocating stronger management of the Community for reasons of budgetary efficiency, i.e., ^{that} the DCI should have as much authority over the other two major national programs as he does over CIA, ~~if he is indeed to be the President's intelligence officer.~~ We submit, as did your original proposal, that this be ^{line} authority not just budget, for the reasons that you cite and also ^{because it would} provide arrangements under which the DCI can fulfill his responsibilities for maintaining legality and propriety. However, because we would put his substantive responsibilities first, we would not move in any major way toward centralized administration of the three programs. Rather, at the first stage we would establish a DCI with a ^{relatively} small staff and place under him three statutorily established separate agencies. Their directors would report to him and their budgets would be allocated to him. But their directors would be responsible for the management and administration of their agencies. The Directorate of Intelligence would remain within the Central Intelligence Agency for purposes of management and administration, but the Deputy Director for Intelligence would report directly to the DCI on substantive matters. ^I (We will not attempt to address here the relation-

ship of the present NIOs to the DDI, although we recognize that this proposal ^{implies} a closer integration than at ~~the~~ present. Neither do ~~we~~ ^I address the question whether the DDI should develop across-the-board analytic capabilities; ~~but~~ ^{located,} this must ultimately be ~~addressed~~ as well as the even thornier question where the resources for a stronger DDI might be found.)

6. Such a solution would ^{create} ~~combine~~ a DCI not overly burdened with management ^{He would have} ~~but with both the time and the capabilities~~ for intelligence production and ^{under his direct control, and would have the time to devote} ~~with~~ the authorities necessary to ensure that collection served those capabilities properly. It preserves the integrity of CIA and the obvious benefits that ^{to} ~~follow their form~~. And, because in this first stage NRO and NSA remain separate, it ^{would} ~~is~~ reversible, either if the arrangement proved a failure or in the event of war. This last would make it at least marginally more palatable to the DoD. Moreover, it is a real change, and one ^{that} ~~which~~ should satisfy the President's desire for centralized authority. As opposed to your original proposal, it would not go so far toward efficient centralized management, but the preservation of the unique qualities and strengths of CIA seem to ^{me} ~~us~~ worth this ^{cost} ~~cause~~. Overall, it places ^{would} ~~relatively~~ more weight on the DCI as substantive adviser to the President and relatively less on ^{the DCI as} ~~his~~ managerial role. ^{administrator.}

~~This structure provides as much basis as necessary for the DCI to have the analytic resources and authorities that he needs.~~ At a later stage, after the dust had settled and after the DoD ^{was} ~~is~~ persuaded that the detachment of NSA and NRO had been accomplished without reducing ^{the} ~~intel-~~ ligence support ^{afforded to it} ~~to the DoD~~, rationalization of the various collection

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capabilities under the DCI might be undertaken, perhaps ultimately leading to the creation of a deputy to the DCI for national intelligence collection. But in ~~our~~^{our} view, that can wait.

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ACI DRAFT
OF 7 APRIL 71

In addressing the question of the most effective organizational arrangements for meeting the nation's intelligence needs, it is important to underscore that good intelligence is a prime requirement at every level of government concerned with national security from the President and members of the National Security Council to the military field commander.

At the national level the purposes of the U. S. intelligence community is to produce high quality, relevant, and objective intelligence for the President, the NSC, and increasingly for the Congress. These national needs range from information and analysis supporting the formulation of major policy decisions to providing strategic and tactical warning. Such intelligence is drawn from the most technologically advanced technical collection system as well as the most traditional forms of espionage.

Intelligence must also serve the particular needs of the Department of Defense and the military services. At one level intelligence is used in making decisions as to what weapons system to develop as well as in force structure planning. At another level, intelligence provides essential information for crisis response and support for the conduct of military operations

including time urgent data on military force movements and activity. Approved For Release 2004/05/03 : CIA-RDP91M00696R000200010010-3

producing such intelligence are as diverse as are the needs.

At issue is what organizational arrangements will most effectively serve the wide variety of intelligence needs of national, departmental, and tactical users.

The National Security Act of 1947 and the National Security Council Directives of the late 1940's and 1950's established the basic division of responsibilities with respect to intelligence activities among agencies and departments. These divisions had their origins in the traditional distinction between military and non-military intelligence. The CIA was directed to produce "national" intelligence while the military services were asked to continue to collect and produce "military" intelligence for use both in war and peacetime.

In the charge to the Director of Central Intelligence under the 1947 act for "coordination of the intelligence activities of the several Government departments," President Truman sought to prevent a repeat of the intelligence confusion and delays that occurred prior to Pearl Harbor. The problem addressed under the act was how to collect, collate, and process intelligence reports and estimates that would best serve the national leadership--the President and the NSC.

It is clear that the national security "language" of the 1940's and 1950's does not serve the needs of a

technologically complex intelligence community. The old distinctions between "military" and non-military, "tactical" and "national" have blurred.

There are two separate aspects to the problems which have arisen since 1947: the efficient management of the resources allocated for intelligence collection and analysis; and the optimal targeting of intelligence assets assigned for purposes of collection.

Resource Allocation has been complicated by the huge increase in the proportion of the overall intelligence which is assigned to Signals Intelligence and to Satellite Reconnaissance systems. In turn, the portion of the Intelligence Community's budget which is appropriated to the Director of Central Intelligence (in his capacity as Director of CIA) has shrunk to about 15%. This has complicated the problems of the DCI in exercising overall management of the Intelligence Community; and of the Directors of NSA and NRO in, in effect, serving two masters. At the same time, the proliferation of intelligence collection capabilities and the increase in their costs make it increasingly important to consider tradeoffs between differing systems.

Operational Tasking has been complicated because increasingly, intelligence data-collection systems have grown capable of serving both the broad interests of the policy-makers

and defense planners and the more specific technical interests of weapons developers and field commanders. Signals intelligence

provides both economic and military communications intelligence. Spies are asked to collect information on Soviet weapon technology, political intentions, grain harvests, etc. Satellites produce pictures which are critical both to the SALT policy-maker and the Army Commander on the East German border.

There are issues of how to provide the tactical commander in the field not only the appropriate product of "national" intelligence collection assets, but how to permit that commander to task those assets directly to his needs; and there are issues in the opposite direction, though mainly of ensuring that the appropriate product of "tactical" intelligence collection is made available to national policy-makers.

One key question, then, is what degree of centralization of control in the Intelligence Community will provide resource rationalization and insurance against duplication and waste. Another question is how to task the multiplicity of collection systems in ways that will be fully responsive to the needs of all consumers. For example, any gains in efficiency of tasking cannot be at the expense of the Secretary of Defense's requirements for immediately responsive intelligence assets in crisis and in wartime.

Alternative forms of resource management and operational tasking control deserve to be considered.

1. Resource decisions on collection and analysis systems and organizations could be made on a collegial basis in a negotiating forum for resource management matters. The Director of Central Intelligence or the Secretary of Defense could be the chairman, but neither would have final decision authority. Differences would be referred to the National Security Council or the President for decision.

2. The same negotiating forum, but the DCI could have decision authority subject only to appeal by other members to the NSC or the President.

3. The Secretary of Defense could have the decision authority.

Day-To-Day Operational Control and Tasking Techniques

1. The direct tasking of intelligence collection systems could be left to committee decision with actual command authority left uncertain, and subject to negotiation.

2. The President could designate the DCI or the Secretary of Defense as the control authority for a particular type of system under specific circumstances, depending primarily on the balance of importance between national and military requirements.

These variations in authority over resource allocation and operational tasking can be combined into the following basic management techniques:

Tasking	Collegial Tasking	Presidential Designee Tasking
Management		
Collegial Management	A	B
DCI Management Control	C	D
Sec. Defense Management Control	E	F

Option A is about today's arrangements. No changes would be necessary to EO 11905.

Option B is today's resource management procedures with more specific operational tasking procedures. EO 11905 would have to be modified to provide specific guidelines for tasking each generic category of "national" and "tactical" intelligence collection.

Option C is a strengthened DCI role in resource management with today's operational tasking. EO 11905 would have to be modified to provide DCI full resource control over present DDO assets.

Option D is a strengthened DCI role in resource management with more specific operational tasking procedures. Changes in EO 11905 as in B & C above.

and today's operational tasking. Changes would be necessary in EO 11905 to reduce DCI responsibility for resource management.

Option F is Sec. Defense resource control and more specific operational tasking. Changes in EO 11905 as in E & B above.

Possible Organizational Changes to Match the Above Management Techniques

There would seem to be no organizational changes required under A and B.

With C and D where the DCI would assume responsibility for allocating national intelligence resources, the question arises whether a DCI with final authority for all resources should also remain as head of one of the agencies (CIA) competing for these resources.

If the answer is "no," then the question must be addressed as to whether the DCI as principal intelligence advisor to the President can perform that function effectively without direct control of some intelligence analysis and estimating resources. And if he must have such resources, what are the alternatives: The NIO organization only, the NIO and all of the DDI, the NIO and part of the DDI?

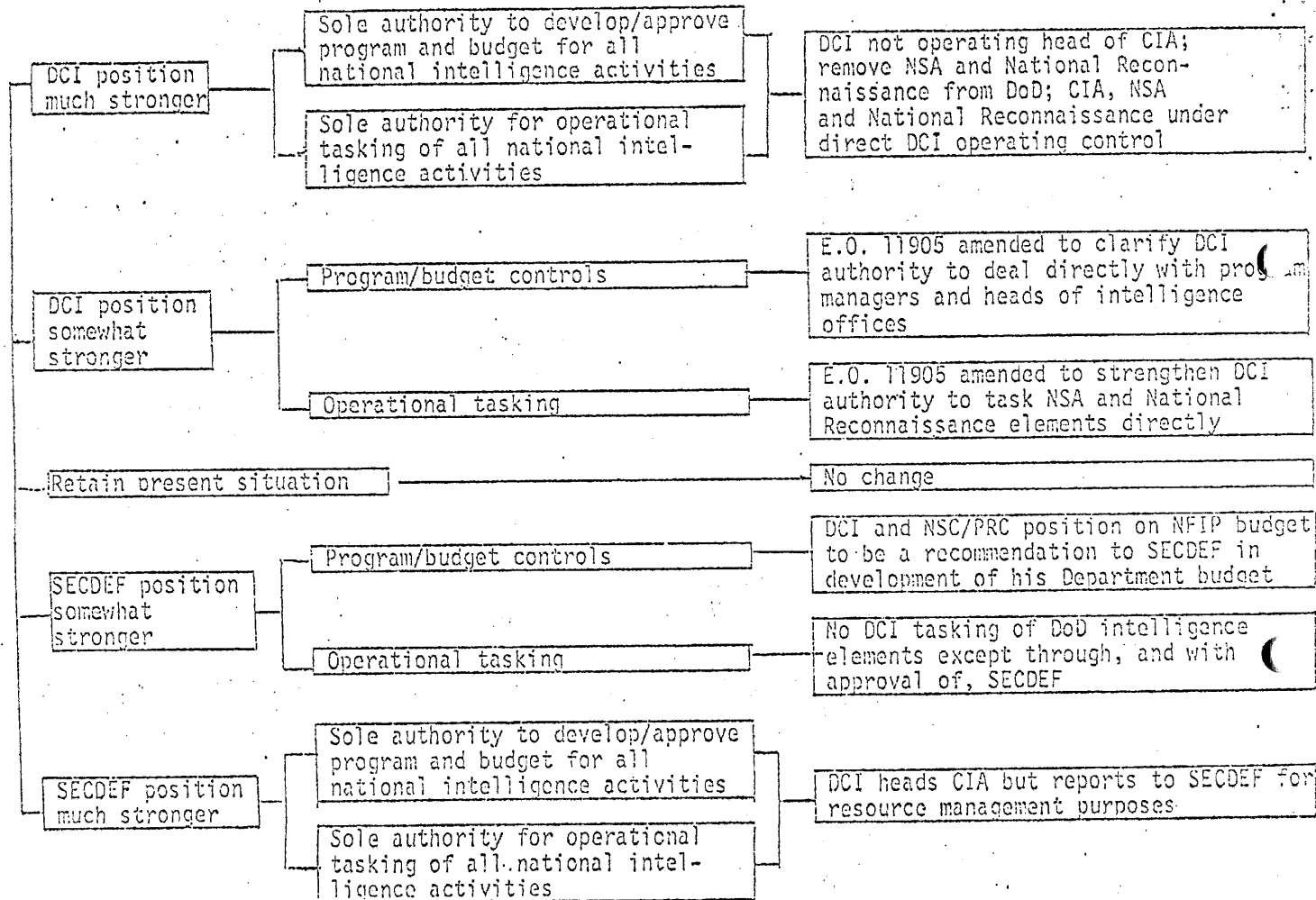
With C & D, there is also the issue of whether resource rationalization and efficient management would be possible if the DCI had responsibility for resource allocation while the Secretary of Defense continued to manage intelligence activities? This would require considering the transfer of the principal DoD collection assets of NSA, NRO and NURP to the DCI. Finally under C & D, there is also

type to meet the needs of military commanders during a time of crisis or war? This would require some explicit provisions for collegial control of major resource decisions on procurement or discontinuance.

In E & F the question would arise as to possible conflicts between the DCI's role and that of SecDef in resource management. The DCI could be subordinated to the SecDef for resource management purposes, but left with a direct access to the President for purposes of advising on matters of intelligence substance.

There are, of course, variations on these techniques,
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especially as to degree of control. That is, a move to give
either the DCI or the SecDef stronger control of resource manage-
ment need not be total, but only more definitive than at present.
The attached chart summarizes these various techniques with
gradations in between.

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 TECHNIQUES FOR MANAGING AND TASKING NATIONAL INTELLIGENCE ACTIVITIES



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DRAFT
20 Apr 77
M. S.

Ms. Bowie,



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1. The discussion yesterday on organizational issues settled, it seemed to me, around two questions:

a. While it is desirable to merge the DDI and the NIOs and retain both in CIA, how can CIA produce national intelligence immune from contamination by CIA's organizational biases?

b. The NIO's multiple roles distract from the estimative function, but, if the NIOs do not fill these other roles, who will?

2. Addressing the first issue, one possibility would be to distance CIA's production offices from its collection offices by having the production offices report to the DCI through ^{a different} ~~one of his~~ principal deputies, the D/DCI/NI, who would wear two hats like the DCI. Certain of these offices would product national intelligence (current and estimative) and the rest would do research in support of the national products; the distinction would be whether the product were coordinated or not. This would, essentially, take us back to where we were organizationally in 1965.

3. if the solution to the first issue would leave the D/DCI/NI in charge of a variety of overlapping, functionally focussed offices--

estimative, economic, current, strategic, political, scientific, etc.-- the management of which would potentially be a nightmare. Which brings us to the second issue. For an answer, I would look to the analogy of an insurance conglomerate which finds itself in a variety of businesses-- fire, casualty, life, reinsurance, finance, banking, etc.--but organized into a number of companies which overlap in the coverage they offer, ~~and~~ in the clienteles they serve, and in the geographic regions they work. The way an insurance conglomerate solves its managerial problem is to have functionally delineated vice presidents who have line responsibility over all the companies in the conglomerate. I suggest, in other words, that a D/DCI/NI, served by a series of intelligence officers with line responsibilities delineated much like those of the present NIOs, would be able to manage the monster at his disposal. These officers, supported by small staffs, would fill the NIO's customer relations, representational, and advisory roles, plus be the D/DCI/NI's trouble-shooters ^{and} ~~monitor~~ of the quality of the products.

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1. The dilemma facing us is an old familiar one. Given the President's commitment to rationalization, there are only three outcomes to PRM 11 that have much chance of serious consideration:

-- Deferral of major changes to give a further test to E.O. 11905, along with some minor modification thereof.

-- Increase in the DCI's budgetary authority in ways that make him and SecDef partners in managing the intelligence business.

-- Assignment to the DCI of line authority over NSA and NRO as well as CIA.

2. The question that arises in all three variants is the DCI's relationship to CIA. DoD would like to see the first option, with the DCI separated from CIA as well. This is unlikely, but for the second and third options the DCI must ask whether he should balance the increase in his authority elsewhere by a decrease in that over CIA. One has to assume that the D/CIA would in any case report to the NSC through the DCI; any other arrangement would be asking for trouble. On the other hand, if he does report through the DCI, what difference have you made? Perhaps the best way to think of the resultant arrangement would be the present relationship of SecDef to NSA: He controls the money, and he

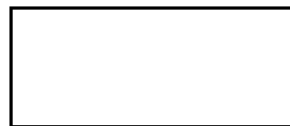
probably knows what Lew Allen looks like, but he hasn't ever been there.

3. Should something like this come to pass, the future of CIA is called into question. If the DCI is separated in the manner adumbrated above, should he take the DDI along as well as the NIOs? Or can he get along with the NIOs as they now are? Or augmented? An interlocking question: ^{If he wants to} ~~Should he~~ move out of Langley completely, where should his substantive staff, however constituted, be? And is this feasible? Would an NIO staff, supporting a DCI separate from CIA, be able to give sufficient attention to the estimative function? Or would it be necessary to create some separate organization, insulated from fire-fighting, to do this? Is an NIO/DDI merge^r in a national production organization under the DCI a good idea or a bad one?

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MEMORANDUM FOR ~~AD/DCI/NE~~
SUBJECT : Organizing for Estimates

I will have to miss the first half hour of tomorrow's meeting on this subject, so I took the opportunity to set down a few thoughts on what seemed to me fixed desiderata in almost any scheme for reorganization of estimates.



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Date 18 April 1977

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18 April 1977

Functional Propositions re Organizing National Intelligence

1. The answer to almost any question about organizing for national intelligence depends on the answers to other questions.

-- Thus the answers to where to locate or whether to merge NIOs and the DDI depends greatly on how much one wants to make national intelligence a community product, versus a CIA product, or how much long-range analysis the DCI wants to supply as opposed to short-order policy support on tactical questions. And of course the answers are usually that he wants both.

2. Since these interdependent questions thus lead to a circular exercise, it seems more fruitful at this stage to set forth a few propositions which (to me) appear valid almost regardless of organizational structure. These derive from the performance of the NIO business as I have seen it. They are not meant to be as critical of the NIO system as they may sound, nor as uncritical of ONE as they appear by implication. It is simply that we are approaching decisions that, however they go, should and can be made in the light of experience rather than theory.

A. NIOs have large theoretical responsibilities and no commensurate assets.

-- They have contrived to get estimates and other analysis done because successive Directors (especially Colby) frequently made clear that they expected the system to work. And on some problems it has worked pretty well. These problems are either the kind where the same offices and people are doing the job that always did the job (i.e., Soviet military) or the problem was relatively simple (i.e., one country or region, and one-dimensional -- political or military or economic). Where it crosses borders or disciplines, we have been less successful. Where it has been a question of challenging long-range conventional wisdom or exploring new frontiers, we have been less successful than on tactical, short-term needs. And where time is urgent, we have often experienced chaos, since when subjects

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heat up, that is precisely when it is hardest to get the best analytical talent to work on estimates in the face of competing demands by home offices, the source of the incentives.

B. NIOs are spread too thin.

-- If estimates are to be taken seriously, they must be done by people with the time and inclination to take them seriously -- not as afterthoughts or side-interests on the part of people heavily engaged with customer relations, quasi-managerial tasks in support of the IC Staff, current briefings, and other functions. This is true in spades if, as is often the case, the NIO has personally to do a lot of the drafting, most of the chairing, and much of the other staff work on estimates.

C. Estimating is a discipline.

-- Estimating is analysis with a forward reach. Like good analytical history, it is an art requiring a certain cast of mind and training. In addition to the universal virtues of objectivity, and clarity of thought and writing, estimating for top policymakers requires unusual capabilities for selectivity, ability to boil down masses of information and to generalize non-superficially, to keep topical and relevant without being captured by current headlines and intellectual fashions. It even requires a degree of imagination and savvy, as to what questions are important to customers, in order to avoid writing academic treatises for other specialists.

D. Thoughtful estimating requires the right conditions.

-- If the menu is to live up to the advertising, one must get good chefs, provide the right ingredients and kitchen, and then make sure that they are permitted to cook and are not also kept busy as waiters, busboys, and entertainers. It costs some money to do this, but one cuts corners only at considerable cost in quality and ultimately in reputation. The NIO system has cut many corners in the name of economy, anti-elitism, getting closer to the policy process, etc. Some corners have been cut harmlessly, perhaps a few even profitably. But if the whole restaurant is to be reorganized, it is time to make sure conditions and people in the estimates department of the kitchen are such that performance can live up to promises on the bill of fare.

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E. All the above implies that --

- If an estimates staff is to be established, the crucial things are
 - that it be manned by the right people, specifically a staff of 15 to 20 first-class analytical/estimative drafters,
 - that the staff be chosen by and responsive to the entity charged with producing estimates (whether present NIOs, a collegial review authority, or whatever),
 - that it be sufficiently insulated from current support and other functions to be able to sustain quality performance and produce in timely fashion. (It must also, of course, be sufficiently "wired in" so as not to become another ivory tower like the late OPR.) They need not estimate eight hours a day, but it is critical that they consider it their primary job, and
 - that grade structure, physical environment, etc., must be such as to attract the cream of the crop from within the Agency, the community, and outside.

F. Creation of such a staff would inevitably bring some criticisms about elitism, threats to the rice bowls of existing shops, etc. None of these would be unmanageable or even very serious if the DCI simply made clear that he wanted it this way. Cooperative working arrangements with existing offices would be less difficult to work out than current arrangements have been. And in many quarters of the DDI, DIA, and INR the net reaction would be one of relief.

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