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THE CENTRAL INTELLIGENCE AGENCY
and
NATIONAL ORGANIZATION FOR INTELLIGENCE

A REPORT TO THE NATIONAL SECURITY COUNCIL

by

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CHAPTER V

THE RESPONSIBILITY OF THE CENTRAL INTELLIGENCE
AGENCY FOR NATIONAL INTELLIGENCE ESTIMATES

THE MANDATE UNDER THE NATIONAL SECURITY ACT AND THE DIRECTIVES

One of the principal duties assigned to the Central Intelligence Agency "for the purpose of coordinating the intelligence activities of the several Government departments and agencies in the interest of national security" is "to correlate and evaluate intelligence relating to the national security, and provide for [its] appropriate dissemination." The Central Intelligence Agency is thus given the responsibility of seeing to it that the United States has adequate central machinery for the examination and interpretation of intelligence so that the national security will not be jeopardized by failure to coordinate the best intelligence opinion in the country, based on all available information.

In our opinion, this responsibility has not been adequately discharged, and remedial measures are necessary. There is confusion as to the proper role of the Central Intelligence Agency in the preparation of intelligence reports and estimates. This confusion has resulted from incorrect interpretation and lack of proper implementation of the statute and the directives. The reasons for this go to the heart of the national intelligence problem and need to be examined in some detail in order to discover how the necessary improvement can be made.

Although the Act provides that "the departments and other agencies of the Government shall continue to collect, evaluate, correlate, and disseminate departmental intelligence," the statute does not limit the duties of the Central

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Intelligence Agency to correlate and evaluate intelligence, except by the standard of "national security." Interpretation of these statutory provisions was made by the National Security Council in Intelligence Directives No. 1 and No. 3.

Intelligence Directive No. 1 (See Annex No. 7) provides that the Director of Central Intelligence shall produce* intelligence relating to the national security, called national intelligence, and that "in so far as practicable, he shall not duplicate the intelligence activities and research of the various Departments and Agencies but shall make use of existing intelligence facilities and shall utilize departmental intelligence for such production purposes." The directive also stipulates that national intelligence disseminated by the Central Intelligence Agency "shall be officially concurred in by the Intelligence Agencies or shall carry an agreed statement of substantial dissent."

These provisions are to some extent clarified in Intelligence Directive No. 3 (See Annex No. 9) which defines national intelligence as "integrated departmental intelligence that covers the broad aspects of national policy and national security, is of concern to more than one Department or Agency, and transcends the exclusive competence of a single Department or Agency or the Military Establishment."

Directive No. 3 then places on the Central Intelligence Agency the responsibility for the production and dissemination of national intelligence. Such intelligence is to be developed and assembled in coordination with other departments and agencies in order to obtain intelligence developed within the

* The term "produce," as used here, means the preparation and issuance of assembled and interpreted intelligence reports and estimates.

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scope of their respective missions which will assist in the production or complement the assembly of national intelligence. The directive also instructs all agencies to maintain sufficient research facilities to meet their individual needs and to assist in satisfying the requirements of other agencies.

Areas of "dominant interest," a term which is not specifically defined, are allocated by the directive to the various departments as follows: political, cultural and sociological intelligence to the Department of State; military intelligence to the Army, naval intelligence to the Navy, air intelligence to the Air Force; and economic, scientific and technological intelligence to "each agency in accordance with its respective needs." Upon this framework is built the formal program of intelligence production by the departmental agencies and the Central Intelligence Agency.

The significant provision of Directive No. 3 for the Central Intelligence Agency is the definition of national intelligence, for which the Agency is given exclusive responsibility, although it is recognized as having rights and responsibilities with respect to other forms of intelligence as well. In effect the directive interprets the vague provision of the National Security Act on "intelligence relating to the national security" to cover a particular type of intelligence reasonably distinct from departmental intelligence and conforming to admittedly broad but generally comprehensible specifications.

The purport of the National Security Act as supplemented by the directive in regard to the production of national intelligence can be understood and justified in the light of the history and general objectives of the Act. Behind the concept of a Central Intelligence Agency lay the necessity not only for the coordination of diversified intelligence activities (See Chapter IV), and for the performance by the central agency itself of certain services of

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common usefulness (See Chapters VI-IX), but also for the coordination of intelligence opinion in the form of reports or estimates affecting generally the national security as a whole.

Although the Act and the Intelligence Directives give the Central Intelligence Agency the independent right of producing national intelligence, Directive No. 1 stipulates that such intelligence shall be officially concurred in by the intelligence agencies or shall carry statement of substantial dissent. As a practical matter, such estimates can be written only with the collaboration of experts in many fields of intelligence and with the cooperation of several departments and agencies of Government. A national intelligence report or estimate as assembled and produced by the Central Intelligence Agency should reflect the coordination of the best intelligence opinion, based on all available information. It should deal with topics of wide scope relevant to the determination of basic policy, such as the assessment of a country's war potential, its preparedness for war, its strategic capabilities and intentions, its vulnerability to various forms of direct attack or indirect pressures. An intelligence estimate of such scope inevitably "transcends the exclusive competence of a single Department or Agency or the Military Establishment." A major objective, then, in establishing the Central Intelligence Agency was to provide the administrative machinery for the coordination of intelligence opinion, for its assembly and review, objectively and impartially, and for its expression in the form of estimates of national scope and importance.

THE CONCEPT OF NATIONAL INTELLIGENCE ESTIMATES

The concept of national intelligence estimates underlying the statute and the directives is that of an authoritative interpretation and appraisal that

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will serve as a firm guide to policy-makers and planners. A national intelligence estimate should reflect the coordination of the best intelligence opinion. It should be based on all available information and be prepared with full knowledge of our own plans and in the light of our own policy requirements. The estimate should be compiled and assembled centrally by an agency whose objectivity and disinterestedness are not open to question. Its ultimate approval should rest upon the collective responsibility of the highest officials in the various intelligence agencies. Finally, it should command recognition and respect throughout the Government as the best available and presumably the most authoritative intelligence estimate.

The production of national intelligence estimates by the Central Intelligence Agency falls far short of such a concept, in part for reasons which the Central Intelligence Agency does not control. The principle of the authoritative national intelligence estimate does not yet have established acceptance in the Government. Each department still depends more or less on its own intelligence estimates and establishes its plans and policies accordingly. In the Military Establishment there is some coordination through the Joint Chiefs of Staff who rely upon the advice of the Joint Intelligence Committee which, in turn, rests primarily upon the contribution of the three Service departments. Neither the Central Intelligence Agency nor the State Department participates directly in these procedures in the Military Establishment, and the estimates of the Joint Intelligence Committee are in most cases more restricted in scope than a national intelligence estimate. Within the State Department the policy-makers are, for the most part, their own intelligence advisors. Finally, there is no systematic way of tapping that domestic intelligence information, which should be chiefly in the hands of the Federal Bureau of Investigation, having

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a bearing on broader intelligence issues. At the National Security Council level the intelligence estimate which is applied to policy papers is brought to bear through the individual departmental representatives and the independently produced contributions of the Central Intelligence Agency.

Although the task is made more difficult by a lack of general acceptance of the concept of national intelligence estimates in the Government, it is, nevertheless, the clear duty of the Central Intelligence Agency under the statute and the directives to assemble and produce such coordinated and authoritative estimates.

THE ORGANIZATION AND ACTIVITIES OF THE CENTRAL INTELLIGENCE AGENCY FOR THE PRODUCTION OF NATIONAL INTELLIGENCE

Unfortunately, the attention of the Central Intelligence Agency has been largely diverted from the objective of producing national intelligence. We find in examining its organization and activities, that major emphasis is not placed on the unique national intelligence function of the Central Intelligence Agency but that this function is largely diffused and dispersed in an organization which concerns itself with a variety of intelligence-producing activities. These include summaries of current developments, political reports, background studies on countries and areas, economic reports, etc. (See Chapter VI).

In the original Central Intelligence Group it was conceived that there would be a small organization of highly qualified individuals which would limit itself strictly to national intelligence problems and base its work primarily on the specialized reports and estimates produced by the departments rather than employ a large research and analysis organization of its own. However,

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the character of the organization changed, and the Office of Reports and Estimates, which now carries out the responsibility of the Central Intelligence Agency for intelligence reporting, discharges a large number of intelligence-producing functions. These include, to a limited extent, the production and coordination of national intelligence but also other functions, to be described in Chapter VI. Some of the latter functions duplicate those carried on in other departments, and some are more in the nature of common services on behalf of the other agencies, although they are not always recognized as such.

Under the Assistant Director for Reports and Estimates and his deputy is a large organization comprising persons. There is a broad base of six regional or geographic Branches, each a research and estimate-producing unit with responsibility for one area of the world. In addition, a Map Branch does map research and publishes map and geographic data and a Scientific Branch is concerned with studies in the field of scientific intelligence.

Studies and estimates are also produced by five "Consultants Panels" dealing with economics, transportation and communications, military affairs, international organizations and "global survey," respectively. The product of these Branches and Panels is issued through one of two "Groups," the Current Intelligence Group and Staff Intelligence Group which have editorial and departmental liaison responsibilities. A third Group, the Basic Intelligence Group, performs supervisory and editorial functions with respect to the fulfillment of the National Intelligence Survey (basic intelligence) program by the Central Intelligence Agency and the departmental agencies. Finally, a Plans and Policies Staff develops programs, priorities and policies for the Office and includes a small unit which handles information from communications intelligence sources.

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The intelligence output of this organization which can be properly termed "national intelligence" is not impressive. The subjects are normally selected on the initiative of the staff itself or as the result of discussions in the National Security Council staff, where a member of the staff of the Office of Reports and Estimates generally participates. In producing these reports the Office usually employs the research of its own staff instead of drawing together and coordinating contributions from departmental agencies. Such departmental contributions are available to the Office of Reports and Estimates under the terms of National Security Council Intelligence Directive No. 3 as interpreted in No. 3/1 ("Standard Operating Procedure for the Production of Staff Intelligence") but in fact only a small number of the reports are actually derived from departmental contributions. The customary procedure has been for the Office of Reports and Estimates to prepare a basic draft which is then circulated to the Departments of State, Army, Navy and Air Force for their comments and concurrence or dissent. This procedure has proved to be ineffective as a means of producing coordinated national intelligence. The departments participate more as outsiders reviewing the material of another agency than as collaborators sharing responsibility in an enterprise of equal concern to all.

In spite of the use of the system of concurrences for certain types of reports, the position today of the Central Intelligence Agency is that of an independent producer of national intelligence, the quality of whose product is variable and the influence of which is questionable. The tendency within the Central Intelligence Agency has been to emphasize the independent production of intelligence and this emphasis has led to two results.

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In the first place, the intelligence produced by the Central Intelligence Agency has not always been relevant to policy requirements and has lacked effectiveness. In the second place, there has been a failure to develop coordinated national intelligence which would supersede independent departmental efforts to produce over-all intelligence.

It is perhaps true that the efforts of the Central Intelligence Agency have been criticized partly because the opinions expressed by the Agency were occasionally at variance with the opinions held in the departments; but there have been other reasons. The independent intelligence estimate is felt to be useful but never decisive inasmuch as the Central Intelligence Agency cannot and does not by itself have all the specialized qualifications needed to produce national intelligence, and is not, as an independent agency, in constant and intimate association with the policy-makers and planners, a knowledge of whose work and intentions is indispensable to sound intelligence.

There is also criticism that the product of the Central Intelligence Agency, regardless of its quality or importance, gets formal circulation at the highest levels in the Government even though its content may not coincide with the views of departmental officials whose own information may be more reliable and complete. There is in fact a serious danger that the product of the Central Intelligence Agency may be looked upon as coordinated national intelligence, which it usually is not.

What has happened is that the creation in the Central Intelligence Agency of a large Office of Reports and Estimates performing, as will be emphasized in the next chapter, a variety of functions that are not truly related to the coordination of national intelligence estimates, necessarily means that concern

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with national intelligence problems is diminished, that the area of competition with the departmental agencies is enlarged and that the Central Intelligence Agency concentrates more on the independent production of intelligence than on its coordination.

Administrative arrangements within the Central Intelligence Agency and between the Agency and the other departments and agencies have contributed to this situation. Personnel in the Office of Reports and Estimates who are responsible for national intelligence (and this includes almost everybody in part, inasmuch as national intelligence functions are scattered throughout all parts of the Office) receive little guidance as to what they should report on. To a large extent they select their own subjects and establish their own priorities, and this practice only increases the criticism from which much of the product suffers. Finally, the liaison relationships with outside agencies are unsatisfactory although this situation is largely the result of the lack of a clear conception of the proper mission of the Central Intelligence Agency in the coordination of intelligence opinion in the form of national estimates.

The most significant exception to a rather general failure to coordinate intelligence opinion in national estimates was a series of reports on Soviet capabilities and intentions, beginning in March, 1948, by an ad hoc committee of representatives of the Departments of State, Army, Navy, and Air Force under the chairmanship of the Central Intelligence Agency. This case illustrated that, when properly used, the existing interdepartmental arrangements can, under the leadership of the Central Intelligence Agency, provide the President and top policy-makers with an authoritative intelligence estimate.

After some initial delay following the receipt by the Army of a disturbing

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message from General Clay, the President on March 16, 1948 received from Central Intelligence Agency a brief short-range estimate as to the likelihood of war, discussed and concurred in by all the interested agencies. Divergent views had been reconciled and a unanimous estimate drafted. The importance of this procedure, particularly in an emergency situation, is difficult to overemphasize; it insures that all the interested agencies have contributed to consideration of the situation and establishes their collective responsibility for the estimate. If divergences cannot be reconciled, at least the opposing points of view can be identified.* The possibility of any one service arriving at a false or completely contradictory estimate and of independent actions being taken as a result is thereby reduced.

The procedure of consultation followed in March was in this particular case largely fortuitous. There was at the time no regularly established procedure for such consultation. It was not nor has it since become normal practice either for "ordinary" or "crisis" estimates as we believe it should.

* The first message from General Clay was received on March 4th, but there does not appear to have been interdepartmental consultation before March 13th. Although views were at first divergent, the estimate of March 16, 1948, submitted to the President, was unanimously concurred in by the Central Intelligence Agency and the intelligence agencies of the Departments of State, Army, Navy and Air Force. It estimated the likelihood of war during the ensuing 60-day period. However, the next estimate in the series, dated April 2, 1948, which sought to extend the estimate beyond the 60-day period, was accompanied by an Air Force dissent on the grounds that the international situation was so delicate that it would be unwise to speculate beyond the short term.

The circumstances leading to the March 16th estimate received wide publicity as a result of the reference to it in Vol. I, p. 17 of the Report of the Committee on the National Security Organization (Eberstadt Committee), in the following terms: "Testimony was presented to the Committee that in the spring of 1948, a mistaken intelligence estimate, prepared by a departmental intelligence agency, stimulated recommendations -- which if followed -- might well have had serious consequences. Fortunately, in this instance, the Central Intelligence Agency and other intelligence groups correctly evaluated the available information in good time."

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In fact, one of the most important recommendations of this report is that a reconstituted Intelligence Advisory Committee should perform this function.

In at least one other situation requiring immediate intelligence interpretation there was once again only fortuitous coordination. This case was the result of intelligence received by the Federal Bureau of Investigation and distributed by it. The Central Intelligence Agency performed only a secondary role and there was no formal intelligence estimate. This further illustrated the fact that, under present arrangements, recognized and prompt procedures are lacking for the authoritative coordination of intelligence views in an emergency situation. In addition, it was seen that there is no regular and agreed arrangement for participation by the Federal Bureau of Investigation and for the use of intelligence from domestic sources in a national estimate.

PROPOSALS FOR IMPROVING THE PRODUCTION OF NATIONAL ESTIMATES

In order to remedy the present unsatisfactory arrangements for the production of national intelligence estimates and provide for the coordination of intelligence opinion at times of crisis and for long term planning, as contemplated in the National Security Act, there needs to be a revision of the present arrangements. Insofar as the Central Intelligence Agency is concerned it is necessary, in the first place, to make a clear distinction between the function of correlating national intelligence opinion to assist plans and policy formulation on the highest level and those intelligence reporting activities which may be assigned to the Central Intelligence Agency as a central service of common concern.

The mission with respect to the production of national intelligence cannot be fulfilled solely through a large staff such as the present Office of Reports

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and Estimates whose work is directed more to the production of miscellaneous reports than to the coordination of national intelligence opinion. In our opinion the present Office of Reports and Estimates should be replaced and for it substituted two offices one of which, to be described in the next chapter, will not be involved with the production of national intelligence but will perform intelligence research and reporting services of common concern. The other office, an "Estimates Division," would comprise a small group of highly selected individuals whose task it would be to draw upon and review the specialized intelligence product of the departmental agencies in order to prepare, for final discussion and approval by the Intelligence Advisory Committee, a finished national intelligence estimate. This small group would rely primarily upon the intelligence reports of the individual agencies but it would have access to such source material as it requires in order to review departmental contributions and prepare consolidated estimates for final action by the Intelligence Advisory Committee.

National intelligence estimates, in order to be authoritative, must be fully participated in by all of the principal intelligence agencies in order that the best advice may be tapped and responsibility shared for those major estimates on which high policy decisions depend. Therefore, the Intelligence Advisory Committee, under the leadership of the Director of Central Intelligence, should actively assist in establishing and supervising the national intelligence production program as well as discuss and review the proposed estimates submitted to it for approval. The Committee would, at the same time, concern itself more actively than at present with the coordination of the other intelligence activities of the various departments and agencies, as discussed in Chapter IV. In fact, by assuming an active responsibility for

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the reconciliation of intelligence estimates the Committee would almost automatically be able to assist the Director more effectively in coordinating intelligence requirements and developing sound arrangements for the coordination of intelligence generally.

The membership of the Intelligence Advisory Committee, as we have pointed out in Chapter IV, would include the Director of Central Intelligence as chairman, and representatives from the Departments of State,* Army, Navy and Air Force and the Federal Bureau of Investigation. Ad hoc membership should be given to other Agencies, such as the Atomic Energy Commission, Joint Staff and Research and Development Board, whenever appropriate.

These revised arrangements should make adequate provision for the handling of major emergency situations so that there is automatic consultation and collective responsibility when quick estimates are required. We have seen that in the past such consultation has been largely fortuitous and could not be relied upon to operate promptly.

This proposal would not affect the responsibility of the Joint Intelligence Committee to prepare strictly military estimates for the Joint Chiefs of Staff and perform such other military duties as the Joint Chiefs of Staff might assign. Through the membership of the Service intelligence chiefs on the Intelligence Advisory Committee and through close liaison between the Joint Intelligence Group and the new Estimates Division in the Central Intelligence Agency, every effort should be made to insure the consistency of the Joint

* See below, page 159, for a discussion of the status of the State Department representative.

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Intelligence Committee's military appraisals and the broader national estimates of the Central Intelligence Agency and the Intelligence Advisory Committee.

Whatever arrangement is decided upon, there are certain general conditions which must be observed, if intelligence estimates are to be sound and timely. All information, whether it originates from intelligence sources or whether it comes from other sources including operations, must be available to the intelligence people who by putting together and studying all of the bits of information must provide the overall interpretation. There is always a dangerous tendency, particularly in time of crisis, when it can be most serious, for vital information to be withheld on the grounds that the intelligence personnel should not see it because it concerns operations or for alleged security reasons. In other instances the dissemination of vital but sensitive material is restricted to a very few people at the top levels with the result that those individuals who are most competent to analyze a particular situation are left out of the picture entirely. It is therefore necessary that intelligence estimates be made in full light of our own policies and operations. The preparation of such estimates should not be impeded by any barriers arising from security considerations or otherwise, which may jeopardize the soundness of the intelligence product.

Finally, any discussion of the preparation of national estimates would be inadequate without two caveats. The first applies to those who prepare the estimates; the second to those who may use them. Prejudice in the form of stubborn adherence to preconceived ideas is likely to be the gravest danger to sound intelligence. Estimates are subject to the risk of being colored and twisted to reflect the prejudices of those who prepare them. This can best be countered by providing

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reasonable checks and balances as we have endeavored to do in the composition and responsibilities of the Intelligence Advisory Committee. If, for example, the State Department, which may be wedded to a particular policy, presents the facts distorted by faulty preconceptions, the final product, as reflected in an intelligence estimate, will be defective. It is hoped that in such a case the new Estimates Group of the Central Intelligence Agency will supply an initial corrective and that the non-State Department members of the Intelligence Advisory Committee will have sufficient breadth of knowledge to challenge the State Department estimate. Likewise, military estimates should be submitted to scrutiny so that they are compatible with each other and avoid the error, however unconscious, of magnifying the needs of their own branch of the Service.

The Intelligence Advisory Committee, if it functions properly, and is assisted by the disinterested work of the Central Intelligence Agency is the body where such distortions should be caught and corrected and the prejudices of one mind challenged by the thinking of a mind which at least does not suffer from the same prejudices.

In turn, prejudice on the part of the policy-makers may render them blind even to brilliant achievements of an intelligence service. They may just refuse to listen to what they do not like. Hence, nothing would be more dangerous than to believe that if we once had an effective intelligence service and an efficient intelligence estimating body, we would be immune to a disaster like Pearl Harbor.

This does not lead to the conclusion that intelligence is futile. It merely shows its limitations. If the intelligence appraiser can keep from twisting and coloring the data he receives and if the policy-maker can keep a

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relatively open mind and be prepared for continual re-evaluation of the assumptions on which he is relying, then sound intelligence estimates can be a pillar of strength for our national security.

CONCLUSIONS AND RECOMMENDATIONS

(1) In the Central Intelligence Agency there has been confusion between the responsibility of producing coordinated national intelligence estimates and responsibility for miscellaneous research and reporting activities.

(2) The provisions of the National Security Act for the production of national intelligence estimates, as interpreted by the National Security Council Intelligence Directives, are sound but have not been effectively carried out.

(3) There should be created in the Central Intelligence Agency a small Estimates Division which would draw upon and review the specialized intelligence product of the departmental agencies in order to prepare coordinated national intelligence estimates.

(4) Under the leadership of the Director of Central Intelligence, these estimates should be submitted for discussion and approval by the reconstituted Intelligence Advisory Committee whose members should assume collective responsibility for them.

(5) Provision should be made in these arrangements for the handling of crisis situations when coordinated estimates are required without delay.

(6) Coordinated intelligence estimates produced in this way must, in order to be effective, be recognized as the most authoritative estimates available to the policy makers.

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