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**THE DIRECTOR OF CENTRAL INTELLIGENCE**

WASHINGTON, D.C. 20505

Deputy Director for National Foreign Assessment

23 November 1979

MEMORANDUM FOR:	DD/OPA	DD/OSI	SA/Production
	DD/OCR	DD/OWI	NFAC/Plans <input type="text"/>
	DD/OER	DD/OGCR	EA/D/NFAC
	DD/OSR	NIC/John Whitman	

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SUBJECT: HPSCI Staff Study of NFAC

1. The staff of the Subcommittee on Evaluation of the House Permanent Select Committee on Intelligence has completed a study of NFAC production of finished intelligence and of the NIO system. Copies of the staff study have been forwarded to the DCI from Chairman Boland with the notation that the Committee would welcome any comments we would like to make about the points discussed in the staff report. The staff report contains both general comments with respect to NFAC production and organization and a number of specific recommendations.

2. A Special Panel is created for the purpose of reviewing the staff report; assessing the recommendations contained in the report; advising me, the DCI, and the DDCI concerning possible further action with respect to the recommendations; and preparing comments on the staff report for the DCI to send to Chairman Boland.

3. The Special Panel is chaired by  following members:

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4. I would like to meet with the Panel on 30 November to discuss its initial views, looking to completion of a letter from the DCI to Chairman Boland by 7 December.

Bruce C. Clarke, Jr.

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cc: DCI  
DDCI  
OLC

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HOUSE PERMANENT SELECT COMMITTEE ON INTELLIGENCE

SUBCOMMITTEE ON EVALUATION

STAFF REPORT

ON

NATIONAL FOREIGN ASSESSMENT CENTER (NFAC)

NOVEMBER 1979

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## PREFACE

This staff report on the Central Intelligence Agency's National Foreign Assessment Center (NFAC) culminates a year-long effort at examining NFAC's production of finished intelligence studies and the National Intelligence Officer (NIO) system. While this report summarizes the staff's findings, it should be noted that as in past Subcommittee on Evaluation efforts, the staff will continue to monitor NFAC's activities. The sample of intelligence studies upon which many of the findings are based were produced during the first three quarters of 1978, and the cut off date for other information was 31 August 1979. The staff realizes that changes are presently underway which will impact on the observations made in this report. However, the staff holds that many of the observations are likely to remain valid and need to be given serious consideration in any future structural realignment within NFAC.

This detailed examination of the intelligence process as it operates within NFAC could not have been completed without the assistance of intelligence analysts, branch chiefs, office directors, and the management of the National Foreign Assessment Center. Their cooperation allowed the staff considerable opportunity to observe how the intelligence product is produced and how NFAC personnel interact with the principal users. The judgments are those of the staff based on their reading of the product, and on interviews with users and producers of intelligence.

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EXECUTIVE SUMMARY

1. While the large majority of NFAC production addresses consumer needs, "nice to have" production and duplication do occur. This problem has been avoided only where the NFAC office, division, or branch maintains close enough contact with users so that the intended user and the likely need are identified when the study is initiated.

The principle of production relevance should be emphasized in production management and in contemplated organizational changes.

2. Production management across NFAC offices has been almost non-existent until recently, and the problem at the community level remains considerably greater.

Coordination of production planning by NFAC offices should be strengthened, whether through the Production Board or some other mechanism that provides a forum for the office directors. At the community level, an interagency production board should be revitalized and provided with a small coordination and planning staff.

3. A community-wide bibliography of finished intelligence products is needed, both to serve the consumer by pointing out the existence of a study on a particular subject, and to identify and thereby help to reduce unnecessary duplication.

The DCI should investigate the feasibility of developing a community-wide bibliographic system.

4. Evaluation of finished intelligence is nearly absent both within NFAC and at the community level. The effect of the Senior Review Panel to date has been quite limited, in part because the Panel has become integral to NFAC's routine production machinery.

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An in-house evaluative element should be established within NFAC, while at the community level, the Senior Review Panel should be subordinated directly to the DCI, and enabled to function as an independent evaluator of interagency production and of the quality of single agency production on issues that are particularly important or contentious.

5. Inordinate delays in the production of NIEs and IIMs, and uncertainty as to their form and purpose, have seriously undermined their quality and responsiveness although recent steps have begun to address these problems.

The Director of NFAC should continue current efforts to define the nature and role of all interagency production; and greater guidance should be provided to the NIOs in the production of estimates.

6. Although NIOs contribute significantly in several capacities, the potential of the NIO system has never been realized, primarily because of confusion about NIOs' purpose and functions.

The NIO system should be maintained and its effectiveness strengthened by clearly defining the roles of the NIOs.

7. NFAC has not taken on such community-wide responsibilities as monitoring - or at least being able to identify - the allocation of analytic resources devoted to a given subject by all elements of the intelligence community.

The DCI must consider reestablishing an element at the community level which is cognizant of and capable of dealing with community-wide analytic resource issues.

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NATIONAL FOREIGN ASSESSMENT CENTER

I. Purpose

This study had as its fundamental purpose to consider whether the current organization and management of NFAC maximizes its contribution to intelligence. Of particular interest was the effect of major structural changes introduced by the DCI in 1977. These included a restructuring of what once was CIA's Deputy Directorate for Intelligence. That Deputy Directorate hence became known as the National Foreign Assessment Center and the Director, National Foreign Assessment, charged with improving the overall quality of the intelligence product. He was also given responsibility for the National Intelligence Officers, (NIOs) who had previously reported directly to the DCI. The Subcommittee staff was not only interested in how well the National Foreign Assessment Center was producing exclusively CIA analyses, but in how well the NIO system was functioning in the production of National Intelligence Estimates.

Hence, NFAC was understood at the start of this study to have two major roles: (1) the production of intelligence studies that had traditionally been performed by the CIA and (2) the pulling together of the community's expertise by the NIOs to produce National Estimates and interagency assessments.

Both in scope and in purpose the staff study was broader than the present report. The study was undertaken as a vehicle for a sustained and systematic effort by the staff to become fully cognizant of NFAC - its structure and personnel, traditions and current priorities, consumer relations and production management, strengths and weaknesses. The familiarity developed through an extensive program of interviews and reading of intelligence products (described below) provided the foundation for the judgments and observations in the present report.

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Like previous studies by the Evaluation Subcommittee, the following report is intended both to address informational needs of the Committee and to communicate Subcommittee concerns and observations to the intelligence community. Its two principal purposes are:

- to communicate to the intelligence community the observations of the Subcommittee staff concerning the strengths and weaknesses of NFAC's current structure and production management, and to offer recommendations based on these observations;
- to provide a thoughtful discussion of some of the issues and trade-offs that are inherent in efforts to improve analysis, management and performance. It is hoped that such discussion will contribute to their constructive consideration, both within the intelligence community and in the oversight relationship between this Committee and the community.

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## II. Study Approach

### A. Research Program

To approach the question of whether NFAC's current organization and management maximizes its contribution to intelligence analysis, the Subcommittee staff had to address such fundamental and subjective issues as: does NFAC production closely match intelligence users' needs? Is NFAC production managed so as to maximize the benefits of competitive analysis with other agencies while avoiding wasteful duplication? Do NIOs function effectively in the present organization? Clearly the research program required both breadth and depth - to familiarize the staff more fully with the structure and production of each NFAC office and with its major consumers, as well as to enable the staff to examine selected issues in detail.

There is no way to understand the intelligence production process but to read intelligence studies and then talk with their authors and the users. The staff attempted not to make independent judgments as to the quality of studies, for no staff can have that breadth or depth of expertise. The staff structured its inquiry - which ultimately encompassed many hours of interviews conducted over a nine month period - around a preliminary review of intelligence studies written by NFAC analysts during the first three quarters of 1978. A computerized listing of titles of NFAC intelligence studies written during that period was requested. It was decided that the present study would focus primarily on the production of finished Intelligence Assessments or Research Papers, with minimal attention to current intelligence and periodic reporting.

From the list of titles, approximately 100 studies were selected for review. The selection was not conducted in a scientific random manner, but efforts were made to ensure that the sample reflected a wide range of subjects and types

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of products. Individual work sheets were prepared on each of the studies, on which the staff made tentative observations on their estimative content and probable timeliness, and also noted questions which warranted additional data requests. For a smaller number of these studies, NFAC was requested to provide additional information to include:

- o the requirement for the study, i.e., who asked for it or was it self-generated
- o the distribution of the study
- o to what consumer was the study directed, and
- o what feedback was received on the study

These were also the kinds of questions that were pursued with all of those interviewed.

From the 100 NFAC studies surveyed, approximately 35 were selected for further examination. Although the selection once again was made to provide as broad a perspective as possible, the staff recognized that it could not be relied on as a representative sample of all NFAC intelligence production. Observations about these studies, therefore, were not extrapolated into generalizations about the quality or usefulness of NFAC production, but rather the detailed inquiry into the origins and ultimate use of these studies served as a vehicle enabling the staff to explore the strengths or weaknesses of various NFAC elements, their procedures and their relationships with various groups of consumers.

Using these studies as a starting point, the staff interviewed most of the authors, as well as their branch or division chiefs, NFAC office directors, and intelligence consumers in five executive branch departments. In addition, intelligence analysts in other agencies were interviewed to determine better what relationship the NFAC products bore to other intelligence production on the same or related

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subjects. By combining the consumer viewpoint with that of the intelligence producer and the views of other intelligence analysts, the staff was able to develop a good understanding of the content of these analyses and some measure of their utility to users without relying completely on its own judgments.

Interviews were also conducted with most of the NIOs and with several deputy and former NIOs. These interviews, which occurred as part of the process of evaluating the usefulness of particular studies and of assessing producer-consumer contact in various subject areas, also helped the staff to assess the various roles played by NIOs.

#### B. Evaluation Norms

Believing that the major criterion for evaluating an agency's production management should be the relevance of its product to users' needs, the staff paid particular attention to the manner in which intelligence studies were initiated. Through data requests and interviews, inquiries were made about whether given studies were undertaken at the initiative of NFAC or some element thereof, or in response to a consumer request. Nevertheless, the staff fully recognized that such a distinction alone could not reveal the usefulness of a product, since the degree to which a product could be described as "self-initiated" was determined largely by the product's function. For example, a product which served a warning or alerting function would clearly be "self-initiated." While a study or briefing produced in response to a specific request by a policymaker would not be "self-initiated," the staff recognized that the majority of intelligence production falls into a gray area, neither fully "self-initiated" nor clearly identified with a specific user request. These include studies initiated by analysts in response to obvious or expressed priorities of policymakers, including those formally described as NITs (National Intelligence Topics);

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*absence of  
mechanism to  
initiate "users'  
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studies prepared prior to international meetings or visits, responding to general questions raised by the President or others at high level meetings; and analyses undertaken as "building blocks" necessary to reach other intelligence judgments.

Self-initiated production clearly has its place as it may reflect the foresight and professionalism of the intelligence community in addressing users' information needs. Nevertheless, in this study of NFAC production management a special burden is placed on the community to ensure that any production not responding to a particular consumer request can be readily justified as serving one of the other important functions noted above, and that it not be merely "nice to have."

*ask*

As the foregoing indicates, the staff held that production management must be judged according to its success in allocating available resources so that finished intelligence is relevant to consumer needs, and so that there are no major gaps in coverage. Specifically, it assumed that where production management was good there would be little or no unnecessary production, nor would there be failures to note significant trends and attempt analytic predictions of major developments. Furthermore, while the individual product would reflect all available information and expertise and would be sensitive to the possible contributions of other disciplines, the management and coordination process would not be excessively cumbersome.

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### III. NFAC-Production Management

#### A. Overview

The National Foreign Assessment Center consists of seven major production offices. The staff concentrated its study on the political, economic, scientific and military related analytical activities of NFAC. While the Office of Imagery Analysis products were examined, it was the staff view that this office provides support not only to other offices within NFAC, but also some community services of common concern, hence, no in-depth review was undertaken of OIA.

Contrary to some expectations, NFAC's creation in 1977 has not substantially changed the relationship between CIA's analytic elements and those of other intelligence agencies. In some subject areas CIA has continued to be the primary producer, while in others either active competition or frequent collaboration with other agencies occurs. Most of NFAC's analysis takes the form of single agency, rather than interagency, production.

Although NFAC's offices are not, and should not be, regarded as anything other than CIA, NFAC does have a community-wide dimension in two areas. First, it includes the National Intelligence Officers (NIOs), whose various functions lie largely at the interagency level. (These functions, and factors which have prevented the full realization of the NIOs' potential, are discussed in Section IV.)

Second, the Director of NFAC is in a position to gain an overview of intelligence analysis throughout the community. This overview is possible primarily because of the breadth of NFAC's work - CIA analysts work actively in all subject areas, interacting with DIA's analysts, with State Department's

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INR, and with the somewhat specialized intelligence activities of other departments such as the Military S&T centers. This breadth provides a necessary basis for NFAC's leadership to be aware of the trends affecting production throughout the community: increasing demand in certain areas, shortages in analytic resources, or substantial overlap in the production by two or more agencies. Although the community-wide role of the Director for NFAC has never been fully defined, the scope of NFAC's work and the fact that NFAC includes the NIOs implicitly give the position a measure of community-wide responsibility. At a minimum, the Director of NFAC has the responsibility for ensuring that the interagency estimative products are undertaken to meet the needs of intelligence users, and that these studies are completed in a timely and useful form. In addition, the Director of NFAC would appear to have responsibility to identify for the DCI any areas of unnecessary duplication among agencies or of serious analytic weakness and to make appropriate recommendations regarding resources. (To date the staff has seen little evidence that the latter community-wide responsibility has been assumed.)

This section discussing NFAC production is structured to reflect the staff's views of NFAC's proper relationship to the rest of the community. On the one hand, it must remain clear that the NFAC production offices are CIA elements. Accordingly, the discussion of each office centers on its production of intelligence assessments and certain other work that is done on a single agency basis. On the other hand, NFAC production management cannot be discussed in isolation from the rest of the community. Thus, the discussion of each NFAC office considers its relationship to all other elements in the community that produce intelligence on the same or similar subjects.

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**B. NFAC Offices**

**1. Office of Scientific Intelligence and Office of Weapons Intelligence**

**a. Background**

Initially, four studies by the Office of Scientific Intelligence were selected for detailed review. It was found that three of the four were self-generated, and that the requested study was on the South African policy process

and produced  which is part of OSI. For each of the studies, the staff interviewed the analysts and/or branch chiefs responsible for the studies.

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In the Office of Weapons Intelligence, four studies were selected for detailed review. Here, too, three of the four studies were self-generated, with one having been requested by the now defunct Office of Net Technical Assessment - Director, Defense Research and Engineering, Department of Defense. Similarly, analysts, consumers and authors were interviewed.

After completing this initial survey with intelligence analysts at CIA, consumers, and other intelligence community personnel, the staff felt that perhaps most of the production in OSI and OWI was self-generated. The small sample that the staff had selected suggested that this was the case but it felt uncomfortable making any conclusions that the majority of OSI and OWI production was self-generated because it could have been coincidental with the sample chosen. Thus, the staff requested that for all studies produced in calendar year 78 by OSI and OWI that the requirement for each study be identified.

For the Office of Scientific Intelligence it was found that 46 studies were self-initiated and 11 were requested by consumers. However, of those studies which were requested by consumers, 9 out of 11 were studies which were

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produced by the Center for the Analysis of Personality and Political Behavior (CAPPB). The studies by CAPPB differ from OSI's technical production, being more political/behavioral sociological studies [redacted]

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[redacted] Thus, it could be concluded that of those studies that are truly of a scientific or technical nature in the Office of Scientific Intelligence well over 90% were self-initiated. The response from the Office of Weapons Intelligence indicated that all of their studies were self-generated, although an earlier response had indicated that several studies on anti-ship systems had been requested by an office in the Department of Defense.

The OSI and OWI studies were compared with scientific and technical intelligence studies appearing in DIA's Scientific and Technical Intelligence Register (STIR) and DIA's Monthly Production Summary. These two publications index DIA S&T and Service S&T (Air Force's Foreign Technology Division, Navy's Naval Intelligence Support Center, and the Army's Foreign Science Technology Center) finished products. It was found that some subjects studied by the Department of Defense were also addressed by the CIA, in some cases within months of each other. There was some duplication in areas where duplication did not appear to be necessary. OSI produced a study in 1978 on

[redacted] while Navy's Naval Intelligence Support

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Center (NISC) had produced a study in June 1976 on [redacted]

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[redacted] Although nuclear proliferation is a high priority intelligence interest, the excruciating detail in OSI's study of [redacted]

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[redacted] is perhaps more than anyone would want to know on the subject. The facility appeared adequately covered in an October 1976 DIA study

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With the exception of some OSI studies on Agro-technology and the specialized production by CAPPB, it is difficult to find any topics in OSI's CY 78 publications that did not receive coverage by the Department of Defense in some form. In other cases, studies were produced by the Office of Scientific Intelligence such as on the East African Desert Locust Threat Increasing which would not appear to have relevancy to any major set of consumers either at the tactical level or in Washington. / 1

b. Self-Generation

In discussions with NFAC's Office of Scientific Intelligence (OSI) and Office of Weapons Intelligence (OWI), the office directors and analysts were aware from the beginning of the staff's view that perhaps too much of its production activity was self-generated. During our discussions they pointed to the need to anticipate requirements from users and that many of their studies, because they are detailed and long-ranging, cannot be accomplished within a few weeks or even in some cases, several months' time. Thus, the analyst has to go out and anticipate what the requirements of consumers will be. The problem, however, is more complex.

The rationale provided by OSI and OWI as to the need for self-generation is a good one. The staff, in many respects, agrees with OWI's conclusion that "experience has proven that we cannot wait for outside requests for studies on given subjects because the deadlines given are usually so short the detailed analysis to support studies would be impossible unless it were already underway." While this is a valid reason for self-generation, a few issues have arisen as a result of the staff's analysis that would tend to place self-initiation of such a large proportion of studies in a negative light.

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First, in discussing the production program with personnel at the agency, the staff found that OSI's production schedule is not formulated in light of what DIA's S&T directorate and the Service S&T centers are producing. DIA publishes monthly a Production Summary which identifies all of the studies they have produced that month, what they plan to produce the following month, and what longer range efforts they have underway. In addition, the Defense Intelligence Agency's Scientific and Technical Intelligence Register identifies all S&T production and indicates when these studies are to be updated. While the staff believes that CIA should not be dissuaded from undertaking studies where they feel they can make a contribution or on issues where they believe there is a divergence of opinion within the intelligence community, the staff believes that more attention should be paid to the better coordination of intelligence production by OSI and greater concentration placed on those critical areas of high-level interest with lesser priority subjects that have already received adequate coverage left alone.

Another issue is whether the production decision of one office takes into account production by other NFAC offices. Recently, the Executive Director of the NFAC Production Board placed all of NFAC's production planning on a yearly cycle. This had not been the case before. Each office had been free to develop its own production plan independently of the other offices.

While there is always apt to be some redundancy between different production agencies within the intelligence community, there should be a concerted effort to minimize overlap between offices within the same agency. More importantly, an NFAC production planning cycle can help facilitate efforts at interdisciplinary analysis.

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As part of its response to the staff's questions, OSI noted that much of its production attempts to anticipate external requests and is in response to such requests. Yet in following their production for calendar year 1978, the staff could not find evidence of any such external requests with the exception of those studies which were done by the Center for the Study of Personality and Political Behavior.

If CAPPB is excluded it would leave only two studies which were requested externally; one by the National Reconnaissance Office entitled, [redacted]

[redacted] and another which had been requested by NFAC on [redacted]

[redacted] Both studies were in a sense self-generated by the intelligence community, NFAC internal to CIA, and the NRO as a consumer of intelligence information for operational requirements.

The staff found in its interviews with intelligence analysts in NFAC that they received little, if any, consumer feedback. In light of the large number of studies produced by DoD and the Service S&T Intelligence Centers, it leads us to question how much of the CIA product is being read and what its contribution may be. Although the staff has endeavored to touch base with consumers in the Washington area and at the U&S commands as to their views of NFAC products, it believes that a detailed consumer survey of the Office of Scientific Intelligence and of the Office of Weapons Intelligence product could be helpful to determine their consumer public and what utility the users find in their products.

In some ways the intelligence community is its own consumer. There is nothing wrong with this, and in fact, on many issues that there is a

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strong requirement to provide balance and competing analysis. An example of a product which appeared to have greater utility to other intelligence analysts than to outside users was the OSI study on [redacted]

[redacted] where the analyst felt the community needed a study assembling all the data on the issue in one publication to provide a baseline to track future developments. This is a good point to keep in mind -- that as much as there is a requirement for intelligence studies to be of utility to users, it is also important that the community at least have some perspective as to where it has been so it will know where it is going. Sometimes it is not sufficient that all of the raw data be available to other intelligence community analysts, but that it be assembled in one place.

There are clearly areas where the CIA should be engaged in publishing studies on critical issues where there may be some significant disagreement in interpreting the intelligence evidence or in the weight that is given to certain data that may build a case one way as opposed to another. Thus, for example, DIA published a study on [redacted] in February, 1978, CIA approximately three months later published their study entitled, [redacted]

[redacted] This, however, was an issue of critical importance to national decision makers, had been in the news, and where there was a difference in judgment between the two agencies. In such cases, analyses even though self-generated, benefit the intelligence community and its users. However, there are other areas within the Office of Scientific Intelligence where it is questionable whether the studies were actually needed or to what user they were directed.

This report has attempted to steer away from making organizational recommendations; however, it does find that the Center for Study of Personality

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and Political Behavior (CAPPB) has little in common with other elements of OSI, and that its analysts could serve NFAC and the community more effectively if it were placed in the Office of Political Analysis (OPA). The staff understands the rationale for originally placing CAPPB in OSI, that being to tie the personality assessments with the physical health assessments of leaders. However, as CAPPB develops their personality assessments with their understanding of the culture and society of a particular country, it would appear that such analyses could have greater impact on interdisciplinary analysis if CAPPB were part of OPA.

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2. Office of Strategic Research

Nine finished intelligence studies out of 27 produced by the Office of Strategic Research were examined in depth. The studies were evaluated according to the following criteria: clarity, timeliness, usefulness of judgment, accuracy of judgment (if known), and a general assessment on the quality of analysis. Additionally, the staff review attempted to identify what major judgments, estimates or forecasts were made in the studies. Additional OSR studies were read, but interviews were not conducted with intelligence consumers of the analysts who authored the studies.

The staff found that the content of OSR's reporting appeared to focus clearly on areas of critical interest to intelligence consumers both from a policy and an operator perspective. Most of the OSR studies concentrated on the Soviet Union/Warsaw Pact and the People's Republic of China. The sample also included two studies on third world areas [redacted]

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[redacted] which were well written and received high user acceptance in that they provided a thorough understanding of the complexities of these issues. Consumers have noted that the third world appears not to receive strong enough analysis, whereas the Soviet Union and PRC receive heavy coverage by the Departments of Defense and State as well as by NFAC. While it is accepted that the Soviet Union and PRC are high priority targets, OSR ought to give consideration to broadening its finished intelligence production on the Middle East and certain third world areas, and perhaps reducing its coverage in others.

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A useful feature which consumers found in many agency studies is their publication at two classification levels. [redacted]

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Consumers also noted that in making assessments and comparisons between the Soviet Union/Warsaw Pact and the U.S./NATO that care has to be exercised in making value judgments as to the superiority and/or capabilities of one side versus the other. Users felt that while intelligence studies ought to be encouraged to utilize "blue data" for comparison purposes, the community needs to be careful in making value judgments which might appear to step outside the bounds of intelligence analysis. The consumers were not singling out NFAC alone, but appeared to make it as a general comment applicable to the entire community.

There were only two OSR studies which the staff reviewed and discussed with consumers and other analysts where there appeared to be some critical comment. One was the study on The Soviet View on the Use of Intercontinental Forces and the other on China's Defense Strategy and Force Posture. A study of such an issue as Soviet views on the use of intercontinental forces is admittedly difficult, but those with whom the study was discussed considered that the study talked around the subject rather than addressing it head on. They observed also that the study was not well organized, and while usefully informing the reader of what was not known, it could have done a better job of informing as to what was known. The study on

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Chinese Defense Strategy and Force Posture appeared to come at a time when an NIE was also underway on the same subject with the analysis of actual strategy lacking.

Other OSR study efforts that the staff reviewed received high user acceptance. One analysis on THE SA-X-10 As a Cruise Missile Defense: A Preliminary Analysis of Force Effectiveness was found to be highly regarded by intelligence users. It was well written, integrated data effectively and clearly identified the specific limitations and assumptions in the study. OSR's analysis [redacted]

[redacted] also found ready acceptance from consumers since it addressed a critical issue of major importance to decision makers. Another OSR effort which responded to a request by the National Security Council Staff on Soviet Military Readiness received high marks primarily because of the responsiveness of OSR to the request, though the finished published version of the study appeared much later. The study was clearly written and although quite lengthy it established an analytic evidential base for other analysts within the community. In some sense many OSR studies appear to fill a void within the community by establishing a written position on issues which otherwise might be dealt with through informal publications and/or briefings.

The OSR analysis on East German Ground Forces, although well structured and thorough, was a self-initiated effort whose utility could be questioned because of its interest to a narrow user audience. It was determined in discussions with the analyst that this study was a first or starter project so that he could attempt to work a problem which would integrate all sources of intelligence information. Elements within DoD to include DIA and Service intelligence activities have primary responsibility for analysis of East German ground forces, although the OSR effort did address military manpower problems which many DoD analyses do not include.

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[redacted] was also a self-initiated effort, but came about as a result of informal discussions between OSR, DIA and State Department analysts which revealed an analytic void in this subject area and where consumers had not requested a study. The analyst felt that sufficient material was available and that it ought to be addressed. Publication of this study came at a very critical time [redacted]

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[redacted] Additionally, after the OSR analyst took the lead in getting the study published, DIA and State followed with similar but more limited efforts.

The OSR analysis on the Libyan arms build-up found favor with its users because it assembled in one publication a wide range of information concerning the Soviet deliveries of arms to Libya and provided an assessment of the manpower and transportation problems associated with this weapons build-up, and how these weapons might impact on the Middle East balance.

From this small and limited sample which the Committee staff studied and discussed with other intelligence analysts and consumers, it found a high range of acceptance and general satisfaction with OSR's quality and subject content. A strong point of the OSR analysis appears to be in its ability to integrate more than one aspect of a particular problem and assess their relationship, something that has not always been apparent in studies produced by other elements of the community on military related issues.

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3. Office of Political Analysis

a. OPA Production

OPA production was evaluated almost exclusively on the basis of a review of its Intelligence Assessments. From a total of 72 Intelligence Assessments produced by OPA during the first three quarters of 1978, the staff reviewed 28, making preliminary observations about the studies' timeliness and quality. Of these, fourteen were selected for detailed review and discussion with users, OPA personnel, and other analysts. Interviews tended to be wide ranging, enabling the staff to consider the context in which the selected study was produced, and to become aware of significant production not included in the sample.

This detailed review revealed considerable unevenness in the usefulness of the fourteen studies. Although most of OPA production appears to be justifiable, this sample suggests that a significant proportion of OPA production during this period may lack a very close bearing on actual consumer needs.

Of the fourteen studies, five were significant, or at least clearly justified as a response to a high level request: these included a study

[Redacted]

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Items which the staff concluded to have been justified, but about which unresolved questions remained concerning the degree to which the study addressed consumer needs, included an analysis of

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been if it had originated from identifiable consumer needs. The periodic quantitative study of Sino-Soviet Relations originated several years ago within CIA, and received an initial push from officials in DoD and the NSC staff who favored the use of Bayesian and other quantitative techniques. The study, produced jointly by OPA's Soviet and China analysts and FBIS personnel, has continued indefinitely without evaluation.

The staff found that in general the studies which required many man hours were self-initiated, while those initiated in response to a user request required less time. This observation of course reflects the fact that user requests often have a short deadline, providing insufficient time to do extensive research. Thus, the Office clearly has a responsibility to undertake studies necessary to develop the analytic base enabling it to respond to foreseeable requirements. Additional reasons why a significant amount of OPA effort might appropriately take the form of self-initiated production include the need for political intelligence to serve a warning or alerting function, and also the fact that in the fluid market for political intelligence it is sometimes necessary to pioneer the production of intelligence on new subjects in order to find out where the demand lies.

Despite these justifications for self-initiated production, the significantly greater amount of effort consumed by a self-initiated study places special burden on OPA to ensure that such studies meet actual or foreseeable user needs, or, if they are "building blocks," that they constitute part of an identifiable research program addressing an issue of foreseeable significance. The staff finds that for the period reviewed OPA production management appeared uneven, in that certain divisions and branches evidenced much closer contact with consumers than did others. Through its interviewing, however, the staff also encountered some indications that greater contact with consumers and higher standards of relevance for

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production are being promoted by the new Director of OPA.

b. Political Intelligence

OPA's production management can best be understood in the context of the market for political intelligence. The following brief discussions of selected areas of political intelligence highlight the major problems confronting political intelligence production.

The need to keep up with a major change in the external environment can best be illustrated by intelligence on China. After many years of relatively fixed demand for intelligence, and quite limited information, the intelligence community now faces an increasingly broad and diverse demand for analysis, as well as a flood of information, much of it in public channels. INR resources have been increasingly absorbed by requirements for briefings and other short term projects, leaving OPA with greater responsibility to ensure that long term analysis is not neglected.

Intelligence on Latin America illustrates common problems faced by political intelligence analysts in establishing and maintaining effective relations with policy level users. These include the fact that the degree of policy level attention focused on any country varies widely over time. Subjects which for years received no attention suddenly become the focus of a crisis, whereas other subjects, perhaps of considerable inherent importance, may be pushed to a back burner indefinitely. These circumstances make it difficult, during non-crisis times, for relations between users and producers to become well established, increasing the likelihood of intelligence producers misgauging the degree of potential consumer interest in a given subject.

The subject of nuclear proliferation illustrates the difficulties of intelligence in a subject area where the user community is diffuse. The staff

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found that, by providing information on the capabilities and intentions of individual countries, the various intelligence elements working on the subject were reasonably well serving the needs of those consumers who focus on non-proliferation as an issue. However, the broader issues - the political implications of nuclear proliferation in various regions and on particular international conflicts - had not been adequately tackled. The staff further recognized that, since policymakers do not routinely frame many of these questions, the intelligence community must assume significant initiative in conceptualizing these issues in the most policy-relevant terms possible.

In addition to these problems - the need to keep up with changing external situations, fluctuations and consumer interest, and the need to initiate production on new subjects to which consumers are not yet fully oriented - producers of political intelligence are faced with the fact that many policymakers tend to be their own political intelligence officers. This problem is aggravated when policymakers perceive that they have greater depth of experience in the region than the regional intelligence experts. The staff found considerable variation from one region to another as to whether OPA or INR/DOS was perceived as having the greater expertise.

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4. Office of Economic Research

a. OER Production

As with the other NFAC offices, the staff focused its evaluation of OER production on the topical reports published as Intelligence Assessments. Some attention was also directed at the sizeable proportion of OER efforts that takes the form of either typescript memos responding to specific requests, or periodic reports. The latter include the Economic Intelligence Weekly Review, whose articles the staff found to be generally well received. For example, at least one article out of every two issues is read by the Undersecretary of State for Economic Affairs, and about two-thirds of the articles are read by his Executive Assistant.

From a total of 70 Intelligence Assessments produced by OER during the first three quarters of 1978, 17 were selected for review. Of these were evaluated more thoroughly, on the basis of interviews with users, with OER personnel and other intelligence analysts, and in comparison with related studies by other elements of government. This sample suggests that most, if not all, OER production can be readily justified. Of the nine studies, two - on the world oil market and on [redacted] - contributed significantly to policy level consideration of major issues. Four others, also of evident value, dealt with the [redacted] economies, with communist military support for Rhodesian insurgents, and with arms flows to LDCs.

The need for two other studies - on USSR benefits from South African trade sanctions and on Argentine nuclear exports - was somewhat less evident, but discussions with analysts and users persuaded the staff that their production was adequately justified. The single product that appeared unnecessary summarized recent patterns in trade restrictions - a subject that seems to have been dealt

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with extensively in open literature. Even this report was described as useful by the intelligence support office at Treasury, which noted its probable value to an expanding circle of policymakers whose work relates in some way to international trade.

All nine of the studies were in some sense "self-initiated." One would expect to find a high proportion of self-initiated production among OER's assessments partly because of the production pattern at OER under which an analysis that may have begun as an ad hoc memorandum responding to a specific user request later leads to a more comprehensive article in the Weekly or to published assessments. A second reason is that a considerable proportion of OER production consists of "building blocks" - research on particular aspects of a problem which can then be used to build an understanding of the entire problem. Finally, OER prides itself on having projected economic trends and thereby foreseeing, for example, demand for more and better intelligence analysis of [redacted]

Each study was initiated differently. For example, the study of [redacted] initiated by OER in response to widespread interest on the subject, and it was timed to serve as an input for major executive branch studies and for papers used in President Carter's talks with [redacted]. The study of the world oil market was part of continuing research by OER of obvious policy importance. The studies of the [redacted] economies were each initiated by OER, to support the economic summit [redacted] and a Vice Presidential trip, respectively. The analysis of arms flows to LDCs was at least partly initiated within OER based on the OER Director's judgment that there had been an analytic gap on the subject. The study of communist military support for Rhodesian insurgents was undertaken by OER partly in response to requests from the Department of State, but also reflected an OER judgment that demand for this intelligence was

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likely to increase. The study of USSR benefits from South African sanctions and the analysis of international trade restrictions were each initiated by OER analysts, the former because of recognition that discussions on South African sanctions were underway at the UN and this kind of question frequently arises. The latter study was apparently a spin-off from other analytic work, and was authorized by the Director of OER with some misgivings because he was not convinced that it was essential.

Most research projects are done on a team basis, with branch chiefs and division heads expected to provide analytic leadership as well as managerial direction. This tight review process extends throughout OER, ensuring that little or nothing leaves the office without the Director reading it and often even rethinking it. This arrangement has the potential for frustrating analysts and stifling creativity, and in theory greater delegation of responsibility would be preferable. Nevertheless, in interviews with OER analysts, their counterparts at INR, and users of OER material at the Treasury, State, and Energy Departments, the staff found relatively little evidence of OER analyst frustration, and it did encounter considerable esprit de corps at OER and widespread high regard for OER products elsewhere. One explanation for the apparent success of a management style that could lead to serious frustration is that, at least in recent years, junior analysts have been assigned to team projects working on studies with a definite likelihood of publication, rather than being relegated to the thankless task of monitoring less active subjects and countries. The use of analytic centers or standing teams, as has occurred on Japan,  and petroleum supply, may also contribute to morale. OER's centralized style of management appears to be at least partly responsible for the generally high quality of production, and probably helps

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eliminate most "nice to have" production.

b. OER's Relationship to Other Producers of Intelligence

The line between producers and users of economic intelligence has never been sharp, since most of the information that goes into economic analysis is unclassified, and the line between foreign and domestic economic policy analysis is also blurred. Economic intelligence includes subjects in which there are well established user-producer relationships (e.g., analysis of Soviet steel production), and subjects in which requirements and intelligence production patterns are changing (such as energy technology). OER's contribution relative to that of other producers varies from one issue to another.

OER dominates analysis of the economies of closed societies, its preeminence resting on the scale of its effort, and perhaps also on the importance of clandestine sources. Other topics dominated by OER include the international arms trade (although much of the work is coordinated with DIA and INR), the international petroleum market (although other NFAC offices and the Department of Energy are significant producers on various energy topics), and the economies of developing nations and economic aid (in which OER's role appears to have grown partly to compensate for cuts in AID resources in recent years).

There is also active competitive analysis, the primary area being the economies of western industrialized nations, in which OER, State and Treasury Department analysts each contribute particular strengths. The staff encountered widespread agreement that the independent modeling capabilities exercised by State and NFAC, and the perspectives brought by Treasury attaches, provide an environment of constructive intellectual competition. Despite the absence of much competing analysis on the economies of closed societies, the staff found that there is often controversy among the many intelligence and policy elements that closely follow

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aspects of the Soviet economy. One topic dealing with Soviet Bloc and Chinese economies in which there does appear to be real competitive analysis is in grain forecasting, where the Agriculture Department and NFAC's OGCR address the subject in different ways but also engage in considerable dialogue.

An important subject on which OER's role is not preeminent is international monetary affairs, which is worked primarily by the Treasury Department. However, the analysis of OPEC assets - the flow of petrodollars - is primarily an OER job.

The staff found that there appears to be relatively little redundant or irrelevant production in economic intelligence, an area where interdisciplinary analysis is exercised routinely. It is also an area of considerable estimative intelligence, and the community enjoys a favorable record in anticipating major economic developments and mobilizing analytic resources to address anticipated intelligence needs. The staff found that intelligence production on energy is surprisingly well coordinated, considering both the rapid growth in policy attention, and the bureaucratic changes and uncertainties in the responsibilities of the Department of Energy and other relevant executive departments.

Despite all of the above, significant limitations in economic analysis must be recognized. These include weaknesses of the science of economics, which, like other social sciences, has yet to develop definitive theories and in models to describe and predict complex reality. Weaknesses in available data further limit analysis. Finally, no allocation of analytic resources can ensure coverage of every subject of interest. Several possible "production gaps" were mentioned to the Committee staff, but none was judged so significant as to represent a misallocation of resources.

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5. Office of Geographic and Cartographic Research

The staff found that review of OGCR production during the selected period provided an inadequate measure of the Office's production management, in part because of the recent establishment of OGCR's Environment and Resource Analysis Center (ERAC), which significantly increased OGCR's size and affected the structure, if not the mission, of OGCR's analytic elements. Another reason why a sample of intelligence assessments would not be an adequate approach is that a substantial proportion of OGCR production consists of contributions to studies issued by other NFAC offices.

Given these limitations, the staff inquiry focused on just a few aspects of OGCR production. It found, with regard to Soviet and Chinese grain estimates, that there appears to be effective "competitive analysis" with the Agriculture Department and also the necessary coordination of effort. (See discussion of economic intelligence in Subsection 2b above.) There also appeared to be significant informal contact between OGCR and other NFAC offices and community elements on several other subject areas.

Although not able at this time to form a judgment concerning the degree to which OGCR production is geared to users' actual needs, the staff notes with some concern that the very breadth of problem areas addressed by the ERAC, plus the newness of some of the subjects and the absence of established users for some of the intelligence, places a special burden on OGCR to actively cultivate the necessary contact with intelligence users to ensure the maximum relevance of its interdisciplinary production.

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#### IV. THE NIO SYSTEM

##### A. Background

The National Intelligence Officer system, consisting of a senior intelligence officer covering each of about twelve geographic or functional areas, established in 1973 and shaped primarily by Director of Central Intelligence Colby. The idea of a special assistant to the DCI for a given region arose several years earlier in the form of Director Helms' Special Assistant for Vietnam Affairs, who served from 1966 to 1973, and then under Director Schlesinger the idea was applied to the Middle East as well. These assistants had been instructed to focus in each region on behalf of the DCI, looking at products and activities as though the DCI himself were looking at them, and ensuring that the DCI knew what he needed to know about the subject.

With this experience as a prototype, a system of some twelve NIOs was devised. As Colby explained in his book, Honorable Men, he looked to the NIOs to range "throughout the intelligence community and out into the academic world" to make him, as DCI, "the best informed intelligence officer in the government about every one of the major substantive problems" confronting policy officials.

Colby also looked to the NIO system to address a second problem - management of National Intelligence Estimates (NIEs). Prior to the establishment of the NIOs these interagency products were drafted by analysts in the Office of National Estimates (ONE). They required the approval of a twelve member Board of National Estimates and then of the United States Intelligence Board (USIB). Over the years this arrangement lost much of its vitality. The Board of National Estimates ceased to provide the intended critical review by knowledgeable outsiders, and became increasingly ingrown, its membership drawn from the senior analysts in ONE.

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The Board's review process frequently provided little more than tedious wordsmithing. Increasingly estimates became solely the product of the ONE, reflecting the talents or weaknesses of the relevant ONE analysts. Although contrasting views from agencies other than CIA were occasionally integrated in the drafting process, NIEs came to be perceived of as CIA products, and often dissenting views from other agencies were relegated to footnotes.

Addressing what was widely recognized as a problem of stultification, Colby abolished the ONE system. Instead NIE production was to be governed by the newly created NIOs. Criteria for selection of the NIOs revealed other implicit purposes of the NIO system. Initially either the NIO or the Assistant NIO was to be an active duty military officer, demonstrating the intent to give the system an interagency character. Furthermore, traditionally a number of the NIOs have been drawn from academia and major research organizations outside of government, both to help overcome the appearance of CIA domination, and to stimulate fruitful contact between intelligence analysts and outside experts.

Initially established to perform two primary functions, with others implicit, the NIO role has come to include the following five functions:

- initiator and manager of interagency estimates;
- the DCI's surrogate on a region or problem, aware of both the substance and relevant collection and production;
- link between analysts and consumers, and guarantor that subjects of current or potential significance are covered;
- focal point for warning, responsible for monitoring trends in the region and informing the DCI of possibly serious developments;
- stimulator of contact with academics and other outside experts.

The inclusion in 1977 of the NIOs in the newly-established National Foreign Assessment Center (NFAC) narrowed their role. Their placement within a subordinate

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organization undermined their authority as the DCI's personal representatives and tended to restrict the NIO role to managing NIEs and IIMs.

Nevertheless, each demanding function persists to some extent, although rarely are all five actively performed by an NIO. The following sections discuss the performance of the various functions.

#### B. NIOs and the NIE process

Production of national intelligence estimates (NIEs) and interagency intelligence memoranda (IIMs) consumes a substantial portion of analysts' time, coordination being inevitably a cumbersome process. Although some such estimates are clearly important to the policy process, it is often questionable whether the effort expended on producing a definitive and coordinated study could have been better spent in some other way. Without attempting a fundamental evaluation of the NIE as a product form, the Subcommittee staff concludes that, in order to direct analysts' resources where they are most needed and to ensure the greatest relevance of production, the decision to undertake an NIE must be made judiciously, with great awareness of prospective policy needs. Moreover, the drafting and coordination requires skillful management.

Under the NIO system the quality of NIEs and IIMs has been uneven, with some thoughtful and relevant analyses, while other pieces have been irrelevant and bland, sometimes providing little more than a collection of data on the subject. Problems which were associated with the ONE have been replaced by others under the NIO system serious enough to make some NFAC personnel consider a return to a Board of National Estimates. Although the report does not attempt to compare the quality of NIEs produced under the old system with those done under the NIOs, the following comments concerning the strength and weakness of each system can be made based on interviews and selective review of product.

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First, the contribution of analysts outside of CIA now tends to occur earlier in the NIE process. This has largely overcome a criticism of the ONE system - that it was not an interagency effort - although much drafting continues to be done by CIA analysts.

Second, under the present system estimates are written by the analysts who cover that particular subject matter on a day-to-day basis. Potentially this provides important advantages over the ONE system: analysts drafting the NIE should have the greatest expertise, and they should be familiar with past consumer requests and with the kinds of intelligence issues that must be addressed in order to be relevant. In practice, sometimes these advantages are outweighed by factors described below.

Although the enervating wordsmithing sessions of the Board of National Estimates no longer occur, the intellectual process in the production of some NIEs is reportedly equally vapid. Depending on the leadership provided by the NIO and the analysts themselves, drafting sessions can sometimes be little more than a superficial review of a compilation of chapters written by different authors. There is no guarantee that difficult, policy relevant intelligence questions are addressed, or that analysts challenge each other's assumptions and judgments.

In the absence of a specialized staff such as ONE, estimates are sometimes written by people who have had no previous experience in estimate production. A lack of guidance over the NIOs has also contributed to much unevenness in the format and quality of the estimates, and in the degree to which they attempt estimative judgments. Greater uniformity, however, may result from efforts under the new NFAC Director to define and establish standards for NIEs and IIMs.

The absence of a staff dedicated only to estimative production also means that an NIE effort must compete for analysts' time with the press of current intelligence

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and other scheduled and ad hoc production. In some subject areas this arrangement is satisfactory, particularly if the importance of the NIE is evident, and the participating analysts can be relieved of some of their other duties. Often, however, NIEs are written by analysts for whom the project is an unrewarding and time consuming distraction from what they perceive is more important business.

Competing demands on analysts and on the relevant NIO, coupled with the absence until recently of systematic oversight of the NIOs, has permitted inordinate delays in the production of NIEs. Such delays have been costly both to consumers for whom the product is intended, and to the morale of participating analysts whose efforts are wasted during the process. However, the staff finds that the practice, undertaken in 1979 by the NFAC Production Board, of systematically monitoring the progress of NIEs and IIMs promises to identify the cause of delays and perhaps to expedite production.

Finally, a Senior Review Panel has recently begun to function. As described by the DCI in January 1978, the Panel of "nationally recognized authorities" was to "review and critique important national intelligence products (and) set new and higher standards which the entire community can emulate." However, the Panel has been integrated into NFAC's production machinery, its December 1978 Charter providing for it to review products throughout their preparation, to assist in production planning and resource allocation, and to undertake special studies as the DCI or Director of NFAC might direct. Although the staff sees some value in this role, it finds that the Panel's close integration with NFAC and its seeming inability to set its own agenda and priorities may prevent it from providing the kind of independent review by well-qualified generalists which has been lacking since the early days of the Board of National Estimates. Arguably, such independence

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may be more difficult to maintain indefinitely while the Panel is part of NFAC than it would be if the Panel reported directly to the DCI.

Having considered the factors discussed above bearing on the ONE and NIO approaches, the staff concludes that, despite the strengths demonstrated by the ONE system in its earlier years, a return to such a structure is not warranted. This judgment is based on two factors. First, the staff recognizes the enormous costs to performance caused by organizational disruption. The re-establishment of an ONE would require withdrawing some of the most able analysts from other production efforts. Second, the staff recognizes the NIO system as potentially far superior in meeting the needs for high quality, timely, and relevant estimative products. By ensuring that estimates are produced by those who regularly serve the intended users, the system is structured to provide the close contact essential to meeting users' needs.

The potential inherent in this structure has yet to be fully realized, and the staff notes that the uneven leadership exercised by the first Director of NFAC appears to have contributed significantly to the shortfall. Improvements in the management and coordination of the NIO process must occur, both to increase the uniformity and timeliness of the estimates, and to help strengthen the stature and authority of NIOs. This in turn would increase the perceived importance of estimate production, and would help analysts to devote higher priority to those projects.

Therefore, the staff credits the steps that have been taken recently by the NFAC Production Board to monitor the production of estimates and overcome unwarranted delays. Continuation of such efforts, and other measures suggested elsewhere in this study, can lead to a fuller realization of the NIO system's potential for the production of interagency estimates.

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C. Adequacy of the NIO System in Fulfilling Other Functions

1. DCI's Surrogate

NIOs have never exercised the full range of managerial oversight with which the original Special Assistant for Vietnam was entrusted, which included not only the oversight and coordination of intelligence production, but considerable participation in collection management as well. The degree to which NIOs have functioned as the DCI's surrogate for particular subjects, ensuring that collection and production by all community elements adequately meet consumer needs, has varied among individuals, in general this wide-ranging managerial function appears to have declined since the NIOs were subsumed into NFAC.

However, one aspect of the function - that of being the DCI's substantive expert - appears to have grown in importance. Almost all of the geographic NIOs play an active role in this regard, while the functional NIOs vary considerably according to subject area and incumbent. The staff distinguishes between this important role of being the DCI's focal point for expertise on the subject, and that of a "super analyst" - someone who personally drafts most important products, and is closely involved in current intelligence production and briefing - and notes that the tendency for NIOs to act as "super analysts" can degrade both the NIOs' performance and the quality of intelligence production itself.

2. Link to Consumers

The NIO's role of linking intelligence consumers and producers has been subject to uncertainty and frustration. It is inherently difficult to speak for the needs of consumers, given policymakers' usual inability to describe much less to forecast their information needs. Compounding the problem, the NIO may either threaten or feel threatened by the office director. There certainly is room for considerable conflict and confusion in any arrangement that seems to

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disrupt the vital bond between analyst and consumer by interposing a liaison person, especially when that person's authority to levy requirements is unclear. In practice, however, the arrangement has rarely been as intractable as this suggests. Instead, different arrangements have been worked out reflecting the particular personalities and subject areas.

The role of the geographic NIOs is clearly distinguishable from that of any one of the office directors, in that they serve to pull together resources from across several NFAC offices and other community elements as well. The regional NIOs contribute the most where they do regularly cross these disciplinary and organizational boundaries, being as fully acquainted with the relevant analysis going on in OSI as in OPA, and becoming attuned to the use of intelligence by consumers across the government. NIOs who by training or inclination draw almost exclusively on political analysis risk duplicating the functions of OPA division chiefs, and, since they are probably dealing only with the same primary consumers of political analysis as OPA, they are unlikely to contribute new insights into the needs of intelligence users or to provide policymakers with a needed "handle on all the relevant intelligence resources."

Similar observations can be made about the functional NIOs. The NIO is most valuable where the role he carves out for himself does not too closely parallel that of an office director or division head. In the case of the NIO for nuclear proliferation the complexity of the subject and the number of agencies involved both as producers and consumers is so great that the NIO's job differs markedly from that of any office head. In other areas - for example, political economy and strategic forces - the roles of the NIOs and of the office directors must be reconciled. Sometimes this can be done by fairly explicitly dividing up the responsibilities according to issue areas or groups of consumers. As in the case of the regional NIOs, it is essential that the functional NIOs not deprive the office and division chiefs of the

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contact they should be having with their primary consumers. Rather, a major value of the NIOs lies in their being a contact point for policymakers who may not be regular users of a given office's output, and who, therefore, are unfamiliar with its resources. It must be stressed that any effective office director serves to a large extent as his or her own NIO, making it a point to understand the user of intelligence and to project consumers' future requirements. Ideally, NIOs should facilitate the offices contact with its regular consumers, while particularly serving the needs of those policymakers who do not customarily deal with a given office.

Undoubtedly this ideal has not been fully realized. However, the staff concluded that the ideal has been more nearly approximated in practice than is often realized. Although there is certainly some tension, there is little fundamental conflict between the roles of NIOs and office directors, as long as both are sufficiently aggressive and knowledgeable about the policymakers they serve, and as long as the NIOs emphasize the interagency and interdisciplinary dimension of their roles.

Implicit in being a link between consumers and producers is the function of spotting analytic gaps, and then mobilizing and coordinating the resources to address them either through an inter-agency paper or through production by a given office. This is not to suggest that the NIOs should in any way preempt the office directors in the allocation of the offices' resources, but to recognize the potentially valuable perspective of someone whose primary concern is not the management of resources. There is a natural tendency for any manager such as an office director or division head to be blinded to some extent by what he perceives as the available resources. That is, he is less likely to consider the need for analysis on a subject for which he knows he has no competent analyst available. The NIO, having no direct responsibility for the resources, should in theory be more likely to point out a gap which others have not felt willing or able to address. By serving in this way as a stimulant, the NIO may assist the office directors in reallocating analytic effort or in highlighting the need for certain additional resources.

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### 3. Focal Point for Warning

The function of the NIO as a focal point for warning is implicit in the original concept of the NIO serving as the DCI's substantive expert for the region. However, the role was made explicit in 1978 with the establishment of a mechanism that required the NIOs to meet regularly with analysts from the various offices and agencies dealing with the region, in order to consider likely changes of consequence to the U.S. There is no doubt that this process has contributed to the NIOs' ability to fulfill their warning function, even though the "warning meetings" have apparently varied in style and usefulness. Nevertheless, the staff notes with some concern the practice in some if not all regions of having the warning meetings attended primarily by those analysts or managers who "have something to warn about." A primary value of the warning meetings should be in requiring analysts of even calm regions to at least briefly consider whether trends of serious consequence are apparent. The staff recognizes that every warning meeting cannot possibly include all relevant analysts, as the numbers are far too large, but it urges that analysts dealing with countries of potential consequence to the U.S. attend these meetings periodically whether or not they have concluded that they have something to warn about.

### 4. Link to Academics and Other Experts

Another function of NIOs is to stimulate necessary contact between the analytic elements and academics or other experts. As with the other NIO functions discussed so far, it would be a serious mistake to regard this role as exclusive to the NIOs. Clearly every office and division head has a responsibility to ensure that analysts do not work in a vacuum but expose themselves to currents of opinion, and keep up with industrial and scientific developments. Nevertheless, the NIOs can, and often do, contribute significantly in this area. It is a natural function

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for them, particularly when a cross-disciplinary examination of a region seems to be indicated.

**D. Need for Clarity of Purpose**

The Subcommittee staff finds that although NIOs contribute significantly in each of about five roles, the potential of the system may be much greater than what is actually realized. The reason for the shortfall is a widespread lack of clarity about the purpose and functions of NIOs. This clarity, which needs to be articulated consistently at the NFAC and DCI levels, should then guide the NIOs themselves and the personnel with whom they interact.

The fact that tension exists between the NIOs and production managers needs to be acknowledged and its value recognized. It is not necessary or desirable to do away with all tension and potential overlap in the activities of NIOs and office directors. What does need to be overcome is the uncertainty which paralyzes the NIOs, the office director, or both in their ability to function creatively with consumers and analysts.

The role of each of the NIOs should be defined to avoid replicating the function of any single division chief or office director. For example, the recruitment and guidance provided to regional NIOs should make it clear that they are not high-grade political analysts, but rather that their perspective should be interdisciplinary and interagency. Similarly, consideration should be given to the parameters of the functional NIOs to ensure that they do not coincide too closely with, for example, the Director of the Office of Strategic Research.

The demands of each of the five functions described above should guide the recruitment and selection of NIOs. He or she must be well acquainted with the intelligence process, particularly the use of intelligence in the relevant policy-making offices. In managing estimates the NIO needs skill in spotting analytical

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inconsistencies and in enabling analysts to identify their own assumptions. He or she must be adept in putting the right people in touch with each other and in facilitating fruitful interaction among analysts and between producers and consumers. These abilities, beginning with exceptional familiarity with both the intelligence producer and consumer communities, are the essential criteria for NIO selection. Persons drawn from the military services and academic or research institutions may provide desirable new perspectives, but those who do not also have extensive familiarity with the intelligence community should not be selected as NIOs. However, such "new blood" might well serve as Assistant NIOs.

Particularly since the NIOs are subsumed into NFAC, the question of their authority to task analysts is in critical need of clarification. It is greater clarity - more than any substantial change in their authority - that is required. Confusion about the NIOs' authority in this area raises the specter of the NIO undermining the ability of the intelligence manager to set and fulfill the priorities of his NFAC office or other production element. Conversely, the uncertainty may constrain the NIO from actively monitoring and stimulating production and seeking out consumers' requirements.

In practice, however, NIOs have been neither powerless nor rampant usurpers of authority. The following parameters of NIO authority have been generally observed: the NIO may initiate the production of an estimate, and may actually assign portions of the drafting to participants from the various agencies; however, the office director has substantial control over the availability of any given analyst to participate in the estimate. Thus, even in the area of interagency products, where NIO authority is the greatest, their ability to task particular analysts is subject to some negotiation with the responsible intelligence managers. In production other than interagency studies, the role of the NIO is one of persuasion

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and collaboration with the various NFAC office heads or other managers. Such a role has by no means been powerless, but it relies on tact and persuasion rather than on line authority.

NIOs create - or at least enhance - their own authority by the extent to which they succeed in serving as a channel for consumers' intelligence needs. Consumers turn to an NIO only if he is effective in responding to their needs, and in turn the fact that the NIO is in touch with consumers' needs strengthens his ability to persuade office managers on production priorities. Thus, in addition to whatever authority NIOs are granted by the DCI, their actual influence reflects their own effectiveness.

Much of the uncertainty surrounding the authority of NIOs could be overcome without substantially changing the necessarily flexible relationship between the NIOs and the office directors. A first step, which has been initiated by the NFAC Production Board, is to provide for systematic monitoring of the production of interagency estimates, so that the initiation or postponement of a paper not appear to be merely the whim of an individual NIO. The mechanism provides guidance and accountability to the NIOs and also, by ensuring that NFAC office directors coordinate in the approval and timing of NIEs and IIMs, this mechanism endows the NIOs with greater implicit authority as they assign drafting responsibilities to NFAC analysts.

Second, authoritative statements by the DCI and by Director of NFAC need to be made concerning the role of the NIOs. The need for NIOs to play an activist role in reaching out to consumers and in working with the relevant analysts must be emphasized. It should be made clear that the NIOs have deliberately not been granted line authority over NFAC or other production elements, to enable production managers to exercise overall responsibility for their analytic resources.

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However, it should also be stressed that the NIO still must be cognizant of the totality of production in various offices bearing on his region or functional area, and ensure that this production generally matches the priorities of intelligence consumers. When the NIO perceives a need to redirect priorities he has several means at his disposal, including persuading the relevant office directors, undertaking an appropriate interagency estimate, bringing the issue to the attention of the NFAC Production Board, and if necessary pointing out to the NFAC Director the need to strengthen the analytic depth of a given division or branch. While a statement outlining the NIOs' authority and powers might not change their authority in any way, such an official acknowledgment, reiterated as appropriate in relevant job descriptions or directives, would help to clear the air of some of the more extreme concerns about the NIOs' role, and would enable NIOs and the production personnel with whom they interact to recognize that a certain amount of dynamic tension is expected and can be used productively.

NFAC must have the capacity to provide definitional clarity about NIO roles, to guide individual NIOs as necessary, and to monitor the progress of interagency studies. An administrative reference point for the NIO system should be maintained, although no major administrative organization is indicated, and considerable flexibility should be preserved for NIOs to interpret their roles.

Once the fundamental nature of the NIOs' role is acknowledged and given the explicit backing of the DCI, it becomes almost immaterial whether the NIOs are organizationally placed under the Director of NFAC or under the DCI. The staff has encountered persuasive arguments that the NIOs' authority to task analytic elements outside of NFAC would be enhanced if they reported directly to the DCI and were not so closely associated with CIA. It has also encountered the argument that the NIOs' ability to task elements of NFAC would be undermined if they were removed

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from NFAC. The success of the system requires that the NIOs' role be recognized as community-wide, rather than internal to CIA; whether they report directly to the DCI or not, the NIOs' effectiveness in this regard rests largely on their own conduct in dealing with the "sub-community" of intelligence elements addressing their region or functional area. On balance, it appears to the staff that the fundamental problem preventing NIOs from realizing their full potential either as managers of interagency estimates or in their other functions has been the lack of clarity about the NIOs' role, and particularly the lack of any explicit acknowledgement of the intended value of the dynamic tension between NIOs and intelligence managers. The solution is not necessarily to move the NIOs from one organizational locus to another, but rather to ensure that their role is fully understood.

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## V. Conclusions and Recommendations

Conclusions about the management of intelligence production by the National Foreign Assessment Center must take into account the significant variation from one office to another. Generalizations tend also to be undermined by changes over time - turnover among senior personnel within the offices or in the NIO system, changes in the configuration of a given office or branch, and changes in the leadership of NFAC itself. Acknowledging these variations, the Subcommittee staff offers the following observations:

1. The staff finds that while the large majority of NFAC intelligence production is relevant as it relates to consumer needs, there is still the never-ending problem of studies which fall in the "nice to have" category. Others might describe these studies as "necessary redundancy" and/or "useful duplication." The staff is of the view while there is a need for competing analyses on major issues of user interest, it notes as stated in the Classified Annex to the Fiscal 80 Budget Authorization Bill (HR 3821) that the community needs to decide what areas require competing analyses and which do not.

As the discussion in Section III indicates, the staff found that a high percentage of NFAC studies are initiated within NFAC. For many of the products initiated in this way, the staff was unable to identify a relevant user community, or in some cases found that the product did not meet the needs of the intended consumer. Finding, for example, that nearly all of the studies produced by OWI and an almost equally high proportion of those produced by OSI to be self-generated suggested to the staff that some may have been undertaken independently of any perceived need, or might duplicate other analyses. With so much self-generated intelligence production in the two offices and in some cases on similar issues,

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economies might be obtained by concentrating on those issues that require and demand competitive analyses, and that the resources of both offices concentrate on those critical issues as opposed to tackling those "nice to have" areas, for which there may be a limited consumer public.

The staff also finds that self-initiation is not necessarily all bad, finding examples throughout NFAC, and notably in OER, of studies undertaken with keen awareness of actual or anticipated user needs. The essential distinction between strong and weak production management is whether the production element (office, division, or branch) maintains close enough contact with users so that the intended user and the likely need are identified when the study is initiated. For example, the staff found that among the nine OER products it examined closely, there was one which was inadequately framed to address the current policy questions, and attributed this to the absence of contact between the principal State Department consumers on this issue and the OER analysts. There is no magic number, therefore, to describe the desirable proportion of self-initiated production. The ultimate criterion must be the value of each product in meeting identifiable user needs.

Recommendation: The principle of production relevance should direct all day-to-day production management, and should guide any contemplated change in NFAC organization. For example, contact between analysts and consumers should be encouraged, and both the NIOs and Office Directors should be recognized to play a major role in this regard.

2. Together with meaningful user-producer contact, the key to allocating available resources so that finished intelligence is relevant to consumer needs and so that there are no major gaps in coverage, is production planning and coordination. The staff found that until the middle of 1979 production management

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across NFAC offices was almost non-existent, and the problem at the community level considerably greater.

It was only with the appointment of the Executive Secretary of the NFAC Production Board last spring that production planning was given impetus. Its major achievement to date has been the development of a schedule for NIEs and IIMs which provides for the status of a study to be identified, a yearly coordinated production cycle for these papers, as well as a set of guidelines for the production of interagency papers. Continued efforts to strengthen coordination of production planning across NFAC offices, whether achieved through the Production Board or some other mechanism, are clearly necessary to avoid inadvertent duplication among NFAC offices and to strengthen the interdisciplinary dimension of the studies.

At the community level, the staff notes the absence of production planning. An Interagency Production Board ostensibly was created by the DCI but the staff has been unable to discern if it ever functioned. In the course of its limited investigation it found several examples of NFAC studies which addressed subjects which appeared to have been covered recently by other community production elements and for which "competitive analysis" would not seem to be warranted. At present there is no element at the intelligence community level whose responsibility it is to even note the existence of such apparent duplication.

Recommendation: Coordination of Production planning by NFAC offices should be strengthened, whether through the Production Board or some other mechanism that provides a forum for the office directors. Whatever the mechanism, a small and active staff should be provided to stimulate the necessary coordination. The staff notes that such coordination is facilitated by ensuring that all NFAC offices conduct their production planning on the same cycle. While the staff believes that each agency ought to be responsive to its particular set of users it does find that in

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an era of diminishing resources that agencies and/or organizations, to include not only NFAC but elements within the Department of Defense, ought to be more selective on what issues they choose to publish. For this reason, it believes that the concept of an Interagency Production Board ought to be revitalized. ✓

Such a Board should be provided with a small coordination and planning staff reporting directly to the DCI. Through such a mechanism, a community-wide production planning cycle could be established. Such a community-wide coordination, however, must not undermine the authority of each agency to establish its own priorities. Its purpose should be informational, both to serve the consumer by pointing out the existence of a study dealing with a particular subject, and to identify unnecessary duplication where it occurs.

3. Associated with the need to improve production planning is the requirement to inform intelligence users of what is available. As noted by the Office of Management and Budget in a report (May 1978) on intelligence consumer attitudes, there is a need for a community-wide bibliography of finished intelligence products. At present to identify what has been produced on a particular subject requires a bevy of publications, both finished as in the case of DIA's Monthly Production Summaries, as well as raw computer runs. None of these bibliographies are compatible; some are automated and others are not. The data fields are often different, so it is impossible to perform any type of research to identify what particular studies were done during a six-month period on some topic, or which studies may have been disseminated at a particular classification level. This bibliography, while beneficial to the user, would probably also be of great value to members of the intelligence community in that they would have an up-to-date and complete list of all finished intelligence studies from all producers. The staff believes that if such a list were developed, established and maintained on a community-wide basis that it might

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eventually lead to a reduction in the so-called "nice to have" studies.

Recommendation: The DCI should investigate the feasibility of developing a community-wide bibliographic system.

4. The staff notes the absence of finished intelligence evaluation, both within NFAC and at the community level. In a report to the Congress in 1978 the DCI announced that "a full-time review panel of about 5 nationally recognized authorities will be created to review and critique important national intelligence products." By the end of of 1978, when the Charter for the Senior Review Panel was written, the concept had evolved from that of evaluation to a broader role, in which the panel was expected to assist in the planning of intelligence production and the allocation of analytic resources in NFAC. During the first six months of operation, the panel, whose members had been carefully selected, applied itself seriously to observing the NIE process and improving the quality of NIEs currently underway. However, through interviews with the members of the panel, and with other intelligence personnel, the staff has concluded that the effect of the Senior Review Panel to date has been quite limited. It has not as yet attempted to evaluate single agency production other than NIEs and IIMs, nor has it conducted post mortems. More importantly, the staff finds that the panel has become integral to the routine machinery, seriously inhibiting its ability to set its own agenda for evaluation, and to maintain the independence necessary to perform that function.

Recommendation: The Senior Review Panel should be subordinated directly to the Director of Central Intelligence and its charter should be reexamined. Its role should be clearly that of an independent evaluator, rather than an integral part of the production machinery. Independence from CIA should be maintained in order to underline the panel's objectivity on interagency issues. Its purpose should be to evaluate significant national intelligence, to include not

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only NIEs and IIMs, but the performance of the intelligence community on selected issues of major importance. Thus, it should from time to time undertake postmortems, and should examine the quality of single agency production on issues that are particularly important or contentious.

No external critiques can substitute for in-house evaluation; an evaluative element should be provided within NFAC to examine the utility of the present reporting and also to try to identify any gaps in analytic coverage.

5. The staff has found significant difficulties in NIE production, which are discussed in Section V. These have included inordinate delays in NIE production, some of which threaten the integrity of the product, subjecting it to actual or apparent manipulation by interested parties. Delays associated with interagency production make it unresponsive to users' needs. In addition there has been considerable uncertainty as to the form and purpose of NIEs and IIMs, with much unevenness in their format and quality and the degree to which they attempt estimative judgments. The staff has also observed that several steps have been taken in recent months to address these problems.

Recommendation: The Director of NFAC should continue current efforts to define the nature and role of all interagency production, including but not limited to NIEs and IIMs, and provisions should be made for the timely production of brief interagency products which can be produced in a more responsive manner. Greater guidance should be provided to the NIOs in the production of estimates. An administrative reference point for the NIO system should be maintained, which should provide for systematic monitoring of the production of interagency estimates, although no major administrative organization is indicated and considerable flexibility should be preserved for NIOs to interpret their roles.

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6. The staff finds that in addition to the production of estimates, NIOs contribute significantly in other capacities - as the DCI's focal point for expertise, as a link to consumers, in warning, and as a link to academic and other experts. However, the staff finds that the potential of the NIO system has never been realized, and that the primary reason for the shortfall is a widespread lack of clarity about the purpose and functions of NIOs. In particular, the tension between the NIOs and production managers needs to be acknowledged and its value recognized, while at the same time the role of each of the NIOs should be defined to avoid replicating the function of any single division chief or office director. In addition, the recruitment and selection of NIOs should reflect the abilities and backgrounds necessary to perform the full range of NIO functions.

Recommendation: The NIO system should be maintained and its effectiveness strengthened. Authoritative statements by the DCI and the Director of NFAC need to be made defining the role of the NIOs, emphasizing the need for NIOs to actively reach out to consumers and establishing the NIOs' role as community-wide, rather than internal to CIA.

7. The staff finds that the community-wide responsibilities of the Director, National Foreign Assessment, must be clearly defined. The intention implicit in establishing NFAC and in subsuming the NIO system to it was that NFAC would take on greater community-wide responsibilities. This has not occurred. For example, inquiring into intelligence performance on the North Korean order of battle, the staff found that the DCI's suggestion to have NFAC handle the issue to be beyond its capabilities since the problem had far broader implications with the answers to the majority of questions that needed to be answered found in the Department of Defense. The intelligence community staff also lacked the capability to identify the intelligence analysis resources devoted to the subject by all elements of the

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intelligence community. The staff believes that this capacity ought to exist at the DCI level. The Committee expressed this view in its Classified Annex to the FY 80 Budget Authorization Bill (HR 3821).

Recommendation: The DCI should reestablish an element at the community level which is cognizant of all community analytic resources. This element might be the community production coordination element urged above in recommendation number 2.

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