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NSA, NRO reviews
completed

MEMORANDUM FOR:

HENRY A. KISSINGER

FROM:

ON-FILE NSC RELEASE
INSTRUCTIONS APPLY

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SUBJECT:

Items to Discuss with Director
Shultz during your meeting on
Intelligence Reorganization

PURPOSE

The purpose of your meeting is to obtain Director Shultz's concurrence in several changes to the Presidential Directive on intelligence community reorganization which were suggested by FIAB.

TALKING POINTS

- Inform Director Shultz that the FIAB has raised a number of concerns about the proposed intelligence reorganization. Many of their suggestions are unacceptable but there are a few which are either tolerable or appear to be improvements. You believe it is in the interest of achieving community wide acceptance of the program to agree to these few changes.
- You have incorporated those changes which you consider acceptable in a revised draft directive and letter to Director Helms. (Tab A). Give him a copy of the draft directive and letter (left flap) and note that the changes are indicated by underlining.
- Explain the major changes to the directives
 - Addition of the Chairman, JCS and Attorney General to the National Security Council Intelligence Committee (NSCIC). (See pages 6 and 7.)
 - Placement of electronics intelligence activities under NSA. (It is preferable to specify that NSA will be responsible for unified direction of overall communications and electronics activities and assessments. The earlier

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version had called for a "unified national cryptographic service." (See page 7.)

- Retention of the present arrangement for the National Reconnaissance Office rather than making it a Defense instrumentality. (See page 7.) The Deputy Secretary of Defense would continue as Chairman of the Executive Committee of the NRO and the Under Secretary of the Air Force would remain the Director. (Director Shultz feels that letting the Air Force run the program would correct the inefficiency caused by divided management with CIA and produce some cost savings over the long haul. FIAB argues that NRO is doing an effective job and would lose its present flexibility if locked entirely into the DOD system. Although CIA presumably would still be able to develop some systems covertly, there are some drawbacks to the elimination of the CIA element from NRO management. It has been correctly asserted, for example, that the U-2 would not have been developed if left to the Air Force. It would seem that improvements could be made in existing management practices without reorganization.) Because of the strong opposition to this change and the potential for considerable reverberations throughout the intelligence community, it is in the interest of the overall reorganization to accept for the time being the FIAB recommendation to maintain the status quo.

-- The following minor changes are reflected in the new draft:

- The USIB membership is described and the following changes to the old membership are specified: The Chairman of the Board of National Estimates is designated Vice Chairman, and a representative of Treasury and the Deputy Director for Intelligence of CIA are added (pages 5, 6)).
- It is less explicit concerning the need to make budgetary reductions in tactical intelligence. (Compare page 9 of new draft, Tab A, and page 6 of old draft, Tab B, at clip.)
- EXCOM is assigned the task of delineating functions between NRO and NSA and other agencies NRO supports (page 7).

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- . The language describing DCI's HUMINT collection role is not as explicit as the language in the original memorandum (page 8).
 - . A requirement is added that DIA be fully responsive to tasking by the JCS in matters involving military planning and operations (page 8).
 - . Consolidated mapping and defense investigative services would not be charged to the Defense Intelligence Program (page 8).
 - . There are some other changes and additions in language and tone which are of less substantive significance.
- Offer to show him a copy of the original directive and letter which have been marked up to indicate areas of change (Tab B). He should be aware that:
- . Language calling for the USIB to become strictly advisory to the DCI has been deleted (page 2 of Tab B).
 - . Listing of the DCI's four major responsibilities has been deleted from the directive and the letter (page 3 of the directive and page 1 of letter).
 - . Language calling for withdrawal of USIB from any role in formulating program budgets for the intelligence community is deleted (page 4 of Tab B).
 - . Reference to more rewarding careers for intelligence analysts is deleted (page 6).
- Tell Director Shultz that if the new drafts are acceptable, you will have the memo to the President modified slightly and will send it to him for signature.

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