

ETS-HK 151293

THE WHITE HOUSE
WASHINGTON

*Noted by Pres
8/6/75*

MEETING WITH JAMES R. SCHLESINGER
SECRETARY OF DEFENSE
Thursday, July 24, 1975
4:00 p.m. (45 minutes)
The Oval Office

From: Henry A. Kissinger (HAK)

I. PURPOSE

To hear Secretary Schlesinger's views on the future of the Intelligence Community.

II. BACKGROUND, PARTICIPANTS & PRESS ARRANGEMENTS

A. Background: Secretary Schlesinger requested a meeting with you to discuss intelligence. We anticipate that he will emphasize the future structure and management of the Intelligence Community. The written comments which Secretary Schlesinger has submitted on the Rockefeller and Murphy Commission recommendations are at Tabs A and B respectively. In his comments, Secretary Schlesinger characterizes most of the thirty Rockefeller Commission recommendations as "thoughtful and constructive". His memorandum specifically addresses only the ten recommendations which he feels would benefit from revision. Secretary Schlesinger considers the ten Murphy Commission recommendations on intelligence for the most part "reasonable and sound". He points out, however, that success in carrying out the recommended structural and procedural changes does depend on such factors as the manner of implementation, the selection of key personnel and the clear definition of organizational tasks and roles.

ON-FILE NSC RELEASE INSTRUCTIONS APPLY

~~TOP SECRET/SENSITIVE/KEYWORD/XGDS~~
(Unclassified when separated from attachments)

Classified by Henry A. Kissinger

OSD, DIA reviews completed.

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Two important points which Secretary Schlesinger covers in his memoranda, and may wish to discuss with you are the roles of the DCI and of PFIAB. Secretary Schlesinger favors separating the position of Director of CIA and that of the President's intelligence advisor and manager of the Intelligence Community (Tab B, response to Recommendation No. 46). Secretary Schlesinger questions the advisability of expanding the functions of the President's Foreign Intelligence Advisory Board, as recommended in the Rockefeller Commission report. He points out that full implementation of this recommendation would place PFIAB in direct competition with the statutory members of the National Security Council, with OMB and with Congressional oversight committees (Tab A, response to Recommendation No. 5).

For your convenience, the thirty recommendations from the Rockefeller Commission report are listed at Tab C; the ten Murphy Commission recommendations on intelligence are included in Secretary Schlesinger's memorandum at Tab B.

In early 1971, while serving in OMB, Secretary Schlesinger submitted a report recommending a fundamental reorganization of the Intelligence Community (copy at Tab D). This report was the basis for President Nixon's directive of November 5, 1971 for the Organization and Management of the U.S. Foreign Intelligence Community (copy at Tab E). In his report, Secretary Schlesinger made a strong case for a powerful Director of National Intelligence. Almost the entire intelligence budget would be appropriated to the office of the Director of National Intelligence. And, in addition to budgetary control, the Director would be responsible for operating the government's principal intelligence production and national estimating organization.

- B. Participants: Secretary Schlesinger and General Scowcroft.
- C. Press Arrangements: White House Photographer only. Meeting not to be announced.

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III. TALKING POINTS

1. I welcome this opportunity to hear your views on intelligence and the Intelligence Community .
2. I have seen your written comments on the recommendations on intelligence in the reports of the Rockefeller and Murphy Commissions .
3. I am not yet prepared to discuss the comments received from other agency and department heads on the recommendations in these Reports . We all recognize the critical importance to the national security of the decisions which must be made in the coming months on the future structure and direction of our intelligence agencies . These decisions must be made deliberately and with full consideration of diverse views and contributions .
4. I am particularly interested in your views because you have had the experience of seeing the Intelligence Community from several key vantage points . After preparing a detailed proposal for intelligence reorganization while you were at OMB , you had the opportunity , as DCI , of observing the Intelligence Community operating under the reorganization directed by President Nixon in 1971 . And , of course , in your position as Secretary of Defense you now manage the major portion of the Intelligence Community's budget and resources .
5. I will give your suggestions and advice careful consideration in reaching my decisions on how the government should structure and control its future intelligence activities .

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Attachments

- Tab A - Secretary Schlesinger's memorandum of 25 June 1975 on the Rockefeller Commission recommendations .
- Tab B - Secretary Schlesinger's memorandum of 19 July 1975 on the Murphy Commission intelligence recommendations .
- Tab C - List of the Rockefeller Commission recommendations .
- Tab D - The 1971 Schlesinger "Review of the Intelligence Community", submitted to President Nixon by Henry A. Kissinger and George P. Shultz .
- Tab E - President Nixon's November 5, 1971 memorandum on the Organization and Management of the U.S. Foreign Intelligence Community .

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THE SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

25 June 1975

MEMORANDUM FOR The President

FROM: Secretary Schlesinger

SUBJECT: Comments on the Rockefeller Panel Recommendations

Most of the recommendations in the Report are thoughtful and constructive. If implemented, they should significantly reduce the likelihood of the CIA again becoming embroiled in controversial domestic activity. Several of the recommendations, however, could benefit by some additions or deletions. The following comments are addressed to those specific recommendations:

Recommendation (1)

"Section 403 of the National Security Act of 1947 should be amended in the form set forth in Appendix VI to this Report. These amendments in summary would:

(a) Make explicit the CIA's activity must be related to foreign intelligence.

(b) Clarify the responsibility of the CIA to protect intelligence sources and methods from unauthorized disclosure..."

COMMENT:

Present language in the National Security Act makes the DCI responsible for protecting intelligence sources and methods. The Commission's recommendation would revise the Act to assign the functions to CIA as an agency. The DCI rather than the CIA should continue to be assigned this responsibility.

Recommendation (3)

"The President should recommend to Congress the establishment of a joint committee on intelligence to assume the oversight role currently played by the Armed Services Committees."

COMMENT:

As written, this Recommendation suggests that such a joint committee would have jurisdiction over the entire intelligence community not just the Central Intelligence Agency. If so, its creation would result in serious jurisdictional problems between committees. For example, Defense agencies such as DIA and NSA would come under the purview of the joint committee, both Armed Services Committees and both Appropriations Committees. If any recommendation is made on this point, I urge that Recommendation (3) be rewritten to call for the establishment of a Joint Committee on the Central Intelligence Agency rather than a Joint Committee on Intelligence.

Recommendation (4)

"Congress should give careful consideration to the question of whether the budget of the CIA should not, at least to some extent, be made public, particularly in view of the provisions of Article I, Section 9, clause 7 of the Constitution."

COMMENT:

Once CIA's budget is made public there will certainly be increased pressure to make public the budgets for each of the other intelligence agencies such as NSA, DIA, the NRO, etc. Publication of a lump sum for any single year for any one of the intelligence agencies might be relatively harmless but over a period of several successive years such publication will reveal changes which could point towards sensitive new projects.

Recommendation (5)

"(a) The functions of the President's Foreign Intelligence Advisory Board should be expanded to include oversight of the CIA. This expanded oversight board should be composed of distinguished citizens with varying backgrounds and experience. It should be headed by a full-time Chairman and should have a full-time staff appropriate to its role. Its functions related to the CIA should include:

(1) Assessing compliance by the CIA with a statutory authority.

(2) Assessing the quality of foreign intelligence collection.

(3) Assessing the quality of foreign intelligence estimates.

(4) Assessing the quality of the organization of the CIA.

(5) Assessing the quality of the management of the CIA.

(6) Making recommendations with respect to the above subjects to the President and the Director of Central Intelligence, and, where appropriate, the Attorney General.

(b) The Board should have access to all information in the CIA. It should be authorized to audit and investigate CIA expenditures and activities on its own initiative.

(c) The Inspector General of the CIA should be authorized to report directly to the Board, after having notified the Director of Intelligence, in cases he deems appropriate."

COMMENT:

This Recommendation, if fully implemented, would place the PFIAB in direct competition, not only with the statutory members of the National Security Council but also with OMB and Congressional oversight committees. The members of the National Security Council are in the best position to assess the quality of the intelligence collected and produced by CIA. Moreover, the PFIAB ought to retain a certain flexibility in its charter so that it can be used effectively by the President for ad hoc projects and oversight functions. The President currently has sufficient authority to utilize the Board in a broader oversight fashion, if he so chooses.

Recommendation (7)

"(a) Persons appointed to the position of Director of Central Intelligence should be individuals of stature, independence and integrity. In making this appointment, considerations should be given to individuals outside the career service of the CIA, although promotion from within should not be barred. Experience in intelligence service is not necessarily a prerequisite for the position; management and administrative skills are at least as important as the technical expertise which can always be found in an able deputy.

(b) Although the Director serves at the pleasure of the President, no Director should serve in that position for more than 10 years."

COMMENT:

It is a good idea to limit the tenure of the DCI; however, if this is to be effective, it needs to be written into the National Security Act.

Recommendation (8)

"(a) The Office of Deputy Director of Central Intelligence should be reconstituted to provide for two such deputies, in addition to the four heads of the agency's directorate. One deputy would act as the administrative officer, freeing the Director from day-to-day management duties. The other deputy should be a military officer, servicing the functions of fostering relations with the military and providing the Agency with technical expertise on military intelligence requirements."

(b) The advise and consent of the Senate should be required for the appointment of each deputy director of Central Intelligence."

COMMENT:

There is much merit to this Recommendation. Creation of a Deputy Directorate for a military officer would be accomplished by designating the Deputy Director for the Intelligence Community as that position. Care should be taken however, in filling the other Deputy spot. One should be alert to the possibility that the CIA professionals might attempt to freeze out the DCI and keep him ignorant of what was actually happening within the Agency itself.

Recommendation (9)

"(a) The Inspector General should be upgraded to a status equivalent to that of the Deputy Directors in charge of the four Directorates within the CIA..."

COMMENT:

It is not necessary that the Inspector General be upgraded to a status equivalent to the Deputy Directors at CIA. It is more important that he be given authority to conduct thorough investigations.

Recommendation (19)

"(a) In cases involving serious or continuing security violations as determined by the Security Committee of the U.S. Intelligence Board, the Committee should be authorized to recommend in writing to the Director of Central Intelligence (with a copy to the NSC) that the case be referred to the FBI for further investigation, under procedures to be developed by the Attorney General..."

COMMENT:

The National Security Act assigns to the DCI responsibility for protecting intelligence sources and methods. The Security Committee of USIB provides staff support to the DCI. Recommendation (19) should be rewritten as follows:

(a) "In cases involving serious or continuing security violations, as determined by the DCI, the DCI should refer the case to the FBI for further investigation, under procedures to be developed by the Attorney General."

Recommendation (20)

"The CIA and other components and agencies of the intelligence community should conduct periodic reviews of all classified material originating within that Department or Agency, with a view to declassifying as much of that material as possible. The purpose of such information that should properly be disclosed."

COMMENT:

Automatic downgrading of classified materials and periodic review are provide for in existing directives. In particular, Executive Order 11652.

Recommendation (21)

"The Committee endorses legislation, drafted with appropriate safeguards of the constitutional rights of all affected and to individuals, which would make it a criminal offense for employees or former employees of the CIA willfully to divulge to any unauthorized person classified information pertaining to foreign intelligence or the collection thereof obtained during the course of their employment."

COMMENT:

Because of the serious and growing problem of protecting highly sensitive information affecting the national security from unauthorized disclosures, it is recommended that the language of the fourth line of Recommendation (21) be amended to read: "Employees of any Federal Department or Agency willfully to divulge..."

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THE SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

19 JUL 1975

MEMORANDUM FOR THE PRESIDENT

FROM: Secretary Schlesinger JRS

SUBJECT: Comments on the Recommendations Regarding Intelligence in the Report of the Commission on the Organization of the Government for the Conduct of Foreign Policy

The recommendations for the most part are reasonable and sound. It should be noted, however, that while the structural and procedural changes which the Commission recommends may be helpful, their success depends on a number of factors not addressed in the Commission report, such as the manner of implementation, the selection of key personnel, and the clear definition of organizational tasks and roles. Comments on specific recommendations are as follows:

Recommendation #46: The DCI should have an office in close proximity to the White House and be accorded regular and direct contact with the President.

Of more importance than the physical location of the DCI's office is the question of whether or not the DCI should retain his role as Head of the Central Intelligence Agency. It is my view that as long as the DCI is responsible for the day-to-day operations of the clandestine services at CIA, he will be unable to perform adequately his larger role as the President's premier intelligence advisor and as leader and coordinator of the entire intelligence community. Therefore, I believe that the DCI should be given an office in close proximity to the President only if one is prepared to redefine his role so that he is no longer responsible for directly managing the CIA and instead, is responsible for managing the intelligence community and producing national intelligence estimates. I further believe that other arrangements should be made for managing the CIA.

Recommendation #47: The CIA should be retitled the Foreign Intelligence Agency (FIA), and its Director the Director of Foreign Intelligence (DFI).

Concur.

Recommendation #48: In order to best utilize the PFIAB:

- each incoming President should review and make such changes in PFIAB's membership as may be required to give him high personal confidence in that body's values and judgement; that
- he make himself directly available to the Chairman of PFIAB upon the latter's request; and that
- the PFIAB staff should be increased in size, and drawn in part from sources outside the intelligence community.

Concur.

Recommendation #49: Covert action cannot be abandoned, but it should be employed only when clearly essential to vital U.S. purposes and then only after a careful process of high level review.

Concur.

Recommendation #50: As the sensitivity and risks of covert action require appropriate review and consultation:

- covert action should only be authorized after collective consideration of its benefits and risks by all available 40 Committee members, and that,
- besides granting initial approvals, the 40 Committee should regularly review the continuing appropriateness of activities still being pursued.

Concur.

Recommendation #51: PL 93-559 be amended to require reporting of covert actions to the proposed Joint Committee on National Security, and to omit any requirement for the personal certification of the President as to their necessity.

I wholeheartedly endorse this proposal which calls for PL 93-559 to be amended to omit any requirement for the personal certification of the President.

Recommendation #52: The NSCIC should be actively used as the principal forum for the resolution, short of the President, of the differing perspectives of intelligence consumers and producers, and should meet frequently for that purpose.

The recommendation describes an appropriate role for the NSCIC in meeting the intelligence needs of senior policy makers. However,

the effectiveness of the NSCIC will be highly dependent on its ability to call upon the limited time of decision makers and upon its flexibility in developing different methods to identify and communicate top level demands. Moreover, the Commission's comment envisions an NSCIC focused principally on improving intelligence products rather than on improving the management of the process by which users and intelligence producers relate. This may be an entirely appropriate role, but product evaluation and guidance is a time consuming and demanding role which necessarily restricts the scope of the committee's activities.

The recommendation does not respond to the needs of lower level users of intelligence--the Departments, Services, special agencies, staffs to senior decision makers, etc. These organizations probably represent the greatest body of consumers of intelligence data. To meet their broader needs a process is needed:

- Which resolves both the short term and longer range needs of consumers.
- Which provides effective guidance to intelligence producers to meet the needs of both major decision makers and the larger body of less visible users.
- Which monitors and improves the interaction of intelligence producers and users, such as review procedures for individual products or groups of products.

The NSCIC recommendation only addresses a portion of these needs.

Recommendation #53: While the intelligence agencies should retain and exercise their improved competence in the analysis of international economic issues, the Departments of State, Treasury, Commerce, and Agriculture, and the Council of Economic Advisors must maintain similar capabilities focused on the analysis of issues involving their own responsibilities. We believe that, in all four of the Departments, those capabilities should be significantly strengthened.

Concur.

Recommendation #54: A small staff of the highest quality, drawn from within and without the intelligence community and responsible for the drafting and review of NIEs, should be established. This staff, reporting directly to the DFI, should be charged with reporting clearly any important differences in the views of concerned agencies, and the reasons for such differences.

There is no particular advantage to be gained by returning to the old ONE format which has recently been replaced by the NIO concept. The key element is the ability to find first-rate people to write the estimates.

Recommendation #55: a. Under the direction of the DFI, the IC staff should expand "Perspectives for Intelligence" into an annually revised multi-year plan for the allocation of responsibilities across the intelligence community. The plan should be reviewed in USIB and approved by the NSCIC. b. On the basis of the multi-year plan, the IC staff should prepare an annual Consolidated Foreign Intelligence Budget. After review by IRAC and OMB, this document should guide the budget submission of each of the agencies and departments of the intelligence community to OMB. It should also provide a basis for the consideration, by the proposed Joint Committee of the Congress on National Security, of the funds to be annually authorized the intelligence community.

There are two points which ought to be made regarding this recommendation. The recommended role for the DFI presupposes that he has been divested of the special responsibilities which he has historically borne in the clandestine operations area as indicated in my comment on Recommendation #46. Only under such circumstances can the DFI's leadership over intelligence community budgetary matters be accepted by other elements of the community as legitimate. Thus, the feasibility of this recommendation depends upon structural reforms which The Murphy Commission has not recommended.

The second point is that as long as the Secretary of Defense has responsibility for the performance of intelligence elements in the Department of Defense, requisite authority for budgetary matters, particularly those bearing on the efficacy of the fighting forces, must be commensurate with the responsibility. Turning such authority over to a committee will either be disruptive or a sham. Reviews conducted should not be provided to Committees any more than other documentation outside the President's budget.

Recommendations from the Rockefeller Commission Report

RECOMMENDATION (1)

a. Make explicit that the CIA's activities must be related to foreign intelligence.

b. Clarify the responsibility of the CIA to protect intelligence sources and methods from unauthorized disclosure. (The Agency would be responsible for protecting against unauthorized disclosure within the CIA, and it would be responsible for providing guidance and technical assistance to other agency and department heads in protecting against unauthorized disclosures within their own agencies and departments.)

c. Confirm publicly the CIA's existing authority to collect foreign intelligence from willing sources within the United States, and, except as specified by the President in a published Executive Order, prohibit the CIA from collection efforts within the United States directed at securing foreign intelligence from unknowing American citizens.

RECOMMENDATION (2)

The President should by Executive Order prohibit the CIA from the collection of information about the domestic activities of United States citizens (whether by overt or covert means), the evaluation, correlation, and dissemination of analyses or reports about such activities, and the storage of such information, with exceptions for the following categories of persons or activities:

- a. Persons presently or formerly affiliated, or being considered for affiliation, with the CIA, directly or indirectly, or others who require clearance by the CIA to receive classified information;
- b. Persons or activities that pose a clear threat to CIA facilities or personnel, provided that proper coordination with the FBI is accomplished;
- c. Persons suspected of espionage or other illegal activities relating to foreign intelligence, provided that proper coordination with the FBI is accomplished.
- d. Information which is received incidental to appropriate CIA activities may be transmitted to an agency with appropriate jurisdiction, including law enforcement agencies.

Collection of information from normal library sources such as newspapers, books, magazines and other such documents is not to be affected by this order.

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Information currently being maintained which is inconsistent with the order should be destroyed at the conclusion of the current congressional investigations or as soon thereafter as permitted by law .

The CIA should periodically screen its files and eliminate all material inconsistent with the order .

The order should be issued after consultation with the National Security Council , the Attorney General , and the Director of Central Intelligence . Any modifications of the order would be permitted only through published amendments .

RECOMMENDATION (3)

The President should recommend to Congress the establishment of a Joint Committee on Intelligence to assume the oversight role currently played by the Armed Services Committees .

RECOMMENDATION (4)

Congress should give careful consideration to the question whether the budget of the CIA should not, at least to some extent, be made public, particularly in view of the provisions of Article I, Section 9, Clause 7 of the Constitution .

RECOMMENDATION (5)

a. The functions of the President's Foreign Intelligence Advisory Board should be expanded to include oversight of the CIA . This expanded oversight board should be composed of distinguished citizens with varying backgrounds and experience . It should be headed by a full-time chairman and should have a full-time staff appropriate to its role . Its functions related to the CIA should include:

1. Assessing compliance by the CIA with its statutory authority .
2. Assessing the quality of foreign intelligence collection .
3. Assessing the quality of foreign intelligence estimates .
4. Assessing the quality of the organization of the CIA .

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5. Assessing the quality of the management of the CIA.
6. Making recommendations with respect to the above subjects to the President and the Director of Central Intelligence, and, where appropriate, the Attorney General.

b. The Board should have access to all information in the CIA. It should be authorized to audit and investigate CIA expenditures and activities on its own initiative.

c. The Inspector General of the CIA should be authorized to report directly to the Board, after having notified the Director of Central Intelligence, in cases he deems appropriate.

RECOMMENDATION (6)

The Department of Justice and the CIA should establish written guidelines for the handling of reports of criminal violations by employees of the Agency or relating to its affairs. These guidelines should require that the criminal investigation and the decision whether to prosecute be made by the Department of Justice, after consideration of Agency views regarding the impact of prosecution on the national security. The Agency should be permitted to conduct such investigations as it requires to determine whether its operations have been jeopardized. The Agency should scrupulously avoid exercise of the prosecutorial function.

RECOMMENDATION (7)

a. Persons appointed to the position of Director of Central Intelligence should be individuals of stature, independence, and integrity. In making this appointment, consideration should be given to individuals from outside the career service of the CIA, although promotion from within should not be barred. Experience in intelligence service is not necessarily a prerequisite for the position; management and administrative skills are at least as important as the technical expertise which can always be found in an able deputy.

b. Although the Director serves at the pleasure of the President, no Director should serve in that position for more than 10 years.

RECOMMENDATION (8)

a. The Office of Deputy Director of Central Intelligence should be reconstituted to provide for two deputies, in addition to the four heads of the Agency's directorates. One deputy would act as the administrative officer, freeing the Director from day-to-day management duties. The other deputy should be a military officer, serving the functions of fostering relations with the military and providing the Agency with technical expertise on military intelligence requirements.

b. The advice and consent of the Senate should be required for the appointment of each Deputy Director of Central Intelligence.

RECOMMENDATION (9)

a. The Inspector General should be upgraded to a status equivalent to that of the deputy directors in charge of the four directorates within the CIA.

b. The Office of Inspector General should be staffed by outstanding, experienced officers from both inside and outside the CIA, with ability to understand the various branches of the Agency.

c. The Inspector General's duties with respect to domestic CIA activities should include periodic reviews of all offices within the United States. He should examine each office for compliance with CIA authority and regulations as well as for the effectiveness of their programs in implementing policy objectives.

d. The Inspector General should investigate all reports from employees concerning possible violations of the CIA statute.

e. The Inspector General should be given complete access to all information in the CIA relevant to his reviews.

f. An effective Inspector General's office will require a larger staff, more frequent reviews, and highly qualified personnel.

g. Inspector General reports should be provided to the National Security Council and the recommended executive oversight body. The Inspector General should have the authority, when he deems it appropriate, after notifying the Director of Central Intelligence, to consult with the executive oversight body on any CIA activity (see Recommendation 5).

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RECOMMENDATION (10)

a. The Director should review the composition and operation of the Office of General Counsel and the degree to which this office is consulted to determine whether the Agency is receiving adequate legal assistance and representation in view of current requirements.

b. Consideration should be given to measures which would strengthen the office's professional capabilities and resources including, among other things, (1) occasionally departing from the existing practice of hiring lawyers from within the Agency to bring in seasoned lawyers from private practice as well as to hire law school graduates without prior CIA experience; (2) occasionally assigning Agency lawyers to serve a tour of duty elsewhere in the government to expand their experience; (3) encouraging lawyers to participate in outside professional activities.

RECOMMENDATION (11)

To a degree consistent with the need for security, the CIA should be encouraged to provide for increased lateral movement of personnel among the directorates and to bring persons with outside experience into the Agency at all levels.

RECOMMENDATION (12)

a. The Agency should issue detailed guidelines for its employees further specifying those activities within the United States which are permitted and those which are prohibited by statute, Executive Orders, and NSC and DCI directives.

b. These guidelines should also set forth the standards which govern CIA activities and the general types of activities which are permitted and prohibited. They should, among other things, specify that:

- Clandestine collection of intelligence directed against United States citizens is prohibited except as specifically permitted by law or published Executive Order.
- Unlawful methods or activities are prohibited.

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- Prior approval of the DCI shall be required for any activities which may raise questions of compliance with the law or with Agency regulations.

c. The guidelines should also provide that employees with information on possibly improper activities are to bring it promptly to the attention of the Director of Central Intelligence or the Inspector General.

RECOMMENDATION (13)

a. The President should instruct the Director of Central Intelligence that the CIA is not to engage again in domestic mail openings except with express statutory authority in time of war. (See also Recommendation 23.)

b. The President should instruct the Director of Central Intelligence that mail cover examinations are to be in compliance with postal regulations; they are to be undertaken only in furtherance of the CIA's legitimate activities and then only on a limited and selected basis clearly involving matters of national security.

RECOMMENDATION (14)

a. A capability should be developed within the FBI, or elsewhere in the Department of Justice, to evaluate, analyze, and coordinate intelligence and counterintelligence collected by the FBI concerning espionage, terrorism, and other related matters of internal security.

b. The CIA should restrict its participation in any joint intelligence committees to foreign intelligence matters.

c. The FBI should be encouraged to continue to look to the CIA for such foreign intelligence and counter-intelligence as is relevant to FBI needs.

RECOMMENDATION (15)

a. Presidents should refrain from directing the CIA to perform what are essentially internal security tasks.

b. The CIA should resist any efforts, whatever their origin, to involve it again in such improper activities.

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c. The Agency should guard against allowing any component (like the Special Operations Group) to become so self-contained and isolated from top leadership that regular supervision and review are lost.

d. The files of CHAOS project which have no foreign intelligence value should be destroyed by the Agency at the conclusion of the current congressional investigations, or as soon thereafter as permitted by law.

RECOMMENDATION (16)

The CIA should not infiltrate dissident groups or other organizations of Americans in the absence of a written determination by the Director of Central Intelligence that such action is necessary to meet a clear danger to Agency facilities, operations, or personnel and that adequate coverage by law enforcement agencies is unavailable.

RECOMMENDATION (17)

All files on individuals accumulated by the Office of Security in the program relating to dissidents should be identified, and, except where necessary for a legitimate foreign intelligence activity, be destroyed at the conclusion of the current congressional investigations, or as soon thereafter as permitted by law.

RECOMMENDATION (18)

a. The Director of Central Intelligence should issue clear guidelines setting forth the situations in which the CIA is justified in conducting its own investigation of individuals presently or formerly affiliated with it.

b. The guidelines should permit the CIA to conduct investigations of such persons only when the Director of Central Intelligence first determines that the investigation is necessary to protect intelligence sources and methods the disclosure of which might endanger the national security.

c. Such investigations must be coordinated with the FBI whenever substantial evidence suggesting espionage or violation of a federal criminal statute is discovered.

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RECOMMENDATION (19)

a. In cases involving serious or continuing security violations, as determined by the Security Committee of the United States Intelligence Board, the Committee should be authorized to recommend in writing to the Director of Central Intelligence (with a copy to the National Security Council) that the case be referred to the FBI for further investigation, under procedures to be developed by the Attorney General.

b. These procedures should include a requirement that the FBI accept such referrals without regard to whether a favorable prosecutive opinion is issued by the Justice Department. The CIA should not engage in such further investigations.

RECOMMENDATION (20)

The CIA and other components and agencies of the intelligence community should conduct periodic reviews of all classified material originating within those departments or agencies, with a view to declassifying as much of that material as possible. The purpose of such review would be to assure the public that it has access to all information that should properly be disclosed.

RECOMMENDATION (21)

The Commission endorses legislation, drafted with appropriate safeguards of the constitutional rights of all affected individuals, which would make it a criminal offense for employees or former employees of the CIA willfully to divulge to any unauthorized person classified information pertaining to foreign intelligence or the collection thereof obtained during the course of their employment.

RECOMMENDATION (22)

The CIA should not undertake physical surveillance (defined as systematic observation) of Agency employees, contractors or related

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personnel within the United States without first obtaining written approval of the Director of Central Intelligence.

RECOMMENDATION (23)

In the United States and its possessions, the CIA should not intercept wire or oral communications or otherwise engage in activities that would require a warrant if conducted by a law enforcement agency. Responsibility for such activities belongs with the FBI.

RECOMMENDATION (24)

The CIA should strictly adhere to established legal procedures governing access to federal income tax information.

RECOMMENDATION (25)

CIA investigation records should show that each investigation was duly authorized, and by whom, and should clearly set forth the factual basis for undertaking the investigation and the results of the investigation.

RECOMMENDATION (26)

a. A single and exclusive high-level channel should be established for transmission of all White House staff requests to the CIA. This channel should run between an officer of the National Security Council staff designated by the President and the office of the Director or his Deputy.

b. All Agency officers and employees should be instructed that any direction or request reaching them directly and out of regularly established channels should be immediately reported to the Director of Central Intelligence.

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RECOMMENDATION (27)

In accordance with its present guidelines, the CIA should not again engage in the testing of drugs on unsuspecting persons.

RECOMMENDATION (28)

Testing of equipment for monitoring conversations should not involve unsuspecting persons living within the United States.

RECOMMENDATION (29)

A civilian agency committee should be reestablished to oversee the civilian uses of aerial intelligence photography in order to avoid any concerns over the improper domestic use of a CIA-developed system.

RECOMMENDATION (30)

The Director of Central Intelligence and the Director of the FBI should prepare and submit for approval by the National Security Council a detailed agreement setting forth the jurisdiction of each agency and providing for effective liaison with respect to all matters of mutual concern. This agreement should be consistent with the provisions of law and with other applicable recommendations of this Report.

THE WHITE HOUSE

WASHINGTON

ETS- HR 151263

MEMORANDUM FOR THE PRESIDENT

Subject: Review of the Intelligence Community

Your expression of serious concern about the performance and cost of the intelligence community has led to a detailed review of the community's present structure and a searching analysis of how you might improve its operation. The review shows that the overriding weakness of the community is the absence of authoritative leadership. Apparent to the contrary, the community lacks both a leader and a staff unit -- intimately involved with programmatic issues but without a vested interest in any particular collection system or program -- to solve recurrent problems of overlap and duplication, make efficient choices between new and competing systems, and consider the balance between various methods of collection and between collection and production. The Director of Central Intelligence (DCI), while nominal head, suffers from his many burdensome and often conflicting roles; in addition he directly controls only [redacted] of the community's current budget [redacted]. The United States Intelligence Board (USIB) - in which the DCI is assisted by the heads of the National Security Agency, the Defense Intelligence Agency, the Service intelligence chiefs, and State/INR - has also proved incapable of decisive action with respect to community matters. Even within the Department of Defense, which contains 85 percent of the resources, effective direction and control is lacking.

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In the absence of leadership, the community has accumulated a host of serious problems. The National Security Council Intelligence Directives (NSCIDs) which established the division of responsibilities and govern community relations are largely obsolete. The blurring of traditional community boundaries has caused its activities to become increasingly fragmented and functionally disorganized. Under the impact of new technology, a generally unhealthy and costly competition in collection has been fostered, largely without guidance or planning. At the same time, the concerns of the intelligence consumer and the welfare of the producer have been relegated to the sidelines.

These conclusions are not new. Presidential commission, the PFIAB, special study groups, and BOB/OMB have often expressed dissatisfaction with the performance and cost of the intelligence

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community and recommended various piecemeal organizational reforms. In the absence of forceful and persistent leadership and under the impact of continuing technology change, these reforms have largely failed. We believe that the solution to the community's problems and achievement of your objectives requires major changes in the organization and functioning of the community. These changes must attack three major problems: (1) the leadership of the community as a whole, (2) direction and control of Department of Defense intelligence activities, and (3) the division of functional responsibilities.

We recommend the following major changes:

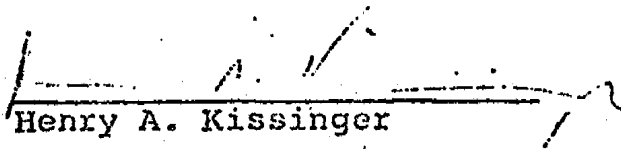
- The role of the DCI should be modified and CIA re-structured so that they are separated from direct responsibility for the conduct of intelligence collection and covert action operations which, along with residual activities, would be inherited by a new agency; the DCI would acquire a strong Presidential mandate to plan, program, and review all intelligence resources and continue to produce all national intelligence required by the President, the NSC, and other national level consumers. A reorganization plan for the new agency is required.
- A Director of Defense Intelligence should be created in order to direct and control all Defense intelligence resources; the DDI would concentrate on rationalizing Defense collection and processing capabilities. Substantive intelligence production would remain under the Defense Intelligence Agency, which would continue to report through the Joint Chiefs of Staff.
- The NSCIDs should be revised to redraw current functional boundaries among intelligence agencies; in particular NSCID #1 should be changed to make the United States Intelligence Board strictly an advisory body to the DCI.

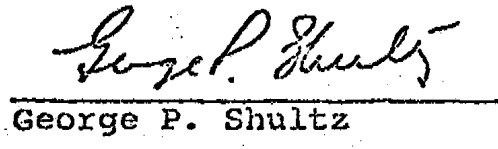
As the attached report indicates, there are other courses of action, both more and less radical, that you could take in light of your objectives. We believe, however, that our recommendations constitute the right steps at this time. They

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focus on the establishment of leadership centers both within the community as a whole and within the Department of Defense; they require minimum legislative action and cause minimum disruption of the community commensurate with your concerns; and they leave you the option of further modification later.

If you approve the recommended actions, we will prepare the necessary implementing letters and directives.


Henry A. Kissinger


George P. Shultz

Enclosures

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onfile OMB release
instructions apply

NSA, NRO reviews
completed

A REVIEW OF THE
INTELLIGENCE COMMUNITY

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I. INTRODUCTION: THE COSTS AND BENEFITS
OF INTELLIGENCE

The operations of the intelligence community have produced two disturbing phenomena. The first is an impressive rise in their size and cost. The second is an apparent inability to achieve a commensurate improvement in the scope and overall quality of intelligence products.

During the past decade alone, the cost of the intelligence community has almost doubled. At the same time, spectacular increases in collection activities have occurred. Where satellite photography is concerned, the increases have led to greatly improved knowledge about the military capabilities of potential enemies. But expanded collection by means other than photography has not brought about a similar reduction in our uncertainty about the intentions, doctrines, and political processes of foreign powers. Instead, the growth in raw intelligence -- and here satellite photography must be included -- has come to serve as a proxy for improved analysis, inference, and estimation.

The following report seeks to identify the causes of these two phenomena and the areas in which constructive change can take place. Its principal conclusion is that while a number of specific measures may help to bring about a closer

II. COST TRENDS

To understand the phenomenon of increasing costs, it is necessary to consider briefly the organizational history of the intelligence community. The National Security Act of 1947 and the National Security Council Intelligence Directives (NSCIDs) of the late 1940s and early 1950s established the basic division of responsibilities among agencies and departments. This division had its origins in traditional distinctions between military and non-military intelligence, between tactical and national intelligence, and between communications (COMINT) and non-communications (or agent) intelligence. Thus, CIA was directed to employ clandestine agents to collect "non-military" intelligence and produce "national" intelligence. The Department of State was made responsible for the overt collection of "non-military" intelligence. The National Security Agency (NSA) was established to manage COMINT collection. The Military Services were instructed to collect "military" intelligence as well as maintain tactical intelligence capabilities for use in wartime. All were permitted to produce "departmental" intelligence to meet their separate needs. While not ideal, this division of functions and responsibilities worked reasonably well into the mid-1950s.

Since that time, these traditional distinctions and the organizational arrangements which accompanied them have

become increasingly obsolescent. The line between "military" and "non-military" has faded; scientific and technical intelligence with both civilian and military applications has become a principal area of endeavor for almost all intelligence organizations. Similarly, under the old distinctions, the national leadership -- namely the President and the NSC -- concerned itself with "national" intelligence, while presumably only battlefield commanders cared about tactical intelligence. But a rapidly advancing technology which has revolutionized the collection, processing, and communication of intelligence data casts doubt on the validity of the distinctions.

Simultaneously, technological advances have created new collection possibilities which do not fit conveniently within a structure based on traditional distinctions and were not covered in the original directives. Satellite photography, telemetry intercept, electronic intelligence (ELINT), acoustic detection, and radar have become some of the most important and vital methods of intelligence collection not currently covered by any uniform national policy.

The breakdown of the old distinctions and the appearance of new collection methods has been a simultaneous process raising a host of questions about intelligence organization. Is ELINT related to COMINT, is it technical or military in

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nature, is it of primary interest to tactical or national consumers? Where should the radar tracking of missile or the acoustic surveillance of Soviet ballistic missile submarines fit? Is telemetry more similar to COMINT or to ELINT; who should analyze it? Who should be responsible for satellite photography? On the more mundane, but nonetheless critical level, questions arise about the organizational responsibilities for such topics as Sihanoukville supply infiltration, VC/NVA order of battle, and missile deployments in the Suez Canal area. Are these military or non-military issues? Is the intelligence about them tactical or national? Who should be responsible for collection and what collection resources should be tasked?

In the absence of an authoritative governing body to resolve these issues, the community has resorted to a series of compromise solutions that adversely affect its performance and cost. In general, these compromises have favored multiple and diffuse collection programs and the neglect of difficult and searching analytical approaches. The most serious of the resulting problems are outlined below in brief form, and discussed in more detail in the appendices.

1. The distribution of intelligence functions has become increasingly fragmented and disorganized.
 - The old distinctions among national, departmental, and tactical intelligence are out of date. Today,

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CIA is as likely to produce intelligence relevant to, say, NVA/VC order of battle as DIA or MACV, just as MACV produces many reports that are of interest to the national leadership.

- Similarly, the relatively neat ordering of collection functions that existed after World War II has broken down. CIA now engages in a wide range of collection activities -- aircraft and satellite photography, ELINT, COMINT, radar, telemetry as well as clandestine, and overt agent collection. NSA has added telemetry and ELINT to its COMINT capabilities. The Services now have a full panoply of sensors to perform a variety of functions -- tactical intelligence, surveillance, early warning, and so on.

Table I illustrates how almost all major components of the intelligence community are involved in each of its various collection and production functions.

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2. The community's activities are dominated by collection competition and have become unproductively duplicative.

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Despite past massive increases in the collection of photography, COMINT, ELINT, radar and other sensor data, sizeable additional collection capabilities are planned to become operational this calendar year:

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- The blurring of traditional boundaries has encouraged community members to engage in a competitive struggle for survival and dominance, primarily through new technology, which has resulted in the redundant acquisition of data at virtually all levels -- tactical, theater command, and national.
- Gross redundancies in collection capabilities have become commonplace as exemplified by aircraft in both CIA and Defense which collect photography,

and by aircraft which compete with satellites in the collection of ELINT.

- Collection capabilities remain in operation beyond their useful lives. As older systems lose their attractiveness at the national level, they are taken over at the command or tactical level where they duplicate higher level activities or collect data of little value.
- Simultaneously, compartmentalization within various security systems has served to hide or obscure competitive capabilities from evaluation, comparison, and tradeoff analysis.

3. The community's growth is largely unplanned and unguided.

- Serious forward planning is often lacking as decisions are made about the allocation of resources.
- The consumer frequently fails to specify his product needs for the producer; the producer, uncertain about eventual demands, encourages the collector to provide data without selectivity or priority; and the collector emphasizes quantity rather than quality.

4. The community's activities have become exceedingly expensive.

- The fragmentation of intelligence functions and the competitive drive for improved collection technology are important reasons why the cost of intelligence has almost doubled during the past decade.
- A significant part of this cost growth is attributable to the acquisition of expensive new systems without simultaneous reductions in obsolescent collection programs.
- In the absence of planning and guidance, internally generated values predominate in the community's institutions. These values favor increasingly sophisticated and expensive collection technologies at the expense of analytical capabilities.
- Few interagency comparisons are contemplated. Potential tradeoffs between PHOTINT and SIGINT, between PHOTINT and HUMINT, and between data collection and analysis are neglected.
- While the budgetary process might be used to curb some of the more obvious excesses, it cannot substitute for centralized management of the community.

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III. QUESTIONS ABOUT THE PRODUCT

In a world of perfect information, there would be no uncertainties about the present and future intentions, capabilities, and activities of foreign powers. Information, however, is bound to be imperfect for the most part. Consequently, the intelligence community can at best reduce the uncertainties and construct plausible hypotheses about these factors on the basis of what continues to be partial and often conflicting evidence.

Despite the richness of the data made available by modern methods of collection, and the rising costs of their acquisition, it is not at all clear that our hypotheses about foreign intentions, capabilities, and activities have improved commensurately in scope and quality. Nor can it be asserted with confidence that the intelligence community has shown much initiative in developing the full range of possible explanations in light of available data. Among the more recent results of this failure to acknowledge uncertainty and entertain new ideas in the face of it, has been a propensity to overlook such unpleasant possibilities as a large-scale exploitation of Sihanoukville by the NVA to transship supplies, a continuation of the SS-9 buildup and its possible MIRVing, or Soviet willingness to invade Czechoslovakia and put forces into the Middle East.

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Difficulties of this kind with the intelligence product are all the more disturbing because the need to explore and test a number of hypotheses will, if anything, expand as the Soviets project their military power and come to play a more direct global role. Yet there is no evidence that the intelligence community, given its present structure, will come to grips with this class of problems.

The community's heavy emphasis on collection is itself detrimental to correcting product problems. Because each organization sees the maintenance and expansion of its collection capabilities as the principal route to survival and strength with the community, there is a strong presumption in today's intelligence set-up that additional data collection rather than improved analysis, will provide the answer to particular intelligence problems. It has become commonplace to translate product criticism into demands for enlarged collection efforts. Seldom does anyone ask if a further reduction in uncertainty, however small, is worth its cost.

The inevitable result is that production remains the stepchild of the community. It is a profession that lacks strong military and civilian career incentives, even within CIA. The analysts, with a heavy burden of responsibility, find themselves swamped with data. The consumers, at the

same time, treat their product as a free good, so that demand exceeds supply, priorities are not established, the system becomes overloaded and the quality of the output suffers. As if this were not enough, production, instead of guiding collection, is itself guided by collectors and the impetus of technology. Since the military are the principal collectors, they are more likely to focus on the needs and interests of their own Services than on the issues of concern to the national leadership, and they continue the wasteful practice of counterpart targeting. Under such difficult conditions, it is not surprising that hypotheses tend to harden into dogma, that their sensitivity to changed conditions is not articulated, and that new data are not sought to test them.

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IV. ORGANIZATIONAL DILEMMAS

Questions about cost and product might exist even if the intelligence community possessed strong leadership. It is noteworthy, however, that they have arisen under conditions the most marked of which is a lack of institutions governing the community with the authority and responsibility to resolve issues without excessive compromise, allocate resources according to criteria of effectiveness, and consider the relationship between cost and substantive output from a national perspective.

This lack of governing institutions stems fundamentally from the failure of the National Security Act of 1947 to anticipate the "constitutional" needs of a modern and technologically complex intelligence community. The primary intent of the Act, understandably, was to prevent a recurrence of the intelligence confusions and delays that occurred prior to Pearl Harbor. These problems were seen as having resulted from defects in the central processing, production, and dissemination of intelligence. The critical need, accordingly, was to create an organization which would have access to all intelligence and report its estimates to the national leadership.

In 1947, the size and cost of individual programs were relatively small, and the scope and nature of the management

problems associated with today's community were not anticipated. Consequently the issue of how to plan and rationalize the collection of intelligence did not seem of great moment, and the Act did not explicitly provide for a mechanism to perform these functions or evaluate the scope and quality of its product.

There is another reason why the 1947 Act did so little to provide strong leadership for the community: powerful interests in the Military Services and elsewhere opposed (and continue to oppose) more centralized management of intelligence activities. Partly, this opposition arises from the belief of the Services that direct control over intelligence programs is essential if they are to conduct successful military operations; partly, it results from bureaucratic concerns. The Services are reluctant to accept assurance that information from systems not controlled by them will be available as and when they require it.

Despite such opposition, the National Security Act of 1947 did stipulate that the CIA would coordinate the "intelligence activities" of the Government under the direction of the National Security Council. However, the Act also made clear provision for the continuation of "departmental intelligence". Since then, three Presidents have exhorted the Director of Central Intelligence (DCI) to play the role of

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community leader and coordinator, but his authority over the community has remained minimal. While the DCI has been the catalyst in coordinating substantive intelligence production, he has made little use of such authority as he possesses to manage the resources of the community.

Realistically, it is clear that the DCI, as his office is now constituted, cannot be expected to perform effectively the community-wide leadership role because:

- As an agency head he bears a number of weighty operational and advisory responsibilities which limit the effort he can devote to community-wide management.
- He bears a particularly heavy burden for the planning and conduct of covert actions.
- His multiple roles as community leader, agency head, and intelligence adviser to the President, and to a number of sensitive executive committees, are mutually conflicting.
- He is a competitor for resources within the community owing to his responsibilities as Director of CIA, which has large collection programs of its own; thus he cannot be wholly objective in providing guidance for community-wide collection.

◦ He controls [] of the community's re- 25X1
sources and must therefore rely on persuasion to
influence his colleagues regarding the allocation
and management of the [] which is 25X1
appropriated to the Department of Defense. Since
Defense is legally responsible for these very large
resources, it feels that it cannot be bound by out-
side advice on how they should be used.

- The DCI is outranked by other departmental heads who report directly to the President and are his immediate supervisors on the National Security Council.

In spite of these handicaps, the DCI has established several institutional devices to assist him in leading the community. They are the National Intelligence Program Evaluation Staff (NIPE) and the National Intelligence Resources Board (NIRB). However, the principal agencies have largely ignored or resisted the efforts of management by these bodies. As a consequence, the NIPE and the NIRB have concentrated on developing improved data about intelligence programs and better mechanisms for coordination. Because of their work, both institutions could prove useful to a strong community leader; however, their contribution to the efforts of the currently constituted DCI is small.

In the absence of an effective institutional framework within which one official could be held responsible and accountable for the performance and cost of the intelligence community, the United States Intelligence Board (USIB), originally established to advise the DCI, has become a sort of governing body for the community. However, the USIB has proved generally ineffective as a management mechanism for several reasons:

- It is a committee of equals who must form coalitions to make decisions.
- It is dominated by collectors and producers who avoid raising critical questions about the collection programs operated by their colleagues.
- As a result, USIB's collection requirements -- which are an aggregate of all requests, new and old -- mean all things to all agencies, thus leaving them free to pursue their own interests.
- Since policy-level consumers are not represented on the Board, they are unable to give guidance as to priority needs.

Even within the Department of Defense, there is no centralized management of intelligence resources and activities. Although the Assistant Secretary for Administration has been

given a responsibility in this area, together with a small staff for resource analysis, his efforts to master the Defense intelligence complex have proved of little avail for several reasons. First, not all Defense programs come under his purview, and this limits his ability to do cross-program analysis. Second, he remains responsible for his functions as Assistant Secretary for Administration.

Below the level of review provided by an Assistant Secretary, management leadership is still absent. The Directors of DIA and NSA are themselves unable to control the activities of the components supposedly subordinate to them but operated by the Military Services. Because of a history of compromises and "treaties", the Director of the National Reconnaissance Office (NRO) is similarly unable to control a large part of his program which is run by the Deputy Director for Science and Technology (DD/S&T) in CIA.

This lack of lower-level leadership shows up in the following ways:

- The current failure of NSA adequately to direct Service cryptologic activities, organize them into a coherent system, or manage ELINT activities.
- Large-scale Service-controlled tactical intelligence assets, inflated by the war and partly duplicating both national and allied capabilities, but programmed and operated outside of the community.

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- A host of unresolved problems concerning organization and the allocation of resources within both General Defense Intelligence Program (GDIP) and non-GDIP activities, including: duplication in the collection of ELINT internally overlapping 25X1 activities among various mapping, charting, and geodesy agencies, and the several investigative services; and inadequate supervision and control of counterintelligence activities.

It follows from this analysis that the President's objectives can be achieved only if reform addresses four organizational issues:

- The leadership of the intelligence community as a whole.
- The direction and control of Defense intelligence activities.
- The division of functions among the major intelligence agencies.
- The structuring, staffing, and funding of the processes by which our raw intelligence data are analyzed and interpreted.

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V. SPECIFIC ORGANIZATIONAL ISSUES

The effectiveness and efficiency of the intelligence community depend on a number of organizational variables.

Among the most important of these variables are:

- The power over resources available to the leader of the community. How much power the leader can exercise, particularly over collection programs, will determine the size of the economies that can be achieved within the community.
- The size and functions of the staff provided to the leader of the community. The effectiveness of a national intelligence leader will depend not only on his power over resources, but also on how well informed he is about issues and options within the community, which, in turn, is a function of his immediate staff. Among the potential functions for such a staff are:
 - The planning, programming, and budgeting of resources.
 - Control over resources once allocated.
 - Supervision of R&D.
 - Inspection of ongoing programs.
 - Production and dissemination of national estimates.

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-- Net assessments of U.S., allied, and opposing capabilities and doctrines.

o The future role of the United States Intelligence Board (USIB). As matters now stand, the USIB is both a parliament and a confederate head of the community. If more authoritative leadership is established, the USIB could become simply an obstruction unless its role is specifically redefined. Since the leader of the community, however powerful, will need close and continuing relationships with producers and collectors as well as consumers, one possibility would be to reconstitute the USIB so as to formalize these relationships on an advisory basis. In any case the future role of USIB should be addressed as part of a comprehensive review of new institutional arrangements for the functioning of a reorganized intelligence community.

o Future Defense Department control over the resources under its jurisdiction. Even without changes in the community as a whole, major improvements in effectiveness and efficiency could be achieved if Defense were to master its own massive intelligence operations. However, a number of community-wide issues would still remain, and substantially firmer Defense management

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of its intelligence resources could prejudice the ability of a future leader of the community to exercise his own authority.

- The jurisdiction of either a national leader or a Defense leader over the Military Services. The three Military Services are estimated to spend about \$1.2 billion a year on intelligence activities apart from their support of the national agencies. Yet these activities, which partly duplicate national intelligence programs, are reviewed in isolation from them. If the Services retain control over the assets for this "tactical" intelligence, they can probably weaken efforts to improve the efficiency of the community. At the same time, there is little question about their need to have access to the output of specified assets in both peace and war. How to combine overall resource management and control with this access is an issue that will require resolution.

- The future functional boundaries of the major intelligence agencies. Collection and production activities do not now tend to be consolidated by type in particular functional agencies. Important economies can probably be achieved by rationalizing these

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activities. However, it should be noted that economy and organizational tidiness, without concomitant strengthening of the community leadership, might be achieved at the cost of creating even more powerful vested interests and losing diverse and usefully competitive approaches to collection problems.

- ° The number and location of national analytical and estimating centers. The National estimating machinery no doubt will have to be preserved under the leader of the community in order to continue production of national estimates and inputs to the NSSM process.
- The continuation of DIA and the State Department's Bureau of Intelligence Research (INR) as producers is essential as well. Beyond that, improvement in the intelligence product will probably depend to a large extent on increasing the competition in the interpretation of evidence and the development of hypotheses about foreign intentions, capabilities, and strategies. This may require not only the strengthening of existing organizations, but perhaps the addition of new estimating centers. In addition, some entirely new organizational units may be needed to perform currently neglected intelligence analysis functions, for example, to conduct research on improved intelligence analysis methods and techniques.

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- The role of the independent review mechanisms. Because of the secrecy surrounding the operations of the intelligence community, the need for strong independent review mechanisms within the Executive Branch remains particularly important. Since the President's Foreign Intelligence Advisory Board (PFIAB), the "40" Committee, the Office of Science and Technology (OST), and the Office of Management and Budget (OMB) already exist to perform this function, the only issues are how they can be strengthened, to what extent they need larger and more permanent staffs, and whether new review boards should be created, especially to evaluate the analytical and estimating activities of the community.

Subsequent sections do not address all of these issues; nor do they exhaust the list of organizational possibilities. Only the most salient options are presented with respect to the leadership of the community, the Department of Defense, and functional reorganization. Each is described in schematic form.

VI. LEADERSHIP OF THE COMMUNITY

The effectiveness of a new leader of the community will depend critically on his ability to control intelligence resources and make his decisions stick. Basically, there are three different roles he can play in this respect, each with different organizational implications. They are:

- As legal or direct controller of all or most intelligence resources.
- As de facto manager of most resources even though they are not appropriated to him.
- As coordinator of resources that are appropriated elsewhere, as now.

Although each of the three basic approaches could be institutionalized in a number of different ways, the principal options that accord with these roles are listed below.

A Director of National Intelligence (Option #1), with the bulk of the intelligence budget appropriated to his office. That office would control all the major collection assets and research and development activities, which are the most costly programs of the community and are most likely to yield large long-term savings. The Director would also operate the Government's principal production and national estimating center and retain the CIA's present

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responsibility for covert action programs. Defense and State would retain production groups, both to serve their own leadership and to provide competing centers in the analysis of intelligence inputs to the national intelligence process. The Defense Department would maintain budgetary and operational control over only the selected "tactical" collection and processing assets necessary for direct support of military forces, although these assets should be subject to the DNI's review.

This option affords a number of advantages:

- It pinpoints responsibility; the President knows who is in charge.
- It permits major economies through rationalization of the community's functions and through the elimination of duplicative and redundant capabilities.
- It establishes a management system which can deal comprehensively with the implications of evolving technology and make efficient choices between competing collection systems.
- It brings producers and collectors closer together and increases the probability that collectors will become more responsive to producer needs.
- It allows the Director to evaluate fully the contribution each component makes to the final product,

enabling ready identification of low performance elements and permitting subsequent adjustments to their mission.

- It provides one responsible point in the community to which high-level consumers can express their changing needs.
- It facilitates the timely selection and coordination of the intelligence assets necessary to provide intelligence support to the President in periods of crisis.

Creation of a DNI has at least five potential disadvantages:

- It gives still further responsibilities to the DCI. A major criticism of the present confederate organization is that the DCI is overloaded and cannot be expected to perform well the many functions now assigned to him. As noted, these include substantive advice to the President and to several high-level committees, day-to-day management of a large operating program, appearing as a witness before Congress, and running numerous sensitive collection and covert action projects. It should be noted, however, that with adequate staff and competent deputies, the

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Director should be able to delegate responsibilities and ease his task. Also, under this option, the DCI's power would be commensurate with his present responsibilities.

- This option could generate substantial resistance from the Secretary of Defense and the Joint Chiefs over the transfer of intelligence functions to a new agency. It would also necessitate fundamental changes in the National Security Act which might cause major congressional resistance and open debate on a range of sensitive national security issues.
- Even if all U. S. Government intelligence assets were transferred to the Director, there would remain the serious and continuing problem of finding ways to meet the intelligence needs of Defense without, at the same time, causing the Services to reconstitute their own intelligence activities, even at the expense of other programs.
- There could be adverse reaction from the news media and the public to a consolidation of such sensitive activities under the control of one man, even though so many of them already are controlled, in principle, by the Secretary of Defense.

- It is possible that this option will continue the present dominant influence of collectors relative to producers and consumers in the intelligence process.

A Director of Central Intelligence (Option #2), with a strong Presidential mandate and a substantial staff. NSA, NRO, and DIA would remain under present jurisdiction. The CIA would be divided -- one part supplying the DCI staff and intelligence production component, the other part, principally current CIA collection organization, comprising a new agency under a separate director. The DCI would have senior status within the Government and would serve as principal intelligence adviser to the NSC. He would produce all National Intelligence Estimates and other national intelligence required by top level national decisionmakers, and would control the necessary production assets, including NPIC. This would include continued management of a national intelligence process that involved the participation, and inputs from, other intelligence production organizations.

Under Presidential directive, the DCI would review and make recommendations to the President on the Intelligence plans, programs, and budgets of his own office, a reconstituted CIA, and the Department of Defense. He would also present a consolidated intelligence budget for review by the OMB. By

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this means the Director would be able to guide resource allocation and influence community organization.

Although Option #1 offers the greatest promise of achieving the President's objectives, this option has advantages over it and over the present situation in the following respects:

- The DCI would be freed from the day-to-day management tasks incumbent upon the head of a large operating agency with major collection and covert action responsibilities. This would enable him to devote most of his attention to substantive intelligence matters, the tasking of collectors, and community resource management issues as they relate to his production activities.
- This option eliminates the present situation in which the DCI serves as both advocate for agency programs and judge in community-wide matters, a role which diminishes the community's willingness to accept his guidance as impartial.
- The reforms could be accomplished, without major legislation, by a reorganization plan and Presidential directives to the DCI, the Secretary of Defense, and the head of CIA.

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- This option would offer improvements in efficiency and effectiveness without the major disruptions in the community required under option one.
- It would enhance the stature of the community leader while avoiding the potentially dangerous concentration of power inherent in option one.

Option #2 has several potential disadvantages:

- Responsibility for the community as a whole would be more diffuse than under option one.
- The ability of the DCI to supervise the detailed activities of the operating parts of the community would be weaker.
- The new DCI, compared to the DNI under option one, would have to rely on persuasion and the process of budgetary review rather than directive authority in order to eliminate redundant and duplicative activities, resolve trade-off issues, and reduce overhead.
- He would lack the ability to mobilize, deploy, and target collection assets in a time of crisis, unless given specific Presidential authority.

A Coordinator of National Intelligence (Option #3), who, under Presidential mandate, would act as White House or NSC

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overseer of the Intelligence Community, directing particular attention to:

- Intelligence resource and management issues.
- Representing the concerns and needs of national policy level consumers.
- Evaluating the suitability of intelligence output in light of consumer demand.

Under this arrangement, CIA, Defense, and State intelligence responsibilities would remain essentially unchanged. The Coordinator would express the views and concerns of the President and the National Security Council on product needs and quality; he would provide guidance on present and future collection priorities; he would critique and evaluate the current performance of the community, identifying gaps and oversights; and he would conduct studies of specific intelligence community activities as required. But he would not be responsible for the actual production of intelligence. Nor would he have any direct control over resources.

This option offers two advantages:

- The creation of this position would provide a means for more direct representation of Presidential interest in the Intelligence Community. Consumer

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representation in the intelligence process would be enhanced.

- No legislation would be required, and the President would be spared a number of bureaucratic battles.

The option has several marked disadvantages:

- There is the potential for unproductive competition between the Coordinator and the White House staff.
- Achievement of the President's management and resource control objectives is unlikely.

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VII. DEPARTMENT OF DEFENSE LEADERSHIP

Although the President has indicated his desire to institute community-wide reform, changes within the Department of Defense alone could improve the allocation and management of resources and reduce the overall size of the intelligence budget. Provided that care is taken in making them, these reforms need not be incompatible with subsequent decisions about the governance of the community as a whole.

Within the Department of Defense, there has never been an individual with formal responsibility for management of all DoD intelligence activities. The Deputy Secretary of Defense historically has been charged with this task, but he has very little staff to assist him and can devote only a modest amount of time to the complex intelligence issues that arise within his domain. Consequently, if the problems of Defense intelligence are to be resolved in a fashion satisfactory to the President, it will be necessary either to create a Director of Defense Intelligence (DDI) with specific responsibility for the Department's collection assets, or provide the Deputy Secretary with major staff support in the form of an Assistant Secretary of Defense for Intelligence.

Neither of these posts would be incompatible with options two and three relating to community-wide leadership reform. However, the DDI concept conflicts with option one, in which

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the bulk of U. S. intelligence resources would be appropriated to a Director of National Intelligence.

A Director of Defense Intelligence would have the authority and responsibility to direct and control all Defense intelligence activities. He would allocate all the Defense intelligence resources, including those for tactical intelligence, the funds for the NRP, and budgets for other national programs under departmental jurisdiction. He would report to and represent the Secretary of Defense in all matters relating to the management of intelligence resources; review the need for, and conduct of, sensitive intelligence collection and operations; review all Defense intelligence "requirements" with resource implications in order to evaluate need and determine priorities; serve as the principal Defense representative on the USIB; and monitor other DoD programs which have clear implications for the collection of intelligence. Under this option the DDI would be able to reorder completely the Defense intelligence collection structure as deemed appropriate.

The DIA would be involved in collection management only if so directed by the DDI, and would concentrate on the production of finished intelligence for the Secretary of Defense and other national consumers.

It is important that the Director of Defense Intelligence be responsive to tasking by the community leader, who would

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be the principal substantive intelligence official of the Government. Both the community leader and the DDI should receive authoritative guidance about national consumer interests. This could be provided by a Council of Intelligence constituted within the NSC and with the Assistant to the President for National Security Affairs, the Secretary of State, and the Secretary of Defense as its members. The restructuring of USIB and revision of NSCIDs can help in establishing the appropriate DCI/DDI relationship.

The post of DDI has great prospective advantages:

- It would provide for the concentration of resource management authority in one individual, which would allow authoritative comparisons and decisions about competing collection programs.
- It would provide for the centralization of direction and control over all Defense intelligence activities, including conduct of sensitive intelligence collection operations.

But there are possible drawbacks as well, in that the position would:

- Concentrate great power at a single point in Defense. This could possibly diminish the community leader's access to information, as well as his ability to

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task collection systems in support of national intelligence production, and design balanced collection programs, in support of his production responsibilities.

- Superimpose a large staff over those of other major intelligence managers within Defense (the Directors of DIA, NSA, and NRO), although a reduction in various coordination staffs should be possible at the same time.

An Assistant Secretary of Defense for Intelligence (ASD/I)

who would act as the principal staff assistant to the Secretary of Defense. His responsibilities would be similar to those of the DDI, except that he would not exercise direct control over Defense intelligence collection programs, and would not be a member of USIB unless the Board were reconstituted to advise the DCI on the allocation of collection resources.

This option has a number of advantages:

- It allows for effective cross-program analysis within Defense.
- It avoids the concentration of power inherent in the DDI option, if that is considered a danger.

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- Compared to the DDI, an ASD/I would be more likely to respond to the needs of the present DCI or the community-wide leader established under either option two or three.

The post has a number of potential weaknesses in that, compared with the DDI, it would probably:

- Lack both the strong mandate provided to the DDI and direct authority over Defense intelligence activities, including those carried out by the program managers.
- Make the ASD/I vulnerable to "end runs" by major components within the Defense intelligence community who might wish to appeal directly to the Deputy Secretary of Defense.

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To achieve further economies, particularly without major reorganization, will be difficult for several reasons.

- Savings that we foresee as immediately feasible are likely to be counterbalanced to a considerable degree by further pay and price increases.
- With the heavy R&D costs for proposed new systems, such as the nearly real-time photo satellite, 25X1 there already is built into the budget a strong upward bias which may prove difficult to control, particularly considering the intense interest in high-technology and expensive new systems for SALT and other purposes.
- The U.S. withdrawal from Southeast Asia will permit reductions in SIGINT and HUMINT resources, but they will only partially offset the above cost increases.
- Some of the largest savings can only result from shifting and consolidating current activities in such a way as to redraw the functional boundaries of the major intelligence organizations.

Despite these difficulties, it is the case that functional boundaries can be withdrawn without a major reorganization of Defense intelligence or the community as a whole. We

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should stress, however, that actions of this character will still leave a number of community-wide issues unresolved and at the same time arouse all the opposition of the military Services and the Joint Chiefs of Staff. Moreover, with the rapid evolution of technology, further changes in boundaries -- and comparable upheavals -- will probably have to follow in the future.

With all these cautions, there are a number of specific functional actions that can be taken at the present time. Among the most important are the establishment of NSA as a truly national cryptological service with authority over all signal intelligence, and the consolidation of a number of activities now operated separately by the Military Services. The effect of these changes should be to achieve economies of scale, eliminate excessive duplication, and promote competition among like activities so as to weed out the less productive programs.

The following table of possible savings, while only an estimate, indicates what economies might be feasible as a result of redrawing functional boundaries, consolidating activities, and eliminating duplication:

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A major issue arises in connection with changes of such scope and magnitude. It is whether we should attempt to make the reforms now, or await more general reorganization and allow the head of the community to exercise his judgment and authority in instituting them. Our current judgment is that reductions of this magnitude should be attempted only after a reorganization has significantly improved the capabilities of the community to direct, control, and monitor program

changes. We also believe that the economies should be effected over a period of years. Without these two conditions, the reductions could prove illusory or transient, and a heavy price in disruption and lowered morale might follow.

It should be noted that the anticipated savings come primarily from collection activities; major analytical and estimating capabilities are not affected. Their improvement is the subject of the next section.

IX. TOWARD IMPROVEMENTS IN THE PRODUCT

Much of the emphasis by the intelligence community and the bulk of its resources go to the high technology necessary to overcome barriers to information in the USSR and China. Yet this stress on the technology of collection -- admittedly important -- comes at a time when improved analysis is even more important.

Because of the keener competition from the Soviets, and the narrowing gap in relative resources devoted to defense, the U. S. must refine its evaluation of foreign capabilities, intentions, activities, and doctrines rather than assume that it has the resources to insure against all possibilities. The community must also improve its current political estimates and find ways of becoming more responsive to national consumers and their concerns.

Important improvements in performance may be feasible without major reorganization. But preliminary investigation suggests that higher quality is much more likely to come about within the framework of a coherently organized community which is focused on improving output rather than input. Indeed, it seems a fair assumption that the President would be willing to rebate some of the potential savings from the community if he had any hope of improved performance as a consequence. As of now, however, he has no such assurance

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and may reasonably argue that, for current performance, he should at least obtain the benefit of lower costs.

Even if we knew how to measure the benefits of intelligence, it would be difficult to relate specific changes in programs to improvements in performance. Nonetheless, experienced observers believe that the following steps -- all of them comparatively inexpensive -- should increase the usefulness of the product to the national leadership:

- Major consumer representation to and within the intelligence community, perhaps through a restructured USIB, a high-level consumer council, or other institutionalized ways of communicating consumer needs, priorities, and evaluations to intelligence producers.
- Assessment of the intelligence product through quality control and product evaluation sections within the production organizations themselves.
- Upgrading existing analytical centers to increase the competition of ideas, including a DIA with improved organization and staffing as a major competitor to CIA in the area of military intelligence.
- Periodic reviews by outsiders of intelligence products of the main working hypotheses within the community, and of analytical methods being used.

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- A net assessment group established at the national level which, along with the NSSM process, will keep questioning the community and challenging it to refine and support its hypotheses.
- Stronger incentives to attract good analysts, better career opportunities to hold them as analysts instead of forcing them to become supervisors in order to achieve promotion, and a more effective use of personnel already trained and experienced in intelligence.
- Increased resources and improved organizational arrangements within the intelligence community for research on improved methods of analysis and estimation.

It is probably premature to recommend the detailed measures necessary to improve the quality and scope of the intelligence product. In the near future, this issue should be considered at greater length by the leadership of a reorganized community. Indeed, the leadership should be specifically charged with the task of product improvement as a matter of the highest priority. What steps will prove feasible will depend on the particular type of reorganization

selected, and, in the present circumstances, it may be well to be guided in the choice by considerations of economy in the use of resources. But it should be stressed, in conclusion, that improvement of the product at current budget levels is simply another way of achieving the efficiency that is so desperately needed within the intelligence community as it is presently constituted.

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THE WHITE HOUSE

WASHINGTON

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November 5, 1971

ON-FILE TREAS,OMB RELEASE
INSTRUCTIONS APPLY

NRO,NSC,DIA,DOS,DOE,FBI,OSTP reviews completed

MEMORANDUM FOR:

- The Secretary of State
- The Secretary of the Treasury
- The Secretary of Defense
- The Attorney General
- The Director of Central Intelligence
- The Director, Office of Science and Technology
- The Chairman, Joint Chiefs of Staff
- The Chairman, President's Foreign Intelligence
Advisory Board
- The Chairman, Atomic Energy Commission

SUBJECT: Organization and Management of the U.S.
Foreign Intelligence Community

I have recently reviewed and accepted recommendations on ways in which to improve the functioning of the intelligence community. This memorandum establishes a set of goals and directs organizational and management changes to attain them. It also expresses my concern about major resource management and substantive production problems as guidance to the community for further changes in the future.

The need for an improved intelligence product and for greater efficiency in the use of resources allocated to intelligence is urgent. Resources available for use by the intelligence community will be increasingly constrained and may have to be reduced. At the same time the product of the intelligence community will be of increasing importance to U.S. security and national interests as:

- the relative strength of Soviet and other potential military forces grows with respect to those of the U.S. where previously U.S. superiority was unquestioned;

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- the international environment grows more complex; and financial, commercial and economic factors assume greater significance;
- the need for timely intelligence becomes greater.

I. Objectives

Among the major objectives that must be attained if the efficiency and effectiveness of the intelligence community are to increase substantially are:

- The responsiveness of the U.S. intelligence effort with respect to national requirements must be subject to continuing review.
- Authoritative and responsible leadership for the community as a whole must be assured.
- A more efficient use of resources by the community in the collection of intelligence information must be achieved. Utilization of the means available must be in consonance with approved requirements of U.S. security and national interests.
- Assignment of intelligence functions within the community must be reviewed and revised to eliminate inefficient, unnecessary or outmoded activities.
- The quality, scope and timeliness of the community's product must be improved.
- The provision of intelligence and its utilization must enhance the formulation of the foreign, military and economic policies of the U.S. Government and the planning for and conduct of military operations by U.S. forces.

II. The Necessary Conditions

A number of specific conditions are necessary to the achievement of these objectives.

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- The Director of Central Intelligence (DCI) must delegate direct authority to the Deputy Director of Central Intelligence (as far as is possible without legislation) for the plans, programs; and day-to-day operations of the CIA, and must assume overall leadership of the community.
- More effective review of intelligence product quality and policy must be provided to the DCI, especially by high-level consumers of substantive national intelligence.
- Major issues within the intelligence community must be addressed in such a way that the DCI plays a major role in their resolution. The DCI must have an increased and restructured personal staff to allow him to discharge his augmented responsibilities.
- The DCI should be supported by two major committees of the intelligence community, each of which he chairs, with clearly defined advisory functions embracing his responsibilities related to intelligence production and requirements on the one hand and to intelligence budget and allocation of resources on the other.
- Intelligence collection programs, largely financed and managed by the Department of Defense, must come under more effective management and coordination with other intelligence programs.
- The NSCIDs and DCIDs must be rewritten to reflect the changes directed herein and others as they occur, particularly to reflect reassignment of functions.

III. Measures Decided Upon

After careful consideration, I have decided that the measures listed below are to be taken now to move toward attainment of the stated objectives. They are designed primarily to: (1) enhance the authority and capability of the DCI to provide the required community leadership, (2) provide review and guidance regarding the substantive intelligence product, and (3) more effectively restructure intelligence activities.

-- I am directing the Director of Central Intelligence to assume leadership of the community in planning, reviewing, coordinating, and evaluating all intelligence programs and activities, and in the production of national intelligence. I shall look to him to improve the performance of the community, to provide his judgments on the efficiency and effectiveness of all intelligence programs and activities (including tactical intelligence), and to recommend the appropriate allocation of resources to be devoted to intelligence.

He will thus assume four major responsibilities:

- Planning and reviewing all intelligence activities and the allocation of all intelligence resources.
- Producing national intelligence required by the President and other national consumers.
- Chairing and staffing all intelligence community advisory boards or committees.
- Reconciling intelligence requirements and priorities within budgetary constraints.

So that he can effectively undertake this community leadership role, I am requesting the DCI to submit to me within 30 days his plan for the appropriate delegation of his current operational responsibilities and for increased staff support for his new role.

- I am directing the Director of Central Intelligence to prepare and submit each year, through OMB, a consolidated intelligence program budget, including tactical intelligence. All information required from all departments and agencies of the Executive Branch is to be made available to him in order that he may provide me with an annual detailed review of the needs and performance of the intelligence community.
- I am creating an Intelligence Resources Advisory Committee, chaired by the Director of Central Intelligence, including as members a senior

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representative from the Department of Defense, the Department of State, the Office of Management and Budget, and the Central Intelligence Agency. This committee is to advise the DCI on the preparation of the intelligence budget and the allocation of resources among programs, ensuring that they are employed in accordance with approved requirements and that there is no unwarranted duplication.

-- I am also directing that the USIB be reconstituted under the chairmanship of the DCI including as members the Deputy Director of Central Intelligence (Vice Chairman); Director of Bureau of Intelligence and Research (INR), State Department; Director of National Security Agency (NSA); Director of the Defense Intelligence Agency (DIA) and representatives of the Secretary of the Treasury and of the Director of the Federal Bureau of Investigation and the Atomic Energy Commission (AEC). The USIB will advise and assist the DCI with respect to the production of national intelligence requirements and priorities, the supervision of the dissemination and security of intelligence material, and the protection of intelligence sources and methods.

-- I am authorizing the DCI to call upon all departments and agencies of the Executive Branch of the Government to provide requisite information to these two committees and to invite additional participation in their deliberations as may be required in his judgment.

-- I am also establishing a National Security Council Intelligence Committee (NSCIC). Its members will be the Attorney General, the Director of Central Intelligence, the Under Secretary of State, the Deputy Secretary of Defense, the Chairman of the Joint Chiefs of Staff, and the Assistant to the President for National Security Affairs, who will chair the committee. It will give direction and guidance on national substantive intelligence needs

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and provide for a continuing evaluation of intelligence products from the viewpoint of the intelligence consumer.

- As a related matter, I am directing that a Net Assessment Group be created within the National Security Council Staff. The group will be headed by a senior staff member and will be responsible for reviewing and evaluating all intelligence products and for producing net assessments of U.S. capabilities vis-a-vis those of foreign governments constituting a threat to U.S. security.
- I am directing the retention of the present management structure of the National Reconnaissance Office.
- I am directing the Department of Defense to issue such directives as are required to establish no later than January 1, 1972:

- A unified National Cryptologic Command under Director, NSA for the conduct of USG communications intelligence and electronics intelligence activities.
- A single Office of Defense Investigations.
- A consolidated Defense Map Agency by combining the three Service mapping organizations under arrangements that permit optimum efficiency and economy in production without impairing legitimate requirements of the separate Services.
- The retention of the DIA to be fully responsive to tasking by the Joint Chiefs of Staff in matters involving essential intelligence support for military planning and operations.

- I am directing staffs of the NSC, DCI and OMB, in consultation and coordination with the President's Foreign Intelligence Advisory Board to make appropriate revisions not later than December 1, 1971 to the NSCID's and other directives as needed to implement the provisions of this memorandum.

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IV. Remaining Problems

The changes I have directed at this time are limited, but I fully expect further changes in the intelligence community consistent with maximum practicable attainment of my objectives.

By far the largest portion of the intelligence budget is devoted to collection. It is here that savings must be sought. Future assignments of roles and missions within the intelligence community cannot be made satisfactorily by compromises among agencies.

The need to make some savings is so urgent that I have directed the Office of Management and Budget, jointly with the DCI and Secretary of Defense, to review the FY 1973 budget for intelligence and to submit specific reductions from current programs, with particular attention to tactical intelligence.

Significant improvement in the intelligence product is also needed. The NSCIC will afford improved guidance regarding consumer needs. Other changes in the consumer-producer relationship may be needed to achieve a more effective reconciliation of the demands from consumers with the limited resources available for intelligence production. It seems desirable in this connection, that resources devoted to analysis and production should increase and that a determined effort be made to upgrade analysis personnel and analysis methods. More rewarding careers for intelligence analysts, including the opportunity to reach high salary levels while remaining analysts, should be considered. An early task of the DCI should be the preparation of a comprehensive program focused upon improving the intelligence process and product.

cc: Director, Office of Management and Budget
Assistant to the President for National Security Affairs

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