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CENTRAL INTELLIGENCE AGENCY  
WASHINGTON, D.C. 20505

RBC HAS SEEN

8 January 1976

The President  
The White House  
Washington, D. C. 20500

Dear Mr. President:

Preparatory to your meeting on 10 January to discuss the Intelligence Community, I would like to proffer several general observations. Separately I have submitted to Jack Marsh specific recommendations with respect to the different issues that will be under consideration.

The Intelligence Community has been under attack for real, exaggerated and alleged abuses. The lessons of the year can, I believe, be summed up in the need for better guidelines, better supervision and better secrecy.

A draft Executive Order has been developed which in my view will provide better guidelines to ensure that the intelligence agencies remain within proper limits in their operations in the United States. To these might be added a few restrictions on activities abroad, such as prohibiting assassination planning, but I believe there is little sentiment for any very sweeping limitations on the Community's activities abroad.

With respect to better supervision, various proposals have been made with regard to the organization of the Community, and especially of the role of the Director of Central Intelligence. On the Congressional side, consideration has been given to improvements in the Congressional oversight procedure through standing committees, GAO audit, etc. There has been some tendency for the need for better supervision to spill over into extensive recommendations for organizational and bureaucratic changes.

The question of better secrecy is of course a most contentious subject. Some decry the secrecy of the past and call for greater openness. Others point to the serious damage being done to our country by



the extensive exposure of intelligence matters, leading to the frustration of our foreign policy and danger to our officers.

In this situation, I make the following recommendations:

a. That, to provide better guidelines, you proceed to issue the draft Executive Order placing restrictions on the domestic activities of our intelligence agencies, that you indicate support of legislation against assassinations and that you direct the revision and issuance of National Security Council Intelligence Directives to provide specific charters for the intelligence agencies and their interrelationships. I recommend, however, that there be minimum change in statutory charters pending development of draft legislation by the Select Committees, which you may then consider on its merits.

b. That, to provide better supervision, you charge the Director of Central Intelligence, in a document addressed to Ambassador Bush on his swearing-in, with vigorous supervision of the activities of the Community and review of the propriety as well as the effectiveness of its operations. I recommend also that you request the Congress to consolidate in some form, such as a joint or separate standing committee, its supervision of our intelligence activities, thus improving the effectiveness of such supervision and ending the proliferation of supervisors. I recommend against any substantial modification in the organizational structure of the Intelligence Community at this time, prior to the appearance of Congressional recommendations, in an election year, and before Ambassador Bush, as well as the new Secretary of Defense and the new Deputy Secretary, have an opportunity to make their considered recommendations on this subject. Sweeping bureaucratic change would in my view be considered heavily cosmetic, would create substantial turbulence in the Community, and is not what the investigations were really all about.

c. With respect to better secrecy, I recommend the early submission to Congress of the draft legislation better to protect intelligence sources and methods, which I have recently submitted



to the OMB. I also suggest that strong recommendations be made to the leadership of the Congress to establish some system for the orderly handling and protection of secrets made available to it. Lastly, I recommend that a new effort be made to articulate a better system of protection of classified information within the Executive Branch.

The subject of covert action requires particular attention, as it has been and remains the main topic of Congressional interest. On this question, I recommend a clear amendment to the National Security Act of 1947 authorizing such action and providing that a single Congressional committee be advised of the initiation of any such operation. I believe it essential to terminate the present procedure of briefing six committees, which has led immediately to vast leakage and great injury to our foreign policy. I believe it appropriate at the same time to call upon the Congress to state clearly its approval of the continuation of such activity, and to see whether the Congress really wants to assume the responsibility of prior approval of such operations. I believe the present system of Executive Branch decision and merely advising a Congressional committee will be the outcome.

Respectfully,



W. E. Colby  
Director



THE WHITE HOUSE

WASHINGTON

February 3, 1976

KATHIE

Attached is a note that goes with the Intelligence  
Package. Keep it in the safe.

RBC



EVES ONLY - SENSITIVE

Some aspects of the proposal offer definite improvements over present arrangements. For example, the proposed reconstitution of the 40 Committee should result in higher level attention to actions considered in that forum. The creation of a high-level group of Foreign Intelligence Policy Advisors also could make a contribution to the NSC regarding intelligence matters.

Other suggestions, however, do not contribute to the resolution of current problems and will open the President to charges that his changes have been largely cosmetic. For example, the proposed Foreign Intelligence Committee in no way resolves the inherent problem of intimately linking the analysis and estimative functions of the DCI with his covert actions responsibilities. The classic problem in this area was the head of the CIA in 1961 being responsible at one and the same time for the analysis and estimating with regard to the Cuban invasion, and also promotion and execution of the plan. This arrangement also seriously hampers the ability of the DCI to recruit first-rate analytic and estimative talent because the best people in those fields do not want to be associated with the "dirty tricks!" As long as the DCI is identified with CIA and covert operations, our chances of improving the quality of intelligence analysis are slim.

Moreover, if the Foreign Intelligence Committee is to have policy and resource control over all intelligence agencies and components, there will still be an inherent conflict situation with the DCI having to make judgments between requests for assets by DOD and by CIA which the DCI heads. Of course, the DCI may well bend over backwards to avoid the appearance of favoring CIA but he should not even have to take such a conflict of interest into consideration. He should be so placed in the bureaucracy that there can be no hint

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of institutional bias either in his own mind or in the minds of the President, Congress, the intelligence community or the general public.

It may be argued that the problems with covert actions and analysis and with the DCI running CIA and allocating resources can be overcome by creating a second Deputy Director for Administration who will run CIA while the DCI addresses community problems. This has been tried unsuccessfully in the past. As long as the DCI is by law the head of CIA he will be held accountable by and answerable to the Congress and the media for all the operations of CIA and his decisions will be regarded as being influenced by his role as head of CIA.

Another area of concern with the proposed restructuring is the Oversight Board. The proposed members -- while all splendid gentlemen -- will hardly be able to create the atmosphere of confidence we are seeking on the part of the Congress and the general public. They are, after all, busy men and will not be perceived to be able -- and, indeed will not be able -- to spend the kind of time on oversight that the current Congressional and public mood expects. We also ought to keep in mind the fact that assigning these men intelligence oversight duties will inevitably increase by a significant amount the proliferation of paper on extremely sensitive matters. Simply as a matter of statistical probability, the danger of disclosures rises in direct proportion to the rise in the number of papers, and the numbers of people and offices knowledgeable of sensitive intelligence operations. The Oversight Board with its proposed membership will surely lead to problems down the road. There should be an independent Inspector General for Oversight.



Finally, before deciding to create a Foreign Intelligence Committee with policy and resource control, chaired by the DCI, the President should carefully consider the fact that the great bulk of our nation's intelligence resources are properly devoted to supporting our combat forces. Here in Washington we tend to focus only on those intelligence operations and assets that directly support the President and the NSC. The proposed Foreign Intelligence Committee is an example of that exclusive focus. The DCI, however, cannot and should not be expected to control the more than 80 percent of the total intelligence effort which goes to support the Unified and Specified Commanders, the combat units, weapons systems designers, military force planners and the like.

In sum, the proposed restructuring will not satisfy Congressional criticism nor will it, in fact, resolve some of the genuine problems with intelligence which have surfaced. Instead of viewing the present situation as largely requiring damage limiting reaction, the President should regard it as a golden opportunity to make significant and constructive changes in the intelligence area. Such changes should include redefining the role of the DCI and that will require legislation. The President will be better off if he comes forward with his own legislative proposals rather than reacting to unacceptable proposals from Congress.





THE WHITE HOUSE

WASHINGTON

January 9, 1976

MEETING ON INTELLIGENCE COMMUNITY

Saturday, January 10, 1976

2:00 p.m. (2 hours)

Cabinet Room

From: Jack Marsh

I. PURPOSE

To review the Intelligence Community issues discussed in the Decision Book submitted to you previously. You are not expected to announce your final decisions at this meeting.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background

Some of your advisors believe that you should not address the Intelligence Community problems comprehensively at this time. You are likely to hear the argument at this meeting that you should only implement the recommendations of the Rockefeller Commission (concerning domestic abuses by the CIA) and defer the organization, management and other central issues to a later date. This will give us time for more study and allow some of the "anti-Intelligence Community" publicity to die down.

The Decision Book submitted to you just prior to your departure for Vail, and the presentation prepared for this meeting, does treat the Intelligence Community issues comprehensively. There is no question that both Select Committees in Congress are approaching this in a comprehensive fashion -- that is, not just looking at abuses, but the question of how the Intelligence Community should be organized and how it should perform -- and, furthermore, this is an opportunity for you to exercise leadership in an unprecedented manner.



B. Participants

The Vice President  
 Secretary Kissinger  
 Secretary Rumsfeld  
 Attorney General Levi  
 Secretary Simon  
 Bill Colby  
 Phil Buchen  
 Jack Marsh  
 Jim Lynn  
 Brent Scowcroft  
 Bill Hyland  
 Don Ogilvie

Staff: Mike Duval and Ray Waldmann

C. Press Plan

Meeting has been announced; no further press coverage.

III. AGENDA AND TALKING POINTS

1. I suggest you begin the meeting by stating that you want me to go through the issues presented in the Decision Book, quickly, with the assistance of visual aids, so as to present the entire picture comprehensively at the outset. This presentation should take forty minutes and it may be appropriate for you to insist that there be no interruptions.


OVERVIEW PRESENTATION BY JACK MARSH (See Tab A)

2. After the issues have been presented, you may wish to go back through each issue and ask the individual present who is most directly affected by that subject, to present his views. You could then ask generally for any other views on that specific issue. I suggest you do not go around the table for everybody's view on every issue because, in many cases, not all the individual participants are affected by a given issue.

See Tab B for a list of the issues and the individuals directly affected.

DISCUSSION OF THE ISSUES



3. After the discussion, you may wish to make the following points to conclude the meeting:
- The Intelligence Community has really developed without public debate, and in secrecy. The National Security Act of 1947 really only focused on a small part of the functions and organizations of this Community and, therefore, this is an historical opportunity to review and strengthen this critical national asset.
  - You will carefully consider everyone's comments, and you welcome additional views (in writing) which should be submitted by the middle of next week. Shortly you will advise the participants of your views on the issues presented and the extent to which you wish to take action.
  - You will allow the participants an opportunity, once you have made your basic decisions on the substance of the Intelligence Community issues, to make their views known on the strategy questions, particularly what should be done by Executive action, versus legislative proposals. You are inclined to do as much as possible by the former so reform can occur, even if Congress does not act.
  - The matters discussed at this meeting are of the utmost sensitivity. To the extent possible, these matters should not be discussed within departments and agencies. Any discussion of this subject with the Press, or members of Congress, must be tightly controlled. This will be coordinated by Jack Marsh and Ron Nessen, and no one should discuss this subject with the Press or Congress without their approval.
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## AGENDA

### Introduction

#### I. Principles and Policy

1. Need for Statutory Charters
2. Future of Covert Action
3. Accountability to Congress

#### II. Oversight and Restrictions

1. FBI-CIA Jurisdiction
2. FBI Restrictions
3. Restrictions on Domestic Activities
4. Restrictions on Intelligence Sharing
5. Oversight within Community
6. Executive Branch Oversight
7. Citizens Oversight
8. Consideration of Covert Actions
9. Congressional Oversight
10. Budget Presentation
11. Congress as Consumer
12. Congressional Secrecy Protection

#### III. Organization and Management

1. Community Leadership
2. Controlling Resources
3. Intelligence Collection
4. Intelligence Production
5. Covert Action
6. Major Reorganization Options

#### IV. Secrecy

1. Revision of Classification System
2. Statutory Classification System
3. Degree of Protection

#### V. Congressional Proposals

1. Senate Select Committee
2. House Select Committee

#### VI. Additional Issues

1. Justice
2. Defense



## ACCOMPLISHMENTS THUS FAR

- Created the "Rockefeller Commission" to investigate the domestic activities of CIA.
- Collected materials concerning allegations of assassination plots by the intelligence community and made it available, under appropriate safeguards, to the Congress and the Justice Department.
- Administrative steps taken to implement changes to prevent further abuses.
- President has publicly made it clear that he will not tolerate illegality or impropriety by any Executive Branch official while he is President.
- Provided the appropriate committees of Congress substantial information concerning the intelligence community under procedures designed to facilitate the Committees' investigations while trying to maintain the confidentiality of ongoing foreign intelligence activities.
- Established a Cabinet-level group in September to review all foreign intelligence community issues.

## INTRODUCTION

### Goals for the Intelligence Community

- Eliminate abuses
- Improve organization and management
- Improve quality
- Protect secrecy, including intelligence sources and methods
- Establish more effective relations with Congress

## INTRODUCTION (Cont.)

### To Achieve Goals:

- Public confidence must be restored
  - In the Community
  - The legitimacy of its role
  - Its adherence to law
- Decisions should be taken comprehensively
  - System is complex
  - Issues are interrelated
  - First opportunity since 1947 to deal with the Community as a whole
  - Times and public demand it



## INTRODUCTION (Cont.)

### Key Overall Problems

Question as to adequacy of charters for key agencies

- NSA; DIA; NRO, FBI, CIA
  - Ambiguities
  - Absence of guidelines
  - Problem of Congressional responsibility

Relationship between Executive and Congress

- Recent investigations highlighted Executive Privilege issues
- Problem of covert actions
- Problem of warrantless wiretapping
- Congressional oversight of Executive management

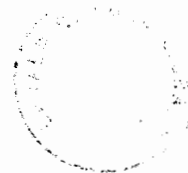
Questions have been raised about responsibilities within Executive Branch

- Role of DCI
- Between DCI and Defense
- Between Community and Executive Office of President

## INTRODUCTION (Cont.)

### Guideposts for decision-making:

- Community needs a strong and independent head
- Leader should have sufficient institutional support
- Competition in analysis (production) of intelligence, with good coordination, should be preserved
- The President should have direct access to an intelligence official without major foreign affairs or defense duties
- Organizational changes should promote technological creativity (U-2, Glomar)
- There should be an institutional mechanism to assure lawfulness and propriety of actions.



## INTRODUCTION (Cont.)

### Principles in Dealing with Congress

- Authorizing a limited number of Congressmen to act for all.
- Limiting the number of oversight committees.
- Limiting access to sensitive information by committee rules and strengthening penalties for disclosure.
- Avoiding the imposition of statutory requirements that the committees be "fully and currently" informed.
- Encouraging non-statutory understandings rather than statutory requirements.
- Separating oversight of law enforcement from foreign intelligence.
- Keeping the foreign intelligence community out of partisan politics.

ISSUE: Need for Statutory Charters

Should Intelligence agencies responsibilities (charters) be specified in new Executive Orders, statutes or left as is?

New Executive Orders

Foreign policy is Executive responsibility

President needs flexibility

"Mixed" charter has worked 30 years

Statutes

Congress will exercise its will

Stability and predictable guidelines result

Focus will be on past abuses

As Is (Statute for CIA, Executive Order or Department Directives for others)

No serious problems now

Absence for some agencies not major issue

ISSUE: Future of Covert Action

Should charters deal with covert action?

No

Not necessary or appropriate to have charter

Can't admit publicly or diplomatically

Commits President - Executive to responsibility

Congress may allow only general references

Yes

Abuses must be prevented

Since actions are necessary, charter is not harmful

Restores public confidence in Community

Congress will insist on some references in legislation



ISSUE: Accountability to Congress

Should Executive be more accountable to Congress?

Yes - Negotiate appropriate relationship

Congress is of necessity more involved

Traditional Congressional mechanisms have collapsed

Leaks and other problems can be handled

Attention will subside

No - Oppose all efforts

Constitution gives Executive the responsibility

Accountability entails control and interference

Secrecy will be at greater risk

## ISSUE: FBI-CIA Jurisdiction

Should the jurisdictions of the CIA and FBI be reassigned?

### Reassign Jurisdictions

Analysts need access to information wherever found

FBI and CIA have both been criticized on civil liberties

Better distinction: "intelligence gathering" vs.  
"investigation for prosecution"

Prosecution gathering subject to stricter control

Post-war geographic distinction is artificial

Duplication not a major problem

### Maintain Existing Jurisdictions

Abuses not due to jurisdictions

Geographic distinction is easy to maintain

CIA with domestic role is controversial

Some duplication inevitable

Existing system has proved adequate

Legal requirements governing domestic and foreign  
activities are not the same

ISSUE: FBI Restrictions

What form should restrictions on FBI take?

Justice Department Regulation

Leaves most flexibility for amendment

Provides least public assurance

Executive Order

Provides greater assurance to public

Similar to treatment of rest of Community

Appears to assert direct Presidential control over FBI

Could diminish Attorney General authority

Statute

Provides greatest assurance to public

Inflexible

Could be unreasonable

Less Executive Branch control

Mix of all three





ISSUE: Restrictions on Domestic Activities

Should restrictions order allow gathering information on domestic activities of U.S. citizens by foreign intelligence agencies in limited circumstances?

Yes, If:

Limited to terrorists, narcotics, and collaboration with foreign powers or organizations

Limited to foreign sources or collected abroad

Recognizes legitimate counter-intelligence needs

No

Exception too broad

Covers any person dealing with foreign corporation

CIA prohibited from police or law enforcement role

ISSUE: Restrictions on Intelligence Sharing

Should restrictions order allow sharing of information on domestic activities of citizens among agencies when receiving agency would not be permitted to collect such information itself?

Yes

Would permit CIA to obtain information from FBI it is not otherwise permitted to obtain

Gives CIA access to needed information

Abuses could be limited by A. G. guidelines

No

Would allow intelligence agencies to get law enforcement information, and vice versa

Raises question whether Operation CHAOS could be reestablished

Exception undermines credibility of restrictions order

ISSUE: Oversight Within Community

Is oversight and control within the Community adequate?

If not: Establish Community Inspector General

In line with needs found by Rockefeller Commission

Could report to DCI

Would create antagonism between DCI and agencies in  
disputes over access, jurisdiction

Upgrade Inspector General for each agency

Action can be taken in each agency

Recommended by Rockefeller Commission

CIA has proposed upgrading both I. G. and General Counsel

Agency's I. G. 's could report to DCI

Some action necessary

ISSUE: Executive Branch Oversight

Should President have independent advisor on propriety?

The Attorney General

Already has such responsibilities as chief legal officer

Require special staff within Justice

Special Counsel to President

Greatest public perception of change

Require staff in Executive office

Focused on problem

Possible conflicts with A.G.

Government-wide Inspector General

Not limited to intelligence

Requires mandate, greater visibility

With fixed term and Senate confirmation?

NSC

Now has statutory responsibility

Conflicts with operational role

Panel

3 Executive Branch officials (e.g. Vice President, Attorney General and a Presidential Assistant who has no operational responsibilities)

ISSUE: Citizen Oversight

Should non-governmental oversight be provided?

Give PFIAB Oversight Responsibilities

Recommended by Rockefeller and Murphy Commissions

Reassuring to public

Difficult for part-time body, even with staff

Could conflict with traditional PFIAB role as intelligence advocate

PFIAB lacks credibility

Require a PFIAB public annual report

Establish Independent Board

Could use public reports to reassure public

Greater public acceptance

Could duplicate PFIAB staff

ISSUE: Consideration of Covert Actions

How should covert action proposals be considered?

Formal meetings of 40 Committee

Lack of meetings cited as problem

Formal Committee approval likely to be Congressional action

Reassures public

Designate A. G. as Member of 40 Committee

Bring legal advice to deliberations

Add other departments as required

Inconsistent with an A. G. oversight role

Give 40 Committee an NSC staff

Provide analysis of risk and benefits

Reduce departmental biases

Involves NSC more deeply in covert operations

ISSUE: Congressional Oversight

How should Congress exercise its oversight function?

Through Joint or Separate Committees

Joint committees hard to structure

Joint committees would limit risk of disclosure

Separate committee more normal

Need separate checks provided by two-house action

Senate has separate, preeminent foreign policy role

Separate committee is current Senate Select Committee approach

New Committee(s) with Oversight only or Oversight and Legislative Jurisdiction?

Adding legislative jurisdiction to new committees raises problems

Oversight alone is weak

Oversight alone allows only disclosure remedy for expressing disapproval

Armed Services not prepared to share or give up legislative authority

Question: How to handle authorizations?

ISSUE: Budget Presentation

How should the intelligence budget be presented to Congress?

Status Quo

Reveal details and total to pertinent committees

Details now more widely available to members

Representative Giaimo proposal to reveal budget defeated  
267 to 147 on October 1, 1975

Size is still undisclosed to public

Classified Appendix to Budget

Available to all members

Include general, big dollar data

Could meet needs without undue risk

Leads to demand for detail

Publish Agency totals

Make totals only public

Leads to request for details

Could dispel needlessly controversial issue

KGB already has it and more



ISSUE: Congress as Consumer

How should substantive intelligence be provided to Congress?

Current Procedures and Availability

CIA, others brief on specific subjects

Regular publications sent to Committees

NIE's not now available

Congress claims needs not met

Increase Availability

Sensitive information not likely to be protected - sources and methods not separable from substantive intelligence

Congress and Executive will disagree on amount, type, timing, etc.

Congress will use to oppose policies, criticize agencies, etc.

Information will be subject to partisanship

Dissent, differences within Community would be stifled

NIE's pose problems due to particular policies contained

Establish office (under DCI) to serve Congress

Avoid statutory requirement, work out procedures

ISSUE: Congressional Secrecy Protection

How should Congress protect classified information?

Establish Executive-Congressional Board

Would agree on security classification to items

Both branches respect agreed designations

Could handle publication issues

Could not handle leaks

Case Amendment approach

Secrecy removed from items only by President

Only named Committees have access to classified agreements

Similar to procedure with Pike Committee

Defeatable by leaks (i. e. Angola and Italy)

Could supplement other sanctions on members

ISSUE: Community Leadership

How should Community leadership be improved?

Make NSC more effective

Create second deputy Assistant to President (for Intelligence) responsible for guiding Community.

Reinvigorate NSC Intelligence Community

Focuses on political-military aspects of intelligence

Make DCI more effective

Separate from CIA management

Give DCI resource and line control over national intelligence programs

DCI full member of NSC

Make DCI independent adviser to President

DCI chairs 40 Committee and NSCIC

Appoint new White House Special Assistant for Foreign Intelligence

Broadens intelligence beyond NSC purview

Highlight issues such as economics, food, etc.

Increase Executive Office oversight

Potential for improper White House pressure on intelligence agencies



ISSUE: Controlling Resources

How should intelligence resources be controlled?

Strengthen OMB

President has ultimate authority -- OMB his agent  
OMB is instrument in all other areas of government  
Trade-offs must be made among different agencies  
Allocation and reprogramming controls needed

Strengthen DCI

Authority given in '71 Directive has not been used  
DCI's staff would have to be expanded  
Increases authority of DCI vis-a-vis the Secretary of Defense

Consolidate national programs (CIA, CCP, NRP) under single manager

Single authority for intelligence resource trade-offs  
Removes DOD programs from peace-time DOD control



ISSUE: Intelligence Collection

Should intelligence collection agencies (CIA, NSA, NRO, etc) be consolidated?

Minor consolidation (all SIGINT in NSA; all HUMINT in CIA)

Minimal impact on reducing competition, duplication

Affects about \$70 mil. of resources

Little bureaucratic dispute

Major consolidation (CIA, CCP and NRP in one agency)

Major bureaucratic upheaval

Reduce duplication, costs

Increase trade-offs among collection techniques

Separate consumers and possibly analysts from collectors

Unless in DOD, major problem for military users

No consolidation

Each agency has particular expertise

No real problems solved by consolidation

Coordination improvable without consolidation

ISSUE: Intelligence Production

Should intelligence analysis and production be realigned?

Create independent analytical organization

Spin-off CIA analysis from CIA

Independent of collection, operational biases

No taint from clandestine services

Provide policy-makers with more neutral assessments and estimates

Eliminate CIA production and Upgrade existing departmental analytical capabilities

Key estimates still coordinated

Greater responsiveness to departmental needs

Increase difficulties of DCI to coordinate all except key products such as National Estimates

Build-up existing departmental and central capabilities

Production is 10% of intelligence budget

Expansion need not be costly

ISSUE: Covert Action

Should covert action (and clandestine activity?) be separated from CIA?

Transfer to State

Endangers State's overt status

Contrary to diplomatic practice

Transfer to Defense

Paramilitary operations properly at DOD

Raises public apprehension over accountability and danger of escalation

Create separate agency

Removes covert actions from intelligence function

Isolates covert activity from Agency supervision

Leave with CIA

Status quo is acceptable

Improve cover systems, especially diplomatic



ISSUE: Major Reorganization Options

Which, if any, major reorganization is appropriate?

Create new intelligence agency with line control of CIAP, CCP and NRP (NSC/OMB I)

National programs best managed centrally

Central funding and line control

Collection separated from all production except national

Requires new legislation

Create Director General with national resource control (NSC/OMB II)

Would not have line control

No vested interest in any element

Separates DGI from CIA

DGI could have NIO's (Option # II) or all CIA national intelligence production (Option # IIA)

Requires new legislation

Create Director of Foreign Intelligence to coordinate (NSC/OMB III)

Would have neither line nor resource control

DFI would be truly independent

DFI could never adequately control DOD resources

Coordination difficult without power base

Production is either left with CIA (Option # III) or split off to State and Defense (Option # IIIA)

Requires new legislation

Expand DCI Community control (NSC/OMB IV)

Create second deputy to run CIA

Structure Executive Committees for SIGINT, as now used for NRP

Allows improvement without legislation





**DECLASSIFIED**  
 AUTHORITY RAC NLF-RC-3-2-1-1 9/21/05  
 BY lba nsc guidelines  
 NLF, DATE 6/19/09

MAJOR REORGANIZATION OPTIONS

	OPTION I	OPTION II	OPTION III	OPTION IV
	<u>CENTRALIZED NATIONAL INTELLIGENCE PROGRAM</u>	<u>CENTRALIZED RESOURCE CONTROL</u>	<u>DEPARTMENTAL EMPHASIS</u>	<u>MODIFIED CURRENT ARRANGEMENT</u>
Leader	Director of Intelligence (DI)	Director General for Intelligence (DGI)	Director, Foreign Intelligence (DFI)	Director, Central Intelligence (DCI)
Leader's Line Authority	CIAP, CCP, NRP	None	None	Indirect over CIA
Leaders Resource Authority	CCP, NRP, CIAP	CCP, NRP, CIAP	Review only	Controls CIAP; Reviews other resources
Leader's Collection Responsibilities	Control CIAP, CCP, NRP	Requirements & priorities	Requirements & priorities	Requirements & priorities
Leader's Production Responsibilities	All national intelligence	National estimates; tasks other elements	National estimates; tasks other elements	National estimates; controls CIA production
		OPTION IIA: DGI control of present CIA production	OPTION IIIA: Transfers CIA production components to departments	
Committee Structure	Eliminate most existing	Retain existing; Eliminate IRAC	Retain existing or similar committees	Retain existing committees; Add SIGINT ExCom
Legislation Required	Yes	Yes	Yes	No



ISSUE: Revision of Classification System

Should the classification system be revised?

Yes, Revision is necessary

Current system is subject to much criticism

Criteria for categories are vague

Extensive over-classification claimed

Downgrading exemptions often invoked

Compartmentation not authorized by Executive Order

Policy makers and analysts denied access

Congressional enactment of needed criminal sanctions impeded  
by claimed overclassification

No, Revision is not necessary

System is not the problem

Executive Order issued only recently, March, 1972

Issues difficult to solve

NSC study now underway



ISSUE: Statutory Classification System

Should the classification system be revised by statute, or Executive Order ?

Statute

Statutory criminal protection more likely with statutory classification system

Congress is liable to act

Legislation is difficult to amend

Could be limited to Congressional handling of classified information

Executive Order

Historical route

Executive knows categories requiring protection

President can act with comprehensive precision and amend when necessary

Greater secrecy



ISSUE: Degree of Protection

Should legislation protect sources and methods? All classified information?  
Who? Civil sanction only?

Sources and Methods?

Not inherently more damaging to disclose

DCI now required by statute to protect

DCI now has no powers to protect

All classified information?

Present protection inadequate

Only certain types protected

Successful prosecution difficult

Issue is controversial, esp. S.1 criminal sanctions

All persons?

Extension beyond government employees controversial

Raises 1st Amendment questions

Civil Sanctions Only?

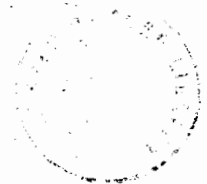
CIA draft bill includes civil and criminal sanctions

Injunction alone insufficient

Criminal sanction does not raise "prior restraint" issue

Neither sanction effective with respect to Congress

Secrecy oath now provides limited civil protection



PROPOSALS EXPECTED FROM  
SENATE SELECT COMMITTEE

New Senate "Committee on Intelligence Activities" (By statute)

General oversight function

Limit of six years for 9 Members and for staff

Legislative jurisdiction over CIA, DIA, NSA, intelligence operations  
in Defense, Justice, State and Treasury

Authorization jurisdiction over CIA, DIA, NSA, national DOD, and FBI

Committee shall be "fully and currently informed with respect to  
all intelligence activities"

Committee to formulate rules and consult with President re public  
disclosure, but ultimate determination is in Senate by vote

"Especially sensitive" activities disallowed unless reported in  
advance

Annual authorizations for appropriations

GAO access to all files

Budgetary arrangement "recommendations" (possible legislation)

Possible Recommendations on reorganization, including:

DCI's Role

Location of human intelligence collection

Role of DCI and Sec/Def on Technical collection

Production of National Estimates

Future of Covert Action and Prohibition on Activities

Congressional involvement in approval of covert actions



PROPOSALS EXPECTED FROM  
HOUSE SELECT COMMITTEE

Fiscal Procedures

Public disclosure of total spending

Bring intelligence agencies, especially CIA under fiscal controls applying to other agencies

Compel CIA to justify programs and budget before authorization and appropriation

GAO would review and audit

Congressional Oversight (similar to SSC)

Establish permanent standing "Committee on Foreign Intelligence"

Would have legislative authority

Membership limited to 3 consecutive terms to ensure fresh approach

DCI and President required to report

Jurisdiction over domestic intelligence programs deferred

Leaves open possible joint committee

Amend Hughes Amendment to require prior reporting on covert actions, all clandestine activities and new programs

Limiting Secrecy

Provide procedure for Congressional release of information on its own judgment

Final decision with Speaker, Majority and Minority leaders, acting for House

Amend House orders to require adherence, impose sanctions

Establish new independent Commission to adjudicate requests for declassification from public

Establish 5-year limit to classification unless Commission decides otherwise

ADDITIONAL ISSUES SUGGESTED BY

THE JUSTICE DEPARTMENT

What limitations should be placed on information that may be gathered, and the methods that may be employed abroad with respect to intelligence activities directed against U. S. citizens and permanent resident aliens?

Should a judicial warrant procedure be sought for foreign intelligence electronic surveillance including NSA interceptions, (a) through legislation, or (b) through attempts to develop a common law warrant?

What should be the Executive Branch position on the desirability of legislative proposals establishing detailed substantive and procedural requirements for foreign intelligence activities?

Should changes be sought in the mail statutes to clarify their application to openings conducted for foreign intelligence purposes?



ADDITIONAL ISSUE SUGGESTED BY

DEPARTMENT OF DEFENSE

Should Research and Development programs other than those which directly support clandestine collection be transferred from the CIA to Defense Director of Defense Research and Engineering?





## ABBREVIATIONS

DCI - Director, Central Intelligence  
DI - Director of Intelligence (Option I)  
DGI - Director General for Intelligence (Option II)  
DFI - Director, Foreign Intelligence (Option III)  
D/CIA - Director, Central Intelligence Agency (Options II and III)  
ASD(I) - Asst. Secretary of Defense, Intelligence  
CIAP - CIA Program  
CCP - Combined Cryptologic Program (NSA and Service Cryptologic Agencies)  
NRP - National Reconnaissance Program  
NRO - National Reconnaissance Office  
NSA - National Security Agency  
GDIP - General Defense Intelligence Program (DIA and Service agencies)  
INR - Dept. of States' Bureau of Intelligence and Research  
NSCIC - NSC Intelligence Committee - chaired by Asst. to President for National Security  
USIB - U.S. Intelligence Board - chaired by DCI  
IRAC - Intelligence Resources Advisory Committee - chaired by DCI  
PFIAB - President's Foreign Intelligence Advisory Board  
ExCom- Executive Committee (to direct NRO)  
IC - Intelligence Community (Staff)  
NIO - National Intelligence Officers  
NIE - National Intelligence Estimates  
SIGINT - Signals Source Intelligence  
HUMINT - Human Source Intelligence  
PHOTINT - Photo (Imagery) Source Intelligence



TAB B



## ISSUES

### I. PRINCIPLES AND POLICY

1. Is there a need for statutory charters?

CIA - Colby  
NSA, DIA and NRO - Rumsfeld  
FBI - Levi

2. Should covert action be specifically authorized by statute?

Colby

3. Accountability of Executive Branch to Congress

Marsh

### II. OVERSIGHT AND RESTRICTIONS

4. Should the jurisdiction of CIA and FBI be reassigned?

Levi/Colby

5. What form should FBI restrictions take?

Levi

6. Should Executive Order on Restrictions have an exception allowing foreign intelligence agencies to gather information on U.S. citizens?

Colby

7. Should the Restrictions Order have an exception allowing the FBI and other domestic agencies to share their information with the foreign Intelligence Community?

Scowcroft



8. Is oversight and control within the Community adequate? (Establish a Community Inspector General?)

Colby

9. Should the President have an independent advisor on propriety of Intelligence Community activities?

Marsh/Scowcroft

10. Should there be "citizen" oversight? (PFIAB)

The Vice President

11. How should covert action proposals be considered? (40 Committee)

Scowcroft/Kissinger

12. How should Congress exercise its oversight function?

Marsh

13. How should the intelligence budget be presented to Congress?

Lynn/Marsh

14. How should substantive intelligence be presented to Congress?

Colby/Marsh

15. How should Congress protect classified information?

Marsh/Levi

### III. ORGANIZATION AND MANAGEMENT

16. How should Community leadership be improved?

Colby/Scowcroft



17. How should intelligence resources be controlled?

Lynn/Colby/Rumsfeld

18. Should intelligence collection agencies (CIA, NSA, NRO, etc.) be consolidated?

Scowcroft/Colby/Rumsfeld

19. Should intelligence analysis and production be realigned?

Scowcroft/Kissinger/Rumsfeld/Colby/Simon

20. Should covert action (and clandestine activity) be separated from CIA?

Scowcroft/Kissinger/Rumsfeld/Colby

21. Discussion of major reorganization options in NSC/OMB report

Scowcroft/Lynn

#### IV. SECRECY

22. Should the classification system be revised?

Colby/Levi

23. If so, by statute or Executive Order?

Colby/Marsh

24. Should legislation protect only sources and methods, or all information?

Levi/Colby

25. Additional issues:

Justice - Levi  
Defense - Rumsfeld

