

Modernizing Intelligence:
Structure and Change for the 21st Century

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Executive Summary

This study differs from other recent intelligence reform efforts in that it deals primarily with structural and management issues, not policy problems. It establishes a set of concepts and principles as "doctrine" for intelligence operations and resource management and then reviews the major components of the Intelligence Community (IC) against this doctrine as a basis for proposing change. Many of the problems besetting the IC have their roots in structural and organizational dysfunctions. Structural reform is thus necessary. The study uses no classified information, but instead relies on the experience of several former senior incumbents of the IC for their broad-based knowledge of internal IC affairs and their judgment in avoiding improper disclosures. The report's sections do not pretend to be definitive or comprehensive in elaborating all the IC's problems. The proposals for reform, like the critical reviews, are based on a "top down" approach, i.e., dealing with the top structural issues, leaving additional, lower-level reform issues to be worked out after the major structural changes are made for the upper echelons of the IC. The advisory group understands that the recommendations would only begin the process of reform, and in some cases should be considered tentative. In all cases, they should be modified or revoked if they prove ineffective.

Why Intelligence Community Reform?

Numerous efforts at reform of the Intelligence Community have taken place, but few have seriously attempted to reform the IC's organization. Over the last thirty years, the IC has witnessed enormous changes in the way intelligence is gathered and processed, but during this time, with the exception of the recent establishment of the National Imagery and Mapping Agency (NIMA), the IC has not undergone significant structural reform. Dysfunctions, which are costly in terms of wasted resources and poorly-served policymakers and commanders, have developed, making such reforms necessary. Structural reform of the IC can result in the community operating more efficiently, providing more usable intelligence, on a timely basis, for a given allocation of resources. Whether or not it actually does achieve that result, of course, will depend on the competence of the IC leadership. No organizational reform can overcome the absence of effective leadership and management, but dysfunctional organizational structure can neutralize the efforts of the best leaders.

Principles and Concepts for Intelligence Organization, Operations, Management, and Training

The first problem confronting progress in discussions about IC reform is the lack of a commonly understood set of concepts and principles-i.e., "doctrine"-applicable universally within the Intelligence Community. Today, each agency within the IC has its own doctrine or none at all. Until there is an approved and accepted set of doctrinal concepts, principles, and terms for the IC as a whole, clarity about reform issues will remain elusive.

Section II spells out a preliminary doctrine for the IC composed of two parts. First, basic "intelligence functions" are defined as well as a number of other functions that are related to or partially performed by the IC, yet are not true intelligence functions. Second, "resource management" concepts and terms are explicated. Not only is the promulgation of an IC doctrine essential; an IC schooling system for middle and senior level intelligence officers is also essential to maintain and update its concepts and principles as well as to ensure its continued understanding throughout the IC.

Recommendation

¥ The DCI should create an IC senior management education system. This system should have as its core curriculum three areas: IC doctrine, resource management, and leadership and staff work.

The DCI Management Structure for the Intelligence Community

The Director of Central Intelligence (DCI) has an organizational framework that, with strengthening, can allow him to exercise more effective leadership of the IC. The DCI's management functions include 1) collection management, intelligence analysis, production and dissemination; 2) resource management and policy for the IC; and 3) fostering IC coherence and "community." A number of steps should be taken to improve the DCI's ability to carry out these functions.

Recommendations

¥ Make no statutory changes in the DCI's authority.

¥ Strengthen the role of the National Intelligence Council (NIC) as the DCI's instrument for collection management, providing national-level analysis that is not produced by any other analysis agency or section, overseeing analysis and production throughout all IC components, and ensuring that an IC-wide system of all-source data files and materials is kept available to all intelligence analysis units.

¥ Separate the Directorate of Intelligence (DI) from CIA, greatly reduce its size, and subordinate it to the DCI through the NIC. It will serve as the DCI's personal analysis arm.

¥ Restructure the Community Management Staff (CMS) to facilitate the DCI's exercise of performance evaluation, resource management, and IC policy. Retain its head at the level of lieutenant general/vice admiral or SES civilian grade

6. Create five primary staff sections: Evaluation Management; Resource Management; Science and Technology; Counterintelligence Management; and Security Policy.

¥ Retain the National Foreign Intelligence Board (NFIB) and the Intelligence Community Executive Committee (IC/EXCOM).

¥ Require the DCI to conduct a structural review of the IC every five years. The Defense Department's (DoD's) Intelligence Structure: Review and Recommendations for Reform

The present DoD intelligence structure can be changed at the top levels in a way that would provide a more effective allocation of responsibilities and missions. Military intelligence organizations provide intelligence for two main purposes: support to military operations (SMO), and support for materiel and force development. These two main types of intelligence support should be organizationally separated. Intelligence is provided by organic intelligence units and by the national collection organizations such as the National Security Agency (NSA) and NIMA. The products of the national collection organizations should be accessible to intelligence officers at every level of command. DoD Counterintelligence (CI) is fragmented and the different organizations share no common doctrine of organization and operations. CI arrangements in the Office of the Secretary of Defense (OSD) have varied over time but have not resulted in effective CI management. Defense intelligence resources are managed in a fragmented, if not chaotic manner.

Recommendations

¥ Implement all recommendations for the DCI's management structures and those (below) for Signals Intelligence (SIGINT), Human Intelligence (HUMINT), Imagery Intelligence (IMINT), and Counterintelligence (CI).

¥ Keep the Defense HUMINT Service (DHS) as a single DoD organization under the operational control (OPCON) of the CIA/DO.

¥ Create an overt HUMINT organization in DoD as a joint activity that coordinates its activities with the national HUMINT manager.

¥ Put all DIA electronics intelligence (ELINT) collection under NSA. Put its IMINT collection under NIMA.

¥ Create a DoD CI management center with OPCON, and policy and program management authority over military service CI capabilities.

¥ Abolish the National Reconnaissance office (NRO) and transfer its program offices to NSA and NIMA.

¥ Using DIA spaces, create a formal J-2 intelligence organization on the Joint Staff for SMO.

¥ Make the Director of DIA the coordinating manager of all intelligence support to materiel and force development-both joint and by the services.

¥ Create a red-blue Net Assessment Center within DIA responsible directly to the Secretary of Defense.

SIGINT

The SIGINT collection discipline is best structured to exploit changing technology and provide support to national level users and to tactical military forces. Service cryptologic elements (SCEs) are centralized under NSA. Tactical SIGINT units are under NSA OPCON; their program budgets are under NSA management. NSA also has its own personnel hiring and training, R&D and procurement programs, and global communications. NSA thus comes close to providing a national manager system for SIGINT. This arrangement has allowed a highly effective system to emerge in which most of the field operations are handled by the SCEs while the more complex tasks of organizing and controlling the system are left to NSA.

The National Reconnaissance Office has the responsibility for procuring and fielding space-based SIGINT collection systems. NRO is largely an R&D and procurement organization. It is analogous to the R&D and procurement commands

within the military services. But the NRO has an independent budget which it defends in Congress and executes independently; no other purely procurement agency in either the IC or the military services has this autonomy. All others must let their budgets be integrated within a single military service's budget or within an intelligence agency's budget. NSA, with operational experience with space SIGINT systems, and NRO have frequently disagreed on procurement goals. This structural problem probably accounts for more wastage of financial resources than any other.

Recommendations

- ¥ Make the Director of NSA the national manager for SIGINT and for operational control and management of the entire system.
- ¥ Place NRO's SIGINT space systems development and procurement program offices under NSA.
- ¥ Assign all of NRO's space imaging systems development and procurement to another program office, for IMINT. This office will be placed under NIMA's control.
- ¥ Include the budgets for the SIGINT development and procurement program office within NSA's Consolidated Cryptologic Program (CCP).
- ¥ Direct the military services and NSA to make greater efforts to coordinate the CCP with the Defense Cryptologic Program in the Joint Military Intelligence Program, and with tactical SIGINT programs in TIARA.
- ¥ Direct the DCI to use his CMS Science and Technology Office for an examination of several sensitive core capabilities in NSA.

IMINT

Imagery Intelligence has been organizationally fragmented, particularly until the creation of the National Imagery and Mapping Agency in October 1996. Two early centers of IMINT were Air Force Intelligence and the CIA; the NRO fielded and largely controlled the overhead capabilities. Advances in technology in the 1970s and 1980s made it possible to produce and transmit IMINT in near-real time to military units, but institutional developments allowing exploitation of these capabilities did not take place: there was no organizational locus to operationalize or manage them. Predictably, U.S. IMINT has been judged inadequate. The creation of NIMA is a positive step. It remains to be seen how this organization will function. Certainly its Director needs the authority over R&D and procurement of IMINT collection systems currently held by NRO, as well as OPCON over most IMINT capabilities in the services, analogous to NSA's OPCON over service cryptologic elements.

Recommendations

- ¥ Designate the Director of NIMA the national manager for IMINT.
- ¥ Place the NRO's IMINT space systems development and procurement program offices under NIMA.
- ¥ Assign the primary coordinating and oversight role to NIMA for all military service IMINT programs.
- ¥ Direct NIMA to develop a system for exploiting all IMINT collection capabilities to support military operations (or any other operations) in a time-sensitive manner. This will, of course, require working out coordinated targeting and tasking arrangements with IMINT capabilities organic to tactical military units.

HUMINT

The heart of the HUMINT discipline is the clandestine service. As the Directorate of Operations (DO), it was the core of the CIA when it was founded in 1947. The Director of DO has final approval authority over any military clandestine operation. The DO could take the view that military clandestine capabilities are part of the national HUMINT system and become deeply involved

in their targeting and exploitation, but has not. DO and DoD also have paramilitary organizations for CA; DoD's appear to be superior. CIA relations with the State Department are policy, rather than structural, issues, but the increasing presence of the FBI abroad raises important structural issues with regard both to the CIA and to the State Department.

HUMINT faces "culture" problems: while deception and misrepresentation are central to gathering HUMINT, these skills are not helpful to organizational management; and, careers are less rewarding to many due to lack of public recognition. Tensions also exist between Counterintelligence and HUMINT. There is also the problem of what to do if a clandestine service suffers a serious penetration by a hostile intelligence service. The public image of having been penetrated will dissuade potential recruits from talking to case officers, lest they be identified by another undiscovered mole. Many "culture" issues are leadership and management problems, which cannot be solved by structural reforms.

Recommendations

¥ Restructure CIA, giving it two major components, the national clandestine service (NCS), and a component for handling overt HUMINT. The Director of this restructured organization would be the National Manager for HUMINT, directly responsible to the DCI.

¥ Retain a residual Science and Technology capability for support to HUMINT.

¥ Formally establish an OPCON relationship between CIA/DO (NCS) and military clandestine HUMINT elements analogous to NSA's relationship with the military SCEs.

¥ Allow the CIA/DO to retain its status as the covert action agency, but make it dependent on the Defense Department's capabilities for the conduct of any paramilitary covert actions.

¥ Take a broad approach to designing and implementing CIA/DO management of overt HUMINT.

¥ Address CIA/DO "culture" and related problems with a wide range of management, leadership, and organizational reforms, including consideration of disbanding the DO and creating an entirely new clandestine service.

Counterintelligence

The two Counterintelligence problems amenable to structural reforms are the mixing of CI with law enforcement and the mixing of CI with offensive clandestine HUMINT. In DoD, the Navy and the Air Force can create independent CI units on the model of the Army's "pure" CI structure. Bureaucratic resistance to the transfer of CI from the Federal Bureau of Investigation (FBI) would be monumental, but, assuming that it could be overcome, a preferable arrangement would be a CI national manager, with an independent organization—a national counterintelligence service (NCIS)—and some degree of OPCON over all other CI, including military and CIA. The national manager would disseminate CI for all civilian and military organizations to support their security operations. Having a national CI manager would help ensure the IC's awareness of hostile efforts to counter it. Effective OPCON and CI support procedures will be necessary if the advantages of a national CI organization are to be realized.

In establishing a national CI service, consideration for protection of the rights of U.S. citizens will be critical. Particular care will be required to identify and apply the legal rules appropriate to CI activities depending on foreign or domestic location and the legal rights of subjects under investigation. Structural changes in CI should not be a means of avoiding legal norms and requirements as they currently exist.

Recommendations

¥ Create a National Counterintelligence Service (NCIS). The FBI's CI department can form its core, augmented with small elements from CIA's CI organization.

¥ Designate the Director of the NCIS the national manager for CI, responsible to the DCI in the same way as the national manager for HUMINT.

¥ Give NCIS coordinating authority over all CI operations within IC components.

¥ Give the national manager for CI responsibility for providing CI support to all departments and agencies at the national level; experimentation with the national manager assuring CI support to tactical military units should take place.

¥ Make the national manager for CI responsible to the DCI for maintaining a comprehensive CI picture of all relevant CI target intelligence services.

¥ Direct the national manager for CI to create a CI school and ensure that it has available the record of all CI cases as its primary instructional material.

¥ Retain a significant organic CI capability and effort in the CIA/DO and the military services, giving the national manager for CI access to these activities for coordination purposes.

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