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ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

July 29, 1969

ADMINISTRATION

MEMORANDUM FOR The Secretary of Defense
The Deputy Secretary of Defense

SUBJECT: Defense Intelligence Report -- Final

On July 11, I submitted my tentative report on Defense intelligence to you. At the same time I distributed copies to interested parties in the intelligence community. Those individuals receiving copies were informed that they had until July 21 to comment on the tentative report. Most of the recipients have communicated with me.

As could be expected, the reactions to my tentative report varied greatly. (One individual commented: "It is inconceivable that such a shallow effort with major limitations of authority and responsibility would be proposed. . . ." Modesty forbids me to quote equally forthright commendatory comments.)

Attached to this memo are all of the written communications I have received. (I am not sending these to others receiving a copy of my report because I think it would be inappropriate.)

I have revised my report and am submitting it with this memo. The basic recommendations remain unchanged. However, I have attempted to clarify where my tentative report obviously proved to be unclear. Substantive changes have also been made where the proponents convinced me of the need.

Other approaches could be suggested and could very well prove workable. I prefer mine because:

- 1) There is great concern throughout government with Defense intelligence. The primary cause of this uneasiness is the feeling that we are paying too much for what we are getting and that better management would result in a better operation. I recognize this reaction and generally concur with it.

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Nevertheless, I do not think this is the time for a radical change. I think the first step should be of a more evolutionary nature; one that all agree is heading in the right direction and will provide the management and climate which will allow people to do a better job.

2) Within the intelligence community we have any number of diverse individuals and interests. It is crucial that there be coordination and cooperation among them.

Based on the comments that I have received on my tentative report, I think my final recommendations will be received with a general spirit of coordination and cooperation.

To go further down the road towards a highly centralized Defense Intelligence Director would inevitably lead to much internal and external strife. To stay closer to status quo would not correct the problems.

3) Defense intelligence must be organized to operate under both peace and war time conditions. My approach will accommodate either situation. I seriously question whether other suggested approaches would.

The report will be sent to all who received the earlier report.

It is impossible for me to adequately and accurately sum up each individual's reaction to my report. Nevertheless, I think I must attempt in this memo to give you and those receiving a copy of this report a "flavor" of the reactions of the community. At the same time I will indicate how I treated the comments in my final report.

The vast majority of those that commented indicated that they could live with my recommendations. As a matter of fact, the majority indicated they favored the recommendations. (Some have stated that this merely indicates that the recommendations don't gore enough oxen. If this is the motivation for the majority view, I predict some surprised people in the intelligence community. My recommendations are based on the assumption that our intelligence is presently not performing adequately and that substantial changes will be made in the months ahead!)

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No one commented that Defense intelligence as now constituted is perfect and the status quo should be maintained. Perhaps this is one of the more significant reactions to the report.

The closest anyone came to recommending status quo was one recommendation that the only immediate action should be a major study. This was based on the fact that there is no assurance that the basic problems have been identified. If true, there is no assurance that my recommendations will solve the unidentified problems.

It is always difficult not to be in favor of a study. Nevertheless, I don't think we can sit back and wait for the results of a major study. Our friends outside the Defense intelligence community, including Congress, would very likely take a very unfriendly steely-eyed look at Defense maintaining status quo under the guise of still another study.

I also think that the Department of Defense will not settle for status quo in our present intelligence set-up. We all recognize our house is not in order and some immediate steps must be taken. There is no unanimity that my recommendations go too far or not far enough. However, there seems to be a consensus that my recommendations are going down the right road.

I continue to recommend assigning the focal point responsibilities to an existing Assistant Secretary of Defense. I do refer to him as the Special Assistant for Intelligence. Technically, however, he should be an ASD with the added intelligence responsibilities.

There is no unanimity as to the scope of the Special Assistant. The recommendations range from wanting him to be strictly advisory to wanting him to be a Presidential Appointee with complete line responsibility for all Defense intelligence.

Very few rallied round either of those extreme positions. Most agreed that the Special Assistant should have direct line authority for resource management, but only staff responsibility for the rest.

I agree with the majority view. I think resource management needs the most immediate management attention. The Special Assistant must have line authority for resources.

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Many wanted the Directors of the Defense intelligence agencies to have a direct line to the Secretary and Deputy Secretary for substantive intelligence. I think they make a good point and have revised the report to give the Special Assistant two hats. A line hat for resource management and a staff hat for the rest.

This should not imply that the Special Assistant will not become involved with day-to-day activities. It does mean, however, that he will not become involved very often. (A good rule of thumb is that he will become involved to the same extent as the Secretary and Deputy Secretary have in the past.) When he does become involved, he will be acting for the Secretary/Deputy Secretary. As long as the Special Assistant has good rapport and the confidence of the Secretary and Deputy Secretary, I frankly think it makes relatively little difference whether he is designated line or staff.

Many commented that the Special Assistant should be a full-time job. Almost all based this on the fact that the importance of intelligence and the magnitude of the effort demands a full-time effort.

I hear what they are saying. Nevertheless, I believe that if the Special Assistant can remain out of the day-to-day activities, resource management and policy matters will not require his undivided attention.

Obviously I could be wrong. If I am, the Special Assistant and you two should be the first to know. At that time an appropriate change can be made.

There seemed to be a consensus that there is an excellent chance that the recommended staff will be too small. At the same time, however, there also was agreement that a medium size staff would be a logical place to start.

My comments in the tentative report concerning the DoD Intelligence Board were obviously not clear. I was not necessarily recommending the creation of a formal board. Rather, I was trying to recommend a management technique of having the leaders in the Defense intelligence community frequently meet to discuss mutual problems. This has been lacking in the past and appears to be one of the major reasons for a lack of coordination. Many recommended that the Chiefs of the Service intelligence agencies should

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sit on the Defense Intelligence Board. Because of the importance of military intelligence, I think this makes sense and the Special Assistant should consider it.

A number of people assume the formal creation of a DoD Intelligence Board. Whether or not this should be done I leave to the Special Assistant's managerial judgment.

Some had rather strong views that we should not do away with the various intelligence programs (CCP, CIP, and others). At the same time there were questions whether the recommended Consolidated Defense Intelligence Program (CDIP) would, in effect, be an unintelligible and unmanageable paper mill.

I recognize and agree with this concern. I do not know whether we can or should come up with a specific CDIP. I do know that we must have each intelligence agency develop its program with full knowledge of the others and in a far less complicated manner.

It could very well be that the CDIP would be nothing more than the present intelligence programs with three major changes:

- 1) More intelligible and less complicated;
- 2) Prepared with full knowledge of what the other intelligence agencies are including in their programs;
- 3) Provide the opportunity for resource trade-offs.

The creation of an Executive Council caused varying reactions. No one out and out opposed it. Many had concerns. One concern was how this Council would replace a similar committee on which the DCI, the President's Scientific Advisor and the Deputy Secretary of Defense serve. Specifically, when that committee was formed it involved a charter and a written agreement among various agencies in the intelligence community. What happens to the charter and the agreement now?

The makeup of the Executive Council also caused concern. Many opposed the Chairman of the Joint Chiefs of Staff serving on the Council. (Everyone

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prefaced his comment with a statement that he has complete confidence in the present Chairman.) The concern was that the cumbersome JCS procedures would unduly impede the progress of the Council work. I think it is important that the Chairman serve on this Council because of his status in the community. I also think we can minimize the chances of delay actually occurring.

A number commented that if the DDR&E served on the Council, others should also. (For instance, ASD (SA), ASD (C), ASD (I&L), BoB, and the Directors of DIA and NSA). I think it is advisable that he serve. I don't recommend further additions because the Council would then tend to be unwieldy.

I continue to recommend the creation of the Executive Council. What a similar committee has done for one of the Defense intelligence agencies could be done for all. However, I do change my recommendation along these lines:

- 1) The similar organization need not be abolished. It could become a subcommittee of the Executive Council. In that way we would not have to be concerned about revising charters and agreements.
- 2) My recommendation is that the Deputy Secretary of Defense, the DCI, the President's Scientific Advisor, the Chairman of the JCS and the DDR&E should be members of the Council.

Some expressed fear that any centralizing of a portion of intelligence management might lead to "managed intelligence".

I presume this is always a danger. Certainly it is important to make sure that our decision makers are exposed to the divergencies of views in the intelligence community.

I believe my recommended approach avoids the pitfalls of managed intelligence.



Robert F. Froehlke

Attachment

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July 29, 1969

Report on Defense Intelligence

Introduction

In the months ahead it is likely that intelligence products which are as timely and as accurate as our resources can conceivably make them will be even more critical than they are today. There are serious and severe problems within the Defense intelligence community. Many of these problems stem from the methods we presently employ to allocate intelligence resources against requirements. Others relate to inadequacies in the collection and utilization of intelligence or to difficulties in the estimating processes.

As a result of my investigation, I have concluded that:

- -- In the area of resource allocation, a new line function must be established.
- -- In the other areas an improved staff element is necessary in OSD rather than a line function.

This report therefore proposes that a Special Assistant be established to perform the line resource allocation function and to improve OSD staff participation in the other areas.

Background

In 1953, the Secretary of Defense established the position of Assistant to the Secretary of Defense (Special Operations). This Assistant recommended policies and provided guidance on planning and program development to DoD intelligence agencies and components, reviewed plans and programs, developed DoD positions on intelligence problems, and made recommendations to the Secretary on the actions necessary to provide for more efficient and economical operations. In practice the position, was almost exclusively concerned with supervision of NSA. It was seriously handicapped by the lack of a charter to function as the focal point for DoD intelligence resource management.

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In 1960, a Presidential Task Force, chaired by Lyman Kirkpatrick, was directed to study the organizational and management aspects of the intelligence community. The Task Force recommended the establishment of a focal point within OSD to exercise broad management review authority over military intelligence programs, and to provide overall coordination of all foreign intelligence activities conducted by various defense components. The report emphasized the operation and use of intelligence rather than resource management. However, it was one input considered when DIA was established in 1961. The DoD press release of 2 August 1961, announcing the establishment of DIA, stated that a "more efficient allocation of critical intelligence resources, more effective management of all DoD intelligence activities, and the elimination of duplicating facilities and organizations" was expected. The position of Assistant for Special Operations was disestablished concurrently with the establishment of DIA. His responsibilities vis-a-vis NSA were assigned to DDR&E.

Today, under the umbrella of the Consolidated Intelligence Program (CIP), the DIA "manages" only about 25% of the DoD resources devoted to satisfying both military and "national" intelligence requirements. The bulk of the resources are found in a number of other programs such as the Consolidated Cryptologic Program (CCP), or are treated outside any formal program.

The Secretary of Defense is faced with the problem that there is no review which compares the resources in one program targeted against a requirement with the resources committed against the same requirement in another program. Similarly, there is no arrangement for evaluating information requirements in terms of intelligence objectives. In addition, this situation has been complicated by excessive classification and security compartmentation, which tend to isolate programs and thwart comparisons.

Objectives

The ultimate objective of a good intelligence program is to provide a better intelligence product to the consumers; a product which is as timely and as accurate as our resources can conceivably make it. The attainment of this overall objective requires improvements in (1) collection and utilization of intelligence; (2) the estimating processes; and (3) allocation of resources. The functions of a Special Assistant

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are different with respect to the operational and estimating processes of the intelligence community than they are with resource management.

→ Any organization or personnel changes resulting from this report should be made to achieve the following objectives listed in priority. (You will notice that these objectives are primarily aimed at resource management and intelligence policies, and not management of intelligence operations of a day-to-day nature. This does not imply that the management of the intelligence operations is flawless. On the contrary, there is substantial dissatisfaction with certain operations of defense intelligence. However, improved management and operations can better result through improved personnel and policies rather than a radically new organization.) The objectives are:

Objective 1. To establish a resource review and decision-making process for major intelligence activities. By resource review I mean determining the appropriate level and mix of significant resources for the satisfaction of intelligence requirements. There are inseparable reinforcing objectives which are essential elements of this overall Objective. These inherent objectives are: (1) To establish a mechanism for making comparisons and appropriate trade-offs between major intelligence activities and programs so that DoD decision-makers can select the most efficient and effective systems for collecting, processing, producing, and disseminating intelligence. (What form this mechanism takes is relatively unimportant. It should be simple and understandable. I'll refer to it, whatever form it takes, as the Consolidated Defense Intelligence Program (CDIP)); (2) to improve Defense intelligence resources allocation planning for the mid-range period by establishing a Five-Year Intelligence Resource Plan updated annually; and (3) to focus attention on decisive points in this program by developing major issue studies on unresolved problems of intelligence resource allocation and management.

Existing DoD intelligence resource programs (CIP, CCP, and others) are institutionalized and are not evaluated in relation to mutual target objectives or in terms of mission-oriented information needs.

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The DoD intelligence community at the present time does not know the minimum level of information that will satisfy a stated requirement. While there is no upper boundary on intelligence requirements, there is a limit on resources. Therefore, resource limitations make it important to ascertain requirements as precisely as possible. We need to insure that all valid requirements are met to some minimum level, without going to higher levels on some requirements while ignoring other valid requirements. In other words, the risks involved in acceptance of reduced or alternate levels of efforts must be known.

The focus of intelligence planning and programming activities tends to be in the near term period (one or two years ahead). Long lead times for modern technical collection systems, automated processing systems and automated analytic and production aids create the need to develop a long term intelligence resource plan. Without such planning, intelligence decisions rely on short term considerations. Further, there is a tendency to develop options made available by rapidly expanding technology simply because they are available.

In the present programming process, recommendations reaching the Secretary and Deputy Secretary show fluctuations in manpower and money from previously approved levels but more significant issues do not tend to surface within DoD. Frequently, past decisions on elements or systems having high dollar value or significant ramifications in a functional area have been reached through the mechanism of ad hoc groups convened by the Secretary/Deputy Secretary of Defense to study each problem when it arises -- generally in a time frame which does not permit in-depth analysis.

Objective 2. To improve information flow and policy transmission on intelligence matters between the DoD and other government agencies concerned with intelligence resources by functioning as DoD focal point for interagency relations.

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Currently, below the Secretary/Deputy Secretary of Defense level, no single agency or individual has the authority to participate across the board in an effective dialogue at the highest levels with non-DoD agencies. Representation today is fragmented among a number of DoD intelligence officials none of whom possesses the necessary responsibility for all DoD programs. Since the Special Assistant will not be the sole DoD representative in the intelligence community, it is indispensable that senior DoD intelligence officials do not operate independently of each other.

Objective 3. To obtain a more efficient distribution of the functional responsibilities of the DoD intelligence agencies and organizations through an evaluation of their organizational relationships, roles, and missions.

The U. S. Congress, in the HACIT Report of 1968, and other government agencies have been concerned that the military Services are performing functions specifically delegated to the DIA and vice versa. Additionally, the relationship of the National Security Agency (NSA) to counterpart agencies in the military Services as well as to the Unified and Specified Commands, has been questioned. The institutional structure of the Defense intelligence community is the result of a piecemeal process which seldom addressed the interrelationships of the elements in the community as a whole.

Objective 4. To improve intelligence flow by insuring that a realistic reappraisal of security policies and procedures is undertaken with a view toward modifying standards which lead to unnecessary classification and over-compartmentation of intelligence information. (Obviously any activity along this line would have to be coordinated among all elements of the intelligence community and with the DCI specifically.)

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Dialogue between the participants in DoD intelligence programs is restricted. As a result, at times officials charged with reviewing existing programs are denied information essential to the formulation of recommendations.

Organization

I recommend that you name one individual to act as the Special Assistant to the Secretary/Deputy Secretary of Defense for defense intelligence. He would be responsible for intelligence resource management. In addition, he would act as staff advisor to the Secretary/Deputy Secretary of Defense for all other DoD intelligence activities. The solution to our current problems in intelligence management will not be found in the panacea of mass reorganization. There are no clear cut solutions to the problems we face. The Special Assistant will be feeling his way along a path that will require the closest cooperation of all members of the intelligence community to insure meaningful progress.

The Special Assistant will make the trade-offs among intelligence programs competing for resources. Directors of DoD intelligence agencies would of course have the right of reclama to the Secretary or Deputy Secretary of Defense. In other matters, the Directors of DoD intelligence agencies would report to the Secretary but the Special Assistant would act as the Secretary's principal staff element.

On occasion the Special Assistant would undoubtedly direct certain broad management activities other than resources. When so doing, he would be acting for the Secretary/Deputy Secretary. (It would serve little purpose to attempt to delineate to what extent and when the Special Assistant would become involved in day-to-day operations. Suffice that he will become involved at the pleasure of the Secretary/Deputy Secretary and probably about as often as they have in the past.) For substantive intelligence matters this approach will allow essential and healthy differences in intelligence judgments within the community to continue to exist and to be presented to the Secretary/Deputy Secretary.

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I recommend that the Special Assistant, as a management technique, create a forum where the leaders in the Defense intelligence community can discuss and communicate items of general interest. In time it could become a decision making body. The exact make up of the forum and its modus operandi should be left to the Special Assistant. (This forum was labeled the DoD Intelligence Board in my tentative report.)

I further recommend the establishment of an Executive Council for Defense Intelligence. It can either supersede or serve in addition to a similar committee. If it supersedes, the similar committee should continue as a subcommittee of the Executive Council. In that way, all the understandings and agreements that were involved in setting up the existing committee could be continued.

The Council should consist of the Deputy Secretary of Defense as Chairman, the Director of Central Intelligence, the President's Scientific Advisor, the Chairman of the JCS and the Director, Defense Research and Engineering. The Special Assistant would sit ex officio.

The Council would be an advisory body (however with the Deputy Secretary as its Chairman, its advice would certainly be heeded). The primary purpose of setting the Council up would be to have the benefit of this advice. An important fringe benefit would be the communication channel it would provide to and from the intelligence community. Ideally, as time goes on, the Council should do the following things:

- 1) Guide and participate in the formulation of resource programs.
- 2) Recommend to the Secretary of Defense an appropriate level of effort for resource programs.
- 3) Recommend allocations of responsibility and corresponding funds for R&D for appropriate systems.
- 4) Recommend approval or modifications to the resource programs.
- 5) Periodically review essential features of the major programs.

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~~FOR OFFICIAL USE ONLY~~Staffing Alternatives

There are a series of staffing alternatives which provide varying levels of capability to achieve the objectives outlined.

Three alternatives to provide staff support to the Special Assistant have been considered:

Alternative 1. Provide a nucleus of intelligence expertise for the Special Assistant, leaving currently assigned responsibilities of OSD elements essentially as they are now. It is estimated that it would require five professionals and two clerical spaces for this staff.

Alternative 2. Transfer professional positions and the necessary clerical support currently dealing with intelligence resource management to the office of the Special Assistant. The objective would be to consolidate a number of existing intelligence management activities in one office. The transfer of positions might be accomplished as follows (This does not necessarily mean incumbents would transfer with the position.):

ASD(A)	3
DIA	5
DDR&E's Office of Special Intelligence	4
ASD(SA)	<u>2</u>
	14

Alternative 3. Enlarge the proposed intelligence staff to a level at which it would be capable of performing, on a totally centralized basis, the full range of intelligence resource management functions: development and ranking of requirements, mid-range planning, program and budget development, and review of intelligence issues. While a detailed analysis of personnel requirements has not been made, it is estimated that it would take about 150-200 professionals to accomplish these functions.

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In determining which staffing Alternative to recommend, I considered each in light of the objectives listed earlier:

Objective 1. (Establish a resource review and decision making process for intelligence resources management.)

The Special Assistant and his staff would have to: (1) Establish and conduct an objective-oriented Consolidated Defense Intelligence Program (CDIP) which would encompass all DoD managed intelligence resources. (Tactical intelligence resources -- once defined -- would not be managed by the Special Assistant. However, he must be cognizant of them to the extent that he can properly evaluate their impact on the employment of resources allocated to the satisfaction of the highest level military and national intelligence requirements); (2) Establish a Five-Year Intelligence Resource Plan to improve intelligence resource allocation planning for the mid-range period; and (3) Formulate major issues of intelligence resources allocation and management.

Initially, it will take a considerable number of man years to achieve this objective. I do not think the staff should be set up for the initial surge of personnel needs. This initial surge could be met on an ad hoc basis from within DoD.

This is the highest priority Objective. Presently it is not being met. Decision makers need a framework for selecting alternative options and corresponding levels of effort. Establishing a CDIP to provide this framework, and conducting an annual review has primary claim on manpower assigned to the Special Assistant. An early goal should be the reduction of detail that currently characterizes the present intelligence reviews (CIP and CCP). There is unanimous agreement that excessive detail makes these reviews unwieldy and makes it necessary to devote manpower to these efforts to an unwarranted level. (The Directors of the DoD intelligence agencies will be directly responsible for the development of their respective programs.)

The Five-Year Intelligence Resource Plan will strive: (1) to permit resource allocation decisions to be made as early as possible, especially for long lead-time items; (2) to explore the adequacy of

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resources to meet future needs; (3) to present the costs and benefits of satisfying various levels of intelligence needs, and (4) to understand better the resource implications of satisfying various future requirements.

A major factor in the development of the Plan is the pressing need to establish a continuing system for review of intelligence collection requirements against collection resources, taking into account costs and risks. No means exist at present for accomplishing this, since there is no measure of value for levels of information. No one knows how much information is essential and we have only sketchy estimates of what it costs to obtain the information. (There are a number of efforts underway which, hopefully, will structure a solution to this problem.)

The formulation of major issues is closely tied to the preceding objectives, and much of it can be accomplished in the process of gaining those objectives. Formulating major issues has never been attempted successfully in the Defense intelligence community. It is, however, necessary in order to determine the proper courses to follow.

In theory Objective 1 could be accomplished by any of the three staffing Alternatives. However, if Alternative 1 (the minimum staff) were selected, the Special Assistant would operate principally as a monitor, with the major effort fragmented among DoD agencies. As a practical matter, therefore, it is questionable whether Alternative 1 could do the job.

Objective 2. (Improve intelligence communications among DoD and other agencies.)

It is envisioned that the Special Assistant would act as the DoD intelligence management contact with DCI, BOB, PFIAB, and other non-DoD members of the intelligence community. One of the less obvious responsibilities would be to keep communication channels open at all times unimpeded by a lack of rapport and understanding.

Any one of the three staffing Alternatives could satisfy this Objective.

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Objective 3. (Evaluate the intelligence organizational relationship, roles and missions.)

It appears that this could best be accomplished by an Ad Hoc study group. (The Defense Blue Ribbon Panel appears to be a likely candidate.) As a result, this could be accomplished under any of the Alternatives.

Objective 4. (Reappraise security policies and eliminate unnecessary classification and over-compartmentation in the intelligence field.)

This Objective would necessitate a review, under the aegis of the DCI, of current security policies and procedures. It is a continuing effort because of the ever present tendency to over-classify and over-do compartmentation.

There is a distinct feeling in the community that over-classification and over-compartmentation exist. It is a natural tendency and I observed evidence of it. If it is present in any significant degree, it certainly is bad because over-classification impedes the flow of information and over-compartmentation excludes agencies and individuals who may have a legitimate need for the information.

Both Alternatives 2 and 3 (the middle and maximum staffing Alternatives) could accomplish this Objective. Alternative 1 (the minimum staffing Alternative) could not accomplish it unless the function was farmed out to other OSD elements.

The primary advantage of Alternative 1 (minimum staff) is that it requires a minimum number of people under the Special Assistant. Cosmetically, this is advantageous.

The primary disadvantage of Alternative 1 is that it would be impossible for the Special Assistant to achieve the stated Objectives

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without relying almost entirely on a number of other elements in DoD. This raises the distinct possibility of the Special Assistant having the image of responsibility but not the ability to carry it out.

Alternative 2 (the middle staff) has the advantage of providing sufficient staff to meet all of the objectives and establishing the Special Assistant as the intelligence manager for the Secretary and Deputy Secretary of Defense. All the staffing would be under the supervision of the Special Assistant. It also clearly reduces fragmentation of DoD responsibilities for intelligence.

The disadvantage, if it really is one, is that this level of staffing will not allow the Special Assistant to become involved in the day-to-day operations of the intelligence agencies. Another disadvantage, if it is one, is that the Special Assistant will spend a good deal of his time dealing with DoD agencies and the rest of the intelligence community because staff will not be available.

At this stage, it is impossible to say whether or not the Special Assistant's duties will require his full-time attention: in other words, will the workload prevent assigning the job to an ASD as additional duty? From all my observations and conversations, I feel that it will not be a full-time job, although getting the new system started will certainly require a lot of attention. Once the new organization is started and running, you may perceive that it is indeed a full-time job. At that time the billet can be so designated. The same reasoning applies to the size of the staff: as more is learned about the workload, you will be better able to determine the size of the Special Assistant's staff. As of now, about 15 professionals appear to be adequate to get the system started.

Alternative 3 (maximum staff) has the advantage of being able to accomplish all objectives -- and then some. It not only allows the Special Assistant to be primarily responsible for intelligence resource management but could permit him to become deeply in the day-to-day intelligence operations. The primary disadvantages of Alternatives 3 are the cosmetic one of added manpower and the disruption caused by major reorganization. Both Congress and the intelligence community would react adversely to this.

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Alternative 3, because of the considerable additional OSD manpower and disruption, does not make sense at this time.

Alternative 1 would be an improvement over the present but the lack of sufficient staff supporting the Special Assistant would probably leave responsibility diffused.

I recommend Alternative 2. It is a happy compromise. It would accomplish the four stated objectives with a minimum of reorganization and personnel.

Location of the Special Assistant

The number of options available for the location of a Special Assistant for Intelligence narrows down to five:

Option 1. "Normalize" present intelligence resource management and allocation with a Five-Year Intelligence Resource Plan, Development Concept Papers (DCP's) from the Director, Defense Research and Engineering, and Major Program Memoranda (MPM's) from the Assistant Secretary of Defense (Systems Analysis), with a minimum role being played by the Special Assistant.

Option 2. Assign to an existing Assistant Secretary of Defense the responsibilities described in this report for the Special Assistant for Intelligence.

Option 3. Establish the Special Assistant under the Joint Chiefs of Staff.

Option 4. Establish a Special Assistant to the Secretary of Defense as a separate office directly subordinate to the Secretary.

Option 5. Establish an Assistant Secretary of Defense (Intelligence).

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~~FOR OFFICIAL USE ONLY~~Analysis of the Options

Option 1 does not truly integrate the DoD intelligence effort, and it puts sizing and development of intelligence forces under officials who have an interest in intelligence products for use in developing weapons or in setting force levels. It has the effect of placing the intelligence resource management responsibilities in the hands of officials who are customers for various parts of the intelligence product. (This Option actually lends itself only to staffing Alternative 1.)

Option 2 furnishes the man charged with the job with the prestige and authority, both inside DoD and with other government agencies, possessed by an Assistant Secretary of Defense. Further, the intelligence management function envisioned should not require the full-time attention of an ASD. However, when required, the authority of his office as an ASD is available.

Option 3. The JCS are oriented primarily toward strategic planning and direction and to those activities of the military Services which supply these functions. The assignment of intelligence resource management to the JCS would short-circuit those responsibilities for resource allocation and management charged to the Secretary of Defense and the Secretaries of the military departments. The JCS are also customers for major portions of the intelligence product. Their responsibility in intelligence management is more properly one of providing views based on the intelligence needs of the JCS and the combat forces.

Option 4 would probably accomplish the objectives but is handicapped by the lack of position and authority normally associated with an ASD. The Special Assistant in this Option is solely dependent on his relationship to the Secretary to accomplish the objectives. As a result, there is an aura of the "ad hoc" about a separate Special Assistant.

Option 5 would require redesignation of an existing ASD or Congressional action to add an ASD because of the statutory limit of seven Assistant Secretaries. The magnitude of the intelligence function suggested in staff Alternatives 1 and 2, in terms of manning

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levels and percentage of the total DoD budget managed, is relatively small and therefore militates against Option 5.

Recommendations

I eliminate location Option 1 (normalize present practice) and 3 (JCS) because it appears to me that either could result in the Special Assistant being unable to achieve the stated objectives.

I recommend Option 2 (assign to an existing ASD).

If there is some reason that Option 2 is not selected, I would recommend Option 4 (Special Assistant) and finally Option 5 (New ASD).

Respectfully submitted,



Robert F. Froehlke

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