

## PART THREE

### CHANGE AND ROUTINIZATION, 1961-1970

#### INTRODUCTION

In the 1960's as in the previous decade the CIA's covert operational capability dominated Agency activities. Policymakers' reliance on covert action fostered the CIA's utilization of its existing operational capabilities as well as an increase in paramilitary activities in support of counterinsurgency and military programs. In intelligence production the Agency expanded its areas of specialization, but senior government officials still did not consistently draw on the DDI's intelligence analysis or on the DCI for policy support.

The most significant development for the Agency during this period was the impact of technological capabilities on intelligence production. These advances resulted in internal changes and necessitated increased attention to coordinating the activities of the intelligence community. The large budgetary resources involved and the value of technical collection systems precipitated major bureaucratic battles and pointed up the increasing, rather than diminishing, problems surrounding interagency participation in the intelligence process. Despite the Agency's internal adjustments and a sustained effort in the early 1960's to effect better management in the community, the CIA's fundamental structure, personnel, and incentives remained rooted in the early 1950's.

Beginning in the fall of 1961 the CIA vacated its scattered array of buildings in downtown Washington and moved to its present structure in Langley, Virginia. Allen Dulles had lobbied long and hard to acquire a single building for the Agency. Reasons of efficiency and the need for improved security dictated the move. Several locations were considered, including a building in the city. However, no single downtown structure could accommodate all the Agency employees stationed in Washington and also provide the requisite security for the clandestine component. The availability of land in Langley, eight miles from the city, made a new building there seem the ideal solution.

The effects of the move are difficult to gauge. Some have argued that the building has encouraged interchange between the DDI and the DDP, making the Agency a more integrated organization. That benefit seems marginal, given the procedural and institutional barriers between the two directors. A more significant effect may be on the negative side, specifically the physical isolation of the Agency from the policymakers it was created to serve.

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In 1961, Cold War attitudes continued to shape the foreign policy assumptions of United States officials. One need only recall the militant tone of John F. Kennedy's January 1961 inaugural address to

appreciate the accepted definition of the United States role. The Soviet pronouncement ending the moratorium on nuclear testing in July 1961 and the erection of the Berlin Wall a month later reinforced existing attitudes. In the early years of the decade, American confidence and conviction were manifested in an expansive foreign policy that included the abortive Bay of Pigs invasion, a dramatic confrontation with the Soviet Union over the installation of Soviet missiles in Cuba, increased economic assistance to underdeveloped countries in Latin America and Africa, and rapidly escalating military activities in Southeast Asia.

Although the American presence in Vietnam, beginning in 1963, symbolized U.S. adherence to the strictures of the Cold War, perceptions of the Soviet Union had begun to change. The image of an international communist monolith began breaking down as differences between the U.S.S.R. and the People's Republic of China emerged. Moreover, the strategic arms competition assumed increased importance in Soviet-American relations. By the mid-1960's the Soviet Union possessed a credible, but minimal, nuclear deterrent against the United States; by the end of the decade the two nations were approaching strategic parity. Soviet advances provided the impetus for efforts at arms control and for attempts at greater cooperation in cultural and economic areas. The CIA was drawn into each of these major developments in United States policy.

#### *I. The Directors of Central Intelligence, 1961-1970*

In the 1950's Allen Dulles had given his personal stamp to the Agency and in large measure independently defined his role as DCI. In the next decade the successive Presidents, John F. Kennedy, Lyndon B. Johnson, and Richard M. Nixon, had a greater influence on the role of the DCI—his stature and his relative position among policymakers.

##### *John A. McCone, November 1961-April 1965*

John McCone came to the Central Intelligence Agency as an outsider. His background had been in private industry, where he had distinguished himself as a corporate manager. Trained as an engineer, McCone entered the construction business and rose to become Executive Vice President of Consolidated Steel Corporation. Later in his career, he founded his own engineering firm, and during World War II became involved in shipbuilding and aircraft production. Following the war, he served on several government committees and held the position of Under Secretary of the Air Force. In 1958, McCone was named to the Atomic Energy Commission, and later that year he took over as its chairman.

The Bay of Pigs failure precipitated President Kennedy's decision to replace Allen Dulles and to appoint a DCI who had a more detached view of the Agency's operational capability. McCone brought a quick, sharp intellect to his job as DCI, and he devoted much of his attention to sorting out management problems at the community level. His political independence as a staunch Republican in a Democratic administration as well as his personal confidence made him a strong and assertive figure among policymakers.

Unquestionably, the missile crisis in October 1962 solidified McCone's place in the Kennedy Administration as an active participant in the policy process. The human and technical resources that the

Agency brought to bear—U-2 flights over Cuba, overhead reconnaissance over the U.S.S.R., supplemented by agents in both places—clearly identified the Agency's contribution in a period of crisis and enhanced McCone's position as DCI. McCone resigned in 1965 because Lyndon Johnson had not accorded him the stature and access he had enjoyed under Kennedy.

*Vice-Admiral William Raborn, April 1965–June 1966*

At the time of his appointment as DCI Vice-Admiral William Raborn had retired from the Navy and was employed in the aerospace industry. A graduate of Annapolis, Raborn had had a successful Naval career as an administrator and combat officer. His most significant accomplishment was his participation in the development of the Polaris missile system. Immediately prior to his retirement from the Navy in 1963, Raborn served as Deputy Chief of Naval Operations. He was Director of Central Intelligence for only a year, and his impact on the Agency was minimal.

*Richard M. Helms, June 1966–February 1973*

Richard Helms became DCI following nearly twenty-five years in the Clandestine Service. Just as Allen Dulles had identified himself with the intelligence professions, Helms identified himself with the Agency as an institution. Having served in a succession of senior positions since the early 1950's, Helms was a first-generation product of the CIA, and he commanded the personal and professional respect of his contemporaries.

Helms' international orientation began early. Most of his secondary education consisted of private schooling in Germany and Switzerland. After graduating from Williams College in 1935, he worked as a journalist. In 1942, he joined the service and was assigned to OSS. Helms remained an intelligence officer through the transitions to SSU and the Central Intelligence Group. As a member of the CIA's Office of Special Operations, he rose to become Deputy Assistant Director for Special Operations. An excellent administrator, he served as Assistant Deputy Director for Plans (ADDP) under both Wisner and Bissell. In 1963 Helms was named DDP and was appointed Deputy Director of Central Intelligence (DDCI) under Raborn.

As Director of Central Intelligence, Helms' interests remained on the operations side, and he did not display a strong interest in the management problems related to the intelligence community. One colleague stated that "during his term as Director, Helms ran the DDP out of his hip pocket." Helms labored under the difficulty of two Presidents who were not receptive to the DCI's function as senior intelligence officer. Lyndon Johnson was mired in Vietnam and bent on a military victory; Richard Nixon had an inherent distrust of the Agency and preferred to work within his White House staff. Neither President gave the DCI the opportunity to fulfill his role as chief intelligence advisor.

## *II. The Clandestine Service*

### *A. Clandestine Activities, 1961–1970*

The Clandestine Service dominated the Agency's activities during this period. In budget, manpower, and degree of DCI attention accorded the DDP, clandestine operations remained the CIA's most con-

suming mission. The DDP continued to function as a highly compartmented structure with small groups of individuals responsible for and privy to selected activities. That ethos unquestionably fostered and supported the development of such excessive operations as assassination plots against foreign leaders. Nonetheless, the policies and operational preferences of the Executive branch dictated the priorities in the Agency's activities.

Evidence of Communist guerrilla activities in Southeast Asia and Africa convinced President Kennedy and his closest advisors, including Robert Kennedy and General Maxwell Taylor, of the need for the United States to develop an unconventional warfare capability. "Counterinsurgency," as the U.S. effort was designated, aimed at preventing Communist-supported military victories without precipitating a major Soviet-American military confrontation. Simultaneously, the CIA was called on to develop and employ its paramilitary capabilities around the world. In the decade of the 1960's, paramilitary operations became the dominant CIA clandestine activity, surpassing covert psychological and political action in budgetary allocations by 1967.

Political action, propaganda, and operations involving international organizations continued. By the early 1960's the DDP had developed the infrastructure—assets in place—which allowed the development of continuing activities. The combination of the paramilitary surge and self-sustaining operations made the period 1964 to 1967 the most active for the execution of covert activities.

In the 1950's the administrative arrangements in the DDP were highly centralized. The DDP or his assistant, the ADDP, personally approved every project initiated either at Headquarters or in the field. By 1960 the delegation of approval authority became a bureaucratic necessity. Because the number of projects had proliferated, no one or two individuals could either efficiently act on or competently make judgments on the multitude of proposed activities. In 1960 a graduated approval process began to develop in the DDP, whereby Station Chiefs and Division Chiefs were authorized to approve projects, depending on cost and potential risk factors. The more sensitive projects were referred to the ADDP, the DDP, or the DCI. The extent to which the procedural changes affected the number and nature of projects approved is unclear.

Under the direction of the Kennedy Administration, paramilitary programs were initiated in Cuba, Laos, and Vietnam. The failure of the Bay of Pigs did not diminish senior officials' conviction that the U.S. had to take offensive action against the Cuban government. It is difficult to appreciate the near obsession that characterized attitudes toward Fidel Castro in the first two years of the Kennedy Administration. The presence of an avowed Communist leader ninety miles from the Florida coastline was regarded as an intrusion on U.S. primacy in the Western Hemisphere and as a direct threat to American security.

Between October 1961 and October 1962, the Agency conducted Operation MONGOOSE. The program consisted of collection, paramilitary, sabotage, and political propaganda activities, aimed at discrediting and ultimately toppling the Castro government. MONGOOSE was administered through a special Headquarters Task Force (Task Force W) that was comprised of some of the most able DDP

“idea men” and operators. Describing the intensity of the Agency’s effort and the breadth of activities that were generated, one former Task Force W member stated “It was very simple; we were at war with Cuba.”

The Cuban effort coincided with a major increase in the Agency’s overall Latin American program. The perception of a growing Soviet presence in the Western Hemisphere both politically and through guerrilla activity in Peru, Bolivia, and Colombia resulted in a 40% increase in the size of the Western Hemisphere Division between 1960 and 1965.<sup>1</sup>

In the early 1960’s the decolonization of Africa sparked an increase in the scale of CIA clandestine activities on that continent. CIA actions paralleled growing interest on the part of the State Department and the Kennedy Administration in the “third world countries,” which were regarded as a line of defense against the Soviet Union. The government-wide assumption was that the Soviet Union would attempt to encroach on the newly independent African states. Prior to 1960, Africa had been included in the European or Middle Eastern Division. In that year it became a separate division. Stations sprang up all over the continent. Between 1959 and 1963 the number of CIA stations in Africa increased by 55.5%. Apart from limiting Communist advances through propaganda and political action, the Agency’s African activities were directed at gaining information on Communist China, the Soviet Union, and North Korea.

The Agency’s large-scale involvement in Southeast Asia began in 1962 with programs in Laos and Vietnam. In Laos, the Agency implemented air supply and paramilitary training programs, which gradually developed into full-scale management of a ground war. Between 1962 and 1965, the Agency worked with the South Vietnamese Government to organize police forces and paramilitary units. After 1965, the CIA engaged in a full-scale paramilitary assistance program to South Vietnam. The CIA program paralleled the escalating U.S. military commitment to South Vietnam.

The Agency’s extensive operational involvement in Southeast Asia had a tangible impact on the leadership within the DDP. By 1970, large numbers of individuals began retiring from the Agency. Essentially, these were the first-generation CIA professionals who had begun their careers in the late 1940’s. Many were OSS veterans who had been promoted to senior positions early and remained. As these men began leaving the Agency, many of their positions were filled by individuals who had distinguished themselves in Southeast Asia-related activities. In the Clandestine Service—the present Deputy Director for Operations,<sup>2</sup> his predecessor, the Chief of the Counterintelligence Staff, and the Deputy Chief of the Soviet/East European Division all spent considerable time in the Far East at the height of the Agency’s effort there.

By the end of the decade, the level of covert operations began to decline. Measured in terms of project numbers, budgetary expenditures

<sup>1</sup> Following the Bay of Pigs, an interagency inspection team recommended an increase in the Western Hemisphere Division to improve U.S. intelligence capabilities in Latin America.

<sup>2</sup> In 1973 DCI James Schlesinger changed the name of the Clandestine Service from the Directorate for Plans to the Directorate for Operations.

and personnel, the DDP's covert operations diminished between 1967 and 1971. The process of reduction extended over several years and derived principally from factors outside the Agency.

The most conspicuous intrusion into CIA operations was the 1967 *Ramparts* magazine article, which exposed CIA funding of international student groups, foundations, and private voluntary organizations that had begun in the 1950's. The revelations resulted in President Johnson's appointment of a three-person committee to examine the CIA's covert funding of American educational and private voluntary organizations operating abroad. Chaired by the Under Secretary of State, Nicholas Katzenbach, the Committee included DCI Richard Helms and Secretary of Health, Education and Welfare, John Gardner. After conducting its review, the Katzenbach Committee recommended that no federal agency provide covert financial assistance to American educational and voluntary institutions. The Katzenbach Report prompted an internal CIA examination of its domestic-based organizational activities. Although the Agency complied with the strict terms of the Katzenbach guidelines, funding and contact arrangements were realigned so that overseas activities could continue with little reduction. Overall, funding to educational or private voluntary organizations constituted a small proportion of covert activity, and the Katzenbach Report did not affect major operations in the areas of overseas political action, labor, and propaganda.

Government-wide personnel cutbacks had a wider impact on covert operations. In 1967 and 1969, concern over the U.S. balance of payments deficit prompted Executive Orders reducing the number of federal employees stationed overseas. Budgetary limitations imposed by the Office of Management and Budget and State Department restrictions on the number of cover positions made available to CIA personnel also contributed to significant reductions in DDP personnel.

By the end of the decade, internal concern developed over the problem of exposure for large-scale operations. It was this factor that determined Helms' 1970 decision to transfer the budgetary allocations for operations in Laos from the CIA to the Defense Department. Gradually, senior Agency personnel began to recognize the cumulative effects of long-term subsidies to and associations with political parties, media, and agents overseas—a large presence invited attention and was vulnerable to exposure.

During this period of escalation and decline in covert operations, clandestine collection was also undergoing some changes. As indicated in the preceding chapter, in the 1950's much of the DDP's clandestine information had, for a variety of reasons, come from liaison relationships with host governments. By the early 1960's the Clandestine Service had developed its own capability and was less dependent on liaison for executing its clandestine collection function. DDP case officers had had approximately ten years to engage in the long-range process of spotting, assessing, cultivating, and recruiting agents.

As Deputy Director for Plans from 1962 to 1965, Richard Helms attempted to upgrade the DDP's clandestine collection mission. Helms had been an OSO officer and, in contrast to both Wisner and Bissell, his professional identity had been forged on the "collection" side of

the Clandestine Service. In the early 1960's, Helms embarked on a concerted effort to improve DDP training to produce officers who could recruit agents as well as maintain liaison relationships.

Technological developments had a major impact on clandestine collection "targets"—the specific objects of an agent's collection effort.<sup>3</sup> From at least the early 1950's, information related to Soviet strategic capabilities was a continuous priority for clandestine human source collection. However, the difficulties of access to the Soviet Union and Eastern Europe—the so-called "denied areas"—left even the most basic information out of the reach of human collection. Reconnaissance filled that gap, providing hard data on Soviet strategic deployments—locations of missile sites, production centers, and transport facilities. With the acquisition of these broad categories of information, human collection was redirected to more specific targets, including research and development.

### *B. Executive Authorization*

During the 1962–1970 period, procedures for Executive authorization of covert action projects became more regularized, and criteria for approval became more strictly defined. In large part these procedural changes reflected a belated recognition that covert operations were no longer exceptional activities undertaken in extraordinary circumstances. Instead, covert operations had become an ongoing element in the conduct of U.S. foreign policy and required formalized channels of review and approval.

Although the approving bodies went through a number of name changes and adjustments in membership, fundamental assumptions governing review remained the same. Each group functioned in a way that blurred accountability for decisions; no participant was required to sign off on individual decisions; and the frequency of meetings was irregular. The absence of strict accountability was intentional. By shielding the President and senior officials from direct association with covert operations, it was possible for the Chief of State to publicly deny responsibility for an exposed operation. Such was the theory. In fact, as the Soviet attack on the U-2 in May 1960 illustrated, the President has historically assumed ultimate responsibility for U.S. actions.

During the Kennedy Administration the Special Group served as the review body for covert action. The Taylor Report in June 1961 redefined the membership of the Group in an effort to insure better review and coordination for the anticipated expansion in paramilitary activities. It was not until 1963 that formal criteria developed for submitting covert action projects to the Group. Until then, the judgment of the DCI had determined whether an Agency-originated project was submitted to the Group and its predecessor bodies for authorization. In 1963 project cost and risk became the general criteria for determining whether a project had to be submitted to the Special Group. Although the specific criteria were not established in writing, the Agency used \$25,000 as the threshold amount, and all projects at that level and above were submitted for approval. Agency officials judged the relative risk of a proposed project—its potential for exposure, possibility for success, political sensitivity.

<sup>3</sup> "Target" refers to the specific source through which information may be obtained, e.g., a scientist or a research laboratory may be a target for Soviet technological innovation.

The Kennedy Administration's initiation of large-scale paramilitary activities resulted in the creation of two additional working groups, the Special Group on Counterinsurgency (CI), and the Special Group (Augmented). The Special Group (CI) had only three members, General Maxwell Taylor, the President's Military Advisor, McGeorge Bundy, the Assistant for National Security Affairs, and Attorney General Robert Kennedy. Established in January 1963, the Special Group (CI) was to provide coordination for counterinsurgency programs. The Special Group (Augmented) was responsible for supervising only one operation, MONGOOSE. The members of this body included McGeorge Bundy, Deputy Secretary of Defense, Roswell Gilpatric, Under Secretary of State, U. Alexis Johnson, Chairman of the JCS, Lyman Lemnitzer, McCone, Taylor and Robert Kennedy. The Special Group (Augmented) engaged in close supervision of and liaison with CIA officials regarding the execution of the MONGOOSE program. Following the disbandment of the operation in October 1962, the Special Group (Augmented) was dissolved.

The changes that occurred under Lyndon Johnson and Richard Nixon demonstrated that the review process remained subject to the working habits and preferences of individual Presidents. During the Johnson Administration, the Special Group was renamed the 303 Committee. However, the real forum for NSC-level decisions became the "Tuesday Lunches," a luncheon meeting at the White House that included President Johnson, Helms, McNamara, Bundy (later his successor Walt Rostow), the Chairman of the Joint Chiefs of Staff, and the Press Secretary to the President. These discussions were dominated by the subject of military operations in Vietnam, and the informality of the meetings fostered consensual fuzziness rather than hard choices.

In February 1970, the basic directive governing covert action authorization, NSC 5412/2, was replaced by National Security Decision Memorandum (NSDM) 40. That directive spelled out the duties of the newly-designated 40 Committee, which replaced the Special Group as the Executive decisionmaking body on covert operations.<sup>4</sup> NSDM 40 restated the DCI's responsibility for coordinating and controlling covert operations. Its only real modification from the 5412/2 directive was a provision that the 40 Committee annually review covert action projects previously approved.

A major shortcoming in the review process was the limited number of projects subject to external authorization. The vast majority of covert action projects were initiated and approved within the Agency. Moreover, whole categories of projects were exempt from outside authorization. Covert political action projects—those involving political parties, the press, media, and labor unions—are often made possible and supported by the existence of clandestine collection projects. The assets maintained through these projects provide access and information and serve as conduits for resources. Despite their importance to covert action projects and their frequently indistinguishable function, such projects were not defined as covert action and therefore were exempt from external authorization.

In the field covert action coordination between the State Department and the CIA was a continuing problem. Since the relationship between

<sup>4</sup> The 40 Committee members included the President's Assistant for National Security Affairs, the Deputy Secretary of Defense, the Under Secretary of State for Political Affairs, the Chairman of the Joint Chiefs of Staff, and the DCI.



Ambassadors and Chiefs of Station was not strictly defined, consultation between State and CIA was uneven. Ambassadors were generally informed of broad covert action programs undertaken in the host country but frequently did not know the details—identities of agents, methods of action, scope of the program. Some Ambassadors preferred not to know the extent of CIA activity, regarding it a diplomatic liability to be too closely identified with the CIA. Still, it was not unusual for Ambassadors themselves to recommend or request the initiation of covert intervention to bring about political conditions more favorable to U.S. policy. In each case, the kind of information an Ambassador received was dependent on his preference for being informed, his disposition to assert his prerogatives, and his relationship with the CIA Station Chief.

Efforts to improve coordination and to give the Ambassador a more formalized role were ineffective. In 1961 President Kennedy addressed a letter to all Ambassadors, indicating their responsibilities to oversee and coordinate all Embassy activities. A similar letter was addressed to Ambassadors by President Nixon in 1969. These Presidential initiatives did not fundamentally alter relationships in the field. Having no direct authority over the Station Chief, an Ambassador could only make requests in his capacity as head of the "country team"—the ranking government agency representatives posted to the Embassy. He could not make demands or exercise formal control based on a position of recognized seniority. In terms of overall foreign policy coordination the situation was less than satisfactory.<sup>44</sup>

### *C. Congressional Review*

In the mid-1960's, international developments resulted in increased congressional demands for intelligence information. The 1967 Middle East War, advances in space technology, and nuclear proliferation contributed to heightened Congressional interest in the intelligence product. In response to Congressional requests DCI Richard Helms increased the number of briefings to committees, subcommittees and individual members. In 1967 thirteen Congressional committees, in addition to the four with oversight functions, received substantive intelligence briefings.

The increased Congressional demand for the intelligence product did not alter the closed, informal nature of Congressional oversight. Both John McCone and Richard Helms maintained good relationships with senior-ranking committee members, who were kept informed on an individual basis of important CIA activities. cursory review of CIA activities continued to characterize the subcommittees' functions. In 1966 Senator Eugene McCarthy again sponsored a bill for the establishment of a CIA oversight committee, but the effort failed. Oversight had not progressed from information sharing to scrutiny.

### *III. The Effort at Management Reform*

Technological developments forced attention to the problem of coordinating the collection activities of the departmental intelligence components. The costs of technical collection systems and competition for their deployment necessitated some working relationship to replace the undirected evolution that had marked the intelligence community

<sup>44</sup> In 1974 the Ambassador's responsibilities for coordinating field activities were outlined by statute, but the same problems remain.

in the decade of the 1950's. During McCone's directorship, the problem was identified more specifically than it had been before, yet the obstacles to coordination were considerable. Later, the pressures of Vietnam, the changes in Executive decisionmaking, and the personal interests of the DCIs once again relegated community problems to a low priority.

The Bay of Pigs fiasco had a major impact on John F. Kennedy's thinking about the intelligence community. He felt he had been poorly served by the experts and sought to establish procedures that would better ensure his own acquisition of intelligence judgments. In short, Kennedy defined a need for a senior intelligence officer and in so doing assured John McCone access and influence. The fact that McCone was known to have that access—he had a regular weekly meeting alone with the President—provided him with a degree of stature and leverage among the Departments which strengthened his role in the community.

Kennedy defined the DCI's role in a letter sent to McCone on January 16, 1962. In it Kennedy gave primary emphasis to the DCI's function as coordinator for the community and as principal intelligence officer for the President. The letter read, in part:

In carrying out your newly assigned duties as DCI, it is my wish that you serve as the government's principal foreign intelligence officer, and as such that you undertake as part of your responsibility, the coordination and effective guidance of the total U.S. foreign intelligence effort. As the government's principal intelligence officer, you will assure the proper coordination, correlation, and evaluation of intelligence from all sources and its prompt dissemination to me and to other recipients as appropriate. In fulfillment of these tasks, I shall expect you to work closely with the heads of all departments and agencies having responsibilities in the foreign intelligence field. . . .

As head of the CIA, while you will continue to have overall responsibility for the Agency, I shall expect you to delegate to your principal deputy, as you may deem necessary, so much of the direction of the detailed operation of the Agency as may be required to permit you to carry out your primary task as DCI. . . .

The letter drew a sharp distinction between McCone's responsibilities as head of the Agency and as coordinator for the community. Kennedy's action was in part an attempt to rectify Allen Dulles' conspicuous neglect of community affairs.<sup>5</sup> For any DCI, the demands of managing an organization with thousands of employees, overseeing a community nearly ten times the Agency's size, as well as keeping informed on substantive intelligence matters to brief the President, were excessive. Kennedy's instructions regarding the administration of the Agency were intended to relieve McCone of his internal responsibilities to allow him to better fulfill his roles in intelligence and inter-departmental coordination.

Although McCone agreed with Kennedy's concept of the DCI's job and vigorously pursued the President's objectives, the results were uneven. Following a 1961 study directed by Lyman B. Kirkpatrick,

<sup>5</sup> Between July and October 1961, PFIAB had, once again, recommended a redefinition of the role of the DCI.

the Agency Inspector General, several organizational changes were made in the Office of the Director. The most important change was the creation of a new position, Executive Director-Comptroller.<sup>6</sup> Kirkpatrick was appointed to the post, and his job was to assume most of the responsibility for internal management. In practice, the altered system did not significantly limit the DCI's involvement in Agency-related administrative matters. This was particularly true for issues involving the Clandestine Service. The fundamental nature of clandestine operations, the fact that they involved people in sensitive, complicated situations, demanded that the Agency's highest ranking official assume responsibility for decisions. A former member of McCone's staff stated that despite his community orientation, McCone spent 90 percent of his time on issues related to clandestine activities.<sup>7</sup>

From 1963 to 1966, much of the Agency's community effort was directed toward working out an agreement with the Air Force on overhead reconnaissance programs. The major issue was whether the CIA would continue to have an independent capability for the design and development of space systems. In 1961, the Agency and the Air Force had established a working relationship for overhead reconnaissance through a central administrative office, comprised of a small staff of CIA, Air Force, and Navy representatives. Its director reported to the Secretary of Defense, but accepted intelligence requirements through USIB. Budget appropriations for the central office came through the Air Force. Under the agreement, the Air Force provided the missiles, bases, and recovery capability for reconnaissance systems, and the CIA was responsible for research and development, contracting, and security. Essentially, this arrangement left the Agency in control of the collection program. Since a primary mission was at stake, the Air Force was not willing to relinquish control over development, production, and deployment to the Agency.

Two other factors magnified the reconnaissance program's importance to the Air Force. First, with the advent of intercontinental ballistic missiles (ICBMs), the manned bomber had lost its primacy in strategic planning. Second, when the civilian-controlled National Aeronautics and Space Administration (NASA) was created in 1958, the Air Force had been deprived of directing the overall U.S. aerospace program. Because of these developments, the Air Force, particularly the Strategic Air Command, looked upon overhead reconnaissance as yet another mission that was being snatched away.

The Agency recognized that it could not assume management responsibility for reconnaissance systems, once developed. Missiles, launch sites, and recovery capabilities were not elements in the Agency's repertoire. Thus, whatever claims the CIA made for research and development, the Agency was dependent on the Air Force for administering the systems.<sup>8</sup>

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<sup>6</sup> Other changes included placing the General Counsel's office, Audit Staff, Comptroller, Office of Budget, Program Analysis and Manpower directly under the DCI and establishing a separate Office of legislative counsel.

<sup>7</sup> An Agency employee characterized the three functional Directorates this way: "The DDI is a production outfit and can run itself, the DDS&T spends money, but the DDP always involves people problems."

<sup>8</sup> There were some within the Agency who favored CIA control over all phases of the reconnaissance program, but they were in the minority.

These factors complicated an already complex rivalry. Control by one agency or another involved more than budgets, manpower, and access to photography. A decision would affect the nature of the reconnaissance program itself. Given its mission, the Air Force was interested in tactical information, which required high resolution photography. The CIA, on the other hand, was committed to procuring national intelligence, essentially long-range strategic information. This required an area search capability, one with broad coverage but low resolution. Also at issue was the question of who would determine targeting and frequency of coverage, i.e., the establishment of requirements. If the Air Force assumed responsibility, its decisions would reflect its tactical orientation; if the Agency decided, national intelligence requirements would have precedence.

While the rivalry between the Air Force and the CIA was intense, the competition within the Department of Defense was equally acute. The Air Force determination to secure control of the reconnaissance program jeopardized the Secretary of Defense's capacity to utilize reconnaissance data. The information generated by photographic collection was crucial to the Secretary of Defense in making independent judgments on weapons procurement and strategic planning. If the Air Force controlled the reconnaissance program, the service would gain an enormous advantage in pressing its own claims. Secretary of Defense Robert McNamara was aware of the threat which the Air Force posed. In the protracted negotiations over the national reconnaissance program McNamara became McCone's ally against the Air Force in order to maintain the independence of his own position.

In August 1965, an agreement was reached that gave the Agency and the Secretary of Defense decisionmaking authority over the national reconnaissance program. A three-person Executive Committee (EXCOM) for the management of overhead reconnaissance was established. Its membership included the DCI, an Assistant Secretary of Defense, and the President's Science Advisor. The EXCOM reported to the Secretary of Defense, who was assigned primary administrative authority for overhead reconnaissance. The arrangement recognized the DCI's right as head of the community to establish collection requirements in consultation with USIB and gave him responsibility for processing and utilizing reconnaissance-produced data. To balance the Secretary of Defense's authority, the DCI could appeal to the President in the event he disagreed with the Secretary's decision.<sup>9</sup>

The agreement represented a compromise between military and Agency claims and provided substantive recognition of the DCI's national intelligence responsibility. As a decisionmaking structure, it has worked well. However, it has not rectified the inherent competition over technical collection systems that has come to motivate the intelligence process. The development of these systems has created in-

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<sup>9</sup> In 1967, the Committee on Imagery Requirements and Exploitation (COMIREX) succeeded COMOR as the USIB subcommittee responsible for the management of collection planning. Unlike COMOR, COMIREX also had responsibility for the distribution of imagery obtained through photographic and aerial reconnaissance programs.

tense rivalry, principally between the Air Force and the Agency, over development. With so much money and manpower at stake with each new system, each Agency is eager to gain the benefits of successful contracting.

Beyond the interagency agreement on the reconnaissance program, McCone took other initiatives to develop better community-wide coordination. The establishment of the office of National Intelligence Programs Evaluation (NIPE) in 1963 was the first major DCI effort to ensure consistent contact with other intelligence components. The NIPE staff had three major responsibilities: reviewing and evaluating intelligence community programs as a whole; establishing an inventory of intelligence activities to facilitate judgments regarding the cost and effectiveness of particular programs; and assessing USIB committee actions to implement priority national intelligence objectives. In each area, the NIPE staff was limited by the absence of regularized procedures among intelligence agencies, by these agencies' resistance to any effort to impose external direction, and by the sheer magnitude of the task.

For example, in attempting to develop a consolidated intelligence budget the staff confronted four different program packages. Signals Intelligence (SIGINT) was prepared in a Consolidated Cryptological Program, consisting of the National Security Agency budget and the activities of the military services' cryptological agencies. The budget for the Defense Intelligence Agency<sup>10</sup> included DIA's allocations as well as those of the military intelligence services. The overhead reconnaissance program had its own budget, and the CIA program was formulated on the basis of categories different from those of any other program. These arrangements made it exceedingly difficult to break down the costs for categories of activities within the respective agencies or for major subordinate components of the community. The first national intelligence budget was compiled in 1965, when the approximation of intelligence expenditures was several billion dollars.

The preliminary budgetary work of the NIPE staff resulted in the establishment of the National Intelligence Resources Board (NIRB) in 1968. The NIRB was to advise the DCI in making judgments on foreign intelligence resource needs. NIRB was chaired by the Deputy Director of Central Intelligence, and its members included the Director of the State Department's Bureau of Intelligence and Research (INR) and the Director of the DIA. By 1970, a centralized reporting mechanism existed, capable of providing community-wide budgetary information in national foreign intelligence programs. Despite these advances in compiling budgetary and program information as well as other efforts at coordination through USIB subcommittees, a real process of centralized management and allocation of resources did not exist. Budgetary authority rested with the Departments, each of which defined its programs in terms of its specific needs.

<sup>10</sup> The Defense Intelligence Agency (DIA) was created by Secretary of Defense Robert McNamara in 1961. Staffed by representatives from each of the services, DIA was intended to limit the existing duplication among the military intelligence services and to provide more objective intelligence analysis than that being produced by the service intelligence components.

#### *IV. The Directorate of Science and Technology (DDS&T)*

Internally, the Agency was also adjusting to the impact of technical and scientific advances. The debate between the Air Force and the CIA over the national reconnaissance program coincided with the Agency's organization of an independent directorate for science and technology. The developments in technical collection programs, including overhead reconnaissance and ELINT (electronic intercepts), made plain the necessity for centralizing collection and analysis of scientific intelligence. As early as 1957, there had been suggestions that CIA's technical and scientific activities be combined under a new directorate. Richard Bissell's insistence on maintaining close control over the U-2 program and Allen Dulles' traditionalist definition of intelligence prevented the change.

Immediately after his appointment, John McCone made the issue of technical and scientific organizational arrangements a priority. McCone was convinced of the importance of technical collection programs and regarded the creation of a separate directorate essential to effective management and utilization of these capabilities. The 1961 Kirkpatrick study also recommended integration and reinforced the DCI's own preference.

In 1961, scientific and technical intelligence operations were scattered among the three Directorates. The reconnaissance component had been transferred to the DDP under the title Development Projects Division (DPD); in the DDI, the Office of Scientific Intelligence conducted basic scientific and technological research; the Technical Services Division of the DDP engaged in research and development to provide operational support for clandestine activities; and the Office of ELINT in the DDP was responsible for electronic intercepts. Organizing an independent directorate meant wresting manpower and resources from existing components. The resistance was considerable, and a year and half passed between the first attempt at creating the directorate and its actual establishment.

McCone's announcement of the Directorate for Research (DDR) in 1962 precipitated the two major controversies which surrounded the consolidation of the existing components—DDI's claim to OSI and DDP's claim to TSD.<sup>11</sup> Unwilling to relinquish their respective components, officials in both Directorates thwarted the initial effort to organize the Research Directorate. In August 1963, in the second attempt to integrate the scientific and technological functions, the Directorate for Science and Technology (DDS&T) was organized. As its first Deputy Director, Albert Wheelon aggressively supervised the organization of the new Directorate.<sup>12</sup> The component included OSI, the Data Processing Staff, the Office of ELINT, the Development Projects Division, and a newly created Office of Research and Development. Later in 1963, the Foreign Missile and Space Analysis

<sup>11</sup> Bissell's departure early in 1962 removed the major obstacle to transfer of the DPD.

<sup>12</sup> Wheelon joined OSI in the late 1950's from Thompson, Ramo-Wooldridge, the technical research firm.

Center was added. Significantly, the DDP retained TSD, which continued to carry out all technical research and development related to clandestine activities as well as administering aircraft support for covert operations.<sup>12a</sup>

The DDS&T was organized on the premise that close cooperation should exist between research and application, on the one hand, and technical collection and analysis, on the other. The Directorate's specific functions included, and continue to include, research, development, operations, data reduction, analysis, and contributions to estimates. This close coordination and the staffing and career patterns in the Directorate have contributed to the continuing vitality and quality of DDS&T's work.

The DDP began and remained a closed, self-contained component; the DDI evolved into a closed, self-contained component. However, the DDS&T was created with the assumption that it would continue to rely on expertise and advice from outside the Agency. A number of arrangements ensured constant interchange between the Directorate and the scientific and industrial communities. First, since all research and development for technical systems was done through contracting, DDS&T could draw on and benefit from the most advanced technical systems nationwide. Second, to attract high-quality professionals from the industrial and scientific communities, the Directorate established a competitive salary scale. The result has been personnel mobility between the DDS&T and private industry. It has not been unusual for individuals to leave private industry, assume positions with DDS&T for several years, then return to private industry. This pattern provided the Directorate with a constant infusion and renewal of talent. Finally, the Directorate established the practice of regularly employing outside advisory groups as well as fostering DDS&T staff participation in conferences and seminars sponsored by professional associations.

In the early 1960's, the Agency acquired tacit recognition of its technical achievements among the departmental intelligence components. Within the intelligence community, DDS&T began to exercise informal influence through the chairmanship of several USIB subcommittees. DDS&T representatives chair the Joint Atomic Energy Intelligence Committee (JAEIC), the Scientific Intelligence Committee (SIC), the Guided Missiles Astronautics Intelligence Committee (GMAIC), and periodically, the SIGINT (Signals Intelligence) Committee.

#### *V. Intelligence Production*

During the 1961-1970 period, the Agency expanded its finished intelligence production in two important areas, strategic and economic analysis. Although the Agency had engaged in research in both fields, its jurisdiction had been limited. According to the 1951 agreement with the State Department, the DDI could only pursue economic analysis on the "Soviet Bloc," while the State Department retained authority for economic reporting on the "Free World." In the mili-

<sup>12a</sup> For chart showing CIA organization as of 1964, see p. 100.

tary sphere, Dulles had accepted the services' claims to production of strategic intelligence and had restricted internal efforts to expand the CIA's coverage of military problems. By 1962, the international environment and bureaucratic factors in the Agency and the Pentagon converged to produce greater demands for economic and strategic intelligence and to support the expansion of the CIA's capabilities.

#### *A. Economic Research and Analysis*

In the early 1950's, the Economic Research Area of ORR had directed most of its efforts to long-term, strategic research and analysis on the Soviet Union. At that time, economic intelligence had a limited audience among policymakers, since international affairs were defined in political terms. Even in the mid-1950's, when the Agency extended its economic research to include the "Free World" countries, economic intelligence was subsumed in analyses of Soviet political objectives. Referring to the period of the 1950's, a former ERA analyst said, "Our biggest problem was whether or not anybody would read our product."

It was not until the mid-1960's that economic intelligence acquired an importance of its own. The emergence of independent African nations and the view that the Soviet Union would engage in economic penetration of the fledgling governments resulted in more specific requests for information on these countries' economies. Approximately 15 percent of ERA's professional strength shifted from so-called Sino-Soviet Bloc research to what was formally designated "Free World" research. Still, the focus remained on countries that were Soviet targets.

Since ORR did not have specific authorization for research on non-Communist countries, McCone worked out an agreement with Secretary of State Dean Rusk in March 1965 whereby CIA's activities in this area were formally sanctioned. The combination of McCone's relative strength and ORR's recognized competence allowed the DCI to seize the initiative at a time when the State Department record on economic reporting was weak. This informal agreement gave the CIA a tacit charter to pursue economic intelligence worldwide.

In 1967, a major change occurred, when a market developed for policy-oriented non-Communist economic intelligence. The growing economic strength of Japan and of the countries of Western Europe produced a related decline in the U.S. competitive posture and reflected the growing inadequacy of the dollar-dominated international monetary system. Economic analysts found themselves called upon for more detailed research on "Free World" countries as trading partners and rivals of the United States. In 1967, the economic analysis function gained office status with the establishment of the Office of Economic Research (OER), which succeeded ORR. The devaluation of sterling at the end of 1967 and the international monetary crisis a few months later created additional demands for detailed analysis and reporting on international monetary problems. OER began receiving formal requirements from the Treasury Department in June 1968.



The increasing demands for information produced a current intelligence orientation in OER as each component struggled to meet the requests for timely analysis. Publication became the vehicle for individual recognition, and short-term research began to dominate OER's production output. In FY 1968 OER produced 47 long-term research studies, provided 800 responses to specific requests from U.S. Government departments, and published 1075 current intelligence articles.

### *B. Strategic Research and Analysis*

The growing importance of the strategic arms competition between the United States and the Soviet Union had important effects on the Agency's military intelligence effort. Although in the decade of the 1950's the Agency had made some contributions to military intelligence, it had not openly challenged the military's prerogative in the area. That opportunity came in the early 1960's. The combination of Secretary of Defense Robert McNamara's reliance on the Agency for analysis and John McCone's insistence on the DCI's necessity to have independent judgments on military matters resulted in the expansion of the CIA's strategic intelligence effort and the acceptance of the Agency's role as a producer of military analysis.

By 1962, three separate Offices were engaged in military-related research: OCI, OSI, and ORR. Each had at least one division devoted to strategic analysis. In OCI, the Military Division reported on missions and functions in Soviet weaponry. OSI provided technological information through its Offensive and Defensive Divisions.<sup>13</sup> In mid-1962, ORR's military research effort was consolidated into the Military-Economic Division.

McNamara's initiatives to the Agency influenced the DDI's military intelligence capabilities in two ways. First, they legitimized the CIA effort, and second they upgraded the quality of the product. As Secretary of Defense, McNamara introduced innovative management and strategic planning programs. In particular, he sought to make long-range program decisions by projecting foreign policy needs, military strategy, and budgetary requirements against force structures. The kinds of questions which McNamara posed required increasingly sophisticated and detailed research and analysis. Dissatisfaction with the quality of service-produced military estimates contributed to his establishing the Defense Intelligence Agency (DIA), although the stated reason was to reduce duplication. McNamara also turned to the CIA to procure better quality analysis. He requested special studies and estimates on questions of strategic planning.

One of McNamara's priorities was to request comparative assessments on Soviet-American military programs. The Secretary's requests precipitated, once again, the conflict between the military and the Agency on the issue of CIA access to information on U.S. military capabilities. Given the military's longstanding objections to providing the Agency with data, senior officials in the DDI were reluctant to accept McNamara's requests. When the Secretary insisted on the estimates, the CIA had difficulty obtaining the necessary information. At the same time analysts in both the Pentagon and the Agency questioned whether the requisite ruble-dollar conversion costs could be

<sup>13</sup> When DDS&T was created in 1963, OSI became part of that Directorate.

made.<sup>14</sup> When the Agency made its first projections, the Air Force challenged the results.

The Cuban missile crisis in October 1962 contributed to the Agency's capacity to make comparative estimates and to its claim to engage in military analysis. Before the crisis, McCone had argued that the DCI had to be informed of U.S. strategic capabilities in order to give adequate intelligence support to the President. McCone was one of the key participants in the deliberations during October 1962, and the Agency's contribution to the verification of Soviet missile emplacements in Cuba was crucial. During the crisis, McCone obtained the data he requested on U.S. force dispositions. This was a wedge he needed. Following the crisis, with encouragement from McNamara, he continued to make the requests. By the mid-1960's the DDI was procuring information on U.S. strategic planning on a regular basis. Consistent access to this data increased the Agency's information base considerably and further established the CIA's claims to strategic research.

Early in 1965, CIA's work in military-economic intelligence was formally recognized through an exchange of letters between McCone and the Deputy Secretary of Defense, Cyrus Vance. The letters constituted recognition that the CIA had primary responsibility for studies related to the cost and resource impact of foreign military and space programs. Essentially, the Defense Department was agreeing formally to what the Agency had informally been doing for over a decade.

In addition to requesting special studies and estimates from the DDI, McNamara included Agency personnel in joint CIA-DIA exercises in long-term Soviet force projections. In 1962, McNamara established the Joint Analysis Group (JAG). Composed of military officers from DIA and representatives from OSI and ORR, JAG provided regular assessments on Soviet and beginning in 1966, Chinese future military strengths. These judgments were known as National Intelligence Projections for Planning (NIPP).

The Vietnam War absorbed a large share of the DDI's research strength. Following the initiation of the bombing campaign against North Vietnam in 1965, ORR was called on to provide regular bomb damage assessments, including information on the flow of supplies and men to South Vietnam, the recuperability of supply centers, and details of shipping and cargoes.

By 1966 both the Office of Research and Reports and the Office of Current Intelligence had established special staffs to deal with Vietnam. In addition, the Special Assistant for Vietnam Affairs (SAVA) staff was created under the direction of the DCI. While the DDP effort was increasing in proportion to the American military buildup, DDI estimates painted a pessimistic view of the likelihood of U.S. success with repeated escalations in the ground and air wars. At no time was the institutional dichotomy between the operational and analytical components more stark.

The increased volume of requests from the Pentagon pointed up the unwieldy nature of the DDI production effort. With two Offices per-

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<sup>14</sup> Another issue involved the question of whether NIEs should take account of U.S. forces. Sherman Kent, the Director of ONE, opposed using data on U.S. capabilities, fearing that ONE would be drawn into debates about U.S. military programs.

forming closely related functions under greater demands and with the Defense Department—at least at the civilian level—having sanctioned the Agency's activity in this area, individuals closely involved with strategic analysis began to press for consolidation and the establishment of an office-level component. Although recommendations were advanced as early as 1964, opposition to the changes existed at senior levels in the DDI. In 1966, however, a series of personnel changes elevated several people who had long favored consolidation to senior Directorate positions. With the approval of DCI Helms, the military intelligence units in OCI and ORR were combined into a separate Office, the Office of Strategic Research (OSR).

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The decade of the 1960's brought increased attention to the problem of coordinating intelligence activities in the community but illustrated the complex difficulties involved in effective management. Departmental claims, the orientation of the DCI, the role accorded him by the President, and the demands of clandestine operations all affected the execution of the interdepartmental coordination role. Although policymakers were inconsistent in their reliance on the Agency's intelligence analysis capability, all continued to rely heavily on the CIA's operational capability to support their policies. That fact established the Agency's own priorities. Despite the Agency's growing sophistication and investment in technological systems, clandestine activities continued to constitute the major share of the Agency's budget and personnel. Between 1962 and 1970 the DDP budget averaged 52 percent of the Agency's total annual budget.<sup>15</sup> Likewise, in the same period, 55 percent of full-time Agency personnel were assigned to DDP activities.<sup>16</sup> Essentially, the pattern of activity that had begun to emerge in the early 1950's and that had become firmly established under Dulles continued.

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<sup>15</sup> This does not include the proportion of the DDA budget that supported DDP activities.

<sup>16</sup> This figure includes those individuals in the communications and logistics components of the DDA, whose activities were in direct support of the DDP mission.