
Executive Summary

THIS Commission was chartered by Congress in October 1994 to conduct a comprehensive review of American intelligence. The Cold War had ended, and it was prudent to reexamine a costly government activity closely tied to that era.

Legislative attempts in the early 1990s to restructure and reform intelligence had not been seen as producing significant change. Reform efforts within the Executive branch had proceeded by fits and starts. Intelligence agencies touted new forays into areas such as intelligence on the environment, leading many observers to conclude they had lost focus and were searching for reasons to justify their existence.

In addition, new questions arose about the competence and accountability of intelligence agencies. The Ames espionage case, in particular, raised concerns not only about the failure of the CIA to detect a rather clumsy spy in its midst, but also about the degree to which the agency holds accountable those responsible.

By the fall of 1994, Congress decided the time had come for a “credible, independent, and objective review of the Intelligence Community” and established this Commission to perform it. Nineteen separate areas were identified for assessment.

The Commission began operations on March 1, 1995 and conducted a rigorous inquiry during the following twelve months. It received formal testimony from 84 witnesses, and its staff interviewed over 200 other individuals. Members of the Commission visited several foreign countries with which the U.S. has cooperative relationships in the intelligence area, and the Commission reviewed a large amount of written opinion on intelligence issues. The results of its inquiry are reflected in the fourteen chapters that follow this summary.

Overall Findings and Conclusions

The Commission concludes that the United States needs to maintain a strong intelligence capability. U.S. intelligence has made, and continues to make, vital contributions to the nation’s security, informing its diplomacy and bolstering its defenses. While the focus provided by the superpower struggle of the Cold War has disappeared, there remain sound and important roles and missions for American intelligence.

At the same time, the performance of U.S. intelligence can be improved:

- ◆ **Intelligence must be closer to those it serves. Intelligence agencies need better direction from the policy level, regarding both the roles they perform and what they collect and analyze. Policymakers need to appreciate to a greater extent what intelligence can offer them and be more involved in how intelligence capabilities are used. Intelligence must also be integrated more closely with other functions of government, such as law enforcement, to achieve shared objectives.**

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- ◆ **Intelligence agencies should function more closely as a “Community.”** The present organizational arrangement does not provide sufficiently strong central direction. Authority is dispersed, and administrative barriers often prevent or impede cooperation between agencies.
 - ◆ **Intelligence can and should operate more efficiently.** In some cases, organizational structures create inefficiencies. The process for allocating resources to intelligence is severely flawed. Greater use of modern management practices is needed. Some agencies find themselves with workforces that are not aligned with their current needs but lack the ability to correct the situation. Separate personnel and administrative systems among the agencies create additional inefficiencies. Meanwhile, the growing cost of these workforces precludes needed investments in new technologies and initiatives.
 - ◆ **The quality and utility of intelligence to the policy community should be improved.** Intelligence producers need to build more direct relationships with their customers, take greater advantage of expertise and capabilities outside the Government, and take additional measures to improve the quality and timeliness of their output. Some independent evaluation of this output needs to occur.
 - ◆ **Through expanded international cooperation, the United States should take advantage of its preeminence in the intelligence field to further its broader political and military interests, sharing the capabilities as well as the costs.**
 - ◆ **The confidence of the public in the intelligence function must be restored.** Ultimately, this will happen only as the Intelligence Community earns the trust and support of those it serves within the Government, including the elected representatives of the people. Yet those responsible for directing and overseeing intelligence activities also can play a part by providing public recognition and support where appropriate.

While each of these problems is challenging, none is insuperable. This report reflects what, in the Commission’s view, needs to be done. The principal recommendations of the Commission are summarized in the next section. (Additional recommendations are made in the text of the report and are not reflected in this summary.)

Summary of the Commission’s Key Recommendations

The Need to Maintain an Intelligence Capability (Chapter 1)

Without question, the United States needs information about the world outside its borders to protect its national interests and relative position in the world, whether as a Cold War “superpower” or a nation that remains heavily and inextricably engaged in

world affairs. It needs information to avoid crises as well as respond to them, to calibrate its diplomacy, and to shape and deploy its defenses.

Much of that information is openly available, but much of it is not. Intelligence agencies attempt to fill the void. Their capabilities are costly. At times their activities are a source of embarrassment, even consternation. But they continue to provide information crucial to U.S. interests. Over the last five years, conflicts have been avoided, wars shortened, agreements reached, costs reduced, and lives saved as a result of information produced by U.S. intelligence agencies.

The Commission concludes that the United States should continue to maintain a strong intelligence capability. U.S. intelligence has made, and continues to make, vital contributions to the nation’s security. Its performance can be improved. It can be made more efficient. But it must be preserved.

The Role of Intelligence (Chapter 2)

The roles and missions of intelligence are not static. They are affected by changes in the world, in technology, and in the Government’s needs. Each President must decide where intelligence agencies should concentrate their efforts.

The Commission perceives four functional roles for intelligence agencies—collection, analysis, covert action, and counterintelligence—as well as a number of “missions” in terms of providing substantive support to particular governmental functions.

There are complexities in each of the functional roles, but covert action (i.e., operations to influence conditions in other countries without the involvement of the United States being acknowledged or apparent) remains the most controversial. **The Commission concludes that a capability to conduct covert actions should be maintained to provide the President with an option short of military action when diplomacy alone cannot do the job. The capability must be utilized only where essential to accomplishing important and identifiable foreign policy objectives and only where a compelling reason exists why U.S. involvement cannot be disclosed.**

Support to U.S. diplomacy, military operations and defense planning should continue to constitute the principal missions of the Intelligence Community. Countering illicit activities abroad which threaten U.S. interests, including terrorism, narcotics trafficking, proliferation of weapons of mass destruction, and international organized crime are also increasingly important missions.

The increase in the availability of publicly available information may permit some diminution in the current level of effort to analyze the economies of other countries. The Commission strongly supports the current policy prohibiting intelligence agencies from engaging in “industrial espionage,” i.e., using clandestine means to obtain information from foreign commercial firms for the benefit of a U.S. competitor. It is appropriate, however, for intelligence agencies to report to cognizant officials at the Departments of State and/or Commerce evidence of unfair trade practices being undertaken by or with the knowledge of other governments to the disadvantage of U.S. firms.

Support to law enforcement and regulatory agencies is a legitimate mission but requests for such support must be rigorously evaluated to ensure that intelligence agencies are able to make a useful contribution. The Commission also sees the provision of support to U.S. agencies concerned with environmental and health problems outside the United States as a legitimate, albeit limited, mission.

The Need for Policy Guidance (Chapter 3)

By law, the principal source of external guidance for intelligence activities has been the National Security Council (NSC). In practice, however, the institutional functions of the NSC with respect to intelligence have varied from one Administration to another. Moreover, the organizational structures created to perform these functions often have foundered due to lack of involvement by senior officials. This has resulted in inconsistent, infrequent guidance, and sometimes no guidance at all, leaving intelligence agencies to fend for themselves.

The institutional role played by the NSC with respect to intelligence activities should not change from Administration to Administration. This role should include providing overall guidance on what intelligence agencies are expected to do (and not do); establishing priorities for intelligence collection and analysis to meet the ongoing needs of the Government; and assessing periodically the performance of intelligence agencies in meeting these needs. Whatever NSC structure may be created to accomplish these ends, it should remain clear that the Director of Central Intelligence reports directly to the President.

The Commission recommends a two-tier structure to carry out the institutional role of the National Security Council. A “Committee on Foreign Intelligence” should be created, chaired by the Assistant to the President for National Security Affairs, and including the Director of Central Intelligence, the Deputy Secretary of Defense, and the Deputy Secretary of State. This Committee should meet at least semiannually and provide broad guidance on major issues. A subordinate “Consumers Committee,” comprising representatives of the major consumers and producers of intelligence, should meet more frequently to provide ongoing guidance for collection and analysis and periodically to assess the performance of intelligence agencies in meeting the needs of the Government.

The Need for a Coordinated Response to Global Crime (Chapter 4)

Global criminal activity carried out by foreign groups—e.g. terrorism, international drug trafficking, proliferation of weapons of mass destruction, and international organized crime—is likely to pose increasing dangers to the American people in the years ahead, as perpetrators grow more sophisticated and take advantage of new technologies.

Law enforcement agencies historically have taken the lead in responding to these threats, but where U.S. security is threatened, strategies which employ diplomatic, economic, military, or intelligence measures may be required instead of, or in collaboration with, a law enforcement response. In the Commission’s view, it is essential that there be overall direction and coordination of the U.S. response to global crime.

The Commission recommends the establishment of a single element of the National Security Council—a Committee on Global Crime—chaired by the Assistant to the President for National Security Affairs and including, at a minimum, the Secretaries of State and Defense, the Attorney General, and the Director of Central Intelligence, to develop and coordinate appropriate strategies to counter such threats to our national security.

For these strategies to be effective, the relationship between intelligence and law enforcement also must be substantially improved. In this regard, the Commission recommends: (1) the President should designate the Attorney General to serve as the spokesperson and coordinator of the law enforcement community for purposes of formulating the nation’s law enforcement response to global crime; (2) the authority of intelligence agencies to collect information concerning foreign persons abroad for law enforcement purposes should be clarified by Executive Order; (3) the sharing of relevant information between the two communities should be expanded; and (4) the coordination of law enforcement and intelligence activities overseas should be improved.

The Organizational Arrangements for the Intelligence Community (Chapter 5)

The position of Director of Central Intelligence (DCI) was created to pull together and assess relevant information collected by the intelligence elements of the Government. Over the past five decades, the number, size, and cost of those agencies grew. In 1971, President Nixon gave the DCI explicit authority to establish requirements and priorities for intelligence-gathering, and to consolidate the budgets of all “national” intelligence activities into a single budget. Succeeding Presidents issued orders reaffirming and, to a limited degree, expanding these authorities.

Nevertheless, over 85 percent of the intelligence budget is executed by agencies not under the DCI’s control. He exercises no line authority over the personnel of agencies other than the CIA and has little recourse when these agencies choose to ignore his directives. He remains an advocate for “national” requirements, but his ability to influence other agencies is largely a function of his persuasiveness rather than his legal authorities. Partly because of their relatively weak position with respect to the Intelligence Community as a whole, most DCIs have devoted the bulk of their time to managing the CIA and serving as intelligence adviser to the President.

The Commission considered many options for dealing with this problem, from abandoning the concept of centralized management altogether to giving the DCI line authority over “national” intelligence agencies within the Department of Defense (DoD). In the end, the Commission concluded that a centralized framework should be retained and that it would be unwise and undesirable to alter the fundamental relationship between the DCI and the Secretary of Defense. The Commission concluded the preferable approach is to strengthen the DCI’s ability to provide centralized management of the Intelligence Community.

To give the DCI more time to manage, the Commission recommends that the current position of Deputy Director of Central Intelligence should be replaced with two new deputies to the DCI: one for the Intelligence Community and one with day-to-day responsibility for managing the CIA. Both would be appointed by the President and confirmed by the Senate. The deputy for the CIA would be appointed for a fixed term. To give the DCI greater bureaucratic “weight” within the Intelligence Community, the DCI would concur in the appointment (or recommendation for appointment) of the heads of “national” intelligence elements within the Department of Defense, and would be consulted with respect to the appointment of other senior officials within the Intelligence Community. The heads of two of the “national” intelligence elements— the Director of the National Security Agency and the Director of the Central Imagery Office (or its successor agency)— would be dual-hatted as Assistant Directors of Central Intelligence for signals intelligence and imagery, respectively. Their performance in those capacities would be evaluated by the DCI as part of their rating by the Secretary of Defense. In addition, the DCI would be given new tools to carry out his responsibilities with respect to the intelligence budget and new authority over the intelligence personnel systems.

The Central Intelligence Agency (Chapter 6)

While the CIA has had too many operational and management failures, those failures do not represent the norm. Indeed, the Commission found that the CIA has had, and continues to have, important successes in what is a difficult and risky business. The Commission concludes that the functions of the CIA remain valid and are not likely to be performed better elsewhere in the Government. Substantial changes in the Agency’s management and method of operation are needed, however, to reduce the likelihood of additional internal breakdowns and instances of poor performance.

To provide greater continuity in the management of the CIA, the Commission recommends that the Deputy DCI responsible for the CIA be appointed to a fixed term with an overall length of six years, renewable by the President at two-year intervals. To improve the quality of management, the Commission recommends a comprehensive approach to the selection, training, and career progression of CIA managers. Separate career tracks with appropriate opportunities for advancement ought to be provided for specialists who are not selected as managers. Clear guidelines should be issued regarding the types of information that should be brought to the attention of senior Agency managers, including the DCI and Deputy DCI.

The Need for a More Effective Budget Structure and Process (Chapter 7)

The DCI is responsible for approving the budget for “national intelligence,” but 96 percent of the funding is contained in the budget of the Department of Defense. In addition, the DCI’s budget is but one of three budgets or aggregations that make up the total funding for intelligence. The other two fund “defense-wide” and “tactical” intelligence activities of the Department of Defense.

Programs within the DCI's intelligence budget are not built around a consistent organizing principle. Activities of a similar nature are often funded in several different "programs," making it difficult to assess tradeoffs between programs or to know where best to take cuts, should cuts be necessary. Given that similar intelligence activities also may be funded outside the DCI's budget in either defense-wide or tactical intelligence aggregations, the potential for waste and duplication is exacerbated.

The DCI has had inadequate staff support, inadequate procedures, and inadequate tools to carry out effectively his budgetary responsibilities for "national" intelligence.

The Commission recommends that the budget for national intelligence be substantially realigned. Programs grouping similar kinds of intelligence activities should be created under separate "discipline" managers reporting to the DCI. For example, all signals intelligence activities should be grouped under the "discipline management" of the Director of the National Security Agency. These discipline managers also should coordinate the funding of activities within their respective disciplines in the defense-wide and tactical aggregations of the Defense Department, thus bringing greater consistency to all intelligence spending. The DCI should be provided a sufficient staff capability to enable him to assess tradeoffs between programs or program elements and should establish a uniform, community-wide resource data base to serve as the principal information tool for resource management across the Intelligence Community.

Improving Intelligence Analysis (Chapter 8)

Unless intelligence is relevant to users and reaches them in time to affect their decisions, the effort to collect and produce it has been wasted. Consumers in policy agencies in particular express dissatisfaction with the intelligence support they receive. While consumers often are uncooperative and unresponsive, producers must attempt to engage them.

The Commission recommends that intelligence producers take a more systematic approach to building relationships with consumers in policy agencies. Key consumers should be identified and consulted individually with respect to the form of support they desire. Producers should offer to place analysts directly on the staffs of consumers at senior levels.

Relationships with consumers cannot be sustained, however, unless intelligence producers can over time demonstrate they bring something of value to the table. While the Commission found that intelligence analysis consistently adds value to that which is available from public sources, improving the quality of such analysis and ensuring it reaches users in a timely manner are continuing concerns.

The Commission recommends that the skills and expertise of intelligence analysts be more consistently and extensively developed, and that greater use be made of substantive experts outside the Intelligence Community. A greater effort also should be made to harness the vast universe of information now available from open sources. The systems establishing electronic links between producers and consumers currently being implemented should be given a higher priority.

Estimative, or long-term, intelligence came in for particular criticism from consumers.

The Commission recommends that the existing organization that prepares intelligence estimates, the National Intelligence Council, be restructured to become a more broadly based “National Assessment Center.” It would remain under the purview of the DCI but be located outside the CIA to take advantage of a broader range of information and expertise.

The Need to “Right-Size” and Rebuild the Community (Chapter 9)

Although there have been substantial personnel reductions in virtually every intelligence agency since the end of the Cold War, personnel costs continue to crowd out investments in new technologies and operational initiatives. In some agencies, this phenomenon is beginning to reach crisis proportions. Agencies find themselves with workforces that are not well aligned with their needs but lack the legal authority to streamline and reorient their workforces to current and future requirements.

The Commission recommends the enactment of new legislation giving the most severely affected intelligence agencies a one-year window to “rightsize” their workforces to the needs of their organization. Such authority would be available only to the CIA and to intelligence agencies within the Department of Defense which determine that a reduction of 10 percent or more of their civilian workforce beyond the present congressionally-mandated level of reduction is desirable. Agencies which avail themselves of this authority would identify positions no longer needed for the health and viability of their organization. The incumbents of such positions, if close to retirement, would be allowed to retire with accelerated eligibility. If not close to retirement, they would be provided generous pay and benefits to leave the service of the agency concerned, or, with the concurrence of the agency affected, exchange positions with an employee not in a position identified for elimination who was close to retirement and would be allowed to leave under the accelerated retirement provisions. New employees would be hired to fill some, but not all, of the vacancies created, providing the skills necessary to satisfy the current and future needs of the agency involved.

Four separate civilian personnel systems exist within the Intelligence Community. These systems discourage rotation between intelligence agencies, which is key to functioning as a “community.” In addition, many aspects of personnel and administration could be performed more efficiently if they were centralized.

The Commission recommends the Director of Central Intelligence consolidate such functions where possible or, if centralization is not feasible, issue uniform standards governing such functions. The Commission also recommends the creation of a single “senior executive service” for the Intelligence Community under the overall management of the DCI.

Military Intelligence (Chapter 10)

Responsibility for military intelligence is dispersed among the Office of the Secretary of Defense, the Joint Chiefs of Staff, the military departments, several defense

agencies, and, to a lesser degree, the CIA. To provide coherence, a multitude of boards, committees, and working groups exist to develop policy and allocate resources. Although many witnesses suggested creating a single military official with overall responsibility for these activities, the Commission does not endorse this suggestion.

The Commission did find that progress had been made in reducing duplication in military intelligence analysis and production, but that the size and functions of the numerous organizations performing these functions continued to raise concern. **The Commission recommends that the Secretary of Defense undertake a comprehensive examination of the size and missions of these organizations.**

The Commission also found that the organizational arrangements for providing intelligence support to joint warfighting and for executing the functions of the Joint Chiefs of Staff as they pertain to intelligence should be improved. **The Commission recommends that the Director for Intelligence (J-2), who now is an officer assigned to the Defense Intelligence Agency, be constituted as part of the Joint Staff and be made responsible for these functions.**

The Commission also found that a problem continued to exist with respect to how information produced by national and tactical intelligence systems is communicated to commanders in the field. While such information has become increasingly important for the targeting of “smart” weapons and reconnaissance assets, it is not always communicated in a timely way or in a form that can readily be used. Many organizations and coordinating entities within DoD are working on aspects of this problem, but no one, short of the Secretary of Defense, appears to be in charge. **The Commission recommends that a single focal point be established on the staff of the Secretary of Defense to bring together all of the relevant players and interests to solve these problems. It considers the Assistant Secretary of Defense (Command, Control, Communications and Intelligence) to be the appropriate official for this purpose.**

Finally, the Commission believes the costs and difficulties involved in maintaining a separate infrastructure within DoD for the conduct of clandestine HUMINT operations are no longer justified. **The Commission recommends that the clandestine recruitment of human sources, now carried out by active duty military officers assigned to the Defense HUMINT Service, be transferred to the CIA, utilizing military personnel on detail from the DoD as necessary.**

Space Reconnaissance and the Management of Technical Collection (Chapter 11)

U.S. intelligence capabilities in space represent technological achievements of the highest order, and have, over time, served the nation’s interests well. They are highly vulnerable to the failure of a single component system, however, and are very expensive.

The Commission recommends greater international cooperation in space reconnaissance through expanded government-to-government arrangements as a means of dealing with both the vulnerability and cost of U.S. space systems. In this regard, the Commission proposes a two-tier approach as a model for such collaboration. The

Commission also recommends that the President reexamine certain restrictions on the licensing of commercial imaging systems for foreign sale in order to encourage greater investment by U.S. firms in such systems.

The Commission endorses greater coordination between the space programs of the Defense Department and Intelligence Community in order to achieve economies of scale where possible, but recommends the National Reconnaissance Office be preserved as a separate organization.

The Commission endorses the creation of a National Imagery and Mapping Agency as recently proposed by the DCI and Secretary of Defense.

International Cooperation (Chapter 12)

The Commission found that the United States is deriving great benefit from its bilateral relationships in the intelligence area. While other countries do not have technical capabilities to match those of the United States, they do provide expertise, skills, and access which U.S. intelligence does not have, and, for the most part, appear to be contributing within the limits of their respective national resources. Cooperation in intelligence matters also provides a tangible means of maintaining the overall political relationship with the countries concerned.

Increasingly, the United States acts through multinational organizations or as a part of multinational coalitions. Often it will be in the interest of the United States to share information derived from intelligence with such organizations or coalitions to achieve mutual objectives. While the Intelligence Community, when called upon, does attempt to satisfy these kinds of requirements, a more systematic, comprehensive approach is called for.

The Commission recommends that the DCI and the Secretaries of State and Defense develop a strategy that will serve as the normal basis for sharing information derived from intelligence in a multinational environment.

The Cost of Intelligence (Chapter 13)

In this report, the Commission recommends a number of actions which it believes would, if implemented, reduce the cost of intelligence. In particular, the Commission believes that until the Intelligence Community reforms its budget structure and process, as recommended in Chapter 7, it will remain poorly positioned to identify potential cost reductions.

At the same time, the Intelligence Community may have needs that are not funded in the projected program, especially in the area of research and development and investments in new technology. Given that downward pressure on spending will continue for the foreseeable future, these needs are not apt to be funded unless savings can be found to finance them within the existing budget. The Commission believes it essential, therefore,

that a concerted effort be made by the DCI and heads of agencies within the Intelligence Community to reduce the costs of their operations in order to maintain their overall health and vitality.

Accountability and Oversight (Chapter 14)

Intelligence agencies, compared to other institutions of the federal government, pose unique difficulties when it comes to public accountability. They cannot disclose what they are doing to the public without disclosing what they are doing to their targets. Yet they are institutions within a democracy, responsible to the President, the Congress, and, ultimately, the people. Where accountability can be strengthened without damaging national security, the Commission believes it should be.

The Commission recommends that the President or his designee disclose the total amount of money appropriated for intelligence activities during the current fiscal year and the total amount being requested for the next fiscal year. The disclosure of additional detail should not be permitted.

Because intelligence activities cannot be openly discussed, special oversight arrangements have been created for intelligence agencies in both the Legislative and Executive branches.

In Congress, principal day-to-day oversight is provided by special committees in the House of Representatives and the Senate, whose members serve on rotational assignments up to eight years in length. By and large, these committees appear to provide effective oversight. **The Commission believes, however, that their oversight would be strengthened if appointments to the committees were treated like appointments to other committees, with new members added as a result of normal attrition. The choice of new members, however, should continue to be made by the respective congressional leaders. If this is not feasible, the maximum period of service ought to be extended to at least ten years.**

In the Executive Branch, the Intelligence Oversight Board, a standing committee of the President's Foreign Intelligence Advisory Board, has overall responsibility for oversight of intelligence agencies, and each agency either has an Inspector General internal to its own organization or is part of an organization with an Inspector General. Only the CIA has an independent statutory Inspector General. **The Commission recommends a comprehensive review of these arrangements by the Intelligence Oversight Board to ensure effective performance of the oversight function.**

