

---

## The Central Intelligence Agency

**C**HARGES of mediocre performance, lapses in management, and loss of direction at the Central Intelligence Agency played a major role in the formation of this Commission. The Aldrich Ames debacle, in particular, was seen by many as a sign that the CIA needed a major overhaul.

During the short tenure of the Commission, the CIA was buffeted by more allegations of wrongdoing and weak management in connection with its conduct in Guatemala and its dissemination of insufficiently caveated reporting from known Soviet double agents, and by the French Government's public complaints about CIA espionage activities. These incidents color the public's perception of U.S. intelligence overall. Although it is only one of thirteen agencies in the Intelligence Community and accounts for less than one-eighth of the total intelligence budget, for most Americans, the CIA *is* U.S. intelligence. Given CIA's prominence in the public eye, the Commission concluded that it was appropriate to devote a separate chapter of its report to an examination of the CIA's mission and management.

### *CIA's Mission*

The CIA was established by the National Security Act of 1947 as an independent agency under the direction of the National Security Council. Its principal mission was to "correlate and evaluate intelligence relating to the national security, and provide for the appropriate dissemination of such intelligence within the Government."

One of the main objectives in creating the CIA was to prevent a repeat of the Pearl Harbor intelligence failure, where bits of information that might have provided warning of the Japanese attack were not woven together as they should have been. The National Security Act permitted departments and agencies to continue to collect and disseminate "departmental" intelligence, but CIA was given the responsibility for coordinating and evaluating all "national" intelligence, i.e. intelligence relevant to more than one department or agency.

Over the years, the CIA also became the principal clandestine collector of intelligence from human sources. Indeed, in the public eye, this latter role has largely overshadowed the Agency's original role as an information clearinghouse.<sup>1</sup> CIA also has responsibility for carrying out covert action programs as may be approved and directed by the President. (See Chapter 2 for a further description of covert action programs.)

---

<sup>1</sup> Although the National Security Act of 1947 did not specifically authorize the CIA to engage in intelligence collection, it is clear from the legislative history that Congress expected the NSC to give the CIA such authority. In 1992, Congress amended the National Security Act specifically to authorize the CIA to collect foreign intelligence from human sources and also to provide overall direction for human intelligence collection by other elements of the U.S. Government. Intelligence Authorization Act For 1992 § 705, 50 U.S.C. § 403-3(d)(1)(Supp. 1995).

Traditionally, the CIA has focused on serving the President, the NSC, and departments and agencies in the Executive branch. In recent years, CIA also has provided extensive substantive analysis to the Congress, a role specifically acknowledged in the 1992 amendments to the National Security Act.

## Organization of the CIA

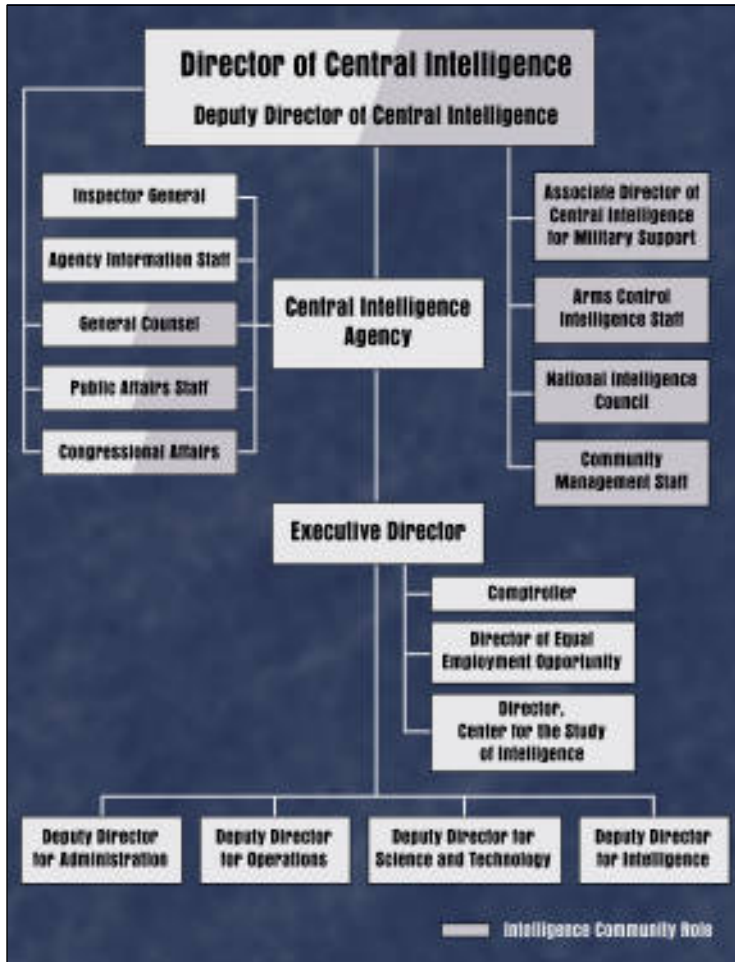


Figure 6:1 Organization of the Central Intelligence Agency

The CIA is divided into four major divisions: the Directorate of Operations (DO), the Directorate of Intelligence (DI), the Directorate of Administration (DA), and the Directorate of Science and Technology (DS&T). Each is headed by a Deputy Director.

The DO, or Clandestine Service, is responsible for collecting foreign intelligence from human sources (“assets”) around the world and for conducting covert action programs. The DI consists of analysts who prepare “all-source” assessments of foreign events and individuals based on intelligence collected by the DO and by other agencies. The DS&T houses a number of technical collection programs (including the Foreign Broadcast Information Service, which monitors foreign print and broadcast media) and provides technical support to the DO. The DA provides administrative support for the entire Agency.

The DCI (and in his absence, the DDCI) is the statutory head of the CIA. As discussed in Chapter 5, although the DCI is also the head of the Intelligence Community, in practice most DCIs spend the bulk of their time managing the CIA. For much of its history, CIA’s senior management also has included an Executive Director, a non-statutory position that has fluctuated in duties and importance. The current DCI has delegated extensive responsibilities to the Executive Director and has directed CIA’s four Deputy Directors to report through her.

## Criticisms of the CIA

Most criticism of the CIA has been leveled at the DO, which during the past year alone has been alleged to have lied to or misled Congress, disseminated misleadingly

sourced intelligence reports, and associated with governments and individuals engaged in human rights abuses. In 1994, the DO was shaken by the worst spy scandal in U.S. history when Aldrich Ames was arrested for having passed information about CIA's most sensitive operations to the Soviets for more than eight years. As a result, many of the DO's most productive Soviet assets were executed or imprisoned. Many subsequent Soviet assets were later determined to have been controlled by the KGB. The DO previously had experienced failures in its agent operations against Cuba and East Germany.

CIA's intelligence analysis also has come under occasional criticism, for example, for failing to predict the Iranian revolution, the breakup of the Soviet Union, and the Iraqi invasion of Kuwait. From time to time, CIA has been accused of politicizing or coloring its analysis to support (or undermine) Administration policies or to bolster the rationale for CIA's own operations.

The Commission did not conduct an independent factual inquiry into any of these incidents, all of which have been thoroughly investigated by Congress, the President, and/or CIA's own Inspector General. The Commission did interview many of the individuals involved in these incidents, including the recent DCIs, DDCIs, and DDOs, as well as others familiar with CIA operations, to understand what systemic failures may have led to them.

Criticism of CIA's performance must be assessed in the overall context of its work. The DO has recruited numerous human sources over the years who have provided unique and significant information for the U.S. Government. Some of this information has been vital to the success of U.S. diplomatic initiatives. Other information has provided critical insights into military developments in the former Soviet Union and in certain rogue states. Intelligence from CIA sources has contributed to the identification and capture of a number of major terrorists. Information collected by the DO has also been key to the success of operations carried out by other agencies. Despite some prominent exceptions, the great bulk of the CIA's collection operations have not been compromised. In short, the Commission found that the DO has had, and continues to have, important successes in an extremely difficult, highly risky, business.

In addition, CIA's covert action programs have thwarted terrorist attacks, brought down drug kingpins, and accomplished U.S. objectives without the introduction of U.S. military forces. CIA's DS&T shares credit for some spectacular achievements in overhead imagery and signals intelligence. CIA's analysts produce thousands of intelligence assessments annually with judgments that are right far more often than they are wrong. The Agency's employees are among the most dedicated and capable in the Federal government.

### ***Conclusions and Recommendations***

Against this background, the Commission considered whether there was a continued need for the CIA.

The Commission believes the original rationale for creating a Central Intelligence Agency remains valid. The President and Congress require a strong and independent intelligence organization that can integrate information from all sources and provide judgments

that are not colored by departmental biases. Whether conscious or unconscious, these biases are not illusory. The President and Congress would not be well served if they were to depend solely on intelligence produced by the cabinet departments.

The Commission also finds that the function of collecting human intelligence is essential. Signals intelligence and other forms of technical collection are extremely valuable and frequently are the best source of information about some targets. Such forms of collection also are less likely to cause diplomatic and political flaps. They do not, however, provide sufficient access to targets such as terrorists or drug dealers who undertake their activities in secret or to the plans and intentions of foreign governments that are deliberately concealed from the outside world. Recruiting human sources—as difficult, imperfect, and risky as it is—often provides the only means of such access. While CIA’s espionage operations have been far from flawless, we are not persuaded that they would be conducted any better by the Departments of State or Defense.

In addition, as discussed in Chapter 2, the Commission believes that the nation needs to retain a covert action capability and that the capability is best performed by those intimately familiar with clandestine intelligence activities.

Some witnesses suggested to the Commission that the two principal functions of the CIA—human source collection and analysis—should be split apart and housed in separate agencies in order to provide separate, dedicated management of operations, ensure that analysts do not rely too heavily on HUMINT reporting, and encourage outside experts to participate in the analytical process. While the Commission sees some merit in this proposal, it concluded that any potential benefits that might be obtained are outweighed by the costs and uncertain results of splitting the two functions into separate organizations. Indeed, recent efforts to interweave these functions more closely appears to be producing benefits for both functions, as described later in this chapter.

*The Commission concludes that the functions the CIA currently performs remain necessary and are not likely to be performed better elsewhere in the Government. It is clear, however, that substantial changes in the Agency’s management and method of operation are needed to reduce the likelihood of additional internal breakdowns and instances of poor performance. The CIA has taken a number of actions recently to address these problems, but more should be done.*

### ***Maintaining Greater Continuity at the Top***

The CIA has had six DCIs or Acting DCIs and three DDCIs in the last five years. This would be a high rate of turnover even for a cabinet department or agency more accustomed to rapid political change, and it has taken a serious toll on the CIA. Employees have been left to wonder which policies remain valid, important initiatives have been put on hold, and there has been enormous uncertainty about the direction of the Agency. There also has been a troubling loss of institutional memory at the top: too much has “fallen through the cracks” because Directors were not briefed on what their predecessors knew.

Some have suggested that the DCI serve a fixed term to remove the CIA from political influence and to provide continuity of leadership. An analogy is frequently drawn to the Director of the FBI, who is appointed for a term not to exceed ten years. The Commission

rejected this approach. Unlike the Director of the FBI, who in recent decades has had little contact with the President, the DCI is the President's principal intelligence adviser. If the President does not have confidence in the DCI, he will not rely on him. For this reason, the Commission believes that each President must have the flexibility to appoint his own DCI.

On the other hand, greater continuity in the leadership of the CIA is clearly desirable. The CIA needs an experienced senior leader who can focus his or her attention exclusively on directing the organization and its operations over a long enough period to ensure consistency.

The Commission concluded that its proposed Deputy DCI for the CIA—the new statutory, Senate-confirmed position which the Commission recommends be created to manage the CIA—optimally should be in place for six years. There should be a presumption that the incumbent would serve for the entire term. To ensure, however, that a DCI retains the ability to make changes in the position should the incumbent prove incompatible, the Commission believes the appointment should be for a series of two-year terms. A similar arrangement governs the appointment of the Chairman of the Joint Chiefs of Staff.

**6-1. The Commission recommends that the DDCI for the CIA be appointed for a term not to exceed six years and be subject to reappointment by the President at the end of each two-year period.**

### *Strengthening Management of CIA Operations*

All organizations need strong managers. CIA has a greater need than most since its operations require a high degree of judgment and often involve significant risk for the United States. The Agency needs managers who are skilled, savvy, and decisive, who understand not only the craft of espionage, but the broader environment in which they operate, including how their work supports the mission of the Agency as well as complements other activities of the Government.<sup>2</sup> The importance of selecting, training, and supporting managers to fulfill the Agency's mission cannot be overstated.

The Commission believes that the current system for selecting and training CIA's managers should be considerably strengthened. Overall, a more comprehensive, systematic approach to improving the quality of its managers is required. Such an approach would encompass all aspects of a manager's development within the system—from selection, to promotions and assignments, to training and career development.

Most of CIA's managers have been promoted to their positions principally because they were good case officers or analysts, not necessarily because they demonstrated good managerial skills. Some have turned out to be excellent managers, and others have not. The Commission believes a better evaluation system is needed to identify individuals with the judgment and leadership skills required of good managers. At the same time, separate

---

<sup>2</sup> The discussion that follows focuses primarily on improving the management of the DO and its operations, which we generally perceive as being the cause of most of the CIA's difficulties. Many of our suggestions for improving management of the DO, however, are equally applicable to other parts of the CIA and to other elements of the Intelligence Community.

career tracks for senior case officers and senior analysts should be given greater emphasis so that they can be promoted to appropriately high grades and pay levels without having to become managers.

**6-2. The Commission recommends that the CIA place greater emphasis on identifying and promoting individuals with demonstrated management skills into management positions. Separate career tracks should be maintained for senior case officers and senior analysts to allow them to be promoted without becoming managers.**

CIA's Inspector General has consistently found that training in the CIA needs to be improved. Although the Agency devotes significant resources to training and many of its programs are highly effective, training continues to be decentralized. Decisions about what is needed and who should have it are left to the individual directorates. Unlike many large companies and the military services, CIA's directorates have tended to view training mainly as a way for employees to develop specific skills rather than as a vehicle for the Agency to promote or reinforce long-term corporate or professional goals and values. Management training has been especially weak. Not all CIA managers have been required to take even those courses that are available, and there has been insufficient emphasis on the fundamentals of good management, such as team building, objective-setting, record-keeping, coordination, and relations with Congress.

**6-3. The Commission recommends that the CIA place a higher priority on training, especially training in management skills for those in, or likely to be in, management positions. Training should be treated as a continuous part of career development at all levels and should be used to inculcate goals and values as well as develop management skills. Instructors should be chosen from among the most able officers.**

In several of the recent cases where the CIA has been publicly criticized, senior CIA managers have claimed not to have been informed of operational problems. On the one hand, given the nature and breadth of the CIA's operations around the world, it is unreasonable to expect senior managers to be told about every potentially risky operation or every operational problem. Raising every decision to senior levels would stifle initiative and bog down the system. On the other hand, some of the matters managers claim not to have been informed of go to the heart of the Agency's business, such as a possible penetration of the CIA and dissemination of tainted information to the President and Congress.

While CIA employees are already subject to extensive regulations regarding the approvals required to undertake certain kinds of operational activities, it is apparent that significant information is often not surfaced to senior management, including the DCI and Deputy DCI. Indeed, part of the problem may be that there are too many such regulations for employees to be aware of them all. What is needed is clear guidance about specific issues or concerns that need to be cleared with senior managers in advance or briefed to senior managers after action is taken. CIA's senior managers should be able to expect not to be surprised.<sup>3</sup>

---

<sup>3</sup> During his tenure, DCI Colby issued a "no surprises" directive after being shocked to learn of a number of Agency operations about which he had not been briefed. While such actions do not tell employees *what* managers want to know about, they at least emphasize the need for better information flows.

**6-4. The Commission recommends that CIA establish clear guidelines regarding the types of information that should be relayed to senior Agency managers. While it is impossible to anticipate all matters about which senior managers should be informed, a comprehensive review of past internal breakdowns would help identify the general categories of information that should be passed up the chain. The Commission also recommends that the Agency conduct a “zero-based” review of its regulations to simplify and clarify the applicable rules.**

### ***Reducing the Insularity of the DO***

It has become almost a cliché to attribute CIA’s recent failures to the “culture” of the DO. Critics say that the “cultural” problem fosters arrogance, parochialism, disdain for oversight, lack of diversity, and tolerance of inadequate professional performance and personal misbehavior. The CIA has taken a number of actions since the Ames case to address these perceived flaws including increasing opportunities for women and minorities and creating “accountability boards” to identify and deal with operational and suitability problems.

While these are laudable steps, they do not address what the Commission believes is an important aspect of the “culture” problem: the organizational insularity of the DO. Operations officers usually enter as young college graduates, are educated by the CIA in the espionage business, and often retire 30 years later, having spent the bulk of their lives overseas. Many have relatively little interaction with policymakers, members of Congress, and the private sector. Because of the complexity and unique nature of the espionage business, the DO hires virtually no lateral personnel, thus losing an important source of new ideas. Relatively few DO officers are assigned to rotational positions in other CIA directorates or outside the CIA because such assignments are not viewed as career-enhancing.

Concerned with protecting its sources, the DO too frequently has isolated itself from other elements of the Intelligence Community. This isolation often has been perceived as arrogance and disdain by other parts of the Community, which react with hostility.

**6-5. The Commission recommends that the CIA rotate more DO case officers through assignments in the other directorates, other agencies in the Intelligence Community, policymaking agencies, congressional staffs, and the private sector. Promotional incentives should be created for DO personnel to take these assignments. CIA should also explore opportunities for increasing lateral hiring into the DO from the private sector.**

In the end, whatever improvements might be made in the management of CIA operations will not prevent problems from occurring. Collection from human sources inherently involves risk, and sometimes it will backfire. As long as the United States continues to conduct clandestine operations around the world—operations that are carried out in secret, against the wishes of other countries, and often involve individuals with unsavory backgrounds—embarrassing incidents will occur. If the United States is to maintain a clandestine intelligence capability—and the Commission is convinced that it should—it must be prepared to accept such episodes as part of the cost of doing business. Where problems are due to wrongdoing or incompetence, appropriate personnel actions must be taken. But where a reasonable basis exists for the actions taken by CIA employees, they

ought to be supported, even if their actions ultimately resulted in embarrassment or failure. Espionage, by its very nature, demands people who are aggressive and willing to take risks. The CIA cannot provide and sustain such a climate if the judgments of its employees are subjected to repeated second-guessing based upon the advantages of hindsight.

### ***CIA's Approach to Foreign Intelligence Collection***

As part of its inquiry, the Commission reviewed the plans developed by the CIA to govern its approach to foreign intelligence collection in the face of a changing global environment and declining resources. It is clear the Agency has given considerable thought to the subject. Nevertheless, the Commission has several suggestions of its own.

***First, the Commission believes that CIA's recruiting efforts should focus on those "hard" targets that cannot be adequately covered by other means.*** These would include the "rogue states" whose activities threaten U.S. interests, states that deny access by the outside world to their territory, and transnational groups that threaten U.S. security. The CIA should be working against these targets, wherever and however they may present themselves, as its first priority. Collection against lesser targets which is more easily accomplished but is relatively unimportant to U.S. interests should be avoided. In the view of the Commission, it is preferable to try against the hard targets and fail, rather than to succeed against easier but unimportant targets.

***Second, although the strength of the DO depends on its ability to recruit new agents, the Commission believes that DO officers should be evaluated and rewarded on the basis of the total contribution they make to meeting the mission and goals of the service, rather than simply on the number of agents they recruit.*** Talented handling of agents, team work in large operations, designing operations, counterintelligence skills, various types of staff work—all deserve recognition. In addition, each country has its own group of influential and knowledgeable individuals who do not necessarily need to be "recruited" to provide valuable information, especially in time of crisis. The DO should ensure that its officers devote sufficient effort to establishing and maintaining contacts with these individuals and that appropriate recognition is given to those who succeed in doing so.

***Finally, the Commission believes that the CIA should maintain a strategy of "global presence" by maintaining offices in most countries.*** The offices need not be large, and not all of the offices need to engage in recruiting agents. There are many countries where such activities are either inappropriate or unnecessary. Recent experience, however, has shown that it is difficult to know where U.S. interests will be engaged. Where they are engaged, it is often critical for the U.S. Government to have a relationship with local intelligence services which are well informed about local conditions and can broker important contacts. With the U.S. diplomatic presence itself shrinking, the need for a CIA presence becomes even more compelling. The cost of maintaining such offices is relatively small. A single crisis could easily justify the expense.



### ***The DO-DI Partnership***

For most of their history, CIA's Directorate of Operations (DO) and Directorate of Intelligence (DI) have had relatively little direct interaction. To protect its sources, the DO practiced strict compartmentation in its collection operations around the world. The DO provided reports to DI analysts, but most DI analysts generally had little information about the identity or position of the source or how he or she was recruited.

Starting in 1994, the DO and the DI commenced a new experimental "partnership" whereby corresponding geographic units of the two directorates engage in closer coordination of their activities and in some cases are physically co-located. Although the level of coordination has varied from unit to unit, in many cases analysts are allowed to read operational cable traffic, learn the identities of sources, and be informed about specific operations.

Many who spoke to the Commission believe the new "partnership" arrangement has significant advantages. Analysts help operators better target their recruitments and exploit their sources. A more objective look at the stream of reporting is also provided by an "outsider" who can help to identify suspect sources. Partnership gives DI analysts a better understanding of the access and reporting of clandestine sources and therefore enables them to better assess the value of the information provided. Analysts can also draw more easily on the knowledge of DO personnel who have lived in the area of concern and can bring "ground truth" to an issue.

While the Commission acknowledges these benefits, it also sees a serious pitfall. An overly close relationship between DO operations and DI analysts might lead to a mutually protective bias. Such a bias could adversely affect the objectivity of all-source analysis that must evaluate the inputs of all intelligence disciplines, foreign service reporting, and open-source data. It could cause HUMINT reporting to be given undue weight over other available information. In our view, this danger is real enough to warrant continuing close attention by the DCI. The President and senior policymakers must be assured that all-source analysis and assessments are based on fully objective reviews of all available information.

***The Commission believes the "DO-DI partnership" should continue to be viewed as an experiment subject to frequent review and evaluation until it is clear the problem of bias can be, and has been, overcome.***

### ***CIA's Counterintelligence Posture***

During the seven years prior to the arrest of Aldrich Ames, the counterintelligence posture of the CIA was criticized in numerous internal and external reports. While certain organizational changes were made as a result of these reports, counterintelligence clearly remained the "weak sister" among the Agency's functions.

In 1994, however, as a result of the Ames case, this changed significantly. The DO now ensures that counterintelligence experts (which include detailed FBI personnel who occupy key positions) are involved in assessing source reporting for counterintelligence

implications. CIA's relationship with the FBI generally has been clarified. There is now more effective coordination between personnel security and counterintelligence functions at the CIA, and a new office has been created to pull together and evaluate in one place information that might reveal a security problem with respect to an employee. There are also new requirements for employees to report financial information and foreign travel, new procedures for use of the polygraph, additional training required in counterintelligence, and a requirement that DO officers serve rotational tours in counterintelligence positions. While it is still too soon to assess the overall effect of these measures, the Commission was able to find little else to recommend.

*Given the history of counterintelligence failures in CIA operations, however, the Commission remains concerned that the counterintelligence function may not have found its permanent place in CIA's overall foreign intelligence mission.* For now, the pendulum has swung in one direction. Under the intense pressure created by the Ames case, the DO appears to be taking counterintelligence very seriously. In time, however, the pendulum may swing back and counterintelligence may return to its "weak sister" status.

The challenge for the CIA is to find and maintain an equilibrium between the "positive" intelligence and counterintelligence functions. Counterintelligence experts must be in a position to evaluate and challenge what collectors are doing (e.g. who they are recruiting and the veracity of what their sources are saying) without discouraging initiative and risk-taking by collectors. Counterintelligence must be genuinely regarded as integral to the foreign intelligence mission, and yet not dominate that mission. It is a delicate balance, and it remains to be seen whether the CIA has found it.