

The Evolution of the U.S. Intelligence Community—An Historical Overview

THE function of intelligence as an activity of the U.S. Government is often regarded as a product of the Cold War. Indeed, much of what is known today as the Intelligence Community was created and developed during the Cold War period. But intelligence has been a function of the Government since the founding of the Republic. While it has had various incarnations over time, intelligence has historically played a key role in providing support to U.S. military forces and in shaping the policies of the United States toward other countries.

The Early Years of the Republic

During the Revolutionary War, General George Washington was an avid user of intelligence as well as a consummate practitioner of the intelligence craft. Records show that shortly after taking command of the Continental Army in 1775, Washington paid an unidentified agent to live in Boston and surreptitiously report by use of “secret correspondence” on the movements of British forces. Indeed, Washington recruited and ran a number of agents, set up spy rings, devised secret methods of reporting, analyzed the raw intelligence gathered by his agents, and mounted an extensive campaign to deceive the British armies. Historians cite these activities as having played a major role in the victory at Yorktown and in the ability of the Continental Army to evade the British during the winters at Valley Forge.

In a letter to one of his officers written in 1777, Washington wrote that secrecy was key to the success of intelligence activities:

“The necessity of procuring good intelligence is apparent and need not be further urged—All that remains for me to add is, that you keep the whole matter as secret as possible. For upon Secrecy, success depends in most Enterprises of the kind, & for want of it, they are generally defeated, however, well planned....” [letter to Colonel Elias Dayton, 26 July 1777]

Washington was not the only one to recognize the importance of intelligence to the colonials’ cause. In November of 1775, the Continental Congress created the Committee of Secret Correspondence to gather foreign intelligence from people in England, Ireland, and elsewhere on the European continent to help in the prosecution of the war.

Washington’s keen interest in intelligence carried over to his presidency. In the first State of the Union address in January 1790, Washington asked the Congress for funds to finance intelligence operations. In July of that year the Congress responded by establishing the Contingent Fund of Foreign Intercourse (also known as the Secret Service Fund) and authorizing \$40,000 for this purpose. Within three years, the fund had grown to \$1 million, about 12% of the Government’s budget at the time. While the Congress required the President to certify the amounts spent, it also allowed him to conceal the purposes and recipients

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of the funds. (In 1846, this latter provision was challenged by the House of Representatives, but President Polk, citing national security grounds of protection of sources, refused to turn over more specific information on the use of the Fund to the Congress.)

Judging by the paucity of the historical record, interest in intelligence as a tool of the Executive appears to have waned in succeeding Administrations, although occasional lapses in performance sometimes produced controversy. During the War of 1812, for example, military intelligence failed to discover that British troops were advancing on Washington until they were 16 miles from the Capital. The Secretary of War had refused to believe that the British would invade Washington, and military intelligence reported from this perspective.

Intelligence regained prominence during the Civil War. Both the Union and Confederate leadership valued intelligence information, established their own spy networks, and often railed at the press for providing intelligence to the other side. The Confederate forces established the Signal and Secret Service Bureau with the primary charter of obtaining northern newspapers. On the Union side, the Departments of the Navy, State, and War each maintained an intelligence service. Union codebreakers decoded Confederate messages and learned that the plates for Confederate currency were being manufactured in New York. In June of 1861, the first electronic transmission of information was sent from an aerial reconnaissance platform—in this case, a balloon—directly to President Lincoln on the ground. Two months later, Union forces established a Balloon Corps. Although disbanded after two years, it succeeded in detecting a large concentration of Confederate troops preparing to attack at Fair Oaks, Virginia.

In 1863, the first professional intelligence organization was established by the Union forces, the Bureau of Military Intelligence. Headed by the Commander of the Army of the Potomac, General Joseph Hooker, the Bureau prepared evaluations of the Confederate Army's strength and activities based on sources that included infiltrations of the Confederacy's War and Navy Departments. It was considered the best run intelligence operation of the Civil War. Yet, Hooker's ineffective use of intelligence (reportedly he was inundated with information) was largely responsible for the Confederate victory at Chancellorsville. Similarly, it has been suggested that Lee's defeat at Gettysburg was partially attributable to his lack of intelligence on the strength and deployment of Union forces.

The Bureau of Military Intelligence was disestablished at the end of the war. A byproduct of its dissolution was the Secret Service, established in 1865 to combat counterfeiting.

A Peacetime Role for Intelligence

Prior to the 1880s, intelligence activities were devoted almost exclusively to support of military operations, either to support deployed forces or to obtain information on the views or participation of other countries in a particular conflict. In March 1882, however, the first permanent intelligence organization—the Office of Naval Intelligence—was created within the Department of the Navy to collect intelligence on foreign navies in peacetime and in war. Three years later, a similar organization—the Military Intelligence Division—was created within the Army to collect foreign and domestic military data for the War Department and the Army.

The Administration of Theodore Roosevelt saw perhaps the most active use of intelligence for foreign policy purposes by any President until that time. Historians note that Roosevelt used intelligence operatives to incite a revolution in Panama to justify annexing the Panama Canal. In 1907, the President also relied on intelligence that showed the military build-up of the Japanese as justification to launch the worldwide cruise of the “Great White Fleet” as a display of U.S. naval force.

For the most part, however, the early part of the twentieth century was marked not by an expanded use of intelligence for foreign policy purposes, but by an expansion of domestic intelligence capabilities. The Justice Department’s Bureau of Investigation (the forerunner of the FBI) was established in 1908 out of concern that Secret Service agents were spying on members of Congress. By 1916, the Bureau had grown from 34 agents focusing primarily on banking issues to 300 agents with an expanded charter that included internal security, Mexican border smuggling activities, neutrality violations in the Mexican revolution, and Central American unrest. After war broke out in Europe, but before the United States joined the Allied cause, the Bureau turned its attention to activities of German and British nationals within our borders.

World War I

At the time the United States entered the war, it lacked a coordinated intelligence effort. As a champion of open diplomacy, President Woodrow Wilson had disdained the use of spies and was generally suspicious of intelligence. His views on the subject appeared to change, however, as a result of a close association developed with the British intelligence chief in Washington.

In fact, British intelligence played a major role in bringing the United States into World War I. Public revelations of German intelligence attempts to prevent U.S. industry and the financial sector from assisting Great Britain greatly angered the American public. Subsequently, British intelligence presented Wilson with the decryption of German diplomatic and naval traffic showing a German effort to entice the Mexican government into joining Germany against the United States in return for Texas, Arizona, and New Mexico if Germany won the war. Later declassified and disclosed to the public, this intercepted communication, known as the “Zimmerman Telegram,” infuriated Wilson and added support to his address before a joint session of Congress in 1917 urging that the U.S. declare war on Germany.

In June of 1917, the first U.S. signals intelligence agency was formed within the Army. Known as “MI-8,” the agency was charged with decoding military communications and providing codes for use by the U.S. military. In 1919, at the end of the war, the agency was transferred to the State Department. Known as the “Black Chamber,” it focused on diplomatic rather than military communications. In 1921, the Black Chamber celebrated perhaps its most significant success by decrypting certain Japanese diplomatic traffic. The intelligence gained from this feat was used to support U.S. negotiators at a Washington conference on naval disarmament. Yet, despite such successes, President Hoover decided that the State Department’s interception of diplomatic cables and correspondence could

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not be tolerated. Apparently agreeing with the alleged, yet oft-quoted statement of his Secretary of State, Henry Stimson, that “Gentlemen do not read each other’s mail,” Hoover returned the agency to a military orientation under the Army Signal Corps.

Other intelligence entities remained in existence after the end of WWI but saw their resources cut substantially. An exception to this general trend was the Justice Department’s Bureau of Investigation which saw a marked expansion of its mission and workforce. In 1924, J. Edgar Hoover was named director of the Bureau (renamed the Federal Bureau of Investigation (FBI) in 1935). The FBI’s charter was broadened particularly in the years leading to World War II, when concerns for U.S. internal security were mounting in the face of German aggression in Europe. The FBI was made responsible for investigating espionage, counterespionage, sabotage, and violations of the neutrality laws. It was also during this period that the first effort was made to coordinate the activities of the various intelligence elements of the Government. An Interdepartmental Intelligence Coordinating Committee was created for this purpose, but because the Committee lacked a permanent chair and participating agencies were reluctant to share information, it had limited impact.

World War II & Its Aftermath

The years immediately before the United States entered World War II saw American interest in developments in Europe and the Pacific intensify dramatically, prompting both formal and informal efforts to gather and analyze information. President Franklin Roosevelt relied heavily on American and British friends traveling abroad to provide him with intelligence on the intentions of other leaders. One such friend was William J. Donovan, an aficionado of intelligence and a veteran of World War I, whom Roosevelt sent to Europe in 1940 to gather information on the stability of Britain and again in the spring of 1941 to gather information on Italian Dictator Mussolini, among other matters. Upon his return, Donovan lobbied hard for the creation of a centralized, civilian intelligence apparatus to complement that of the military.

In July 1941, in response to Donovan’s urging, Roosevelt appointed Donovan as Coordinator of Information to form a non-military intelligence organization. The Coordinator of Information was to “collect and analyze all information and data which may bear upon the national security” for the President and those he designated. The Coordinator was given the authority, “with the approval of the President,” to request data from other agencies and departments, but was specifically admonished not to interfere with the duties and responsibilities of the President’s military and naval advisers. FBI Director J. Edgar Hoover, fearing a loss of authority to the new Coordinator, secured the President’s commitment that the Bureau’s primacy in South America would not change.

Borrowing heavily from the British intelligence model, Donovan created a special staff to pull together and analyze all national security information and empaneled an eight-member review board, drawn from academia, to review analysis and test its conclusions. In concert with the Librarian of Congress, COI Donovan organized the Division of Special Information at the Library, to work with Donovan’s analytical staff and to coordinate scholarship within the Library and in academia. In theory, the Division was to provide unclassified information to Donovan’s staff, who would combine it with classified information to

produce an analysis that would be reviewed by the special board before presentation to the President. Although in practice the process did not operate precisely as planned, the concept of centralized analysis was established.

The surprise attack on Pearl Harbor by the Japanese on December 7, 1941, brought America into the war and revealed a significant failure on the part of the U.S. intelligence apparatus. As subsequent investigations found, intelligence had been handled in a casual, uncoordinated manner, and there had been insufficient attention to certain collection requirements. The lack of coordination among agencies, principally the Army and the Navy, resulted in a failure to provide timely dissemination of relevant information to key decisionmakers. Moreover, intelligence analysts had grossly underestimated Japanese capabilities and intentions, revealing a tendency to misunderstand Japanese actions by looking at them with American cultural biases. After the war, the resolve of America's leaders "never again" to permit another Pearl Harbor largely prompted the establishment of a centralized intelligence structure.

America's entrance into World War II created an immediate need for intelligence to support the warfighter. While the Army and the Navy maintained their own intelligence capabilities, none were prepared to provide the kind of support needed.¹ To bolster this effort, the Office of Strategic Services (OSS) was created in June 1942, under the recently established Joint Chiefs of Staff to succeed the Coordinator of Information. William Donovan remained in charge of the reorganized unit. In addition to assuming the analytical role of its predecessor, the OSS was chartered to carry out clandestine operations against the Axis powers on a worldwide scale. It was not, however, readily accepted by the Joint Chiefs of Staff (JCS), who remained skeptical of the value of OSS activities, and the new unit faced strong competition from the FBI and the Army's intelligence organization.

Usually glamorized as the dashing operations arm of the U.S. Army (with its well-known espionage exploits with the Resistance in Europe), the OSS' contribution to intelligence production has gone largely unnoticed. It was, however, one of the seven major intelligence producers and was an important training ground for a generation of intelligence analysts, as well as operatives. Decidedly different than the British system, the OSS established the tradition of putting analysts and operatives in the same organization. The difficulties, however, that the OSS had in establishing itself within the JCS structure reaffirmed Donovan's belief that the peacetime successor to the OSS should be a civilian organization directly responsible to the President. In 1944, Donovan started campaigning for this model.

¹ Former Secretary of State Dean Rusk recalled the 1941 state of the U.S.'s intelligence effort in testimony before a Senate subcommittee: "When I was assigned to G-2 in 1941, well over a year after the war had started in Europe, I was asked to take charge of a new section that had been organized to cover everything from Afghanistan right through southern Asia, southeast Asia, Australia, and the Pacific. Because we had no intelligence organization that had been giving attention to that area up to that time, the materials available to me when I reported for duty consisted of a tourist handbook on India and Ceylon, a 1924 military attache's report from London on the Indian Army, and a drawer full of clippings from the *New York Times* that had gathered since World War One. That was literally the resources of the G-2 on that vast part of the world a year after the war in Europe started."

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In the meantime, substantial intelligence capabilities were created in the military services to support the war effort. Army intelligence operations were supervised by the Military Intelligence Division of the Army General Staff. Its operating arm, the Military Intelligence Service (MIS), was created in 1942 and carried out collection activities around the world, including agent operations, signals interception, and photo reconnaissance. MIS also provided intelligence analysis to U.S. and allied commands. At the same time, intelligence elements were assigned directly to operating forces in the field. These intelligence units collected and analyzed tactical signals intelligence, interpreted photos, and performed ground reconnaissance missions. Aerial reconnaissance missions were run by the Army Air Corps. To provide counterintelligence support, including the debriefing of prisoners and defectors, the Army Counterintelligence Corps was established in 1942 with both domestic and overseas missions.

Army signals intelligence analysts succeeded in breaking and exploiting the code systems used by the Imperial Japanese Army, producing intelligence which many believe shortened the war in the Pacific. In England, after the U.S. joined the war, Army teams participated in the work begun by the Polish and continued by the British to decode German military communications encrypted with the Enigma cipher machines. The intelligence produced by this effort, codenamed "ULTRA," gave the Allies unparalleled insight into the workings of the German military and shortened the war in Europe.

Within three days of the devastating and embarrassing attack on Pearl Harbor, the Navy's Combat Intelligence Unit at Pearl Harbor was busy trying to crack the Japanese Fleet code, JN25. By April 1942, enough information was known to allow the American Pacific Fleet to deal the first blow without visual sighting of the Japanese Fleet at the Battle of Coral Sea. By May 1942, Navy cryptanalysts succeeded in cracking the Japanese code. This significant naval intelligence capability, on par with the British and Polish decryption of the German code, allowed the Americans to defeat the Japanese at the Battle of Midway and to countermeasure the Japanese during the rest of the war in the Pacific.

Also in the Pacific theater, an Allied Translator and Interpreter Section, composed of 2,000 American Nisei soldiers, interrogated Japanese prisoners and exploited captured documents. Since the OSS did not operate in the South Pacific Theater, special human source intelligence capabilities were established, using Australian and Philippine guerrilla forces as well as a special Army long-distance reconnaissance team known as the Alamo Scouts.

Similarly, the Marine Corps developed and deployed the Navajo Code Talker Program in May 1942. By 1945, operating in both theaters of the War, 400 Native American Navajo members of the Corps were encoding, transmitting, and decoding English messages in the complex language of the Navajo Indians. The Code Talkers have been credited with playing a significant role in the Marine Corps victory on Iwo Jima. So successful was this method of encryption and communication that it was employed in the Korean and Vietnam conflicts.

Toward the end of the war, the Administration was left to decide what to do with these intelligence capabilities. A vigorous and heated debate ensued between those who favored the Donovan idea of an independent, civilian intelligence organization reporting

directly to the President and those who favored retention and control of intelligence by the military. The State Department, among others, weighed in heavily against the Donovan approach.

In September 1945, while the debate continued, President Truman, acting on a recommendation from his Budget Director, abolished the OSS by Executive Order and divided its functions between the War and State Departments. State received the research and analysis function, combining it with the existing analytical office to form the Interim Research and Intelligence Service (IRIS). The War Department formed the Strategic Services Unit (SSU) out of the clandestine side of the OSS. President Truman had unrealized hopes that the State Department would take over the coordination of intelligence for the Government.

At about the time the OSS was being disbanded, a study commissioned by Navy Secretary James Forrestal and chaired by private businessman Ferdinand Eberstadt was published. While the report dealt principally with the issue of military unification, it also recommended coordination of the intelligence function through the establishment of a National Security Council (NSC) and a Central Intelligence Agency (CIA). The NSC would coordinate the civilian and military national security policy for the President. The CIA, under the auspices of the NSC, would serve “to coordinate national security intelligence.” While the military generally supported the recommendation calling for centralized coordination of “national security” intelligence, it was unwilling to give up its own collection programs and analytical capabilities.

The Central Intelligence Group

While the recommendations of the Eberstadt study were to influence significantly the content of what eventually became the National Security Act of 1947, they were not immediately implemented. However, President Truman decided to settle the question of whether there should be a centralized civilian intelligence organization.

Reflecting his dissatisfaction with what he perceived to be the haphazard nature of intelligence collection, his desire to have one authoritative source for intelligence advice, and, above all, his desire to avoid another Pearl Harbor, President Truman issued an executive directive on 22 January 1946 establishing a National Intelligence Authority, a Central Intelligence Group (CIG) “under the direction of a Director of Central Intelligence” (DCI), and an Intelligence Advisory Board. The latter body comprised civilian and military heads of intelligence agencies who were to advise the DCI. The National Intelligence Authority, comprising the Secretaries of War, State, Navy, and the President’s personal representative, was charged with planning, developing, and coordinating the intelligence effort. Finally, the CIG (a small interdepartmental group—not an independent agency) was responsible for coordinating, planning, evaluating, and disseminating intelligence and overtly collected information. Funding and staffing of the CIG were provided by other departments and agencies which retained control over their own intelligence efforts.

The first DCI, Rear Admiral Sidney Souers (who wrote the intelligence section of the Eberstadt study), reluctantly accepted the appointment and stayed in the position only six months. Under his tenure, the CIG played a limited analytical role due to Souers’ reluctance to challenge the analytical product of the State Department’s IRIS. But the IRIS

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was soon decimated by congressional budget cutting, and most of its positions were dispersed throughout the Department and to other agencies. In all, 600 positions were transferred from the IRIS to the National Intelligence Authority, the CIG, and the military services. This left the Department with a skeleton analytic group, thus limiting its mission to providing intelligence support only to the policymakers within the Department of State.²

The second DCI, Lieutenant General Hoyt Vandenberg, proved more aggressive than his predecessor, gaining authority for the CIG to hire personnel and acquire its own administrative support, as well as expanding clandestine collection, research and analysis, and the overall size of the organization. At the behest of the President, the first national estimate, on Soviet intentions and capabilities, was produced in 1946 during Vandenberg's tenure.

At the time Vandenberg became DCI, in June of 1946, legislation was being drafted in the Congress and in concert with the Truman Administration to provide for the unification of the military establishment under a Secretary of Defense. Inasmuch as the CIG would need an annual appropriation to continue in existence, Vandenberg saw an opportunity to incorporate legislative language creating an independent central intelligence agency with several features modeled on the existing charter of the CIG. Within a month of assuming the duties of DCI, Vandenberg submitted a proposal describing this new entity, with the support of the Truman Administration, which consisted basically of the pertinent language from the 1946 presidential directive and language that had been previously published in the Federal Register.

The National Security Act of 1947

In the ensuing congressional debate on the Vandenberg proposal, several issues emerged about the role of the DCI.

One was whether the DCI should be a civilian or military officer. Some argued that if the DCI were an active duty military officer, he would be subject to the control of his parent service. On the other hand, the military was recognized as the principal consumer of intelligence and controlled most of the resources devoted to it. The legislation ultimately provided that the President could appoint either a civilian or a military officer as the DCI, but if a military officer were appointed, he would be removed from the control of his parent service.

Another issue was whether the DCI should be a member of the National Security Council that was being established by the bill as the White House focal point for national security matters. Navy Secretary James Forrestal argued strongly against this proposal saying that the Council would be too large to accomplish its business and that the new DCI would have ready access without formal membership. His argument was persuasive and the DCI's proposed membership on the NSC was dropped.

² In 1957, this group was renamed the Bureau of Intelligence and Research.

A third issue was the relationship of the DCI to other agencies, in particular, the FBI. The draft proposal provided that the new Central Intelligence Agency would serve as the focal point within the Government where intelligence would be gathered and evaluated. As such, the CIA would necessarily require access to information collected by other agencies. The military agreed to this coordinating role for the CIA so long as the military was able to maintain its own collection and analytical capabilities to support military operations. The FBI, however, insisted on limiting the CIA's access to FBI files only if written notice was given first and only if access was "essential to the national security."

On July 27, 1947, President Truman signed into law the National Security Act of 1947, creating a postwar national security framework. A National Security Council was created to coordinate national security policy. The Act created the position of Secretary of Defense and unified the separate military departments (the Army, the Navy, and the newly-created Air Force) under this position. The Act also established the Joint Chiefs of Staff to serve as the principal military advisers to the President and the Secretary of Defense. Finally, a Central Intelligence Agency was established with the Director of Central Intelligence as its head. At the time of its creation, the CIA was the only agency charged with a "national" intelligence mission.

The statutory language regarding the authorities and functions of the new Central Intelligence Agency was left intentionally vague. In part this reflected the bureaucratic sensitivities involved in specifying in the law the DCI's roles and missions in regard to other agencies, and, in part, the desire to avoid wording that other governments might find offensive. Thus, there was no mention of "espionage" or "spying" in the statute, nor was there any wording to suggest that covert actions (i.e. secret operations to influence political conditions in other countries) were part of the new agency's charter. Rather, the CIA was authorized to perform "services of common concern" to other intelligence agencies as may be determined by the National Security Council and to perform "such other functions and duties related to intelligence affecting the national security as the National Security Council may from time-to-time direct." (The NSC did, in fact, issue directives in 1947 and 1948, providing specific authority for CIA's operational and analytical functions.)

The 1947 Act also included an express prohibition on the CIA's having any "police, subpoena, law-enforcement powers, or internal security functions," reflecting the congressional and public desire to ensure that they were not creating a U.S. "Gestapo" and to preserve the FBI's primacy in domestic matters. The law also made the DCI responsible for "protecting intelligence sources and methods from unauthorized disclosure."

The Early Years of the CIA

The early years of the CIA appear to have been difficult ones as the Agency attempted to establish itself within the Government, amid growing concern about Communist gains in Eastern Europe and Soviet expansionism.

Rear Admiral Roscoe Hillenkoetter was DCI at the time the CIA was created. He organized the Agency into two principal divisions: one dealing with intelligence operations and the other with analysis. The analytical arm, in response to policymaker interest, prepared and disseminated short-term intelligence pieces. DCI Hillenkoetter found it

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difficult, however, to force other agencies to participate in the development of longer papers despite the language of the 1947 Act. The emphasis on producing short-term pieces, on the other hand, was often seen as intruding on the role of other producers such as the State Department, the military departments, and the FBI. There was also conflict on the operational side. The Government considered initiating psychological warfare operations overseas to counter Soviet expansionism, but the NSC preferred that the State Department, rather than the CIA, be responsible for them. It was only when the Secretary of State vigorously objected to this role for the Department that it was assigned to the CIA.

In January 1948, less than a year after the CIA was created, the National Security Council, exercising its oversight role under its Executive Secretary Sidney Souers,³ asked three private citizens to examine comprehensively CIA's "structure, administration, activities, and interagency relations." Allen Dulles, William Jackson and Matthias Correa, three New York lawyers with experience in intelligence, submitted their highly critical report in January 1949. Although the NSC found the criticism of DCI Hillenkoetter and the CIA "too sweeping," it nevertheless accepted the report's basic findings: CIA was not coordinating intelligence activities in the Government; the correlation and evaluation functions were not well organized, and other members of the fledgling Intelligence Community were not fully included in the estimates process; and the DCI lacked sufficient day-to-day contact with the work of CIA. The Dulles-Jackson-Correa report called upon the DCI to exert "forthright leadership," and to actively use existing coordination bodies, such as the Intelligence Advisory Committee (IAC) comprising the leaders of the military and civilian intelligence agencies). For example, the report urged that the final coordination of intelligence estimates be done through IAC, to establish estimates as "the most authoritative statement[s] available to policymakers."

The Dulles-Jackson-Correa report also made the point that coordination and planning could only be effective with a strong DCI and CIA. It therefore recommended that the DCI reorganize his office to include on his immediate staff the heads of CIA's main components. The report also stated that the CIA would benefit from civilian leadership and recommended that if another military DCI was appointed, he should resign his military commission "to free him from all service ties and from rotations that would preclude the continuity needed for good intelligence work."⁴

Also during 1948, the Congress established "The Commission on Organization of the Executive Branch of the Government." Chaired by former President Herbert Hoover, the Commission established a sub-group to look at national security organizations, including CIA. This group, headed by New York businessman Ferdinand Eberstadt,⁵ concluded that the basic organizational arrangements for national security were sound, but there were problems in carrying out the function. The CIA was specifically criticized for not being properly organized to assimilate all information concerning scientific developments

³ The same Sidney Souers who had been appointed the first DCI by President Truman in January 1946. Souers served as Executive Secretary of the NSC from 1947 to 1950.

⁴ Although NSC 50 was issued to implement the report's recommendations, DCI Hillenkoetter did not take follow-up action on its numerous recommendations.

⁵ The same person who proposed the creation of the National Security Council and the CIA in a 1945 report to Navy Secretary Forrestal.

abroad, to estimate the significance of these developments, and to give direction to collectors. Concern was also expressed that the CIA was not being given access to all available information within the Government. The fear that other countries might develop nuclear weapons led the Eberstadt group, with some urgency, to state: “Failure properly to appraise the extent of scientific developments in enemy countries may have more immediate and catastrophic consequences than failure in any other field of intelligence.”

In its November 1948 report, the Hoover Commission called for “vigorous efforts” to improve CIA’s internal structure and the quality of its product, especially in scientific and medical intelligence. A senior-level “evaluation board or section” within CIA was proposed to work solely on intelligence evaluations. Finally, the Commission urged positive efforts to foster “relations of mutual confidence” between CIA and its consumers.⁶

Lieutenant General Walter Bedell Smith, who succeeded Hillenkoetter as DCI soon after the outbreak of the Korean War, took the initial steps to implement the recommendations of the Hoover and the Dulles-Jackson-Correa reports. Among his first steps was to recruit Allen Dulles, an OSS veteran, as Deputy Director for Plans, and to establish a Board of National Estimates chaired by William Langer of Harvard University.

In 1949, Congress enacted additional legislation for the CIA providing its Director with certain administrative authorities necessary for the conduct of clandestine intelligence activities that were not available to government agencies generally. In particular, the new law permitted the DCI to expend appropriated funds for procuring goods and services to carry out the Agency’s functions without having to comply with the cumbersome procurement rules applicable to other government agencies. It also permitted the Agency to expend appropriated funds based solely on a voucher signed by the DCI.

1950s & 1960s: The Development of the Intelligence Community

The decades of the 1950s and 1960s saw an expansion and an intensification of the Cold War as well as an expansion in the size and responsibilities of U.S. intelligence agencies to cope with its challenges.

The 1950s

Acting on the recommendations of a commission of senior officials headed by George Brownell, President Truman, by classified memorandum, established the National Security Agency (NSA) in October 1952 in recognition of the need for a single entity to be responsible for the signals intelligence mission of the United States. Placed within the

⁶The depth and importance of this problem was revealed when President Truman announced that the Soviets had detonated a nuclear device in September 1949. The CIA’s only coordinated estimate on the urgent question of when the Soviets would have a nuclear weapon gave three incorrect predictions: 1958, 1955 and 1950-1953, and none of the predictions was accepted by all departments.

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Department of Defense, NSA assumed the responsibilities of the former Armed Forces Security Agency as well as the signals intelligence responsibilities of the CIA and other military elements. In 1958, the National Security Council issued directives that detailed NSA's mission and authority under the Secretary of Defense.

CIA meanwhile made important strides. Its analytical efforts during the Korean War established the Agency as a key player in the defense and foreign policy areas. On the operational side, the National Security Council reissued its 1948 directive on covert action to achieve peacetime foreign policy objectives in 1955, reemphasizing that implementation responsibility was with the CIA. In 1954, President Eisenhower approved the concept of a high-flying reconnaissance aircraft to fly above the Soviet air defense systems. Due largely to CIA's special procurement authorities and ability to carry out the mission in secret, the President established the effort as a joint CIA-Air Force program. The ability of the program to develop and field the U-2 (by 1955) earlier than planned and below the original cost estimate was a clear success for the participants. Before the end of the decade photos provided by the U-2 figured prominently in defense planning.

In 1954, Congress once again sought to examine the organization and efficiency of the Executive Branch and revived "The Commission on Organization of the Executive Branch of the Government." With former President Hoover again at the helm, the "Second Hoover Commission" formed a sub-group headed by General Mark Clark to study the agencies of the Intelligence Community.⁷

The Clark task force recommended that the CIA be reorganized internally to focus better on its primary missions, and that the DCI appoint a "Chief of Staff" or executive officer to run the day-to-day operations.⁸ It also called for a permanent "watchdog" commission to oversee the CIA, comprising members of the House and Senate and distinguished private citizens appointed by the President.⁹ A year later, in 1956, President Eisenhower established the Presidential Board of Consultants on Foreign Intelligence Activities (later renamed the President's Foreign Intelligence Advisory Board by President Kennedy). Shortly after it was formed, the Board issued a critical review of the DCI's management of the Intelligence Community. Later, in 1957, on the Board's recommendation, President Eisenhower established the United States Intelligence Board as the single forum for all intelligence chiefs to provide advice to the DCI on intelligence activities.

In 1957, spurred by the Soviet launch of Sputnik, the CIA and the Air Force began planning for the first photo reconnaissance satellite. Publicly referred to as "the Discoverer Weather System" and recently declassified as "CORONA," the system was successfully operational by 1962.

⁷ In its 1955 report, the Second Hoover Commission recognized for the first time the existence of an "intelligence community" within the Government, naming the NSC, CIA, NSA, FBI, Department of State, Army, Navy, Air Force, and the Atomic Energy Commission as its members.

⁸ Allen Dulles, who had been elevated to DCI in 1953, did not appoint a Chief of Staff, due to his active interest in the operation of the CIA. Instead, he appointed General Lucien Truscott as his deputy to resolve jurisdictional disputes between CIA and the military services, in an attempt to increase his community coordination capabilities.

⁹ In 1956, the House and Senate Armed Services Committees, and the Senate Appropriations Committee established intelligence subcommittees, and the House Appropriations Committee formed a "special group" under its chairman.

The 1960s

The decade of the 1960s was marked by significant technological advances, further expansion of the Intelligence Community, and the first tentative efforts of a DCI to exert control over it. But, as far as the public was concerned, it started with the notable failure of the CIA at the Bay of Pigs. An invasion of Cuban expatriates, trained by the CIA, launched an invasion of Cuba in the spring of 1961 with the intent of ousting the Castro regime. Without U.S. military assistance, the invasion crumbled. The reputation of the Agency suffered significantly.

In August of the same year, Secretary of Defense McNamara created the Defense Intelligence Agency (DIA) to consolidate and to coordinate the production of intelligence analysis by each of the military services and to serve as the principal source of intelligence support to the Secretary and his staff, as well as to the Joint Chiefs of Staff and the unified commands. DIA opened a new production center in 1963, but the military departments continued to maintain their own analytical capabilities. In 1965, DIA was given responsibility for administering the newly-created Defense Attache system, consisting of uniformed military personnel serving in embassies and collecting, by overt means, information useful to the military.

In the meantime, there were substantial advances in U.S. technical collection capabilities. Photographs taken by the U-2 were a large factor in the successful resolution of the Cuban missile crisis in 1962. The first photo reconnaissance satellite was launched the same year. The first high altitude, high speed reconnaissance aircraft, the SR-71, was built and tested by the CIA a short while later. While these technical collection efforts had been ongoing for several years in both CIA and the Air Force, they were formally consolidated, pursuant to a national security directive, in 1961 within the National Reconnaissance Office (NRO).

While the fact of its existence remained classified, the NRO was designated a separate operating agency of the Department of Defense, reporting to the Secretary of Defense albeit with the DCI retaining a role in selecting key personnel as well as substantial control over the budget, requirements, and priorities of the organization. Using the special procurement authorities of the DCI, the NRO was able expeditiously to procure and to operate satellite collection systems for the Intelligence Community.

In addition to the NSA, DIA, and NRO, each of the military services maintained substantial intelligence organizations, both at the departmental level and at the tactical level. These organizations typically collected information and provided analysis regarding the weapons systems, tactics, and capabilities of foreign counterpart forces. This information and analysis were used to support the weapons acquisition process in each service, to support force development and contingency planning, and were incorporated into training programs.

The growth of intelligence efforts within the Department of Defense served to accentuate the relative lack of the DCI's role over the rest of the Community. In July 1961, the President's Foreign Intelligence Advisory Board proposed to the President that the DCI be

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separated from the CIA and head-up an Office of Coordination in the White House. President Kennedy did not endorse the recommendation but in January 1962 issued a letter to his new DCI John McCone stating:

“As head of the Central Intelligence Agency, 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 detailed operation of the Agency as may be required to permit you to carry out your primary task as Director of Central Intelligence.”

In 1963, DCI McCone established a National Intelligence Programs Evaluation Staff to review and evaluate Community programs and cost-effectiveness. Later in the decade, DCI Helms set up a National Intelligence Resources Board to review all community programs and budgets, and to referee community disputes.¹⁰

But the burgeoning U.S. military involvement in the Vietnam War, the efforts to block Communist expansion in Laos and to deal with conflicts in the Middle East (notably the Arab-Israeli Six-Day War of 1967), effectively precluded serious efforts by the DCIs to assert greater control over the Intelligence Community.

The 1970s: The Decade of Turmoil & Reform

The decade of the 1970s began with serious efforts to institute DCI control over the Intelligence Community, but they were eventually undermined by a series of sensational disclosures in the media, followed by unprecedented investigations of the Intelligence Community within the Executive Branch and by the Congress. During the latter half of the decade, new reforms were adopted and new oversight mechanisms put into place. While the intelligence functions of the Government continued, Congress began to take a much more active role in determining their cost and overseeing their execution.

In December 1970, President Nixon directed Deputy Director of the Office of Management and Budget James Schlesinger to recommend how the organizational structure of the Intelligence Community should be changed to bring about greater efficiency and effectiveness. The Schlesinger report, completed in March 1971, found, among other things, that intelligence functions were fragmented and disorganized; collection activities were unnecessarily competitive and redundant; intelligence suffered from unplanned and unguided growth; intelligence activities were too costly; and, because analytical products were provided on such a broad range of topics, they often suffered in quality. The report called for basic reform of the management structure with a strong DCI who could bring intelligence costs under control and improve analytic quality and responsiveness. Among other things, the study recommended that the DCI put together a consolidated budget for the Intelligence Community and oversee its execution.

¹⁰ The United States Intelligence Board, previously established in the 1950s to serve as the DCI's primary advisory body, was used unevenly by DCIs depending on their interests in Community management.

Following-up on the recommendations in November 1971, President Nixon issued a directive calling for improvement in the intelligence product and for more efficient use of resources. The DCI was made responsible for “planning, reviewing, and evaluating all intelligence programs and activities and in the production of national intelligence.” The Nixon directive reconstituted the United States Intelligence Board to assist the DCI, and set up the Intelligence Committee¹¹ of the NSC to coordinate and to review intelligence activities. It also established an Intelligence Resources Advisory Committee, comprising representatives from the State and Defense Departments and OMB, to advise the DCI on the consolidated intelligence budget. In March 1972, DCI Helms created a special “Intelligence Community Staff” to assist him in the daily execution of his Community responsibilities.

None of these changes had a substantial impact at the time, however, because the Government became largely preoccupied with the Watergate affair in 1973 and 1974. There was only tangential involvement by the CIA in Watergate primarily through the activities of former employees, and in the preparation of a psychological profile of Daniel Ellsberg.¹² The press, however, motivated to some extent by the distrust generated by Watergate, increasingly began to report critically on intelligence activities. Press articles covered allegations of collection efforts undertaken against U.S. citizens during the Vietnam era, attempts to assassinate foreign leaders or destabilize communist regimes, and efforts to raise the remains of a Soviet submarine off the floor of the Pacific.

In December 1974, in reaction to reports of CIA’s support to the non-Communist resistance forces in Angola, Congress passed an amendment to the Foreign Assistance Act, known as the “Hughes-Ryan amendment,” which for the first time required that the President report any covert CIA operations in a foreign country (other than for intelligence collection) to the relevant congressional committees (which, at that time, included the armed services committees, foreign relations committees, and appropriations committees in each house of Congress).

The various media revelations also led to official investigations in both the Executive branch and the Congress:

A. The Rockefeller Commission.

The Commission on CIA Activities Within the United States, chaired by Vice President Rockefeller, was created by President Ford on 4 January 1975, to determine whether CIA employees had engaged in illegal activities in the United States. The inquiry was later expanded to include the CIA’s foreign intelligence charter and to make suggestions for operational guidelines. In June 1975, the Commission issued its report which, among other things, confirmed the existence of a CIA domestic mail opening operation; found that in the late 1960s and early 1970s the Agency had kept files on 300,000 U.S. citizens and organizations relating to domestic dissident activities; found that President Nixon

¹¹ The Intelligence Committee, chaired by the National Security Advisor, consisted of the Attorney General, the Under Secretary of State, the Deputy Secretary of Defense, the Chairman of the Joint Chiefs of Staff, and the DCI.

¹² CIA officials refused the White House request that the CIA be used to cover-up the Watergate affair.

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tried to use CIA records for political ends; and concluded that the CIA had no involvement in President Kennedy's assassination. The Commission also found "that the great majority of the CIA's domestic activities comply with its statutory authority." In looking to the future, the Commission called for a joint congressional oversight committee and a stronger executive oversight mechanism; consideration by the Congress to disclose "to some extent" CIA's budget; and appointment of two confirmed deputy directors, one to manage the CIA and one to advise the DCI on military matters. The Commission further recommended that the DCI serve no more than 10 years.

B. The Church Committee.

Twenty-three days after the Rockefeller Commission was impanelled, the Senate announced its own investigatory body, the Committee to Study Government Operations with Respect to Intelligence Activities (also known as the Church Committee after its Chairman). Handling one of the largest investigations ever undertaken by the Senate, the Church Committee was charged with looking at CIA domestic activities; covert activity abroad, including alleged assassinations of foreign leaders; alleged abuses by the Internal Revenue Service and the FBI; alleged domestic spying by the military; and the alleged interceptions of the conversations of U.S. citizens by the National Security Agency. The Committee's inquiry lasted for almost a year, resulting in a six-volume report, released in April 1976. The Committee recommended, among other things, that the President consider separating the DCI from the CIA; that the authorities of the DCI over elements of the Intelligence Community be enhanced; that statutory charters be established for CIA, DIA and NSA; that the National Foreign Intelligence Budget be published; and that clandestine support to repressive regimes that disregarded human rights be prohibited by law. The Committee lauded several reforms (including a ban on assassination) already implemented by President Ford.

C. The Pike Committee.

The House counterpart to the Church Committee was the Select Committee on Intelligence to Investigate Allegations of Illegal or Improper Activities of Federal Intelligence Agencies. Impanelled in February 1975, the committee was also known by the name of its Chairman, Congressman Otis Pike. The Pike Committee's report was voted down by the House in January 1976, and was never officially issued. Portions, however, were leaked to a New York newspaper, *The Village Voice*.

D. The Murphy Commission.

In June 1975, around the time that the Rockefeller Commission was completing its inquiry into intelligence improprieties, another congressional commission, the Commission on the Organization of the Government for the Conduct of Foreign Policy, was culminating a three-year study which included an examination of the organization and performance of the Intelligence Community. Headed by veteran diplomat Robert Murphy,¹³ the Commission recommended that the DCI be given greater status in the White House and the Intelligence Community; that the DCI delegate his responsibility for

¹³ In 1976, Murphy was appointed by President Ford as the first chairman of the newly formed Intelligence Oversight Board, and as a member of PFIAB.

running the CIA to a deputy; that the DCI occupy an office geographically closer to the White House to better enable him to carry out his role as presidential adviser; and that the CIA change its name to the Foreign Intelligence Agency.¹⁴ The Commission also recommended that covert action should be employed only where it is clearly essential to vital U.S. purposes and only after a careful process of high level review. It further urged that the NSC's Committee on Intelligence be actively used as the principal forum to resolve the differing perspectives of intelligence consumers and producers, and "should meet frequently for that purpose."

Reform and Oversight

Even as the Church and Pike Committees were continuing their investigations, the Executive branch undertook extensive efforts to bring about reform.¹⁵

In the summer of 1975, President Ford ordered the implementation of 20 of the 30 recommendations of the Rockefeller Commission, to include measures to provide improved internal supervision of CIA activities; additional restrictions on CIA's domestic activities; a ban on mail openings; and an end to wiretaps, abuse of tax information, and the testing of drugs on unsuspecting persons. Ford did not agree to public disclosure of the intelligence budget, however, nor did he readily agree to a separate congressional oversight committee.

President Ford issued the first Executive Order on intelligence on 18 February 1976 (E.O. 11905),¹⁶ before either the Church or Pike investigating committees had reported. For the first time, a description of the Intelligence Community and the authorities and responsibilities of the DCI and the heads of other intelligence agencies, were specified in a public presidential document. The order also set up a Committee on Foreign Intelligence as part of the National Security Council, chaired by the DCI and reporting directly to the President, as the focal point for policy and resource allocation on intelligence.¹⁷ A number

¹⁴ The principal author of these conclusions was reportedly William Casey, later to become DCI.

¹⁵ It should also be noted that DCI Colby appointed a study group within CIA, headed by James Taylor, which issued an internal report in October 1975: "American Intelligence: A Framework for the Future." The Taylor study asserted that intelligence needed to become more efficient and effective, and more compatible with our democracy. The study suggested refining the current intelligence system and focused on the role of the DCI, including the relationship with the Secretary of Defense and the Intelligence Community, arguing that the DCI needed more influence over both substantive judgments and resource management. The report noted that the DCI's responsibilities, but not his authorities, had grown considerably since 1947. The study recommended separating the DCI from CIA (which would be run by its own director), and appropriating funds to the DCI who would allocate them to program managers.

¹⁶ This order and succeeding orders issued by President Carter (E.O. 12036, 1978) and President Reagan (E.O. 12333, 1981) listed the following members of the Intelligence Community: CIA, NSA, DIA, DOD reconnaissance offices, INR/State, intelligence elements of Army, Navy, Air Force, Marines, FBI, Treasury, and DOE (then known as the Energy Research & Development Administration). Staff elements of the DCI were added in the Carter and Reagan orders.

¹⁷ The other members of the CFI were the Deputy Secretary of Defense for Intelligence and the Deputy Assistant to the President for National Security Affairs. The CFI reported directly to the NSC.

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of restrictions on intelligence agencies were also instituted, including a ban on assassinations as an instrument of U.S. policy. To monitor compliance with the Order, a new Intelligence Oversight Board was established within the Executive Office of the President.

Both congressional investigating committees recommended in their final reports that permanent follow-on committees be created to provide oversight of the intelligence function and to consider further legislative actions as might be necessary.

The Senate acted first in May 1976, creating the Select Committee on Intelligence. The House followed suit a little over a year later, creating the Permanent Select Committee on Intelligence. Both committees were made responsible for authorizing expenditures for intelligence activities (although the Senate was limited to “national” intelligence, whereas the House mandate included both “national” and “tactical” intelligence activities), and for conducting necessary oversight. The resolutions creating both committees recognized that they would be kept “fully and currently informed” of intelligence activities under their purview. Both committees were added to the list of those to receive notice of covert actions under the Hughes-Ryan amendment. The Senate committee also was given responsibility for handling the confirmation proceedings when the DCI and the Deputy DCI were nominated by the President.

While efforts were made in succeeding months to let emotions over intelligence activities subside and to establish more “normal” relationships between the Legislative and Executive branches, the hiatus was relatively short-lived. In 1977, the Senate Committee reexamined the question whether the aggregate intelligence budget should be released publicly. This issue would continue to be debated for the next two decades. The statement of newly-appointed DCI Turner that he had no problem with the release of this figure aroused protests from those who believed disclosure could assist hostile intelligence services in deciphering U.S. intelligence activity.

In August 1977, DCI Turner prompted a more substantial controversy by announcing his intention to reduce the CIA’s Directorate of Operations by 800 people. The first reductions occurred on 31 October 1977 (called the “Halloween Massacre” within CIA) when 200 officers were fired. Critics of the DCI charged that he was destroying the CIA’s human source collection capability in favor of technical collection programs run by the Department of Defense. (Some in Defense, on the other hand, perceived Turner as attempting to take over those programs.)

On 24 January 1978, President Carter issued a new Executive Order on intelligence which reaffirmed the DCI’s Community-wide authority over priorities, tasking, and the budget; contained additional restrictions on collection techniques, participation in domestic activities, and human experimentation; and reiterated the ban on assassinations. Intelligence agencies were specifically required to promulgate procedures to govern the collection of information on U.S. citizens and persons admitted to the U.S. for permanent residence.

Notwithstanding the new presidential order, both congressional committees proceeded to consider bills in 1978 which would have dramatically overhauled the Intelligence Community. Following the suggestions of the Church Committee as well as incorporating various aspects of the Executive branch reforms, the Senate committee

developed a comprehensive bill entitled the “National Intelligence Reorganization and Reform Act of 1978.” The bill called for the creation of a “Director of National Intelligence” with broader powers than the DCI to serve as head of the Intelligence Community. The Director of National Intelligence would have retained leadership of CIA¹⁸ with the authority to delegate this responsibility to a Deputy or Assistant Director at the President’s discretion. The bill also contained a long list of restricted or banned activities, provided specific missions and functions for each element of the Intelligence Community, stipulated rigorous review and notification procedures for covert action and clandestine collection, and instituted numerous requirements for reporting to Congress.

While the Carter Administration initially supported the attempt to draft “charter” legislation, it ultimately withdrew its support in the face of growing concern that the intelligence function would be hamstrung by having too much detailed regulation in statute. After extended negotiations with the two intelligence committees, the Administration agreed to a measure limited to establishing the ground rules for congressional oversight. The Intelligence Oversight Act of 1980 provided that the heads of intelligence agencies would keep the oversight committees “fully and currently informed” of their activities including “any significant anticipated intelligence activity.” Detailed ground rules were established for reporting covert actions to the Congress, in return for the number of congressional committees receiving notice of covert actions being limited to the two oversight committees.

Congress also passed, with the support of the Carter Administration, the Foreign Intelligence Surveillance Act of 1978, providing for a special court order procedure to authorize electronic surveillance for intelligence purposes, activities that had previously been conducted based upon a claim of constitutional authority of the President.

Finally, in response to continued criticism from the congressional committees over the usefulness of national intelligence estimates, a new mechanism for the development of estimates was established. DCI Colby, in 1973, had established the National Intelligence Officer system in lieu of the Board of Estimates. He had appointed the first six NIOs in an effort to make intelligence more responsive to policymaking. By the end of the decade, DCI Turner formed the NIOs into the National Intelligence Council. Reporting to the DCI, the Council comprised a Chairman and eight National Intelligence Officers, who were considered the senior analysts of the Intelligence Community within their respective areas of expertise. As such, they would supervise the preparation of estimates, ensure quality control, and present the results of their work to policymakers as required.

1980s: A Decade of Growth & Scandal

The beginning of the decade saw the election of a new President, Ronald Reagan, who had made the revitalization of intelligence part of his campaign. Intelligence budgets were increased, and new personnel were hired. The vast majority of rules and guidelines adopted during the Ford and Carter Administrations remained in place. However, by the

¹⁸ Those who thought the DNI must retain a direct management role over the CIA argued that separating the DNI from the CIA would deprive the Director of a strong institutional base and would subject him to more pressure from the policymakers.

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middle of the decade, the U.S. experienced a series of spy scandals, and the first serious breach of the oversight arrangements with the Congress. While the organization of the Intelligence Community remained stable during the decade, it was a period of burgeoning growth and activity.

During the 1980 presidential election, intelligence became a targeted campaign issue. The Republican Party platform contained a plank asserting that the Democrats had impaired the efficiency of the Intelligence Community and had underestimated the Soviet's military strength. President Reagan came into office promising to improve intelligence capabilities by upgrading technical systems and strengthening counterintelligence.

To make good on these promises, Reagan appointed William Casey, a veteran of the OSS, as DCI, and announced that the DCI, for the first time, would hold cabinet rank. With this presidential mandate, Casey sought and received higher budgets for intelligence and instituted an unprecedented period of personnel growth across the Intelligence Community.

On 4 December 1981, almost a year into his Administration, President Reagan issued his Executive Order on intelligence (E.O. 12333). It generally reaffirmed the functions of intelligence agencies (as outlined in the previous order) and continued most of the previous restrictions, but it set a more positive tone than its predecessor, and gave the CIA greater latitude to gather foreign intelligence within the United States and to provide assistance to law enforcement. The Executive Order also provided a new NSC structure for reviewing intelligence activities, including covert actions.¹⁹

Meanwhile, the congressional intelligence committees demonstrated a willingness to provide legislative authority sought by the Intelligence Community. In 1980, the Classified Information Procedures Act was passed to protect classified information used in criminal trials. In 1982, following the public revelation of the names of certain CIA officers that appeared to result in the murder of one officer, the Congress passed a new law making it a crime to reveal the names of covert intelligence personnel. In October 1984, Congress exempted certain operational files of the CIA from disclosure under the Freedom of Information Act. However, legislative proposals offered in 1984 calling for a fixed term for the DCI and Deputy DCI and requiring that they be career intelligence officers, were not passed.

The 1986 Goldwater-Nichols Act, which reorganized the Department of Defense and shifted authority from the military departments to the Joint Chiefs and theater commands, also had an impact on intelligence. The Defense Intelligence Agency and Defense Mapping Agency were specifically designated as combat support agencies, and the Secretary of Defense, in consultation with the DCI, was directed to establish policies and procedures to assist the National Security Agency in fulfilling its combat support functions. The Act also required that the President submit annually to Congress a report on U.S. national security strategy, including an assessment of the adequacy of the intelligence capability to carry out the strategy.

¹⁹ Neither President Bush nor President Clinton issued executive orders on intelligence that supersede E.O. 12333. It remains in effect.

1985: The Year of the Spy

Beginning in 1985, the Intelligence Community experienced an unprecedented rash of spy cases that led to numerous recommendations for change.

The defection of former CIA officer Edward Lee Howard in the spring of 1985 was followed by the arrests of John A. Walker, Jr. and Jerry A. Whitworth, Navy personnel with access to highly sensitive information; CIA employees, Sharon Scranage and Larry Wu-Tai Chin; former NSA employee, Ronald W. Pelton; FBI agent, Richard Miller; and an employee of Naval intelligence, Jonathan J. Pollard. The Walker-Whitworth, Pelton, and Howard cases dealt especially serious blows to U.S. intelligence. As the year drew to a close, a Marine guard at the U.S. Embassy in Moscow confessed to having passed information to the Soviets and was charged with allowing Soviet personnel to enter the chancery building. It was further disclosed that the U.S. had determined its new chancery in Moscow had been thoroughly bugged during its construction. Coming in close succession, these disclosures shocked the public and the Congress.

Various efforts were taken within the Executive branch to identify and correct shortcomings in counterintelligence and security. The Secretary of Defense commissioned a special inquiry into Defense policy and practice. The Secretary of State commissioned a review of embassy security, including the vulnerability of U.S. diplomatic establishments to electronic penetration. The CIA undertook an internal review of counterintelligence and its procedures for handling defectors.

The congressional intelligence committees also investigated these problems and prepared lengthy reports recommending change. In 1988, the Senate committee asked a group of distinguished private citizens, led by New York businessman Eli Jacobs, to review the progress that had been made in counterintelligence and to provide recommendations for further improvements. Their report was provided in 1989, but did not result in any legislation being enacted at the time. This was due in part to the fall of the Berlin Wall, and dramatic changes taking place in the Soviet Union, which lessened the intensity of focusing on problems with spies.

The Iran-Contra Affair and its Aftermath

In November 1986, Congress learned that representatives of the Reagan Administration, contrary to the announced policies of the Government, had sold arms to the Government of Iran in return for its assistance in securing the release of U.S. hostages held in Lebanon. Initiated by members of the NSC staff, the operation was accomplished with the assistance of some officers of the CIA and the Defense Department pursuant to a retroactive covert action “finding” signed by President Reagan in January 1986, which had never been reported to the Congress. It was also disclosed that the NSC staff members involved in the sales had overcharged the Iranians for the weapons and had used the proceeds to support the anti-Communist rebels, the “Contras,” in Nicaragua at a time when such assistance was prohibited by law. The veracity of public statements made by the President and other senior officials with knowledge of the episode appeared in doubt. CIA and other intelligence agencies were quickly drawn into the controversy, which collectively became known as the Iran-Contra affair.

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A special prosecutor was appointed to look into possible criminal activity, and investigations ensued in both the Executive branch and the Congress. In December 1986, the President commissioned a Special Review Board, chaired by former Senator John Tower. Three months later, the Tower Board found that the Iran and Contra operations were conducted outside of regularly established channels and that intelligence oversight requirements had been ignored. The Board also faulted President Reagan's management style. While not recommending organizational changes *per se*, the Board urged that a better set of guidelines be developed for approving and reporting covert action. The Board also recommended that Congress consider merging the two intelligence committees into a single joint committee.

In early 1987, the House and Senate formed separate investigating committees, but later agreed to form a Joint Committee for purposes of interviewing witnesses and holding hearings. After months of intense public hearings, a majority of the Committee issued a lengthy account of its work in the fall of 1987. It recommended, among other things, that a statutory Inspector General be created at the CIA and that the legal requirements for reporting covert actions to the congressional oversight committees be tightened.

Lawrence Walsh, the special prosecutor appointed in January 1987, carried on his investigation of the Iran-Contra affair for almost seven years, and brought criminal prosecutions against the key NSC figures involved, some CIA employees, and a former Secretary of Defense. President Bush later issued pardons to six of those charged.

Legislation creating a statutory Inspector General for the CIA was enacted in 1989. Although the Inspector General reported to the DCI, he could be removed only by the President. Among other things, the law required that the Inspector General submit semi-annual reports to the congressional intelligence committees, summarizing problems that had been identified and corrective actions taken.

Legislative efforts to tighten the covert action reporting requirements did not succeed for several more years. In 1988, with the election of President George Bush, a former DCI, Congress received assurances that the experience of Iran-Contra would not be repeated and that appropriate consultations would occur on future covert actions. These assurances did not put the matter to rest as far as the committees were concerned, but did serve to dampen congressional fervor to legislate precise time requirements for reporting.

1990-1995: The End of the Cold War and Retrenchment

The three years following the election of President Bush saw profound changes in the world that had enormous impacts on the Intelligence Community. In the fall of 1989, the Berlin Wall came down and Germany began the process of reunification. The Communist regimes of Eastern Europe gave way to democratic rule. In August 1990, Iraq invaded Kuwait. Shortly thereafter, the Soviet Union began to break apart with many former Soviet Republics declaring independence. In early 1991, the U.S. together with NATO allies (and the agreement of the Soviet Union) invaded Kuwait to oust the occupying Iraqi forces with a fearsome display of modern weaponry. Later in the year, Communist rule ended in Russia.

Some began to question whether an intelligence capability was needed any longer; others urged significant retrenchment. Leaders within the Intelligence Community began streamlining their agencies and reorienting toward new missions, with a greater focus on transnational threats. Congress pushed them along by proposing a new Intelligence Community structure, and mandating across-the-board reductions in personnel.

The period ended with a shocking new spy case at the CIA and renewed calls for reform.

The Gulf War

The Gulf War of 1991, brief though it was, had profound repercussions for U.S. intelligence. Never had so much information been conveyed so quickly from intelligence systems to warfighters with such devastating effect. The accuracy of U.S. precision guided weapons astounded the world. The war also highlighted the need for the United States to expand its own efforts to link intelligence systems with combat systems and to train military personnel to use these systems effectively. The U.S. recognized that the future of warfare was apt to be battles fought at a distance between opposing forces, placing a premium on the availability of intelligence on the nature and disposition of hostile forces.

Yet the Gulf War also demonstrated problems with intelligence. Initially, the Intelligence Community was not well prepared to support military operations in this locale, but given time in the fall and winter of 1990 to put together a capability, the job was done. The Joint Intelligence Center was established during the war with representation from the key intelligence agencies and provided a model of providing crisis support to military operations. Indeed, a permanent National Military Joint Intelligence Center was established shortly after the conflict at the Pentagon and later at all unified commands. Still, the war illuminated problems in disseminating imagery to the field as well as the limitations of U.S. human intelligence capabilities. In addition, a substantial problem arose with competing CIA and military assessments of the damage caused by allied bombing.

The Gates Task Forces

In 1991, after a wrenching confirmation process which provided the first public examination of the analytical process at the CIA, DCI Robert Gates undertook a comprehensive reexamination of the post-Cold War Intelligence Community. The recommendations of 14 separate task forces produced significant change: analysis would be made more responsive to decisionmakers; a formalized requirements process would be established for human source intelligence collection; new offices were created at the CIA to coordinate the use of publicly available (“open source”) information and to improve CIA support to the military. The staff of the DCI, which supported him in his Community role, was strengthened. And, after much negotiating about which entities to include, a new Central Imagery Office, under the joint control of the DCI and the Secretary of Defense, was established to coordinate imagery collection and to establish uniform standards for the interpretation and dissemination of imagery to the field.

Boren-McCurdy Legislation

While the Gates task forces were at work, legislation was introduced by the respective Chairmen of the Senate and House intelligence committees to restructure the Intelligence Community. The bills called for the creation of a Director of National Intelligence with authority over the intelligence budget as well as authority to transfer personnel temporarily from one intelligence agency to another. The DNI would continue to establish requirements and priorities for intelligence collection and serve as the President's intelligence adviser. In this regard, the analytical element of the CIA would be transferred under the control of the DNI, leaving the remainder of the CIA to be administered by a separate agency director. The legislation also proposed a National Imagery Agency to coordinate imagery tasking, collection, processing, and dissemination.

Given the actions taken by DCI Gates to implement the results of his task forces, however, the committees did not push for enactment of their alternative proposals. Instead they opted to codify and to clarify the existing statutory framework that had been largely unchanged since 1947. The Intelligence Organization Act of 1992 (enacted as part of the Intelligence Authorization Act for 1993) for the first time defined the Intelligence Community by law, enunciated the three roles of the DCI, set forth the authorities and responsibilities of the DCI in relation to other elements of the Intelligence Community, and articulated the responsibilities of the Secretary of Defense for the execution of national intelligence programs. Among other things, the Secretary was required to consult with the DCI prior to appointing the Directors of the NSA, the NRO,²⁰ and the DIA.

Congress continued to debate whether the intelligence budget should be declassified. In 1991 and 1992, Congress passed non-binding "Sense of Congress" resolutions urging the President to make public the aggregate funding for intelligence. President Bush declined to do so, as did President Clinton in 1993.

The Vice President's National Performance Review

In 1993, as part of the Clinton Administration's overall effort to "reinvent" government, a team from the Vice President's National Performance Review looked at the Intelligence Community and suggested that several actions be taken to consolidate activities and build a sense of Community in order to be more efficient and to better serve customers. The review found that the Community was too often drawn apart by the competition for new programs and budget allocations and recommended rotational assignments among agencies as a means of promoting a broader, more collegial perspective. The review's recommendation that the Intelligence Oversight Board be merged into the President's Foreign Intelligence Advisory Board was accomplished by Executive Order in September 1993.

The Ames Spy Case

In February 1994, Aldrich H. Ames, a CIA employee with almost 30 years experience in operations, was charged with spying for the Soviet Union since at least 1985.

²⁰ In 1992, as the legislation was under consideration, the President declassified the fact of the NRO's existence.

During this period, he was alleged to have disclosed virtually all of the CIA's active Soviet agents, many of whom were later executed or imprisoned. In May, Ames and his wife pled guilty and were sent to prison.

The ensuing investigations by the CIA Inspector General and by the congressional intelligence committees reported that Ames had exhibited serious personal problems and a penchant for exorbitant spending which should have brought him under security scrutiny. The investigations also highlighted problems in coordinating counterintelligence cases between the FBI and the CIA. Notwithstanding the seriousness of Ames' disclosures and the numerous shortcomings on the part of CIA officers, DCI Woolsey meted out what were perceived as relatively mild disciplinary measures. The confidence of the public and the Congress in the CIA appeared considerably eroded.

In the fall of 1994, new legislation was enacted to improve counterintelligence and security practices across the Intelligence Community, and, in particular, to improve the coordination between the FBI and CIA. In addition, the President created a new bureaucratic framework for handling counterintelligence matters, to include the placement of FBI counterintelligence specialists within the CIA.

The Creation of a New Commission

Even before the Ames case provided the immediate impetus, the congressional intelligence committees anticipated that the Executive branch would conduct a comprehensive review of the Intelligence Community. When this failed to materialize, the Senate committee, and, in particular, its Vice Chairman, Senator John Warner, developed legislation to establish a commission to study the roles and capabilities of intelligence agencies in the post-Cold War era, and to make recommendations for change. The legislation was approved in October 1994, as part of the Intelligence Authorization Act for 1995.²¹

²¹ See Appendix E for the text of the Commission's charter.

