



THE DEPUTY SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

DEC 30 1975

MEMORANDUM FOR SECRETARY OF DEFENSE

SUBJECT: Initial Steps in Intelligence Area

As you noted in your letter to Senator Stennis on December 5, 1975, I have been assigned certain functions in the intelligence areas pursuant to the President's determination--and your own-- "to assure that the United States Government has an intelligence capability that is effective and efficient" and which he can be confident "is functioning within the appropriate legal constraints".

To that end, you informed Senator Stennis that I would be reviewing and making appropriate recommendations concerning:

- the utility of the Department's product;
- the efficiency of the Department's intelligence activities; and
- the adequacy of existing management controls with respect to the Department's intelligence activities, including compliance with the law.

In addition to your instructions, I have reviewed the recommendations of the Blue Ribbon Panel in 1970 and those of the Defense Panel on Intelligence in 1975 for relevant guidance as to the problems that exist in the Defense intelligence area and for suggested steps that might be taken to solve those problems. Of course, my review is being conducted with the intention not only of producing better quality intelligence and of seeing to it that our intelligence components act within the law but also with an eye toward those organizational changes which might be made to achieve savings in both manpower and money.

The following briefly outlines the initial steps I have taken or am about to take in response to your directives to me and as a result of my own review of the various issues we face in the intelligence area.

-- A team is being created to examine and to report to me on the operations, product, manpower and expenditures of both NSA and DIA.

-- I will be talking with one or more prominent lawyers in the private sector in an effort to enlist an Inspector General with a small, full-time staff for the Defense intelligence community to assure you, the Attorney General, the President and the Congress that our intelligence components are acting within the law and to make recommendations as to what laws, regulations, directives and the like



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might be needed in this regard. I will also make a recommendation after a trial period of six months to a year as to whether or not we should create a permanent Inspector General for Intelligence.

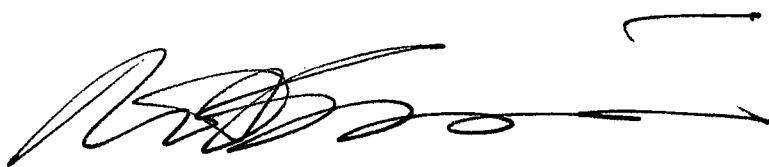
-- We are examining the value of legislation and other proposals which would allow us to improve the quality of the people in the Defense intelligence business by reforming the civilian career structure. We are also preparing proposals for personnel changes to be discussed with the Assistant Secretary of Defense (Manpower and Reserve Affairs).

-- We are asking the Assistant Secretary of Defense (Manpower and Reserve Affairs) to make certain that manpower cuts in the intelligence area are not restricted to OASD(I) and the NRP which have relatively few people, but that the cuts come from Defense intelligence as a whole-- i.e., mainly from DIA and NSA.

-- A team is being created to examine and to report to me on the steps that can be taken to improve the Defense intelligence effort to provide strategic warning and indications and warning of possible surprise attacks.

-- We are seeking early improvement of the substantive intelligence effort in regard to reporting on Korea, on changes in Warsaw Pact capability to conduct a "surprise" or unreinforced attack against NATO, on uncertainty data and Soviet defense expenditures.

-- We are studying the most efficient managerial interface between the DCI, CIA and the Defense intelligence community.



Robert Ellsworth

