

recommended actions, as well as the nature, extent, purpose, risks, likelihood of success and costs of the operation. Reasons explaining why the objective can not be achieved by overt means should also be considered.

¶Each covert action project should be formally considered at a meeting of the OAG, and if approved, forwarded to the President for final decision. The views and positions of the participants would be fully recorded. For the purpose of OAG, Presidential, and Congressional considerations, all so-called non-sensitive projects should be aggregated, according to the extraordinary circumstances or contingency against which the project is directed.

38. By statute, the intelligence oversight committee(s) of Congress should require that the annual budget submission for covert action programs be specified and detailed as to the activity recommended. Unforeseen covert action projects should be funded from the Contingency Reserve Fund which could be replenished only after the concurrence of the oversight and any other appropriate congressional committees. The congressional intelligence oversight committee should be notified prior to any withdrawal from the Contingency Reserve Fund.

30. By statute, any covert use by the U.S. Government of American citizens as combatants should be preceded by the notification required for all covert actions. The statute should provide that within 60 days of such notification such use shall be terminated unless the Congress has specifically authorized such use. The Congress should be empowered to terminate such use at any time.

40. By statute, the Executive branch should be prevented from conducting any covert military assistance program (including the indirect or direct provision of military material, military or logistics advice and training, and funds for mercenaries) without the explicit prior consent of the intelligence oversight committee(s) of Congress.

## Reorganization of C.I.A. The Position of the D.C.I.

The committee recommendations regarding the Director of Central Intelligence would, if implemented, increase his authority over the entire intelligence community. Given such increased authority, the committee believes that both the executive branch and the intelligence oversight committee(s) of Congress should give careful consideration to removing the D.C.I. from direct management responsibility for the Central Intelligence Agency. This would free the D.C.I. to concentrate on his responsibilities with regard to the entire intelligence community and would remove him from any conflict of interest in performing that task. It might also increase the accountability of the Central Intelligence Agency by establishing a new and separate senior position—a Director of the Central In-

telligence Agency—responsible for only the C.I.A.

## The Structure of the C.I.A.

The committee believes that several important problems uncovered in the course of this inquiry suggest that serious consideration also be given to major structural change in the C.I.A.—in particular, separating national intelligence production and analysis from the clandestine service and other collection functions. Intelligence production could be placed directly under the D.C.I., while clandestine collection of foreign intelligence from human and technical sources and covert operations would remain in the C.I.A.

## Recommendations

41. The intelligence oversight committee(s) of Congress in the course of developing a new charter for the intelligence community should give consideration to separating the functions of the D.C.I. and the Director of the C.I.A. and to dividing the intelligence analysis and production functions from the clandestine collection and covert action functions of the present C.I.A.

## Relations With United States Institutions and Private Citizens

In the immediate postwar period, as the Communists pressed to influence and to control international organizations and movements, mass communications, and cultural institutions, the United States responded by involving American private institutions and individuals in the secret struggle over minds, institutions, and ideals. In the process, the C.I.A. subsidized, and even helped develop "private" or nongovernment organizations that were designed to compete with Communists around the world. The C.I.A. supported not only foreign organizations, but also the international activities of United States student, labor, cultural, and philanthropic organizations.

These covert relationships have attracted public concern and this committee's attention because of the importance that Americans attach to the independence of these institutions.

The committee found that in the past the scale and diversity of these covert actions has been extensive. For operational purposes, the C.I.A. has:

¶Funded a special program of a major American business association.

¶Collaborated with an American trade union federation.

¶Helped to establish a research center at a major United States university.

¶Supported an international exchange program sponsored by a group

of United States universities.

¶Made widespread use of philanthropic organizations to fund such covert action programs.

## 1. Covert Use of the U.S. Academic Community

The Central Intelligence Agency is now using several hundred American academics, who in addition to providing leads and, sometimes making introductions for intelligence purposes, occasionally write books and other material to be used for propaganda purposes abroad. Beyond these, an additional few score are used in an unwitting manner for minor activities.

These academics are located in over 100 American colleges, universities and related institutes. At the majority of institutions, no one other than the individual academic concerned is aware of the C.I.A. link. At the others, at least one university official is aware of the operational use made of academics on his campus. In addition, there are several American academics abroad who serve operational purposes, primarily the collection of intelligence.

The C.I.A. gives a high priority to obtaining leads on potential foreign intelligence sources especially those from Communist countries. This agency's emphasis reflects the fact that many foreign nationals in the United States are in this category. The committee notes that American academics provide valuable assistance in this activity.

The committee is concerned, however, that American academics involved in such activities may undermine public confidence that those that train our youth are upholding the ideals, independence and integrity of American universities.

## Government Grantees

C.I.A. regulations adopted in 1967 prohibit the "operational" use of certain narrow categories of individuals. The C.I.A. is prohibited from using receiving grants from the Board of Foreign Fellowships under the Fulbright-Hayes Act. There is no prohibition on the use of individuals participating in any other federally funded exchange programs. For example, the C.I.A. may use those grantees—artists, specialists, athletes, leaders, etc.—who do not receive their grants from the Board of Foreign Scholarships. The Committee is concerned that there is no prohibition against exploiting such open Federal programs for clandestine purposes.

## 2. The Covert Use of Books and Publishing Houses

The committee has found that the Central Intelligence Agency attaches a particular importance to book publishing activities as a form of covert propaganda. A former officer in the Clandestine Service stated that books are "the most important weapon of strategic (longrange) propaganda." Prior to 1967, the Central Intelligence Agency

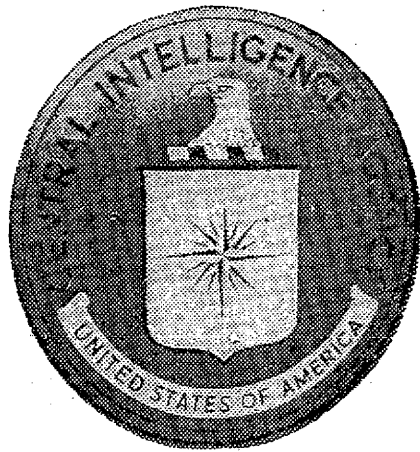
sponsored, subsidized or produced over 1,000 books: approximately 25 percent of them in English. In 1967 alone, the C.I.A. published or subsidized over 200 books, ranging from books on African safaris and wildlife to translations of Machiavelli's "The Prince" into Swahili and works of T. S. Eliot into Russian, to a competitor to Mao's little red book, which was entitled "Quotations from Chairman Liu."

The committee found that an important number of the books actually produced by the Central Intelligence Agency were reviewed and marketed in the United States.

### 3. Domestic "Fallout"

The committee finds that covert media operations can result in manipulating or incidentally misleading the American public. Despite efforts to minimize it, C.I.A. employees, past and present, have conceded that there is no way to shield the American public completely from "fallout" in the United States from agency propaganda or placements overseas. Indeed, following the Katzenbach inquiry, the Deputy Director for Operations issued a directive stating: "Fallout in the United States from a foreign publication which we support is inevitable and consequently permissible."

The domestic fallout of covert propaganda comes from many sources: books intended primarily for an English-speaking foreign audience; C.I.A. press placements that are picked up by an international wire service, and publications resulting from direct C.I.A. funding of foreign institutes. For example, a book



written for an English-speaking foreign audience by one C.I.A. operative was reviewed favorably by another C.I.A. agent in The New York Times.

### 4. Covert Use of American Religious Personnel

The committee has found that over the years the C.I.A. has used very few religious personnel for operational purposes. The C.I.A. informed the committee that only 21 such individuals have ever participated in either covert

action projects or the clandestine collection of intelligence. On Feb. 10, 1976, the C.I.A. announced: "C.I.A. has no secret paid or contractual relationships with any American clergyman or missionary. This practice will be continued as a matter of policy."

The committee welcomes this policy with the understanding that the prohibition against all "paid or contractual relationships" is in fact a prohibition against any operational use of all Americans following a religious vocation.

### Recommendations

In its consideration of the recommendations that follow, the committee noted the Central Intelligence Agency's concern that further restriction on the use of Americans for operational purposes will constrain current operating programs. The committee recognizes that there may be at least some short-term operational losses if the committee recommendations are effected. At the same time, the committee believes that there are certain American institutions whose integrity is critical to the maintenance of a free society and which should therefore be free of any unwitting role in the clandestine service of the United States Government.

42. The committee is concerned about the integrity of American academic institutions and the use of individuals affiliated with such institutions for clandestine purposes. Accordingly, the committee recommends that the C.I.A. amend its internal directives to require that individual academics used for operational purposes by the C.I.A., together with the President or equivalent official of the relevant academic institutions, be informed of the clandestine C.I.A. relationship.

43. The committee further recommends that, as soon as possible, the permanent intelligence oversight committee(s) of Congress examine whether further steps are needed to insure the integrity of American academic institutions.

44. By statute, the C.I.A. should be prohibited from the operational use of grantees who are receiving funds through educational and/or cultural programs which are sponsored by the United States Government.

45. By statute, the C.I.A. should be prohibited from subsidizing the writing, or production for distribution within the United States or its territories, of any book, magazine, article, publication, film, or video or audio tape unless publicly attributed to the C.I.A. Nor should the C.I.A. be permitted to undertake any activity to accomplish indirectly such distribution within the United States or its territories.

46. The committee supports the recently adopted C.I.A. prohibitions against any paid or contractual relationship between the agency and U.S. and foreign journalists accredited to U.S. media organizations. The C.I.A. prohibitions should, however, be established in law.

47. The committee recommends that the C.I.A. prohibitions be extended by law to include the operational use of any person who regularly contributes material to, or is regularly involved directly or indirectly in the editing of material, or regularly acts to set policy or provide direction to the activities of U.S. media organizations.

48. The committee recommends that the agency's recent prohibition on covert paid or contractual relationship between the agency and any American clergyman or missionary should be established by law.

### Proprietaries and Cover

#### Proprietary Organizations

C.I.A. proprietaries are business entities wholly owned by the agency which do business, or only appear to do business, under commercial guise. They are part of the "arsenal of tools" of the C.I.A.'s Clandestine Services. They have been used for espionage as well as covert action. Most of the larger proprietaries have been used for paramilitary purposes. The committee finds that too often large proprietaries have created unwarranted risks of unfair competition with private business and of compromising their cover as clandestine operations. For example, Air America, which at one time had as many as 8,000 employees, ran into both difficulties.

While internal C.I.A. financial controls have been regular and systematic, the committee found a need for even greater accountability both internally and externally. Generally, those auditing of the C.I.A. have been denied access to operational information, making management-oriented audits impossible. Instead, audits have been concerned only with financial security and integrity.

The committee found that the C.I.A.'s Inspector General has, on occasion, been denied access to certain information regarding proprietaries. This has sometimes inhibited the ability of the inspector office to serve the function for which it was established. Moreover, the General Accounting Office has not audited these operations. The lack of review, by either the G.A.O. or the C.I.A. Inspector General's office, means that, in essence, there has been no outside review of proprietaries.

One of the largest current proprietaries is an insurance-investment complex established in 1962 to provide pension annuities, insurance and escrow management for those who, for security reasons, could not receive them directly from the U.S. Government. The committee determined that the Congress was not informed of the existence of this proprietary until "sometime" after it had been made operational and had invested heavily in the domestic stock markets—a practice the C.I.A. has discontinued. Moreover, once this proprietary was re-

moved from the Domestic Operations Division and placed under the General Counsel's office it received no annual C.I.A. project review.

The record establishes that on occasion the insurance-investment complex had been used to provide operational support to various covert action projects. The Inspector General, in 1970, criticized this use of the complex because it threatened to compromise the security of the complex's primary insurance objectives.

## Cover

The committee examined cover because it is an important aspect of all C.I.A. clandestine activities. Its importance is underscored by the tragic murder of a C.I.A. station chief in Greece, coupled with continuing disclosures of C.I.A. agents' names. The committee sought to determine what, if anything, has been done in the past to strengthen cover, and what should be done in the future.

The committee found conflicting views about what constitutes cover, what it can do, and what should be done to improve it. A 1970 C.I.A. inspector general report termed the agency's concept and use of cover to be lax, arbitrary, uneven, confused, and loose. The present cover staff in the C.I.A. considered the 1970 assessment to be simplistic and overly harsh. There is no question, however, that some improvements and changes are needed.

The committee finds that there is a basic tension between maintaining adequate cover and effectively engaging in overseas intelligence activities. Almost every operational act by a C.I.A. officer under cover in the field—from

support to various covert action projects. The Inspector General, in 1970, criticized this use of the complex because it threatened to compromise the security of the complex's primary insurance objectives.

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The committee finds that there is a basic tension between maintaining adequate cover and effectively engaging in overseas intelligence activities. Almost every operational act by a C.I.A. officer under cover in the field—from working with local intelligence and police to attempting to recruit agents—reveals his true purpose and chips away at his cover. Some forms of cover do not provide concealment but offer a certain degree of deniability. Others are so elaborate that they limit the amount of work an officer can do for the C.I.A. In carrying out their responsibilities, C.I.A. officers generally regard the maintenance of cover as a "nuisance."

The situation of the Athens station chief, Richard Welch, illustrates the problem of striking the right balance between cover and operations, and also the transparency of cover. As the chief of the C.I.A.'s cover staff stated, by the time a person becomes chief of station, "there is not a great deal of cover left. The chief of the cover staff identified terrorism as a further security problem for officers overseas, one that is aggravated by the erosion of cover.

## Recommendations

49. By statute, the C.I.A. should be permitted to use proprietaries subject to external and internal controls.

50. The committee recommends that the intelligence oversight committee(s) of Congress require at least an annual report on all proprietaries. The report should include a statement of each proprietary's nature and function, the results of internal annual C.I.A. audits, a list of all C.I.A. intercessions on behalf of its proprietaries with any other United States Government departments, agencies or bureaus, and such other information as the oversight committee deems appropriate.

51. The intelligence oversight committee(s) of Congress should require that the fiscal impact of proprietaries on the C.I.A.'s budget be made clear in the D.C.I.'s annual report to the oversight committee. The committee should also establish guidelines for creating large proprietaries, should these become necessary.

52. By statute, all returns of funds from proprietaries not needed for its operational purposes or because of liquidation or termination of a proprietary, should be remitted to the United States Treasury as Miscellaneous Receipts.

The Department of Justice should be consulted during the process of the sale or disposition of any C.I.A. proprietary.

53. By statute, former senior government officials should be prohibited from negotiating with the C.I.A. or any other agency regarding the disposal of proprietaries. The intelligence oversight committees of Congress should consider whether other activities among agencies of the intelligence community, the C.I.A. and former officials and em-

ployees, such as selling to or negotiating contracts with the C.I.A., should also be prohibited as is the case regarding military officials under 18 U.S.C. 207.

## Intelligence Liaison

Throughout the entire period of the C.I.A.'s history, the agency has entered into liaison agreements with the intelligence services of foreign powers. Such arrangements are an extremely important and delicate source of intelligence and operational support. Intelligence channels can also be used to negotiate agreement outside the field of intelligence. The committee notes that all treaties require the advice and consent of the Senate, and executive agreements must be reported to the Foreign Relations Committee of the Senate. Because of the importance of

intelligence liaison agreements to national security, the committee is concerned that such agreements have not been systematically reviewed by the Congress in any fashion.

## Recommendations

54. By statute, the C.I.A. should be prohibited from causing, funding, or encouraging actions by liaison services which are forbidden to the C.I.A. Furthermore, the fact that a particular project, action, or activity of the C.I.A. is carried out through or by a foreign liaison service should not relieve the agency of its responsibilities for clearance within the agency, within the executive branch, or with the Congress.

55. The intelligence oversight committees of Congress should be kept fully informed of agreements negotiated with other governments through intelligence channels.

## The General Counsel and Inspector General

The general counsel, as chief legal officer of the Central Intelligence Agency, has a special role in insuring that C.I.A. activities are consistent with the Constitution and laws of the United States. The committee found that, in the past, the participation of the general counsel in determining the legality or propriety of C.I.A. activities was limited; in many instances the general counsel was not consulted about sensitive projects. In some cases the director's investigative arm, the inspector general, discovered questionable activities often were not referred to the general counsel for a legal opinion. Moreover, the general counsel never had general investigatory authority.

The committee believes that the intelligence oversight committee(s) of Congress should examine the internal

review mechanisms of foreign and military intelligence agencies and consider the feasibility of applying recommendations such as those suggested for the C.I.A.

## Recommendations

56. Any C.I.A. employee having information about activities which appear illegal, improper, outside the agency's legislative charter, or in violation of agency regulations, should be required to inform the director, the general counsel, or the inspector general of the agency. If the general counsel is not informed, he should be notified by the other officials of such reports. The general counsel and the inspector general shall, except where they deem it inappropriate, be required to provide such information to the head of the agency.

57. The D.C.I. should be required to report any information regarding employee violations of law related to their duties and the results of any internal agency investigation to the Attorney General.

58. By statute, the director of the C.I.A. should be required to notify the appropriate committee of the Congress of any referrals made to the Attorney General pursuant to the previous recommendation.

59. The director of the C.I.A. should periodically require employees having any information on past, current, or proposed agency activities which appear illegal, improper, outside the agency's legislative charter, or in violation of the agency's regulations, to report such information.

60. By statute, the general counsel and the inspector general should have unrestricted access to all agency information and should have the authority to review all of the agency activities.

61. All significant proposed C.I.A. activities should be reviewed by the general counsel for legality and constitutionality.

62. The program of component inspections conducted by the inspector general should be increased, as should the program of surveys of sensitive programs and issues which cut across component lines in the Agency.

63. The director shall, at least annually, report to the appropriate committees of the Congress on the activities of the office of the general counsel and the office of the inspector general.

64. By statute, the general counsel should be nominated by the President and confirmed by the Senate.

65. The agency's efforts to expand and strengthen the staffs of the general counsel and inspector general should be continued.

66. The general counsel should be promoted to, and the inspector general should continue to hold executive rank equal to that of the deputy directors of the C.I.A.

## The Department

# of Defense General Findings and Conclusions

The committee finds that despite the magnitude of the tasks and the complexity of the relationships, most of the important collection activities conducted by the Defense Department (the reconnaissance and SIGINT systems) are managed relatively efficiently and are generally responsive to the needs of the military services as well as to the policy makers on the national level.

Defense intelligence must respond to a range of consumers—policymakers in Washington, defense and technical analysts, and operational commanders in the field—yet, the primary mission of defense intelligence is to supply the armed services with the intelligence necessary for their operations. This overriding departmental requirement creates a major problem in the over-all allocation of intelligence resources throughout the intelligence community. In promulgating Executive order 11905, the Administration has decided on a greater centralization of authority in the Director of Central Intelligence. The committee notes that this will require some changes in the Secretary of De-

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partment's authority over allocating defense intelligence resources. With regard to intelligence resources management within the Department of Defense, the committee found that the establishment of a Deputy Secretary of Defense for intelligence should enable more effective management of defense intelligence resources and help the Defense Department play an appropriate role in the new centralized interagency structure under the Director of Central Intelligence.

Increasingly, technological intelligence systems have grown capable of serving both the interest of national policymakers and planners and of field commanders. Thus, it is often difficult to distinguish between "national" and "tactical" intelligence assets, collection or production. It is the committee's view that while the effect of the President's Executive order giving the D.C.I. more authority will be to bring national intelligence assets and budgets under the D.C.I.'s control and guidance, the defense intelligence programs which are tactical in nature and integral to the military's operational commands should remain under the control of the Secretary of Defense. The precise line drawn between the tactical and military intelligence at any given time will have a significant impact on the definition of national intelligence and on the purview of any oversight committee of Congress.

## The Defense Intelligence

## Agency

Historically, DOD has managed the bulk of all technical intelligence collection systems, but the C.I.A. has managed many important national technical collection systems and has been in charge of much of the analytic function and is the primary producer of national intelligence. The largest proportion of intelligence needed by the military establishment, however, is tactical. Therefore, national intelligence is a secondary mission of D.I.A. Much of D.I.A.'s effort is directed toward producing intelligence needed by the J.C.S., the United and Specified Commands, and force planners and technical analysts in the services. The Secretary of Defense, on the other hand, is equally or more concerned with national intelligence. In this context, it is not surprising that DOD's civilian leadership has complemented D.I.A.'s product with analyses from sources in other agencies.

## The National Security Agency

The National Security Agency is one of the largest and most technically oriented components of the United States intelligence community. Its basic function is collecting and processing foreign communications and signals for intelligence purposes. N.S.A. is also responsible for creating and supervising the cryptography of all United States Government agencies, and has a special responsibility for supervising the military services' cryptologic agencies. Another major responsibility is protecting the security of American communications.

The committee regards these functions as vital to American security. N.S.A.'s capability to perform these functions must be preserved. The committee notes that despite the fact that N.S.A. has been in existence for several decades, N.S.A. still lacks a legislative charter. Moreover, in its extensive investigation, the committee has identified intelligence community abuses in levying requirements on N.S.A. and abuses by N.S.A. itself in carrying out its functions. The committee finds that there is a compelling need for an N.S.A. charter to spell out limitations which will protect individual constitutional rights without impairing N.S.A.'s necessary foreign intelligence mission.

## Recommendations

67. In order to implement the committee's and the President's recommendations for expanding the D.C.I.'s resource allocation responsibility, appropriate adjustments should be made in the Secretary of Defense's general authority regarding defense intelligence activities and in the department's internal budgeting procedures. At the same time there should be provision for the transfer to the Secretary of Defense of responsibilities, particularly tasking in-

telligence agencies, in the event of war.

68. By statute, the intelligence oversight committee (s) of Congress, in consultation with the executive, should establish a charter for the Defense Intelligence Agency which would clearly define its mission and relationship to other intelligence agencies. The committee recommends that the charter include the following provisions:

A. In order to encourage close coordination between consumers and producers of national intelligence, D.I.A. should be a part of the office of the Secretary of Defense and should report directly to the Deputy Secretary of Defense for Intelligence. A small J-2 staff should be constituted to provide intelligence support, primarily of an operational nature, to the Joint Chiefs of Staff. The Secretary of Defense should insure full coordination and free access to information between the two groups.

B. The Director of the D.I.A. should be appointed by the President and subject to Senate confirmation. Either the director or deputy director of the agency should be a civilian.

C. The Congress must relieve D.I.A. from certain civil service regulations in order to enable the quality of D.I.A. personnel to be upgraded. In addition, more supergrade positions must be provided for civilians in D.I.A.

69. By statute, a charter for the National Security Agency should be established which, in addition to setting limitations on the agency's operations, would provide that the Director of N.S.A. would be nominated by the President and subject to confirmation by the Senate. The director should serve at the pleasure of the President but for not more than 10 years. Either the director or the deputy director should be a civilian.

70. The Department of Defense

should centralize the service counterintelligence and investigative activities within the United States in the Defense Investigative Service in order to reduce wasteful duplication.

## The Department of State and Ambassadors

The Department of State and the Foreign Service have an important role in the intelligence operations of the United States Government. Because of its responsibilities in formulating and conducting U.S. foreign policy, the State Department is a principal customer for intelligence. Abroad, the Foreign Service, operating overtly, is the principal collector of political intelligence and is a major collector of economic intelligence.

Because of its foreign policy responsibilities and its worldwide complex of diplomatic and consular installations, the Department of State is the only

Washington agency potentially able to oversee other U.S. Government activities abroad — including those of the C.I.A. In the field, this responsibility clearly falls on the ambassador by law. Indeed, ambassadors are the sole mechanism, available outside of the C.I.A. itself to assure that N.S.C. decisions are appropriately carried out by the Clandestine Service. The committee found that the role of the Department of State and the ambassadors constitute a central element in the control and improvement in America's intelligence operations overseas. However, the committee also found that ambassadors are often reluctant to exercise their authority in intelligence matters. The department has not encouraged them to do so, and the Administration has not issued directives to implement existing law covering the authority of ambassadors.

In contrast to covert action, the committee found that neither the State Department nor U.S. ambassadors are substantially informed about espionage or counterintelligence activities directed at foreign governments. Such coordination as exists in this respect is at the initiative of the Central Intelligence Agency and is infrequent. The committee found that there is no systematic assessment outside the C.I.A. of the risks of foreign espionage and counter-espionage operations and the extent to which those operations conform with overall foreign policy.

In general, ambassadors in the field are uninformed about specific espionage activities within their countries of assignment. Unlike the case of covert action, ambassadors are not asked to appraise the risks of espionage activities, nor to assess their benefits. Often ambassadors do not want to know the specifics of such operations, and what coordination as exists in their cases is based on a general injunction from them to the station chiefs that they not be confronted with any "surprises."

That is not always enough if an ambassador wishes to participate in policy decisions. For example, a shift of resources toward recruitment of internal targets in a Western country was under consideration between Washington and the field, and the U.S. ambassador had not been informed. In this connection, the committee believes it would be unrealistic to use clandestine recruitment to try to establish the kind of intimate relationship with political élites in friendly countries which we have enjoyed as a result of the shared experience of WWII and its aftermath.

The committee finds that more than a year after enactment of a statute making ambassadors responsible for directing, coordinating and supervising all U. S. Government employees within their country of assignment, instructions implementing this law have still not been issued by any quarter of the executive branch. A former Under Secretary of State told the Committee that the law, in effect, had been "suspended" in view of Presidential inaction. More-

over, the C.I.A. has not modified its practices pursuant to this law. The committee finds this thwarting of the United States law unacceptable.

The committee finds that ambassadors cannot effectively exercise their legal responsibilities for a wide variety of intelligence activities within their jurisdiction without State Department assistance on the Washington aspects of the activities. Such support is particularly important in the case of intelligence operations aimed at a third country. An ambassador may be able to judge the local risks of an espionage effort, but if it is directed toward a third country the ambassador may not be able to assess the importance or value of the effort without Washington support.

At present, the C.I.A. handles both State Department and its own communications with overseas posts. Under this arrangement, the ambassador's access to C.I.A. communications is at the discretion of the C.I.A. The committee finds that this is not compatible with the role assigned to the ambassador by law: the ambassador cannot be sure that he knows the full extent and nature of C.I.A. operations for which he may be held accountable.

The committee finds that ambassadors' policies governing intelligence activities have sometimes been interpreted in a manner which vitiated their intent. For example, one ambassador prohibited any electronic surveillance by his embassy's C.I.A. component. The head of the C.I.A. component interpreted this to proscribe any C.I.A. electronic surveillance and believed that such surveillance could be conducted in cooperation with local security services.

The committee found evidence that C.I.A. station chiefs abroad do not always coordinate their intelligence reporting on local developments with their ambassadors. The committee does not believe that ambassadors should be able to block C.I.A. field reports. However, it found that there was no standard practice for ambassadors to review and comment on intelligence reporting from the field.

The committee finds that the Foreign Service is the foremost producer in the United States Government of intelligence on foreign political and economic matters. The committee believes, how-

ever, that the State Department does not adequately train Foreign Service personnel, particularly in political reporting. Nor does the department fund their collection operations, nor manage their activities so as to take full advantage of this extremely important intelligence capability. In effect, the department, despite being a major source of intelligence, considers this function secondary to its principal task of diplomatic representation and negotiations.

From discussions in nearly a dozen Foreign Service posts, the committee established that there is inadequate funding for Foreign Service reporting officers to carry out their responsibility-

ties. The funds available are considered "representation funds" and must be shared with the administration and consular sections of most embassies. Such representation funds have been a favorite target for Congressional cuts in the State Department budget.

## Recommendations

71. The National Security Council, the Department of State and the Central Intelligence Agency should promptly issue instructions implementing Public Law 93-475 (22 U.S.C. 2680a). These instructions should make clear that ambassadors are authorized recipients of sources and methods information concerning all intelligence activities, including espionage and counterintelligence operations. Parallel instructions from other components of the intelligence community should be issued to their respective field organizations and operatives. Copies of all these instructions should be made available to the intelligence oversight committee(s) of Congress.

72. In the exercise of their statutory responsibilities, ambassadors should have the personal right, which may not be delegated, of access to the operational communications of the C.I.A.'s clandestine service in the country to which they are assigned. Any exceptions should have Presidential approval and should be brought to the attention of the intelligence oversight committees of Congress.

73. By statute, the Department of State should be authorized to take the necessary steps to assure its ability to provide effective guidance and support to ambassadors in the execution of their responsibilities under Public Law 93-475 (22 U.S.C. 2680a).

74. Consideration should be given to increasing and earmarking funds for Foreign Service overt collection of foreign political and economic information. These funds might be administered jointly by the State Department's Bureau of Intelligence and Research and the Bureau of Economic Affairs.

75. The N.S.C. should review the question of which U.S. Government agency should control and operate communications with overseas diplomatic and consular posts, including the C.I.A. and other civilian agencies operating abroad.

76. The Department of State should establish specific training programs for political reporting within the Foreign Service Institute, and place greater emphasis on economic reporting.

## Oversight and the Intelligence Budget

The committee finds that a full understanding of the budget of the intelligence community is required for effective oversight. The secrecy surrounding the budget, however, makes it impossible for Congress as a whole to make use of this valuable oversight tool:

Congress as a body has never explicitly voted on a "budget" for national intelligence activities. Congress has never voted funds specifically for C.I.A., N.S.A. and other national intelligence instrumentalities of the Department of Defense.

The funding levels for these intelligence agencies are fixed by subcommittees of the Armed Services and Appropriations Committees of both houses. Funds for these agencies are then concealed in the budget of the Department of Defense. Since this department budget is the one Congress approves, Congress as a whole, and the public, have never known how much the intelligence agencies are spending or how much is spent on intelligence activities generally. Neither Congress as a whole nor the public can determine whether the amount spent on intelligence, or by the intelligence agencies individually, is appropriate given the priorities.

Because the funds for intelligence are concealed in defense appropriations, those appropriations are thereby inflated. Most members of Congress and the public can neither determine which categories are inflated nor the extent to which funds in the inflated categories are being used for purposes for which they are approved.

Finally, the committee believes there is serious question as to whether the present system of complete secrecy violates the constitutional provision that:

"No Money shall be drawn from the Treasury but in Consequence of Appropriations made by Law; and a regular Statement and Account of the Receipts and Expenditures of all public Money shall be published from time to time."

The committee believes that the overall figure for national intelligence activities can be made public annually without endangering national security or revealing sensitive programs. The committee carefully examined the possible impact of such disclosure on the sources and methods of intelligence gathering and believes it to be minimal. The committee found that the primary concern about this level of disclosure was that it would lead to pressure for even more detailed revelation, which would compromise vital intelligence programs.

The committee believes that disclosure of an aggregate figure for national intelligence is as far as it is prudent to go at this stage in reconciling the nation's constitutional and national security requirements. Public speculation about overall intelligence costs would be eliminated, the public would be assured that funds appropriated to particular government agencies were in fact intended for those agencies, and

both Congress and the public would be able to assess overall priorities in governmental spending.

## Recommendations

77. The intelligence oversight committee(s) of Congress should authorize on an annual basis a "National Intelli-

gence Budget," the total amount of which would be made public. The committee recommends that the oversight committee consider whether it is necessary, given the constitutional requirement and the national security demands, to publish more detailed budgets.

78. The intelligence oversight committee(s) of Congress should monitor the tactical and indirect support accounts as well as the national activities of intelligence agencies in order to assure that they are kept in proper perspective and balance.

79. At the request of the intelligence oversight committee(s) of Congress and as its agent staff members of the General Accounting Office should conduct full audits, both for compliance and for management of all components of the intelligence community. The G.A.O. should establish such procedures, compartmentation and clearances as are necessary in order to conduct these audits on a secure basis. In conducting such audits, the G.A.O. should be authorized to have all access to all necessary files and records of the intelligence community.

## Chemical and Biological Agents and the Intelligence Community

The committee investigated the testing and use of chemical and biological agents by agencies within the intelligence community. The testing programs originated in response to fears that countries hostile to the United States would use chemical and biological agents against Americans or our allies. Initially, this fear led to defensive programs. Soon this defensive orientation became secondary as the possibility of using these chemical and biological agents to obtain information from, or to gain control of, enemy agents became apparent.

The committee found that United States intelligence agencies engaged in research and development programs to discover materials which could be used to alter human behavior. As part of this effort, testing programs were instituted, first involving witting human subjects. Later, drugs were surreptitiously administered to unwitting human subjects.

The agency considered the testing programs highly sensitive. The committee found that few people within the agencies knew about them. There is no evidence that Congress was informed about them. These programs were kept from the American public because, as the inspector general of the C.I.A. wrote, "the knowledge that the agency is engaged in unethical and illicit activities would have serious repercussions in political and diplomatic circles and would be detrimental to the accomplishment of its [C. I. A.'s] mission."

The research and development pro-

gram and particularly the testing program involving unwitting human subjects involved massive abridgements of the rights of individuals, sometimes with tragic consequences. The deaths of two Americans resulted from these programs; other participants in the testing programs still suffer residual effects. While some controlled testing for defensive purposes might be defended, the

nature of the tests, their scale, and the fact that they were continued for years after it was known that the surreptitious administration of LSD to unwitting subjects was dangerous, indicate a disregard for human life and liberty.

The committee also found that within the intelligence community there were destructive jurisdictional conflicts over drug testing. Military testers withheld information from the C.I.A., ignoring their superiors' suggestions for coordination. The C.I.A. similarly failed to provide information on its programs to the military. In one case the military attempted to conceal their overseas operational testing of LSD from the C.I.A. and the C.I.A. attempted surreptitiously to discover the details of the military's program.

## Recommendations

80. The C.I.A. and other foreign and foreign military intelligence agencies should not engage in experimentation on human subjects utilizing any drug, device or procedure which is designed, intended, or is reasonably likely to harm the physical or mental health of the human subject, except with the informed consent in writing, witnessed by a disinterested third party, of each human subject, and in accordance with the guidelines issued by the National Commission for the Protection of Human Subjects for Biomedical and Behavioral Research. Further, the jurisdiction of the commission should be amended to include the Central Intelligence Agency and the other intelligence agencies of the United States Government.

81. The Director of the Central Intelligence Agency and the Secretary of Defense should continue to make determined efforts to locate those individuals involved in human testing of chemical and biological agents and to provide follow-up examinations and treatment, if necessary.

## General

### Recommendations

82. **Internal Regulations** — Internal C.I.A. directives or regulations regarding significant agency policies and procedures should be waived only with the explicit written approval of the Director of Central Intelligence. Waiver of any such regulation or directive should in no way violate any law or infringe on the constitutional right and freedom of any citizen. If the D.C.I. approves the waiver or amendment of any

significant regulation or directive, the N.S.C. and the appropriate Congressional oversight committee(s) should be notified immediately. Such notification should be accompanied by a statement explaining the reasons for the waiver or amendment.

83. **Security Clearances**—In the course of its investigation, the committee found that because of the many intelligence agencies participating in security clearance investigations, current security clearance procedures involve duplication of effort, waste of money and inconsistent patterns of investigation and standards. The intelligence oversight committee(s) of Congress, in consultation with the intelligence community, should consider framing standard security clearance procedures for all civilian intelligence agencies and background checks for Congressional committees when security clearances are required.

84. **Personnel Practices**—The committee found that intelligence agency training programs fail to instruct personnel adequately on the legal limitations and prohibitions applicable to intelligence activities. The committee recommends that these training pro-

grams should be expanded to include review of constitutional, statutory, and regulatory provisions in an effort to heighten awareness among all intelligence personnel concerning the potential effects intelligence activities may have on citizens' legal rights.

85. **Security Functions of the Intelligence Agencies**—The committee found that the security components of intelligence agencies sometimes engaged in law enforcement activities. Some of these activities may have been unlawful. Intelligence agencies' security functions should be limited to protecting the agencies personnel and facilities, and lawful activities and to assuring that intelligence personnel follow proper security practices.

86. **Secrecy and Authorized Disclos-**

ure—The committee has received various Administration proposals that would require persons having access to classified and sensitive information to maintain the secrecy of that information. The committee recommends that the issues raised by these proposals be considered by the new legislative intelligence oversight committees of Congress and that, in recasting the 1947 National Security Act and in consultation with the executive branch, the oversight committees consider the wisdom of new secrecy and disclosure legislation. In the view of the committee any such consideration should include carefully defining the following terms: national secrets; sources and methods; lawful and unlawful classification; lawful and unlawful disclosure.

The new legislation should provide civil and/or criminal penalties for unlawful classification and unlawful disclosure. The statute should also provide for internal departmental and agency procedures for employees who believe that classification and/or disclosure procedures are being improperly or illegally used to report such belief. There should also be a statutory procedure whereby an employee who has used the agency channel to no avail can report such belief without impunity to an "authorized" institutional group outside the agency. The new Intelligence Oversight Board is one such group. The intelligence oversight committee(s) of Congress would be another. The statute should specify that revealing classified information in the course of reporting information to an authorized group would not constitute unlawful disclosure of classified information.

87. **Federal Register for Classified Executive Orders**—In the course of its investigation, the committee often had difficulty locating classified orders, directives, instructions, and regulations issued by various elements of the executive branch. Access to these orders by the intelligence oversight committee(s) of Congress is essential to informed oversight of the intelligence community.

The committee recommends that a Federal Register for classified executive orders be established by statute. The statute should require the registry, under appropriate security procedures, of all executive orders—however they are labeled—concerning the intelligence activities of the United States. Among the documents for which registry in the Classified Federal Register should be required are all National Security Council Intelligence Directives and all Director of Central Intelligence Directives. Provision should be made for access to classified executive orders by the intelligence oversight committee(s) of Congress. Classified executive orders would not be lawful until filed with the registry, although there should be provision for immediate implementation in emergency situations with prompt subsequent registry required.