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Chief
Intelligence Community Affairs

6 August 1975

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TO: DIRECTOR
DEPUTY DIRECTOR

SUBJECT: Statement by DCI before House of Representatives Select Committee on Intelligence, 4 August 1975

Here is DCI's public statement on the Intelligence Community, given to the House Select Committee on Monday, and circulated for information.

It might be useful in preparation of Gen. Allen's presentation, for it defends against release of budget figures.

JOHN E. MORRISON, JR.
Chief of Intelligence Community Affairs

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UNITED STATES INTELLIGENCE BOARD

MEMORANDUM FOR USIB PRINCIPALS

SUBJECT : Statement by DCI before House of Representatives Select Committee on Intelligence, 4 August 1975

The Director of Central Intelligence has requested that his statement before the House of Representatives Select Committee on Intelligence be circulated for the information of USIB Principals.

BRUCE A. LOWE
Executive Secretary

Attachment

Office of the Assistant to the Director
(703) 351-7676
(703) 687-6931

(Advance for Release on Delivery Scheduled for 10:00 a.m., EDT, Monday, August 4, 1975)

Statement

by

W. E. Colby

Director of Central Intelligence

before

House of Representatives

Select Committee on Intelligence

August 4, 1975

INTRODUCTION

Mr. Chairman and members of the Committee, I am pleased to have this opportunity to present to you today the structure of the United States Intelligence Community, and to provide what I hope will prove to be insight into how it is organized and how it operates. I understand that you ask that I focus today on the Community as a whole, and turn to CIA specifically on Wednesday. I also understand that you wish especially to cover our budget procedures and the budgets themselves, as a way of investigating the degree of what might be called the command and control of this important activity. I will cover as much as I believe possible in this open session; I will then seek your agreement to cover the remainder in executive session. I know we will debate the need for such a step, but I would hope we could proceed first with the open part.

"Community" is a particularly apt phrase to describe the structure that performs the important task of providing intelligence to our Government. The Intelligence Community exists in the same sense as does any group of people involved in a common endeavor. It is a set of bodies (in this case, Governmental ones) operating within a fairly well understood procedural framework which enables its members to pursue a common objective: providing intelligence to those that need it.

COMMUNITY MEMBERS

The Intelligence Community involves all or part of the activities of several departments and agencies of the Executive Branch:

Central Intelligence Agency

Bureau of Intelligence and Research, Department of State
Defense Intelligence Agency
National Security Agency

Army, Navy and Air Force military intelligence organizations

Federal Bureau of Investigation

Treasury Department

Energy Research and Development Administration

There are, in addition, a variety of intelligence-related activities which, while not a part of the Community as such, nonetheless make significant contributions to information available to the overall U. S. intelligence effort. Among these are general reporting from our embassies abroad and the intelligence activities integral to our military force structure (referred to as "tactical intelligence").

This Community reflects the basic intelligence concept contained in the National Security Act of 1947. This established the Central Intelligence Agency under the National Security Council to advise the NSC concerning foreign intelligence activities of the other

governmental departments and agencies, to recommend to the National Security Council the coordination of the intelligence activities of other departments and agencies, and to perform services of common concern centrally. It was provided, however, that other departments and agencies should continue to collect, evaluate, correlate, and disseminate what was identified as departmental intelligence, i. e., intelligence for departmental purposes. The Act clearly contemplates the present structure of the agencies and departments working on their own on matters of individual interest but coordinating and collaborating with the Central Intelligence Agency to provide the best service to the National Security Council.

THE DCI'S ROLE

Under provisions of a Presidential memorandum issued in November 1971, which was reaffirmed by President Ford, I have been charged to report to the President and the Congress on "all U. S. Intelligence programs." Specifically, I am under instructions to:

-- Assume leadership of the Intelligence Community

-- Improve the intelligence product

-- Review all intelligence activities and recommend the appropriate allocation of resources

CONGRESSIONAL OVERSIGHT

The Community keeps the Congress informed of its activities through the mechanism the Congress has established: the designated subcommittees of both the House and Senate Armed Services and Appropriations Committees. We appear before these subcommittees to discuss and report on U. S. foreign intelligence programs and to support the detailed budgetary aspects of the programs. Through formal executive session presentations, testimony, and question and answer sessions, senior intelligence officers provide information to the appropriate level of detail desired by Committee members. For example, in considering the FY 1976 Intelligence Community program now before Congress, I appeared before the Defense Subcommittee of the House ~~Armed Services~~ Appropriations Committee on six separate occasions -- four times on the Community program and twice on the CIA budget. In addition, I provided written responses to over two hundred Committee questions. In addition, Dr. Hall, the Assistant Secretary of Defense for Intelligence, testified on the DOD portions of the Community programs and provided written responses to about two hundred Committee questions. Various individual program managers provided similar extensive testimony.

I also appear regularly before various Congressional Committees and Subcommittees (in addition to the oversight groups) to provide

briefings and intelligence analyses on world affairs. I also maintain daily liaison with the Congress through my Legislative Counsel and provide substantive inputs to questions as they are raised in the normal course of business.

GUIDANCE

Within the Executive Branch there are a number of sources of guidance to the Intelligence Community. I have direct contact with the President and the Assistant to the President for National Security Affairs. In addition to this personal contact, several organizational mechanisms exist which provide direction or guidance to me as leader of the Intelligence Community and as the Director of the Central Intelligence Agency:

-- The National Security Council [the President, the Vice President, the Secretaries of State and Defense and, as advisors, the Chairman, JCS (military advisor) and the DCI (intelligence advisor)]

-- The various committees and groups of the NSC, particularly the NSC Intelligence Committee (NSCIC).

-- The President's Foreign Intelligence Advisory Board

-- The Office of Management and Budget

THE NSC MECHANISM

In addition to being an advisor to the National Security Council itself, I am a member of, or am represented on, various NSC groups and committees. In these, I provide information and judgments about foreign developments which impact on national security policy. While my participation is involved primarily with the substance of intelligence, I also receive guidance and important insights concerning the management of the U. S. intelligence effort.

The NSC Intelligence Committee is charged directly with providing direction and guidance on national intelligence needs, and with evaluation of intelligence products from the viewpoint of the user. This Committee is chaired by the Assistant to the President for National Security Affairs. Members are: the Under Secretary of State for Political Affairs, the Deputy Secretary of Defense, the Under Secretary of the Treasury, the Chairman, JCS, and the DCI.

The 40 Committee of the NSC provides policy guidance and approval for any CIA activity abroad other than intelligence collection and production -- the so-called covert action mission. It is chaired by the Assistant to the President for National Security Affairs. Its members are: the Deputy Secretary of State, the Deputy Secretary of Defense, the Chairman, JCS, and I.

THE PRESIDENT'S FOREIGN INTELLIGENCE ADVISORY BOARD (PFIAB)

This Board is the direct descendant of the board of consultants recommended by the second Hoover Commission in 1955. President Eisenhower created the President's Board of Consultants on Foreign Intelligence Activities by Executive Order in 1956. It has been continued by all Presidents since then. The Board, now known as the President's Foreign Intelligence Advisory Board (PFIAB), was most recently continued by President Nixon's E. O. 11460, dated March 20, 1969. It consists of prominent Americans from outside the Government appointed by the President: Admiral George W. Anderson, Jr., USN (Ret.), Chairman; Dr. William O. Baker (Bell Labs); Mr. Leo Cherne (Research Institute of America); Dr. John S. Foster, Jr. (TRW); Mr. Robert W. Galvin (Motorola); Mr. Gordon Gray; Dr. Edward Land (Polaroid); Mrs. Clare Boothe Luce; Dr. Edward Teller (University of California); Mr. George P. Shultz (Bechtel). Vice President Rockefeller was a member of the Board until he assumed his present office. Its purpose is to strengthen the collection, evaluation, production and timely dissemination of reliable intelligence by both military and civilian Government agencies and to assure the President of the quality, responsiveness and reliability of intelligence provided to policy-making personnel. The Board operates under a very broad charter which directs it to review all

significant aspects of foreign intelligence and related activities in which the Central Intelligence Agency and other elements of the Intelligence Community are engaged. It reports periodically to the President and makes appropriate recommendations.

THE BUDGET PROCESS

The National Foreign Intelligence Program (NFIP) is formulated on the basis of substantive and fiscal guidance provided by the President, through the Office of Management and Budget. The individual intelligence program budgets which make up the NFIP are developed in accordance with the same guidelines applicable to other Government agency programs -- Office of Management and Budget Circular A-11, "Preparation and Submission of Budget Estimates."

Program plans are developed and reviewed by each agency of the Intelligence Community during the spring and early summer to ensure that the general scope, size, and direction of the plan are in accordance with the objectives and priorities contained in the overall guidance. These plans are reviewed and approved at the various levels of the member agencies up to the head. They then form the basis against which detailed budget estimates are developed and submitted to the Office of Management and Budget in the fall.

These budget requests are then reviewed in detail by the Office of Management and Budget; by my Intelligence Community Staff; by the

Staff of the Assistant Secretary of Defense (Intelligence); and by the Comptrollers of Defense and CIA. Based on these reviews, the approved budget requests for the individual intelligence programs are included within their parent department and agency budgets and form an integral part of the President's overall Federal budget. After consulting with the member agencies, I then provide to the President my independent assessment of the Intelligence Community resource requests, along with my overall recommendations for the National Foreign Intelligence Program.

My annual recommendations do not constitute a budget in the traditional sense, as I have statutory authority for only the CIA. Rather, in accordance with the President's 5 November 1971 Directive, these recommendations represent my view as to the appropriate substantive focus and allocation of resources for the U. S. intelligence effort during the coming five-year period. The DCI has presented three such sets of consolidated Community program recommendations to the President and the Congress -- for Fiscal Years 1974, 1975, and 1976.

Once the National Foreign Intelligence Program Recommendations are submitted (in early December), they are considered by the President. I then defend the Community's portion of the President's budget before the Congress, in addition to CIA's, as outlined above.

The National Foreign Intelligence Program is contained in about twenty Department of Defense appropriation accounts and one Department of State appropriation account; all of which require annual appropriation by Congressional appropriations committees. Of these, about half require annual authorization, which falls under the purview of the Armed Services Committees. I have also participated in these reviews, speaking for the Community.

THE INTELLIGENCE COMMUNITY MANAGEMENT STRUCTURE

President Nixon's memorandum of 5 November 1971 was reaffirmed by President Ford's memorandum of 9 October 1974. The President's guidance and direction, enunciated in his 5 November 1971 memorandum, were incorporated into NSC Intelligence Directives (NSCID's) in an extensive update and revision of NSCID 1 (Basic Duties and Responsibilities); all other NSCID's were also reexamined, and the entire set was reissued on 17 February 1972. These NSCID's are supplemented by Director of Central Intelligence Directives, or DCID's, issued after consultation with the Community members, which specify in greater detail the policies and procedures established by the NSCID's. Each agency then develops its internal regulations in conformity with these policies. In addition to creating the NSC Intelligence Committee, the 1971 memorandum directed the creation of an Intelligence Resources Advisory Committee (IRAC).

This Committee, chaired by the DCI, consists of senior representatives of the Departments of State and Defense, the Central Intelligence Agency, and the Office of Management and Budget. The DCI, since IRAC's inception, has invited the Director, NSA and the Director, DIA to participate regularly in the IRAC as observers in their capacity as National Intelligence Program Managers. A representative of the NSC staff also participates regularly as an observer. Other Community Program Managers are invited as appropriate.

The IRAC meets approximately once each quarter, except at the end of the calendar year, when more frequent meetings are needed to formulate the annual budget.

The principal role of IRAC is to advise the DCI on (1) the allocation and use of intelligence resources and (2) the formulation of the DCI's National Foreign Intelligence Program Recommendations to the President.

The United States Intelligence Board (USIB) is responsible for providing advice to the DCI on matters of substantive intelligence. It is designed to assist him in the production of national intelligence, establishing requirements and setting priorities, supervising dissemination and security of intelligence, and protecting intelligence sources and methods.

The Board is chaired by the DCI and meets weekly. Members include the Deputy Director of Central Intelligence (Vice Chairman); Director of Intelligence and Research, Department of State; Director, NSA; Director, DIA; and representatives of the Secretary of the Treasury, the Director, FBI, and the Administrator, Energy Research and Development Administration. The intelligence chiefs of the military services have observer status on USIB and participate in its meetings.

USIB is supported by twelve subordinate committees, organized along functional lines and drawing upon all elements of the Intelligence Community for membership. These committees also serve IRAC as required.

To assist in assuming the more comprehensive management of the Intelligence Community called for in the 5 November 1971 memorandum, the President directed that the DCI strengthen his personal staff. This has led to the formation of two groups: the National Intelligence Officer structure and the Intelligence Community Staff.

THE NIO STRUCTURE

The National Intelligence Officers were established in October 1973, replacing the Board of National Estimates. The group is headed by a deputy to the DCI for NIO's. Each National Intelligence Officer has a specific area of geographic or functional responsibility for which he or she

is responsible. Each NIO's raison d'etre is to provide substantive expertise to support me and to be responsible for insuring that the Community is doing everything it can to meet consumer needs. The NIO staff has been kept deliberately austere -- each NIO is limited to an assistant and a secretary -- on the philosophy that it is the NIO's job to stimulate the Community to produce the intelligence, not to do it himself. There are presently eleven NIO's dealing with subjects as diverse as strategic forces, the Mid-East, and international economics and energy. The NIO's identify the key intelligence questions needing action in their area, review and develop our collection and production strategy, ensure that our intelligence is responsive to our customers' needs, and evaluate how well we are performing against our objectives.

THE INTELLIGENCE COMMUNITY STAFF

The IC Staff provides management and evaluation support to the DCI. It is headed by an active duty military officer at the three-star level and is a composite of individuals drawn from CIA, NSA, DIA, active duty military (from all services), and private industry. It is organized into three main divisions: Management, Planning and Resources Review; Product Review; and Collection and Processing Assessment. The titles are descriptive of the functions performed.

MANAGEMENT VEHICLES

Since I do not exercise command authority over the component organizations of the Intelligence Community (other than the CIA), I rely on a family of management devices to provide guidance, stimulate the proper program direction and balance, and provide a basis for evaluation.

Each year, I issue Perspectives for Intelligence, a document intended to provide a broad framework to guide program development over the next five years. Perspectives provide the Community with my views of the environment within which the Community must prepare to operate. It attempts to identify, in broad terms, where the heaviest demands on the Community will come from.

I have also asked that the three major collection programs develop plans to portray the direction each is taking over the next five years and to serve to identify major strengths and weaknesses.

Each year, following a very extensive and detailed program development and review cycle, I submit to the President my National Foreign Intelligence Program Recommendations. Because of the large concentration of Community resources within the Defense Department (about 80%), the process leading up to the NFIPR is dovetailed carefully with the Defense Planning, Programming and Budgeting Process. This document

provides the President with an independent view of the national intelligence aspects of the budget he submits to the Congress. The NFIPR is prepared by the IC Staff working closely with all members of the Community.

Each year I also issue a set of National Intelligence Objectives and submit them for NSCIC approval. At the end of the year, I submit an annual report to the President on Community performance against these objectives.

These are supplemented by Key Intelligence Questions issued by me after consultation with the USIB and the NIO's. These focus the national intelligence effort on the main problems the nation faces in the world.

This extensive management structure focuses, of course, on the objectives and programs of the Intelligence Community. It also provides a process for evaluation of the effectiveness of the Community on a regular basis. The detailed financial auditing and controls are conducted within the member agencies of the Community, however, according to their specific departmental regulations. On Wednesday, I will discuss this in some detail with respect to CIA. The other members of the Community have extensive audit and review structures, which will be addressed tomorrow by Dr. Hall, the Assistant Secretary of Defense for Intelligence, and by other agencies as they appear before you.

You are interested, I know, Mr. Chairman, in what this process produces in terms of budgets. I am also interested in showing you what it produces in terms of results -- the best intelligence in the world. As an introduction to these subjects, I would like to illustrate the intelligence problem our country faces. We live in a free society, which means that much of the information about our society is freely available. This chart shows rather graphically, I believe, the comparison between the kinds of material which are freely available in our society but which are carefully controlled in the Soviet Union. We have some controlled information also, and I believe we must have. But the availability of full and accurate information available about our country should not lead us to think that the world follows our example. For instance, it is clear that Tass produces only what the leadership wants it to produce. Radio Moscow says and shows only what is selected, and Soviet books, magazines and technical journals reveal only what has been approved. Our intelligence budget is how we overcome this difference in the availability of information. We read what is made available, but we must learn more than that if we are to protect our country.

(see attachments at end)

This chart gives a conceptual representation of our problem. It compares the availability of open information about U. S. and Soviet weapons systems during the different stages of their development and

deployment. As you can see, the U. S. process is not entirely revealed, but a large amount is reflected in our technical journals, in our Congressional hearings and debates, and in the press at large. On the Soviet side, much of the basic research is published and included in scientific exchanges. Applied research, however, and the subsequent stages of test, development and deployment are conducted with only a slight degree of visibility.

This chart, again conceptual rather than specific, shows what this means in intelligence budgets, how much must be spent by each nation to learn what it must know about the other. Because of the free availability of much of our information, small expenditures are needed on the Soviet side, and their major expenditures are thus placed on the tactical coverage of the possible use and disposition of our weapons systems. This is reflected in their extensive use of signals intercept ships and their other ways of closely following the tactical movements of our forces. On our side, however, we must commit the substantial budgets I will discuss with you, to be able to determine the subjects of their applied research, the characteristics of the weapons systems being developed, and their production and deployment rates. Without these funds, we

would be unaware of many of these steps. We could face the surprise with which the world received the news of the first Sputnik. We could be years behind in the development of appropriate countermeasures to a new weapons system. We would have large areas of uncertainty about Soviet forces which could argue for excessive U. S. defense expenditures as insurance. Most of all, we would be unable to negotiate, agree upon and monitor limits on such systems such as SALT to bring about a more stable world.

In this investigation, Mr. Chairman, you will discover the revolutionary advances which have been made in our technical, analytical and operational intelligence activities by the member agencies of the American Intelligence Community. I believe you will find these investments necessary to our country, their products of great value, and the budgets carefully managed and proper.

Now, Mr. Chairman, with respect to the specific figures of the Community budget, I regret that I must ask you to go into executive session for this aspect of my testimony.

On July 25th, at your request, you were briefed with respect to the budget of the Intelligence Community in general and that of the CIA in

particular. I would be pleased to give a similar briefing to all members of the Committee and answer any questions they may have. I respectfully request, however, that such testimony be given in executive session.

In making this request, I am mindful of the need for the Intelligence Community to win the confidence of the American people, and I am aware that a request to present a portion of my testimony "behind closed doors" appears to run counter to such an objective. Nonetheless, I believe the request is in conformity with the Constitution, the laws, and the long-established Congressional procedures. I also believe it proper and just.

As you know, I am bound by law to protect the foreign intelligence sources and methods of this nation.[1] I am, like the members of this Committee, bound by my oath of office and by my own conscience to carry out the duties assigned to me -- including that one -- as fully and effectively as possible. The issue of whether the budget should remain secret is a fair one for debate, and I welcome this opportunity to be heard on it.

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[1] 50 U.S.C.A. §403(d)(3), §403(g); 18 U.S.C.A. §798; E.O. 11652, March 10, 1972.

It is clear from the legislative history of CIA's enabling legislation that the Congresses of the post-World War II period believed that the financial transactions related to intelligence simply had to remain outside of public gaze. Subsequent Congresses have consistently reaffirmed that position over the years -- most recently in the Senate last June, when a proposed amendment requiring release of an annual budget figure for intelligence was rejected by a vote of 55 to 33. Both Houses of Congress also have adopted internal rules designed to provide for a combination of detailed Congressional oversight of Agency activities and maximum protection of sensitive information about Agency operations.

Existing laws and procedures are a focal point of your current investigations and hearings. When this Committee and the Senate Select Committee complete their proceedings and submit their recommendations, the Congress may decide to change the ground rules under which we operate. If that happens, we will of course conform. But I must testify that I believe that the Agency's budget must be kept secret and that revealing it would inevitably weaken our intelligence.

Many have contended that the secrecy of the Agency budget is in conflict with Article 1, Section 9, Clause 7, of the Constitution, which states 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."[2]

In fact, that very clause of the Constitution was settled on after debates in the Constitutional Convention that are part of another, less widely understood American practice -- that concealment of certain expenditures can be in the public interest. The so-called "Statement and Account" clause just quoted was not part of the initial draft. The language first suggested by George Mason would have required an annual account of public expenditures. James Madison, however, argued for making a change to require reporting "from time to time." Madison explained that the intent of his amendment was to "leave enough to the discretion of the Legislature." Patrick Henry opposed the Madison

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[2] As noted by the Supreme Court in U. S. v. Richardson, ___U. S. __, 41 L. Ed. 678, (1974), "Congress has taken notice of the need of the public for more information concerning governmental operations but at the same time it has continued traditional restraints on disclosure of confidential information. See: Freedom of Information Act, 5USC §552; Environmental Protection Agency v. Mink, 410 U. S. 73 (1973)" at 687.

language because it made concealment possible. But when the debate was over, it was the Madison view that prevailed. And the ability of the drafters of the Constitution to envisage a need for concealment is further indicated by Article 1, Section 5, Clause 3: "Each House shall keep a Journal of its proceedings and from time to time publish the same, except such Parts as may in their Judgment require Secrecy."

The option of confidential expenditures was given to Congress; it was first exercised at the request of President Washington, who in his first annual message sought a special fund for intelligence activites. Congress agreed and provided for expenditures from the fund to be recorded in the "private journals" of the Treasury. A later Congress passed a secret appropriation act providing necessary funds to enable President Madison to take possession of parts of Florida. President Polk used secret funds to send "ministers" to Central America to gather information. Many aspects of budgets have been kept confidential throughout our history and intelligence activities have consistently received special treatment. In this respect, they are similar to other well-established American secrets -- of the ballot box, of grand jury proceedings, of diplomatic negotiations, and many more. If secrecy is required to enable an important process to work, we Americans accept it. Intelligence is such a process -- it is important to our country, and it will not work if it is exposed.

Confidentiality about information having to do with intelligence organizations and their activities is a world-wide practice. A check on our part has not turned up even one example of a government that publishes its intelligence budget. There are intelligence organizations in Western democracies that are not in any way accountable to their legislatures. Indeed two newspaper editors were jailed in Sweden a couple of years ago for publishing the fact that Sweden has an intelligence service and that it had relations with the United States.

I do not refer to these foreign examples to urge that we copy them. We Americans want a responsible American intelligence service. Thus, CIA's practice is far different from the foreign examples. Our relationships with the Hill have been close over the years and oversight is far more extensive than may be realized. As the 94th Congress has organized itself, four subcommittees with a total of 38 members have oversight responsibilities for CIA. Under existing guidelines, operational activities are reported solely to them (except that, pursuant to PL 93-559, ongoing covert actions are also reported to the two foreign relations committees). I hold no matters secret from the oversight committees; instead, I have and exercise a responsibility to volunteer to them matters of possible interest. On substantive intelligence questions, I appear before many committees -- notably those dealing with military and foreign affairs, atomic energy, and space.

In the first seven months of this year, I appeared personally before Congressional Committees some 39 times. So far as the Agency budget alone is concerned, I have made two presentations to the Defense Subcommittee of the House Appropriations Committee and one each to the Congressionally designated subcommittee of the House Armed Services, Senate Armed Services and Senate Appropriations Committees. Additionally, I reported to them on the Community budget. And my formal budget appearances are only the most prominent part of the fiscal exchange. I frequently answer questions on the budget during appearances on other matters. A very large number of my subordinates brief Congressional bodies on various aspects of their activities. In connection with appropriations processes, we have so far provided written answers to well over a hundred Congressional questions on the FY 1976 budget for the Agency.

My emphasis on the worldwide and American practice of treating intelligence budgets as secret is not an argument for concealing the CIA budget from a strong oversight mechanism. This I have welcomed on many occasions, as I believe it an important element of the responsible intelligence service we Americans must have. The better the external supervision of CIA, the better its internal management will be, to the benefit of all Americans.

Instead, the need for a secret budget reflects the widespread conviction on the part of intelligence professionals, grounded in their intelligence experience, that public revelation of fiscal information would inevitably hurt our intelligence effort. The publication of a total budget figure for a single year, without more, might not be thought to be a calamity. But limiting the public record in that way is not practical. The precedent would be established under which we would at the very least have to reveal a budget total each year. A trend line would be established, and a not-so-hypothetical intelligence analyst in another country would have something to work with. And there are intelligence analysis techniques that could easily be applied to such data.

Look at this problem as we in intelligence look at foreign problems. For example, the Chinese have not published the value of their industrial production since 1960. But they have published percentage increases for some years without specifying the base, both for the nation and most of the provinces. It took one key figure to make these pieces useful: when the Chinese reported that the value of industrial production in 1971 was 21 times that of 1949, we could derive an absolute figure for 1971. With this benchmark, we could reconstruct time series both nationally and province by province. If we begin releasing intelligence budget figures, others will be able to take scraps of information about the Agency and

generally known financial trends such as inflation, and use a similar kind of analysis to draw conclusions or even identify hypotheses that would put some of our operations in jeopardy.

For example, let us look at the development of the U-2. Our budget increased significantly during the development phase of that aircraft. That fact, if public, would have attracted attention abroad to the fact that something new and obviously major was in process. If it had been supplemented by knowledge (available perhaps from technical magazines, industry rumor, or advanced espionage techniques) that funds were being committed to a major aircraft manufacturer and to a manufacturer of sophisticated mapping cameras, the correct conclusion would have been simple to draw. The U. S. manufacturers in question, their employees and their suppliers and subcontractors would have become high priority intelligence targets for foreign espionage. And I have no doubt that the Soviets would have taken early steps to acquire a capability to destroy very-high-altitude aircraft -- steps they did indeed take, with eventual success, but only some time after the aircraft began operating over their territory -- that is, once they had knowledge of a U. S. intelligence project.

Moreover, once the budget total was revealed, the demand for details probably would grow. What does it include? What does it exclude? Why did it go up? Why did it go down? Is it worth it? How does it work?

There would be revelations -- even revelations of facts not in themselves particularly sensitive but which would gradually reduce the unknown to a smaller and smaller part of the total, permitting foreign intelligence services to concentrate their efforts in the areas where we would least like to attract their attention. We -- and I specifically mean in this instance both intelligence professionals and Members of Congress -- would have an acute problem when the matter of our budget arose on the floor of the House or Senate. Those who knew the facts would have two unpleasant choices -- to remain silent in the face of all questions and allegations, however inaccurate, or to attempt to keep the debate on accurate grounds by at least hinting at the full story.

My concern that one revelation will lead to another is based on more than a "feeling." The atomic weapons budget was considered very sensitive, and the Manhattan project was concealed completely during World War II. With the establishment of the AEC, however, a decision was made to include in the 1947 budget a one-line entry for the weapons account. That limitation was short-lived. By 1974, a 15-page breakout and discussion of the atomic weapons program was being published. Were the intelligence budget to undergo a similar experience, major aspects of our intelligence strategy, capabilities and successes would be revealed. The obvious result would be a tightening of security practices by hostile, secretive, closed

foreign nations to deprive us of the knowledge we would otherwise obtain about their plans and capabilities to hurt us and our allies.

In summary, Mr. Chairman, I have tried to view this question dispassionately, as both an American and an intelligence official. I would like to be able to tell the American people about our activities. There is a great deal about the best intelligence service in the world we would be proud to tell, to bring into perspective what we have had to say recently about the missteps or misdeeds in our past. I am a long way from being an advocate of secrecy for the sake of secrecy; we have deliberately opened as much of our intelligence effort for public inspection as we can -- during this past year, for example, we have briefed and answered the questions of some 10,000 members of our public, from community leaders to the press to visiting high school groups.

But I do not believe that there is any Constitutional or legal requirement that our budget be publicly revealed. Doing so would inevitably hurt our intelligence product. It is reviewed privately in depth and in detail in the Executive Branch and in the appropriate Committees of the Congress. Knowledge of the Agency budget would not enable the public to make a judgment on the appropriateness of the amount without the knowledge of the product and the ways it is obtained. And such exposure to our citizens could not be kept from potential foreign foes, who, thus alerted, would

prevent us from obtaining the intelligence we need to protect ourselves in the world today. We have lost intelligence opportunities through exposure already. I believe it is my job under the statute to prevent this, so I urge that our intelligence budgets be kept secret and be discussed by this Committee only in executive session.

FREEDOM OF INFORMATION ON POLITICAL & ECONOMIC INTELLIGENCE

in U.S.

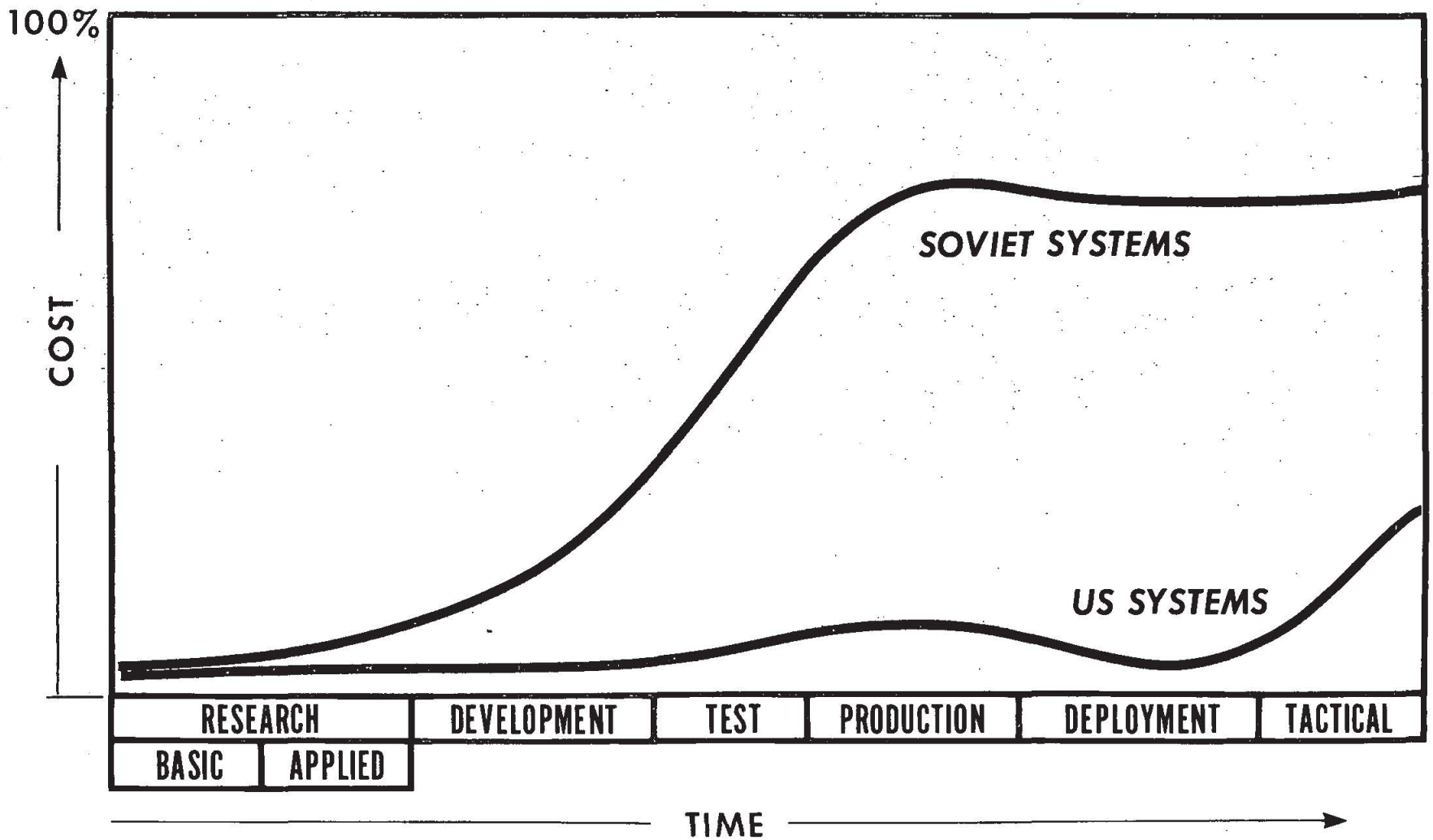
	FREE	CONTROLLED
Newspapers	X	
Wire Services	X	
Radio-Television	X	
Journals & Magazines	X	
Books	X	
Government Publications	X	
Economic Info. Services	X	
Congressional Hearings	X	
Professional & Cultural Exchanges	X	X
International Organizations & Negotiations	X	X
Government Exchanges	X	X

in U.S.S.R.

	FREE	CONTROLLED
TASS		X
Radio (FBIS Monitored)		X
Books		X
Magazines		X
Newspapers		X
International Commerce		X
Professional & Cultural Exchanges		X
International Organizations & Negotiations		X
Government Exchanges		X

US/USSR Weapons System Evolution

COST TO ACQUIRE INFORMATION



US/USSR Weapons System Evolution

AVAILABILITY OF INFORMATION