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THE WHITE HOUSE

WASHINGTON

PRESIDENT'S FOREIGN INTELLIGENCE ADVISORY BOARD

June 5, 1971

MEMORANDUM FOR PRESIDENT'S FILE

SUBJECT: President's Foreign Intelligence Advisory Board Meeting with the President, June 4, 1971.

At 3:30 p.m. on June 4, 1971, the full Board met at the White House with the President, following a two-day Board session devoted to the preparation of a report and recommendations to the President on the subject of reorganization of the U. S. intelligence effort. Present were the Board Chairman Admiral George Anderson, and Messrs. Franklin Lincoln, Robert Murphy, Franklin Murphy, William O. Baker, Frank Pace, Gordon Gray, Edwin Land, and Nelson Rockefeller; Gerard Burke, Executive Secretary to the Board; and Russell Ash and Wheaton Byers, Board Staff. Mr. James Schlesinger, Assistant Director, Office of Management and Budget, was present by invitation of the President and at the suggestion of Mr. Shultz. Accompanying the President was Dr. Henry A. Kissinger, Assistant to the President for National Security Affairs.

The President commented that he has long had an interest in intelligence matters going back to his service in the U. S. Congress in the 1940s, and he was glad to have the opportunity to review the subject with the Board today. A draft copy of the Board's report had been made available to Dr. Kissinger before the meeting with the President, and the President asked Chairman Anderson to proceed with the Board's presentation.

The Chairman gave an oral summary of highlights of the Board report. He said that while the Board shares some of the views set forth in the recent Office of Management and Budget/NSC Staff review of the U. S. intelligence effort, the Board had no basis for substantiating the OMB findings that its reorganization proposals would effect significant money savings. On the other hand, the Board felt that its own proposal for reorganization could increase the efficiency of the U.S. intelligence effort.

The President indicated interest in the Chairman's statement at this point that the Board does not take as harsh a view of the U. S. intelligence product as did the OMB in its report. Chairman Anderson said that although the Board is aware of mistakes made in the intelligence community, nevertheless the Board sees substantial progress. He also stated



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that the Board foresees a future increase in the importance of intelligence to our Government, particularly in the field of economic intelligence, where it is felt that there is a real need for increased emphasis and guidance as to this phase of the intelligence effort.

The President remarked that he has observed that there is much to be desired in the economic intelligence field. He noted that for a long time commercial and economic personnel in the U. S. Foreign Service have had low status in our Embassies; there has been little direction given them; and the State Department has taken the jealous position of trying to keep the activities of Treasury, Commerce and other Departments in the background insofar as Foreign Service activities are concerned. The President said that while he had not recently given a lot of thought to the matter of the U. S. economic intelligence effort, he has long been aware of the need for getting the State Department to make assignments of well-qualified Economic Officers. He added that this problem is one of the reasons for his recent establishment of the Office of Assistant to the President for International Economic Policy, and his appointment of Mr. Peter G. Peterson to that post. The President said that he wanted to get back to this subject before the close of this meeting. The Chairman reported that at lunch today the Board had discussed with the Director of Central Intelligence and Treasury Secretary Connally the need for giving more attention to the collection and processing of economic intelligence, and both of these officials had agreed that they should set up liaison channels to facilitate action on economic intelligence matters.

The Chairman next pointed out that the Board does not concur in the two reorganization options proposed by OMB which would require seeking legislation from the Congress, and the President agreed that such a course of action would be inadvisable. Noting that the third OMB option would involve the appointment of still another Presidential Assistant, Chairman Anderson said that in lieu of the OMB proposals the Board recommends a reconstitution of the U. S. Intelligence Board. This would be done by having the USIB made up of principal intelligence users in the Government, instead of intelligence producers as is now the case, and authorize this body to serve under the DCI as a policy-forming entity and coordinator of the entire U. S. intelligence community. The Chairman described the major functions of the new USIB as proposed by the Board; the Executive Committee; the Executive Secretariat; and the subordinate bodies, the IEC and IRC. The Chairman expressed the Board's view that the Director of the National Security Agency should be a Presidential appointee in the rank of 4-star military officer or a civilian of equivalent rank. Chairman Anderson pointed to the serious gap in the collection

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The Chairman said that the President would find other recommendations in the report which the Board was to submit following this meeting. The Chairman expressed the Board's opinion that it can continue to serve the President under its present charter, particularly in view of the extensive and specialized experience and background of the individual members in intelligence and in Government affairs. He added that in the Board's opinion, its Chairman or his designee should serve as observer on the reconstituted USIB which the Board proposes.

The President invited the other members of the Board to speak to any aspect of the intelligence effort of particular interest to them.

Mr. Pace thought it worth noting that the thrust of the Board proposal is the placing of intelligence users on the USIB, with the result that there should be a reduction in the great number of requests that are made for the collection of intelligence on a wide range of subjects. Mr. Pace felt that the exercise of discipline by the consumers and users of intelligence should result from the proposed reorganization, with a useful interaction that is not present today. This change can be accomplished without legislation, Mr. Pace said, and should provide the President with a better sense of the capability of our intelligence system to meet his needs.

Dr. Land pointed out that under the Board proposal the responsibility for drawing up the intelligence community budget would be under one official -- an arrangement which should result in dollar savings.

Mr. Lincoln commented that when the Board proposal was outlined to the DCI at lunch today the DCI thought it was a good approach. Mr. Lincoln expressed the opinion that with the backing and encouragement of the President the DCI should be greatly strengthened under the reorganization proposed by the Board.

Recalling what had been said earlier on the point, the President asked if the Board were confident that no legislation would be required to implement the reorganization which it proposed, not even Reorganization Act legislation. Chairman Anderson replied that the Board is certain of this. Mr. Burke pointed out that revisions in National Security Council Intelligence Directives would, however, be required.



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Going back to the Chairman's remarks concerning the gap in U. S. domestic collection of foreign intelligence, the President said that this has been a "disaster area" for years because of a lack of working cooperation between good men heading up the CIA and FBI, and the problem is compounded by public controversy over wiretaps. In the field of criminal investigations there were recently in effect a total of around 300 wiretaps authorized by the courts, the President recalled, and the results are effective as reflected in the successful outcome yesterday of a narcotics investigation involving activity in Spain. The controversial wiretaps, the President noted, are those which he and the Attorney General authorize the FBI to install in matters involving the national security. In the early 1960s these taps totaled around 100 at the most at any one time, in contrast to the figure of 40 to 50 in 1970, but these miniscule figures are the ones that form the basis for great criticism. The President said that perhaps Board members would want to authorize even more of these taps, but they would find that pulling this kind of intelligence activity into the national security area poses very difficult problems. For example, the President pointed out that the FBI Director is sensitive to questions from the Congress regarding the number of wiretaps, and the questions are followed by a reduction in the coverage.

Mr. Gray observed that his own inquiries had confirmed the lack of rapport between FBI and CIA leaders which had been referred to earlier. Mr. Gray had learned that there were less than half a dozen official contacts between the FBI Director and former DCI Dulles, and even fewer contacts on the part of DCIs McCone, Raborn and Helms. Mr. Gray thought it significant, however, that FBI domestic intelligence coverage in the internal security field was significantly reduced and in some instances stopped altogether by Attorneys General Robert Kennedy and Ramsey Clark -- with the result, for instance, that there are few, if any, FBI microphone installations targeted against diplomatic facilities in the U. S. ; [REDACTED]

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Referring to the outcry in some quarters regarding wiretaps, Mr. Gray expressed the view that a Soviet spy operating in the U. S. against our country is not entitled to guarantees against close coverage of his activities.

The President indicated his understanding of the law to be that the CIA is not authorized to conduct foreign intelligence collection activities in the U. S. He said that Mr. Gray had put his finger on the problem in pointing to the very limited official contact between the FBI Director and the various Directors of Central Intelligence. The President said that he is thoroughly aware of this problem; it is within his province to resolve it; and that he can and will take appropriate action in the near future. Further, the President said that with regard to wiretap coverage there is not only a need for more taps, but also the use of other collection means available [REDACTED]

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to the U. S. Government within our borders. He noted that it is difficult to separate collection efforts within the U. S. directed against foreign sources from collection carried out for domestic intelligence purposes.

The President again referred to Chairman Anderson's report [REDACTED] and the President asked Dr. Kissinger to look into this a little further when he is in London.

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Turning again to the problem of economic intelligence, Dr. Murphy said that the American public has difficulty in understanding the reasons for fighting an economic war, and does not realize that the U. S. is already in a serious war of that kind and that we are losing it. Dr. Murphy observed that the U. S. knows how to mobilize for military and political purposes, but there is still the question as to how best to wage an economic intelligence campaign. The President thought that this problem is complicated by bureaucratic rivalries between the State Department and the Departments of Treasury, Labor, Commerce, Agriculture and others, with the result that our Government is not getting together the information vitally needed in economic, fiscal and commercial areas. The President predicted that one day before very long our Government is going to be needing all the intelligence it can obtain.

The President asked that the Board arrange to receive the two-hour "Peterson briefing" consisting of a one-hour presentation followed by an hour of questions and discussion. After that, the President said he would like to have specific recommendations from the Board for improving the U. S. economic intelligence effort. The President added that although he had not been directing a great deal of thought to the intelligence aspects of the economic problem, he is convinced that our Government must mobilize all of its assets, investigative and otherwise, in the field of international economics. Necessary actions to be taken, the President thought, include the provision of more guidance to the State Department; action by the State Department to upgrade the importance of economic experts in the Foreign Service; and willingness of the State Department to yield in its bureaucratic resistance to the activities of other departments of Government having interests and responsibilities in the economic, fiscal and commercial fields.

Next, Chairman Anderson mentioned his recent trip to West Germany on behalf of the Board, and his discussions in Europe with General Goodpaster and other U. S. Commanders in the area. Chairman Anderson found that our intelligence capabilities in West Germany are good, but they must be strengthened in order to keep fully abreast with the modernization of Soviet forces taking place in Europe. Following his discussions with General

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Goodpaster, upon returning to the U. S., Chairman Anderson talked to the Director of NSA and urged him to pay a visit to General Goodpaster and see what can be done to increase the productivity of U. S. SIGINT collection efforts against Soviet forces.

The President expressed his gratitude for the Board's report and the work that had gone into it. He said that he would give very careful consideration to the Board's recommendations contained in the report. The President assured the Board that he is aware of the gap in the domestic collection of foreign intelligence; he realizes that the stakes are high; and he fully appreciates the nature of the problem of personalities involved, and he can and will take action.

Noting the importance of intelligence in foreign policy matters, the President said that he is looking not only at urgent problems of an immediate nature but also those of longer range. At this time the foreign policy problem uppermost in the minds of the American public is the war in Vietnam. Although this problem is a most difficult one politically, the President said, if our other major foreign policy problems were as certain of solution he would feel more comfortable. He said that the war in Vietnam is coming to a close. The President then referred to the SALT talks with the Soviets, and to Communist China, as presenting broader foreign policy problems for the U. S.

In the case of SALT, the President thought that the intelligence problem is particularly important. Although our Government has been able to announce an agreement on enlargement of the talks to include offensive forces as well as ABMs, there is a question as to whether this in fact opens a new era of substantial reductions, and whether the Soviets intend in fact to pursue such a policy. Although not euphoric in dealings with Communist countries, the President said that our Government has announced its willingness to work toward agreements with the Soviets, and more is being done than appears on the surface. The President added that there is much hard bargaining ahead, but the Soviets seem to want to reach some kind of agreement, as does the U. S. One difficulty, the President said, is maintaining the proper linkage between the various subject matters under negotiation. For example, an ABM is one system and is therefore susceptible to negotiation for equal reductions on both sides; but offensive systems are a complex mixture of ground, air, sea, missile and other forces -- making it more difficult to negotiate reductions in forces generally classified as "offensive." Also, the Berlin situation is an example of the complexities of seeking mutual force reductions under circumstances where we maintain forces because of tensions which, if reduced, would permit a reduction of forces.

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With regard to Communist China, the President said that its actions are taken for reasons of self-interest just as in the case of the U. S. and the Soviets. The Chinese have a different way of thinking and of approaching problems, and therefore the U. S. Government must take a pragmatic approach in dealing with China, the President pointed out. He added that the least important part of the Chinese initiative is the question of admission to the UN and recognition by the U. S. These are tactical maneuvers to be dealt with in due course, the President said, and meanwhile we are presently limiting overtures to cultural exchange and trade matters. (By prearrangement with the President, Dr. Murphy left the meeting at this point.) Some Kremlinologists fear that in our dealings with China and the USSR there is a danger that the U. S. might push them together, but it is the President's view that in spite of China's obvious ambitions in Asia, it is in China's interest and in the interest of the U. S. to live-and-let-live in that part of the world. With regard to U. S. intelligence needs, the President said that he foresees a time a few years from now when there will be an open China dealing with the world on a greater scale, and with overseas Chinese looking to Peking rather than Formosa. It will then be most important for the U. S. to maintain communications with China and at the same time maintain an effective intelligence coverage of Chinese activities and plans. The President pointed to the period following the war in Vietnam as being a time when the U. S. role as a great power will be determined by our policies with respect to China and the Soviet Union -- and this will include the Middle East problem.

Dr. Land asked the President if he might take a few minutes to discuss a matter which he believed to be of the utmost importance. Dr. Land said that there was surely agreement that the U. S. overhead reconnaissance program plays a major role in the conduct of our foreign relations and in our knowledge of the enemy. He pointed out that each and every major step in the overhead reconnaissance program had been made possible by direct Presidential backing. No bureaucracy, he said, could go out on a limb to the extent necessary to achieve a quantum technical advance, and that such risks had to be borne by the President. Dr. Land said that the community is now at a stage where it again requires Presidential backing. This time it is with respect to a choice in the development of the near real-time readout capability. The cautious choice would be to utilize existing hardware and technology to develop a film imaging system which can be read out on call by U. S. -based ground station. The adventurous choice, and one which would be a quantum technological advance, is to push the development of an electronic imaging system which can be read out through



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a relay satellite while the sensor is over the target. Dr. Land said that the electronic device offered significant advantages over a film system, and that the R&D time could be reduced from five to three years by the President's saying that it should be done. Dr. Land asked the President to personally intervene. Dr. Land's position was backed up by Dr. Baker, and the President promised to take "a hard look."

The meeting concluded at this point.

Prepared by Messrs. Ash and Byers

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