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12 OCT 1976

MEMORANDUM FOR: Deputy to the DCI for the Intelligence Community

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FROM:

[Redacted]

Director of Performance Evaluation and Improvement

SUBJECT: Nuclear Proliferation and the Intelligence Community

1. Nuclear proliferation is a complex problem, involving political, economic, military, and technological factors. The subject has been given increased attention over the past year by the executive and legislative branches, the press, and the Intelligence Community. Formulating US foreign and trade policy toward those countries which are candidate proliferators and toward those which are suppliers of nuclear technology is high on the government's agenda. Hard intelligence information and timely, cogent, and accurate intelligence estimates on the factors which impact nuclear proliferation must be made available to appropriate agencies so that policy decisions on proliferation matters can be as informed as possible. It is the responsibility of the Intelligence Community to see that such information is supplied.

2. The Intelligence Community Staff first became involved with the issue of nuclear proliferation in mid-1974

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the recommendations for action dealt with more general problems of intelligence collection, analysis, and production related to nuclear proliferation. In 1974 and 1975, in response to the IC Staff's recommendations, actions were taken by various Community agencies to improve their nuclear proliferation intelligence efforts. Our examination of the adequacy and success of these efforts for the NSC semiannual review has shown that the Community's organization to provide nuclear proliferation intelligence needs to be further improved. **DIA and OSD review(s) completed.**

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3. We found, for example, that the finished intelligence analyses put out by all elements of the Community are unbalanced in their treatment of the political, economic and technical aspects of proliferation. Even though it is widely accepted that political factors are the principal determinant of nuclear proliferation, not enough emphasis has been placed on these considerations. The "functional specialization" of the Community organizations contributes largely to this problem. We also found that the national level users of proliferation intelligence rely on individual contacts in various agencies to get their required input to policy deliberations. Very few perceive the NIO for Strategic Programs to be the focal point for proliferation matters.

4. Others also have looked into the problem. In August of this year Dr. John Deutch prepared a critique of the intelligence effort on proliferation for Deputy Secretary of Defense Robert Ellsworth. The principal findings and recommendations of this study are attached for your information. In general, the critique argues that the political, economic, and technical aspects of the nuclear proliferation problem have not been integrated properly in analyses, reducing considerably the usefulness of the intelligence product. Dr. Deutch questions whether the Intelligence Community is adequately focused and tasked on proliferation matters and recommends significant additions to and revision of the existing organizational framework to cope with the problem. Even though many of his specific criticisms and recommendations have evoked controversy, Dr. Deutch has raised several issues which deserve more Community attention. Discussion has already begun among a few of the recipients of the Deutch Report as to how those organizations should improve their performance on proliferation intelligence.* In addition, a Presidential study group conducting a review of US nuclear policy referenced the report and recommended that its findings be studied further with a view toward rapid implementation.

5. The time is now ripe for the IC Staff to guide the Community in an introspective assessment of how and where improvements in the nuclear proliferation effort can be

*Copies of the draft and final reports were disseminated by DOD to CIA, DIA, NSA, NRC, ERDA, various elements of the DOD, State, ACDA, and the NSC and IC Staffs.

made. Our lead should ensure that the current momentum for improvement will not ebb, that actions taken by different agencies will have a coherent Community framework, and that the priority needs of the users are satisfied. I plan, therefore, to bring together appropriate members of the Community for a critical look at organization and effectiveness of proliferation intelligence in light of the findings of the IC Staff's review, the Deutch critique, and the expanding need of consumers for a multidisciplinary product.

6. As a second step we will convene a meeting of both producers and users to facilitate communications between the two groups on a senior-enough level which can result in positive action on the part of the Community. The necessity for such an exchange became apparent during our interviews. Many of the Community's basic problems stem from inadequate communication and interface between the national level users and those who set analytical and collection priorities in the Intelligence Community. Inadequate articulation of the priority which national-level users place on proliferation intelligence makes it doubly difficult for the Community to respond adequately. Our hosting of these two meetings will be a coordinated action with the NIO/SP, who currently is responsible for the topic of nuclear proliferation.

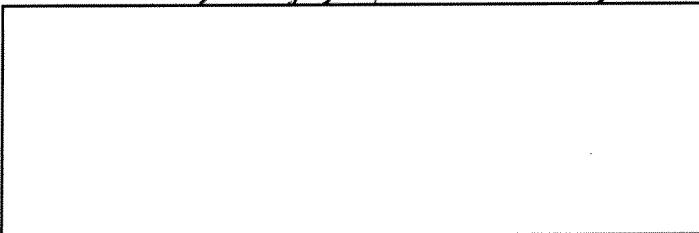
7. We hope to have the first meeting in November of this year. The participants will include representatives from the DCI collection committees, JAEIC, the relevant production elements of the Community, the IC Staff, and appropriate NIOs. A key element in the success of this meeting will be the participation of both analytical level people and their managers who ultimately determine the effort to be placed on nuclear proliferation intelligence. Having people like Sayre Stevens and Les Dirks of CIA, Larry Finch of INR, and [redacted] of DIA take part in the discussions will be most valuable. Although the detailed agenda has not been made final, we plan to lead a review of 1) the Community's organizational structure on nuclear proliferation and its current collection and analytical efforts, 2) the needs of national level users for proliferation intelligence and their perception of the adequacy of the Community's effort, 3) whether or not the Community perceives itself as placing sufficient emphasis on providing nuclear proliferation intelligence, 4) how the intelligence product can be improved, in terms of what the Community elements can effectively act upon, and 5) what resources and restructuring might be required to improve the quality of support to national level users.

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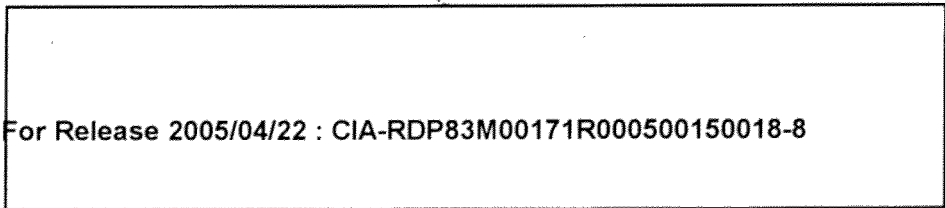
8. We hope to convene the second meeting sometime in late November or early December, after the Community has been able to assess itself on what it can and cannot do. This meeting will give the users (a variety of them) an opportunity to explain their needs directly to those Community elements which provide the intelligence product and to those who can set intelligence priorities. This interaction not only will make the Community more familiar with users' needs but, as importantly, will make the users more familiar with just what intelligence can and cannot provide them. The discussions will center on Community organization, ways to improve the quality and scope of the product and a definition of more efficient tasking procedures and priority determination. We plan to invite users from ERDA, State, NRC, DOD, ACDA, and the NSC Staff.

9. The specific dates and places for the two meetings, the agenda items, the participants, and the degree to which the IC Staff will take part in recommending and effecting changes in the Community structure for proliferation intelligence will be worked out in the coming weeks. We will keep you apprised of our progress in this endeavor.



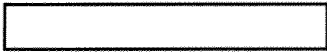
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Attachment - As Stated





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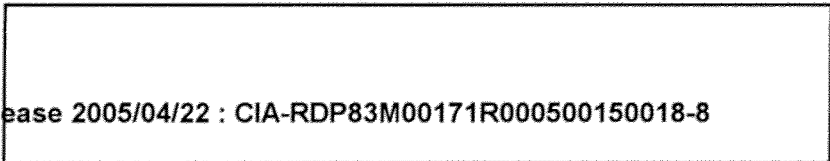
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II. PRINCIPAL FINDINGS

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The major findings of this review may be summarized as follows:

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A. Proliferation intelligence has improved [redacted] 25X6
[redacted] However, further improvement is possible and desirable. Since the problems of nuclear proliferation will be around for a long time, it is important to begin a long term process of improving proliferation intelligence.

B. Interest in proliferation and proliferation intelligence increases as one goes to higher levels in the government. But high level support must be accompanied by sustained attention -- the bureaucracy left to its own devices will not place adequate emphasis on the subject.

C. There is much too little user/analyst interaction in proliferation intelligence. This often heard complaint is particularly true for nuclear proliferation. The absence of interaction is serious because at the threshold of this new era of a proliferated world, the U.S. should be developing policy mechanisms for dealing with the issues that will inevitably arise.

D. The principal users perceive that no one is in charge of proliferation intelligence. Potential users (in State, NRC, ERDA, ACDA) are both in a position and frame of mind to take action on export policy on the basis of timely intelligence. The expressed need of people who will make a policy difference is the principal reason for improving proliferation intelligence. Neither JAEIC nor the responsible National Intelligence Officer are focusing proliferation intelligence on a country basis for the principal users.

E. JAEIC and some of the participating intelligence agencies consider proliferation a technical matter, subordinated to primary concern with Soviet and PRC activities. The result is an emphasis on capability rather than intentions and inadequate fusion with political/military intelligence and even with unclassified information. 25X1D

[redacted]

G. There is a complete absence of a data base that employs information from all sources including the unclassified literature. This data base should include the stock and flows of Pu and highly enriched uranium (HEU) worldwide, and an inventory of nuclear related facilities with their operating characteristics. 25X1

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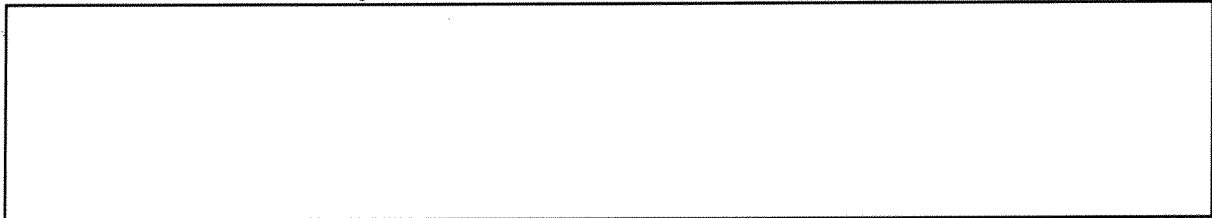
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I. There are no ideas 2005/04/22 : CIA-RDP83M00171R000500150018-8
labs and various elements of the intelligence community (CIA, DIA, ERDA)
dealing with proliferation intelligence.

J. Progress is being made through the ERDA course, DIA briefings
to attaches, and the JAEIC/CIA efforts with DDO to improve the aware-
ness of intelligence analysts and overseas personnel of nuclear
proliferation issues and nuclear technology.

K. Present DOD interest in proliferation is centered in OSD (ISA) and
focuses on export control questions. DOD is playing a secondary role,
quite appropriately, in U.S. political, diplomatic, and export control
efforts to discourage proliferation. DOD, and most especially OSD,
are placing almost no attention on the aspect of nuclear proliferation
where they have the primary role; no one in OSD is responsible for
systematic and sustained thinking on the impact that the widespread
dispersion of nuclear weapons or near nuclear capability, should have
on U.S. force planning and deployments.

L. Within the intelligence community and DOD, DIA has taken a leader-
ship role in producing intelligence on proliferation intelligence.
Despite DOD's secondary policy role on proliferation matters, DIA has
reorganized the potentiality for reaching consequences of nuclear
proliferation and acted to produce intelligence, described below,
of value to a variety of users.

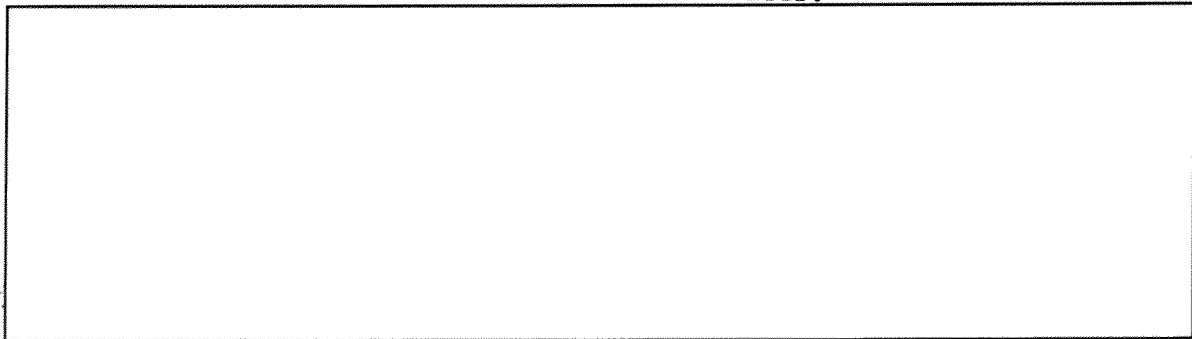


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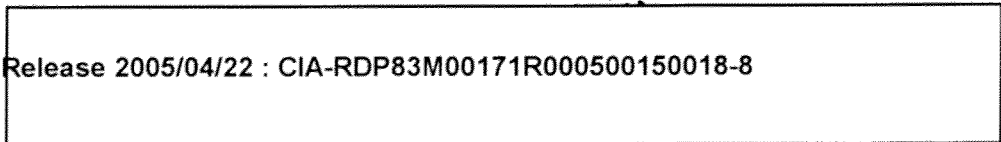
Three important topics have not been given attention during this review:

-- First, an examination has not been made of the present level of
effort and adequacy of the effort in HUMINT, in particular CIA/DDO.

-- Second, attention in this review has not been given to the on-
going intelligence effort on terrorism and sub-national threats to U.S.
or other countries' nuclear materials or devices.



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Several recommendations are presented below that are designed to improve this nation's intelligence effort in nuclear proliferation. These recommendations are based on the assumption that the intelligence community should increase its level of effort dealing with this problem -- not because there is an acute crisis today, but because there is a long term trend and an emerging problem that promises to have a major impact on national security. Accordingly, the situation calls for sustained attention, not a single remedial action.

The recommendations of this reviewer are:

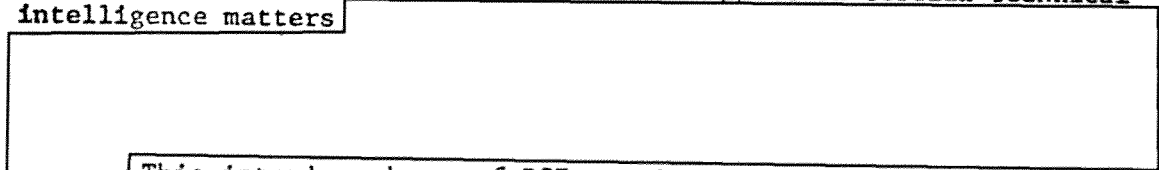
A. Remove the responsibility for proliferation intelligence from the Joint Atomic Energy Intelligence Committee (JAEIC) and establish a new DCI committee for proliferation intelligence. The membership of this new committee should be broadened to include users of intelligence; e.g., NRC, Commerce, OSD, State (Political/Military Affairs), the Joint Staff, representing the JCS, perhaps ACDA, as well as intelligence producers. This step would appropriately recognize the increasing importance of nuclear proliferation, provide an arena for user/analyst interactions, remove the responsibility from JAEIC which is primarily concerned with technical matters and Soviet/PRC problems, and open the possibility for improved integration of intelligence or technical capabilities with intelligence on political/military intentions and perceptions on a country basis.

1. Method of Reporting to DCI

There are several ways in which the proposed new Joint Proliferation Intelligence Committee (JPIC) could report to the DCI. Arguments can be made for a route through the National Foreign Intelligence Board (NFIB), the D/DCI for CIA, the D/DCI for the intelligence community, or the D/DCI for the NIOs.

2. JPIC/JAEIC Inter-Action

Clearly, the new JPIC would maintain close contact with JAEIC. The proposed JPIC would rely on JAEIC for support on certain technical intelligence matters



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This interdependence of DCI committees is not new; JAEIC presently works closely with the weapon systems intelligence committee.

3. JPIC Staff

The proposed JPIC should have a small staff and serve as the community's focal point for proliferation intelligence. Alternatively, the focal point might be provided by an NIO -- but the NIO/SP already has substantial functions and the topic of nuclear proliferation may not presently justify appointment of a new NIO.

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The proposed JPIC will require an adjustment in CIA. The present close relationship between JAEIC and the Nuclear Energy Division (NED) of CIA would be undisturbed, but some CIA office would be needed to deal primarily with proliferation intelligence. This new office would focus on integrating political/military and technical intelligence on a country basis. Hopefully this office could accomplish a new form of intelligence analysis that focuses on the decision processes in the proliferating countries. It is reasonable to expect more complete intelligence on intentions and decision making in these countries than one expects from intelligence on Soviet intentions, because these countries have more open societies compared to the Soviet Union.

The present Nuclear Programs Branch of NED might be part of this new office, but much augmentation would be needed for economic and political/military intelligence. The new office would have the same close relationship to the proposed JPIC that NED presently has to JAEIC. There are arguments both for and against locating this new office in DD/S&T as opposed to DD/Intelligence.

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C. The development of an all-source data base on the worldwide stocks and flows of Pu and HEU and on the characteristics and operations of nuclear related facilities should be begun immediately. 25X1

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E. A stronger focus on nuclear proliferation should be established at a high level in DOD. The present capability for dealing with proliferation issues in OSD must be strengthened; it is time to begin consideration of the impact on U.S. force planning of a world containing many nuclear powers. The primary responsibility for proliferation should be in ISA, but the involvement of DDR&E, DDI, OASTD (Atomic Energy) and the Joint Staff, as well as the Services, will also be important.

An effective means of focusing DOD thinking on proliferation issues would be for the Secretary of Defense to direct ISA and the Joint Staff to examine the broad security implications of nuclear proliferation for the U.S. force structure and for operational doctrine. 25X1D

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