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THE INTELLIGENCE COMMUNITY REORGANIZATION OF 1992

CORE COURSE III RESEARCH PAPER

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EXECUTIVE SUMMARY

The end of the cold war and the federal deficit (*national interest*) led Congress to propose legislation in 1992 to reorganize the Intelligence Community. Senate and House bills laid out almost identical legislation designed to reduce duplication of effort and improve the quality of intelligence. (*value maximizing*). If approved, bureaucratic control of the Intelligence Community, including all budgetary control, would have been centralized under a newly created Director of National Intelligence. It was taken as a given, that the defense budget and with it the intelligence budget had to be reduced if the United States was to attain the *goal* of a balanced budget. All of this is consistent with what Graham Allison calls the "*Model I Rational Policy*" concept of "The Government" as a rational unitary decision maker, with one set of specified goals and one set of perceived options.¹ However, a closer examination of the details of the legislative process reveals what Allison calls the "*Model II Organizational Process*". The original legislation died, but "The Intelligence Authorization Act for Fiscal Year 1993", which became law, is the result of classic Model II activity. The details of this decision making process in which the Director of Central Intelligence and the Secretary of Defense are able to retain all of the power intended for the new Director of National Intelligence form the core of this paper. Figure 1 provides a brief legislative history of the reorganization.

Figure 1

Intelligence Community Reorganization

Legislative History 1992

5 Feb S. 2198 "The Intelligence Community Reorganization Act of 1992" is introduced by Senator Boren.²

5 Feb HR. 4165 "The National Security Act of 1992" is introduced by Representative McCurdy.³

4 Mar House hearings on the Intelligence Community reorganization begin.⁴

17 Mar Cheney says HR. 4165 and S. 2198 are "severely flawed".⁵

1 Apr CIA Director Gates proposes administrative changes at CIA based on the results from 14 internal Task Forces.⁶

1 Apr S. 2198 and HR. 4165 are rejected by Gates.⁷

12 May The House mark up cuts their FY93 Intelligence Authorization (HR. 5095) by 5%, but no organizational changes are included.⁸

25 Jun The house approves HR. 5095.⁹

1 Jul The Senate adds language to put into law "the Gate's restructuring plan", then approves HR. 5095.¹⁰

23 Sep The Senate approves their FY93 Intelligence Authorization bill S. 2199¹¹

2 Oct The Senate and House adopt the conference report on the FY93 Intelligence Authorization with language "largely reflecting changes already made by CIA Director".¹²

24 Oct The President signs the FY93 Intelligence Authorization into law. (PL. 102-496)¹³

CONTEXT

In 1992, the United States was experiencing a mild but persistent recession. It was an election year. Everyone was looking for a "peace dividend" from the end of the Cold War, and the Intelligence Community, with its estimated \$30 billion a year budget seemed like a logical place to begin.¹⁴ A new Director of Central Intelligence had finally been confirmed after contentious congressional hearings that called into question his credibility as the independent apolitical voice for national intelligence.¹⁵

THE INTELLIGENCE COMMUNITY

Most of the Intelligence Community was created in 1947 following the end of World War II. The National Security Act of 1947¹⁶ provided for a Secretary of Defense, a National Security Council (NSC), and a Central Intelligence Agency (CIA). Over the years Executive Orders and ad hoc legislation in response to new technologies added to the membership of the Intelligence Community. By 1992 in S. 2198 the Senate defined the Intelligence Community as all of the charter 1947 members plus:

- The National Security Agency (NSA)
- The Defense Intelligence Agency (DIA)
- "The offices within the Department of Defense for the collection of specialized national foreign intelligence through reconnaissance programs"
- "The intelligence elements of the Army, the Navy, the Air Force, the Marine Corps, the Federal Bureau of Investigation, the Department of Treasury, the Department of Energy, and the Drug Enforcement Administration"

-- "The Bureau of Intelligence and Research of the Department of State."

All of these organizations had a bureaucratic stake in the reorganization but two organizations were singled out in S. 2198 as the reason the Intelligence Community had to be reorganized.

"While the Director of Central Intelligence has had an overall, coordinating role for United States intelligence activities, under existing law, and by executive order in fact, the Director has lacked sufficient authorities to exercise this responsibility effectively, leaving control largely decentralized within elements of the Intelligence Community. Similarly, the Secretary of Defense has historically played a relatively weak role in coordinating intelligence activities within the Department of Defense."²

THE PLAYERS

The above quote identifies two of the key players in the organizational process: Robert Gates, then the Director of the Central Intelligence Agency and Richard Cheney, the Secretary of Defense at that time, as essentially ineffective in their intelligence duties. Robert Gates, an intelligence insider, and Richard Cheney, the Congressional insider, closed ranks and ultimately made the organizational process work for them.

The other two key players were the originators of the legislation, Senator David L. Boren and Representative Dave McCurdy. Senator Boren, the Chairman of the Senate Select Committee on Intelligence, was known as a coalition builder. He had been studying a reorganization of the Intelligence Community for some time but "was less savvy about the ways of selling a story to the news media than McCurdy" according to the National Journal.¹⁷ In another National Journal article¹⁸, Representative

Dave McCurdy was characterized as an ambitious maverick who liked to "make waves". Once Boren and McCurdy joined forces the media also became a player in the reorganization.

ORGANIZATIONAL PROCESS

For the purpose of this paper, the effort to reorganize the Intelligence Community began on February 5th 1992 when Senator Boren and Representative McCurdy introduced almost identical bills (S. 2198 and HR. 4165) "to reorganize and refocus the nations intelligence apparatus".¹⁹ Both senators cited the end of the Cold War and pressures to reduce defense related spending as the rationale for the reorganization. A news conference to discuss the Intelligence Community reorganization was held in the Senate Press Gallery on 5 February, followed by another news conference in the House Radio/TV Gallery the following day.²⁰ Predictably, a flurry of media coverage followed.²¹ By the end of the month Congressional programs and repertoires that are associated with all legislation were set in motion.²²

FRACTIONATED POWER

In S. 2198 the senate defined over a dozen agencies as members of the "Intelligence Community". Senator Boren and Representative McCurdy thought the Community was too decentralized and viewed this as a basic flaw in the current structure. They saw projected budget cuts as an opportunity fix this problem. In contrast, the Intelligence Community preferred a diffusion of power between Agencies. Each had carved out what they viewed as their niche in National Security. Most of the time, it was in their interest to keep power decentralized so

that no one agency could completely dominate the intelligence scene. When necessary loose coalitions were formed in which it was agreed that whenever two organizations in the U.S. Government needed something that made it a "national" requirement.²

PAROCHIAL INTERESTS

As the magnitude of intelligence cuts became clearer, each service and agency became increasingly concerned that while the President and his cabinet might still get adequate national intelligence, the reorganization in general and the "Intelligence Czar" in particular could make it increasingly difficult to keep their Admiral, their General, or their Under Secretary informed. Thus each member of the Intelligence Community had a stake in the status quo and worked with Mr Gates and Mr Cheney to maintain their independent intelligence capabilities.

UNCERTAINTY AVOIDANCE

The National Security Agency was not prepared to wait and see what Congress might impose upon them. In January 1992 they pre-empted Mr Boren and Mr McCurdy with their own reorganization in response to the end to the cold war.²³ As a result NSA was spared much of the Congressional tinkering and public disclosure the rest of the Intelligence Community received from Boren and McCurdy.

PAROCHIAL INTERESTS

Robert Gates and with him the CIA had the most to loose if a Director of National Intelligence was created. Not only would the Director of Central Intelligence (DCI) relinquish his role as the head of the intelligence community, most of the resources

(people and money) needed to create a new intelligence organization and still cut the intelligence budget would have come from the CIA. "The CIA would continue to exist as a separate agency but would have its activities limited to clandestine operations."¹⁴ In most scenarios even the CIA compound at Langley was viewed as the most likely physical location for the new organization.¹⁴

STANDARD OPERATING PROCEDURES

Total quality management (TQM) was a commonly used tool at CIA when Robert Gates was confirmed as DCI on 12 November 1991.²⁴ One of Gate's first acts as DCI was to establish over a dozen task forces of experts from within and outside the Intelligence Community to recommend changes.²⁵ By activating a well established routine, Mr Gates was able to quickly develop a comprehensive plan for the reorganization of the CIA based on inputs from insiders and customers who had a personal stake in making their recommendations work.

The CIA task force recommendations, which were briefed to a joint session of Congress on 1 April 1992, reflected many of the changes proposed by Congress with one critical difference.²⁵ Instead of creating a new position, most of the statutory power Congress proposed to give to the Director of National Intelligence was given to the DCI. Mr Gates also was savy enough to "unveil" his proposed reorganization on National Public Radio the day after he briefed it to Congress.²⁶

PROGRAMS AND REPETOIRES

Congress played into Mr Gate's hands by defining the "new" intelligence organization primarily by re-naming existing programs. The most obvious example was calling the head of the Intelligence Community, the Director of National Intelligence (DNI) vice the Director of Central Intelligence (DCI) but this practice extended well into the existing CIA structure.²⁷

-- The new "Deputy Director of National Intelligence for the Intelligence Community" was easily recognized as the DCI's Intelligence Community Staff.

-- The new "Office for Warning and Crisis Support" was clearly a combination of the DCI's National Intelligence Officer (NIO) for Warning and his staff.

-- The new "Deputy Director of National Intelligence for Estimates and Analysis" was clearly the DCI's National Intelligence Council

-- The new "Office of Intelligence Analysis" was essentially the CIA's Directorate for Intelligence (DDI).

-- The new "Office of Open Source Information" was easily recognized as CIA's Foreign Broadcast Information Service (FBIS).

-- The new "National Imagery Agency" was clearly based on CIA's National Photographic Interpretation Center (NPIC).

While this approach avoided a great deal of uncertainty and provided a healthy pool of skilled workers for Congress to draw on for the "new" organization, it also made it possible for Robert Gates to make adjustments to the existing organization from within and still accomplish the stated purpose of the reorganization.

ORGANIZATIONAL LEARNING

Once the CIA tasks forces had demonstrated that the Intelligence Community was willing to reorganize from within, the next step was to garner Congressional support for the CIA plan. Gates, however, was not in a good position to do this. His nomination as DCI had been contentious, revealing the issue of his credibility with Congress.²⁸ As a respected former Congressman, Defense Secretary Cheney's endorsement of the Gates reorganization plan was critical to its success. Cheney's credibility in Congress was exemplified by his ability to essentially "kill" the Boren and McCurdy Curdy legislation in March by describing it as "so severely flawed that selective amendments would not make either of them (S. 2198 or HR. 4165) acceptable."⁵ The Senate adjusted by tacking much of the reorganization language onto the next available piece of legislation, HR.5095 the FY93 Intelligence Authorization Act, but by this time it was being called "the Gates reorganization".²⁹

PAROCHIAL INTEREST

The principal threat to the Secretary of Defense was loss of control over the intelligence budget. Based on S. 2198 and HR. 4165, the new Intelligence Czar would have had final authority over the intelligence budget which for years had been "hidden" in the Defense budget for security reasons. In addition the intelligence operations of the Department of Defense would have been consolidated under the Intelligence Czar except for "tactical intelligence gathered for military operations".¹⁴ As a result, the Department of Defense could have lost control over

the National Security Agency, and portions of the Defense Intelligence Agency. Also at risk was control over the big ticket programs controlled by the Defense Department's National Reconnaissance Office (NRO).²⁶

THE OUTCOME

The goal of S. 2198 and HR. 4165 was to replace the Director of Central Intelligence with a single very powerful Director of National Intelligence. Instead, when the President signed Public Law 102-496 on 24 October 1992, the Director of Central Intelligence came away with all of the power intended for the Director of National Intelligence as the "Head of the Intelligence Community"³⁰

- 1) "develop and present to the President an annual budget for the National Foreign Intelligence Program"
- 2) "establish the requirements and priorities to govern the collection of national intelligence"
- 3) "promote and evaluate the utility of national intelligence to consumers within the Government"
- 4) "eliminate waste and unnecessary duplication within the intelligence community"
- 5) "protect intelligence sources and methods"

The powers of the Secretary of Defense also were maintained. The intelligence budget is still "hidden" in the Defense budget. The Secretary of Defense retained statutory control over the independent intelligence capabilities of the services, the National Security Agency (NSA), the Defense Intelligence Agency (DIA) and the National Reconnaissance Office (NRO).

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