

series VI
volume 5
book III

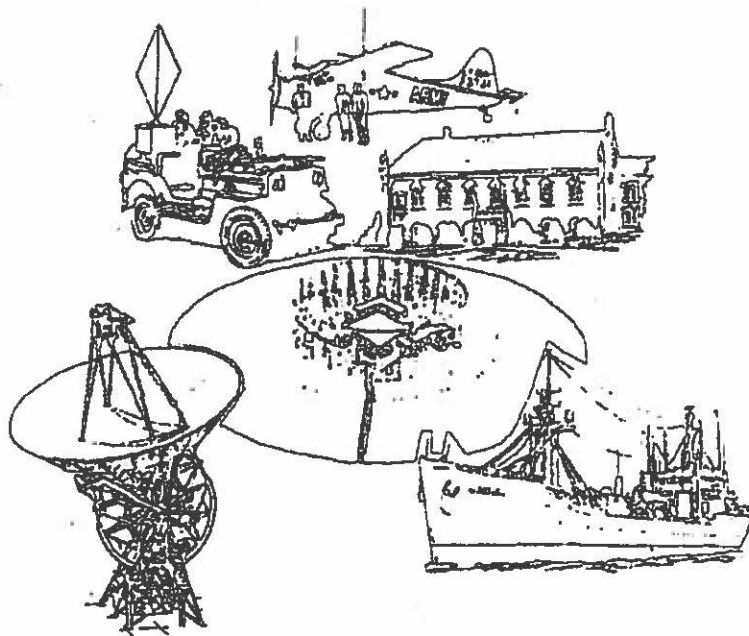
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American Cryptology during the Cold War, 1945-1989 - Book III

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National Security Agency
Central Security Service

UNITED STATES CRYPTOLOGIC HISTORY



(U) American Cryptology during the Cold War, 1945-1989

(U) Book III: Retrenchment and Reform, 1972-1980



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Derived From: ~~NSA/CSSM 121-2
Dated 24 February 1998~~
Declassify on: ~~X1, X2, X3, X5, X6, X7, X8~~

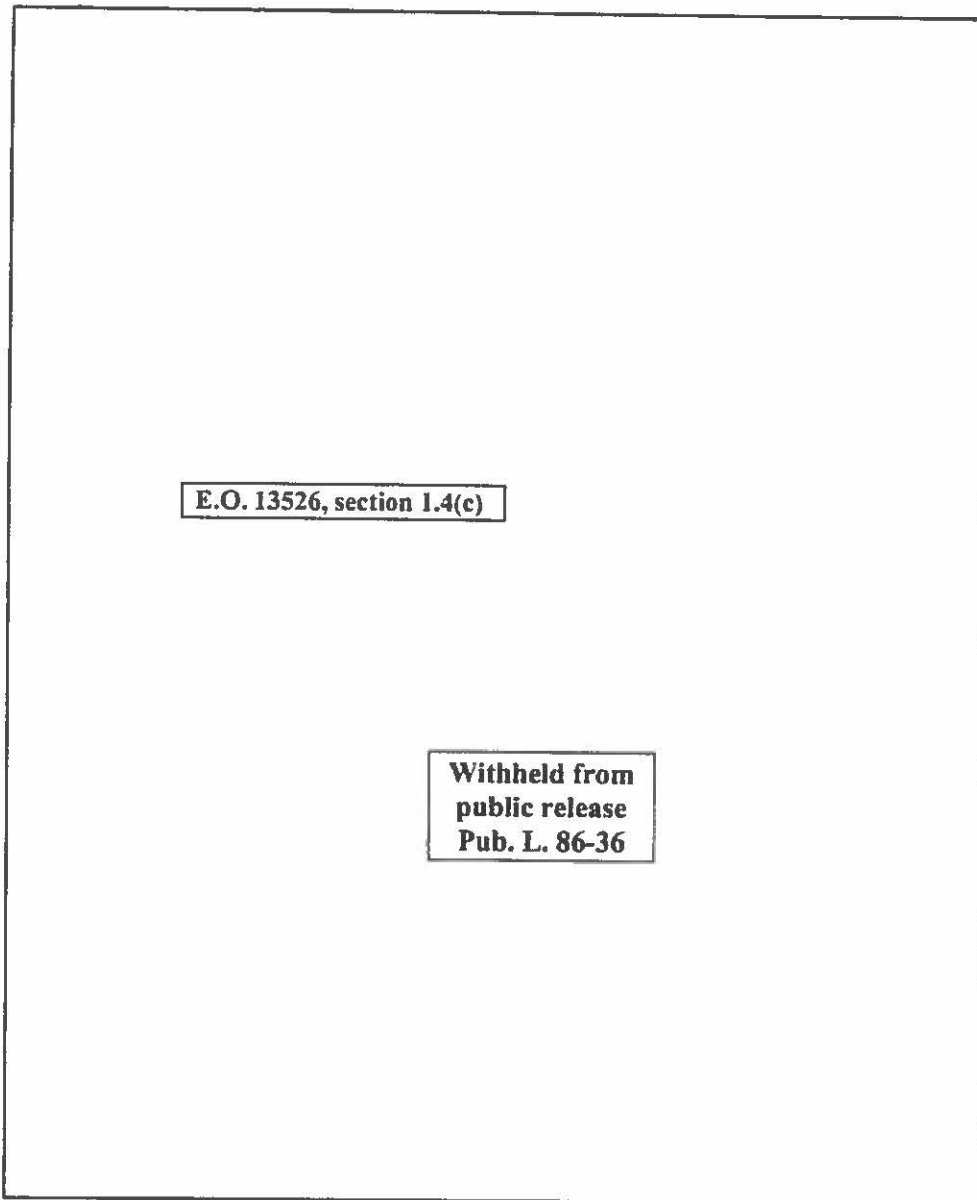


CCH-S64-98-01

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 E.O. 13526, SECTION 5.3(b)(3)
 ISCAP No. ~~2668-021~~ , Document 2 Date JULY 26, 2013

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E.O. 13526, section 1.4(c)

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(U) The HAC Investigation and the Negotiation of a Peace Treaty

(U) The matter of cryptologic integration had bumped along for years with patched together compromises - an issue here, an issue there. It appeared doomed to more of the same over a longer period of time until, in the spring of 1976, it was brought to a head and,

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(S) At Langley they stalled, hoping somehow that Snodgrass would go away. George Bush was the DCI, and his instructions to his staff were vague and vacillating - clearly CIA thought that they could muddle out a compromise, as in years past. Allen's boss, Deputy Secretary of Defense Robert Ellsworth, sensed a kill, and pressed home the point. At Defense, they were not going to let the moment slip away.¹¹⁴

(S-CCO) The result was the Knoche-Allen letter of January 17, 1977. (Henry Knoche, Bush's deputy, was effectively running CIA, as the Carter people had made it known that they regarded Bush as too political and did not intend to let him stay on.) This short, seven-page document set up the basis for a resolution. It drew CIA SIGINT assets firmly into the national SIGINT system run by NSA.

[Redacted] Withheld from public release Pub. L. 86-36 [Redacted] Much of the funding would roll over to the CCP.

(S-CCO) But the Knoche-Allen letter did not bring all the issues to closure.

[Redacted] Withheld from public release Pub. L. 86-36 [Redacted] E.O. 13526, section 1.4(c)

And in each instance where the two sides could not agree, the DCI would decide. The DCI was hardly passive on these issues. And that was where the matter stood when Admiral Bobby Inman became DIRNSA in July of 1977.¹¹⁵

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[Redacted]

[Redacted] E.O. 13526, section 1.4(c) [Redacted] Withheld from public release Pub. L. 86-36 [Redacted]

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Pub. L. 86-36**(U) The Peace Treaty**

~~(S-CCO)~~ The "Peace Treaty," [redacted] was signed by the two agencies on August 26, 1977. Much of the language related to rather dull aspects of how programs were to be managed and funding to be apportioned, but the central principle was that all SIGINT assets would, with rare exceptions, be centrally managed by NSA. Third Party programs were meticulously worked out country by country [redacted]

(FOUO) The formulation of the Peace Treaty resulted from a unique set of circumstances. But for the advent of Charles Snodgrass in the House Appropriations Committee investigative staff, it could hardly have gotten started. And even then, it could have run aground but for the timely ascension of Admiral Bobby Inman at NSA. The Peace Treaty owed much to his negotiating savvy and political connections. He cultivated Snodgrass, other key congressional figures, and contacts within the National Security Council. His connections were unassailable, and behind his negotiating strategy was always the mailed fist of White House or congressional intervention - once again, on the side of NSA.

~~(S)~~ The Peace Treaty brought an end to much of the sniping that had been going on between the two agencies since their birth. In NSA's view it was vindication; from CIA's standpoint it was surrender on the SIGINT front. A memo from two NSC staffers to Brzezinski called it a good working arrangement whose effects would be beneficial only if the two agencies cooperated on its implementation. The transition to the new arrangement was in fact painful and bumpy. [redacted]

[redacted]. The working out depended on the good will of both sides, rather than on a piece of paper. As the years moved, the long-term benefits became clearer, but even in 1977 the light could be seen at the end of the tunnel.¹¹⁸

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(U) PUBLIC CRYPTOGRAPHY

(U) Modern cryptography has, since its earliest days, been associated with governments. Amateurs there were, like Edgar Allan Poe, who dabbled in the art, and it has held a certain public fascination from the earliest days. But the discipline requires resources, and only governments could marshal the resources necessary to do the job seriously. By the end of World War II, American cryptology had become inextricably intertwined with the Army and Navy's codebreaking efforts at Arlington Hall and Nebraska Avenue. But this picture would begin changing soon after the war.

(U) Modern *public* cryptography originated with a Bell Laboratories scientist, Claude Shannon, whose mathematics research led him to develop a new branch of mathematics called information theory. A 1948 paper by Shannon brought the new discipline into the

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in a single swift stroke, resolved in favor of NSA. This happened in the unlikely forum of the House Appropriations Committee.

(U) The HAC had been looking at the intelligence budget where, it appeared, major economies could be achieved by consolidating NSA and CIA SIGINT operations. The staff chief, Charles Snodgrass, had little experience in intelligence - his expertise was agriculture. But in 1976 he was taking great interest in intelligence, and he seemed to harbor a visceral distrust of CIA.

(S-CCO) In the very early spring of 1976, Snodgrass interrogated both agencies and at the end of the process issued a report that was devastating to CIA interests. Contending that money could be saved by placing NSA in charge of both SIGINT organizations, he rejected every explanation and contention to the contrary that Langley advanced.

[Redacted]

"In regard to the overall question as to whether the CIA SIGINT activities should be transferred to NSA, the Investigative Staff is not impressed with the answers given by the DCL . . ."

[Redacted]

Regarding NSA as a perceived military organization, Snodgrass pointed to [Redacted] as places where NSA civilians were doing the job.

[Large Redacted Block]

(TS-CCO) The HAC report, issued in April, demanded consolidation of SIGINT programs into a single entity within NSA's national SIGINT program. Only a few exceptions appeared to Snodgrass to be worthy of consideration, [Redacted]

[Redacted] The two agencies answered the report separately, implying serious disagreement. For NSA, Lew Allen was willing to accept most CIA SIGINT operations under the NSA umbrella, but he suggested that certain ones, [Redacted] remain under Langley control (but under the national SIGINT system). On the extremely contentious [Redacted] issues, he proposed leaving them under CIA supervision but increasing NSA representation and operational control.

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