

NOMINATION AS DEPUTY DIRECTOR OF
CENTRAL INTELLIGENCE OF
AMBASSADOR FRANK C. CARLUCCI

REPORT
OF THE
SELECT COMMITTEE ON INTELLIGENCE
UNITED STATES SENATE



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(Established by S. Res. 400, 94th Cong., 2d sess.)

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(II)

CONTENTS

Nomination as Deputy Director of Central Intelligence of Ambassador Frank C. Carlucci.....	Page 1
Background of committee consideration.....	1
Issues considered by the committee.....	1
Rollcall vote.....	3
Appendix.....	5
Questionnaire: Personal background, qualifications and general finan- cial arrangements.....	6

NOMINATION AS DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE OF AMBASSADOR FRANK C. CARLUCCI

The Senate Select Committee on Intelligence, to which was referred the nomination of Ambassador Frank C. Carlucci, of Pennsylvania, to be Deputy Director of Central Intelligence, having considered the same, reports favorably therein and recommends that the nomination be confirmed.

BACKGROUND OF COMMITTEE CONSIDERATION

Ambassador Carlucci's nomination was sent to the Senate by President Carter on January 20, 1978, and referred to the Select Committee on Intelligence on January 20, 1978. On January 24, 1978, public announcement was made and printed in the Congressional Record that a hearing would be held on January 27 and continued on January 30, and that all those who wished to testify were so invited. The hearings were held on January 27 and 30. All who indicated a desire to appear were invited and testimony and a statement were received from the witness present.

On Monday, January 30, 1978, the committee met and by unanimous vote of 17-0, it was agreed to report favorably to the Senate the nomination of Ambassador Frank C. Carlucci.

ISSUES CONSIDERED BY THE COMMITTEE

The committee was convened by Senator Daniel K. Inouye who, as the first order of business, stepped down as chairman of the committee and turned the gavel over to the new chairman, Senator Birch Bayh. Senator Bayh expressed appreciation to Senator Inouye for his exemplary leadership and then outlined the committee's expectations for a new Deputy Director of Central Intelligence:

This committee has a duty to assure that the intelligence community performs at the most effective possible level, but does so within the Constitution and the law. Our country needs an effective intelligence system. It is necessary for meaningful strategic arms limitations agreements. Timely intelligence and analysis is required for all aspects of United States foreign policy and national security policy. This committee has been instructed by the Senate to do what it can through its budgetary authority, and through continuous review and examination of intelligence entity activities to strengthen the intelligence system of the United States.

The nomination process which permits the Senate to examine the backgrounds and character and professional competence of those who are appointed to lead our departments and agencies is a duty which is taken seriously by this Committee. The Deputy

Director of Central Intelligence is a key position in our national security system, particularly at this time in our history. The person appointed to this position must have the ability to provide the kind of leadership that will lead to a more effective intelligence system, but he must be a person who is fully aware that the American intelligence service must operate within the Constitution and the law. The position of Deputy Director of Central Intelligence requires demonstrated management skills of a higher order because of the highly complex organizations which make up the intelligence community. Effective intelligence requires, above all, the courageous independence of mind and scrupulous scholarship. It also requires the ability to bring together the diverse disciplines and points of view that make up the intelligence community so that they work together with common purpose.

Ambassador Carlucci was sworn in, expressed his appreciation for the courteous and professional investigation by the Committee, and outlined his views on the role of intelligence in foreign policy. Senator Richard S. Schweiker of Pennsylvania endorsed the nomination of Ambassador Carlucci and submitted a statement by his colleague, Senator John H. Heinz III, also of Pennsylvania, in favor of the nomination.

In the subsequent session and on Monday, January 30, 1978, the committee questioned Ambassador Carlucci on a broad range of issues, including the advisability of having a Foreign Service Officer as Deputy Director of Central Intelligence (DDCI); the duties of the DDCI and his relationships with the Director of Central Intelligence (DCI), the President's Assistant for National Security Affairs, and the President; aspects of Ambassador Carlucci's foreign and domestic government service; the requirements for congressional oversight of intelligence community activities; the usefulness of intelligence in the foreign policy process; and the need for legislative charters for the intelligence agencies.

Ambassador Carlucci pledged, if confirmed, to work closely with this committee, its counterpart in the House, and other appropriate committees of Congress. He also expressed support for the recently issued Executive Order 12036 and promised cooperation with this committee in its effort to see that the agencies within the intelligence community are in compliance with the requirements of the Executive order.

Confidence was expressed by Ambassador Carlucci that intelligence agencies can carry out their activities and "remain true to the principles of an open and free society—a society in which the rights of the individual are paramount."

Ambassador Carlucci explained to the committee that he was being nominated as DDCI under the terms of the National Security Act of 1947 and that he would be the DCI's single deputy on an intelligence communitywide basis. Both he and Admiral Turner envision, however, that the day-to-day operating responsibilities of the Central Intelligence Agency will be handled primarily by Ambassador Carlucci.

In response to committee questioning, Ambassador Carlucci indicated that he did not intend to resign from his appointment as a Foreign Service Officer (FSO) and that he saw no inherent conflict of

interest in his serving as DDCI. The Foreign Service Act of 1946 was cited as allowing FSO's to serve, at the request of the President, in domestic agencies without jeopardizing their FSO status.

At one point in the hearing, Ambassador Carlucci indicated a willingness to resign from his position as DDCI rather than implement any illegal or unconstitutional actions within the intelligence community.

Moreover, Ambassador Carlucci repeatedly affirmed his commitment to be truthful in dealing with Congress; to work closely with this committee; to report to the committee any attempt to exert political pressure on him to implement improper activities; to report any illegalities or improprieties to this committee; to be bound by the reporting provisions of Executive Order 12036 and Senate Resolution 400; and to keep the committee currently and fully informed on all aspects of intelligence community activities as a matter of principle.

Following Ambassador Carlucci's testimony the committee heard a statement from Congressman Larry MacDonald of Georgia.

In view of Ambassador Carlucci's record of leadership and management abilities, his commitment to strengthen the quality of United States intelligence, and his sensitivity to the constitutional protections of U.S. persons, and his willingness to work with this committee in all matters mandated by Senate Resolution 400, the committee recommended that Ambassador Carlucci be confirmed by the Senate.

ROLLCALL VOTE

FOR

AGAINST

Bayh
Goldwater
Stevenson
Hathaway
Huddleston
Biden
Morgan
Hart
Moynihan
Inouye
Case
Garn
Mathias
Pearson
Chafee
Lugar
Wallop

~~APPENDIX~~

The Select Committee on Intelligence submits a two-part Questionnaire and Financial Disclosure Statement to each nominee for the positions of Director of Central Intelligence and the present statutory position of Deputy Director. Part I appears below and consists of responses to questions relating to personal background, qualifications, and general financial arrangements.

Part II consists of specific financial data, which the committee requested in part because the Central Intelligence Agency Act of 1949 allows the Director of Central Intelligence exceptional discretion over the disbursement of funds. Part II is available for public inspection at the offices of the Select Committee on Intelligence.

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name (Including any former names used:) Carlucci Frank
(Last) (First)

(Other)

Address (List current residence and mailing address): c/o Department of State
(EUR/WE), Washington, D.C. 20520

Position to which Date of
nominated: Deputy Director of Central nomination: 12/23/77
Intelligence

Date of birth: 18 10 30 Place of birth: Scranton, Pa.
(Day)(Month)(Year)

Marital status: Married Full name of spouse (including any former
names used by spouse): Marcia McMillan Myers Carlucci

Names and ages of children: Karen - 19
Frank - 14

Education:	Institution	Dates attended	Degrees received	Dates of degrees
	<u>Princeton University</u>	<u>1948-52</u>	<u>AB</u>	<u>1952</u>
	<u>Harvard University</u>	<u> </u>	<u> </u>	<u> </u>
	<u>School of Business</u>	<u>1955-56</u>	<u>none</u>	<u>-</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Honors and awards: Please list all scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.

Honorary Doctorate - Wilkes College

" " - Kings College

Superior Service Award - State Department

Superior Honor Award - State Department

Distinguished Service Award - Defense Department

Memberships:

Foreign Service Association -- 1956 - present
 National Academy of Public Administration -- 1974 - present
 Council on Foreign Relations -- 1976 - present

Employment record:

Naval Officer U.S. Navy - Pacific Destroyer Escort
 1952 - 1954
 Management Training Jantzen, Inc. - Portland, Oregon
 1955 - 1956

Government experience:

U.S. Department of State - Foreign Service Officer
 1956 - present
 Vice Consul, Economic Officer - Johannesburg, South Africa
 1957 - 1959
 Second Secretary Political Officer - Kinshasa, Zaire
 1960 - 1962
 Officer in Charge Congolese Political Affairs
 1962 - 1964
 Consul General - Zanzibar -- 1964 - 1965
 Counselor for Political Affairs - Rio de Janeiro, Brazil
 1965 - 1969
 Assistant Director for Operations, Office Economic Opportunity
 1969 - 1970
 Director -- 1971
 Associate Director, Office Management and Budget -- 1971
 Deputy Director -- 1972
 Under Secretary of HEW -- 1974 - 1975
 Ambassador to Portugal -- 1975
 Lt. (j.g.) USNR -- 1952 - 1954

Published writings:

None

Political affiliations and activities:

Self: 4/28/72 \$100 to Finance Committee to Reelect the President
 10/29/73 \$50 to Distinguished Republican Award Dinner
 Committee for Pennsylvania
 Wife: 7/25/76 \$20 to GOP victory fund
 March 77 \$25 to Republican National Committee

Qualifications:

Twenty-two years of service as a Foreign Service Officer including assignments as Ambassador to Portugal, Under Secretary of HEW, Deputy Director of OMB, Director of OEO and political and economic officer at various overseas posts. This service has given me management experience, considerable contact with the activities of the CIA and an opportunity to work closely with the Congress.

Financial Disclosure and Conflict of Interest:

Please describe any employment, investment, association, or activity which might create, or appear to create, a conflict of interest in the position to which you have been nominated.

1. I believe there is none.

As far as it can be foreseen, state your plans after completing government service. Please state specifically any agreements or understandings, written or unwritten, concerning employment after leaving government service, in particular concerning agreements, understandings or options to return to your current position.

2. I would plan to return to the Foreign Service after this assignment. If this should prove difficult of achievement for obvious reasons, I would plan to retire at age 50 and seek employment in the private sector. I have no plans or understanding for such employment.

Describe the financial arrangements you have made or plan to make, if you are confirmed, in connection with severance from your current position. Please include severance pay, pension rights, stock options, deferred income arrangements, and any and all compensation that will or might be received in the future as a result of your current position or your past business or professional relationships.

3. Do not believe any special financial arrangements are necessary. The Foreign Service Act allows me to be assigned to other agencies and retain my status as an FSO.

Please list below all corporations, partnerships, foundations, trusts, or other entities toward which you have fiduciary obligations or in which you hold directorships or other positions of trust.

4. None.

Have you ever been an attorney for, or a representative or registered agent of, a foreign government, or any entity under the control of a foreign government? In your present position are you formally associated with individuals who are attorneys for, or representatives or registered agents of, foreign governments or entities? If the answer to either or both questions is yes, please describe each relationship on a separate sheet.

5. No.

List all securities, real property, partnership interests, or other investments or receivables with a market value in excess of \$1,000.

6. a) Common Stock. The Hanover National Bank of Wilkes Barre - \$2,000
- b) Stocks - Wisconsin Standard Gas - \$1,000 (owned by wife)
- c) Fidelity Fund Inc. - \$5,335 (owned by wife)
- d) Automobile - \$3,000
- e) Household Effects - \$10,000
- f) Life Insurance (cash value) - \$7,000

List all loans, mortgages, or other indebtedness in excess of \$1,000.

7. None.

Please describe all gifts of pecuniary value in excess of \$500 received in the past five years.

8. None.

Please list any legal actions in which you are presently either a plaintiff or defendant, and any legal actions in the last five years in which you have been a plaintiff, defendant, or witness.

9. Divorce from Jean P. Carlucci on November 20, 1975 after more than 1 year voluntary separation. No criminal convictions other than minor traffic offense.

Describe any business relationship, dealing or financial transaction (other than taxpaying) which you would have had during the last 10 years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

10. None.

List any lobbying activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy. List specifically any appearance before any committee of the Congress, and any other effort in any capacity to influence an action of a committee of Congress.

11. As Ambassador to Portugal, I twice testified in support of Administration proposals for aid to Portugal.

As Under Secretary of HEW, Deputy Director of OMB and Director of OEO, I testified innumerable times on legislation of concern to these agencies, as well as frequently expressing my agency's views in writing to the appropriate committees. A recent computer run by the Department of State indicates I have testified before Congress over 60 times since 1970.

Explain how you will resolve any potential conflict of interest that may be disclosed by your responses to the above items.

12. I believe my financial interests pose no conflicts or potential conflict of interest with my duties as Deputy Director of Central Intelligence. If a problem in this area does develop, I will work with the Committee to resolve it.

List sources and amounts of all income received during the last five years, including all salaries, fees, dividends, interest, gifts, rents, royalties, patents, honoraria and other items exceeding \$500. (If you prefer to do so, copies of US income tax returns for these years may be substituted here but their submission is not required.)

	1973	1974	1975	1976	1977
Salary	40,000	40,000	43,459	53,861	52,500
Fees, royalties					
Dividends	135	135	88	323	320
Interest	-	-	475	3113	4000
Gifts	-	-	-	-	-
Rents	-	-	-	-	-
Other-exceeding \$500			10,121*	-	-
Total:	40,135	40,135	54,143	57,397	56,820

* capital gains on sale of residence

Add schedule itemizing each individual source of income which exceeds \$500. If you are an attorney, accountant, or other professional, attach schedule listing all clients and customers whom you bill more than \$500 worth of services during the past five years.

14. See answer to question 13.

Have your tax returns been audited by the Internal Revenue Service in the past five years? If yes, was there finding of additional tax liability? Have you ever been assessed a negligence penalty by the Internal Revenue Service? If yes, please provide details.

15. No.

Testimony before Congress:

Are you willing to appear and testify before any duly constituted committee of the Congress on such occasions as you may be reasonably requested to do so?

1. Yes.

Are you willing to provide such information as is requested of such committees?

2. Yes, within the accepted limits of constitutional prerogatives of Executive Branch.

Other:

Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

1. None.

Please provide the Committee with the names and current addresses of five individuals whom you believe are in a position to comment upon your qualifications for the office to which you have been nominated.

2. A. Caspar W. Weinberger - Bechtel Corporation
San Francisco, California

B. Donald Rumsfeld - Searle and Co.
Box 1045
Skokie, Ill. 60076

C. Gen. Vernon Walters - 2700 North Wakefield Street
Arlington, Va. 22207

D. Edmond A. Guillion - Dean, Fletcher School of
Law and Diplomacy

E. Robert E. Barbour - Deputy Assistant Secretary
of State, EUR

The undersigned certifies that the information contained herein is
true and correct.

Signed: Robert E. Barbour Date: 1/10/78