

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

TOP SECRET/XGDS

January 18, 1977

National Security Decision Memorandum 346

TO: The Vice President of the United States
 The Secretary of State
 The Secretary of Defense
 The Attorney General
 The Secretary of Commerce
 The Director, Office of Management and Budget
 Counsel to the President
 Assistant to the President for National Security Affairs
 Assistant to the President for Domestic Affairs
 The Director of Central Intelligence
 The Chairman, Federal Communications Commission
 The Director, Office of Telecommunications Policy

SUBJECT: Security of U. S. Telecommunications

The rapid growth in the use of microwave radio in our long distance telephone system has greatly increased the vulnerability of our telephone communications to foreign or domestic intercept. These microwave links are open and can be intercepted and recorded with relative ease using comparatively inexpensive, small, and unobtrusive equipment. It is possible, therefore, that intercept operations in the US could be conducted either by foreign countries or criminal elements. The President is concerned about this threat and has directed the following actions to deal with it.

- Government communications in the Washington area have been rerouted from microwave to cable, and government communications in New York and San Francisco are in the process of being moved to cable.
- The lines of sensitive government contractors are similarly being shifted to cable.
- The Department of Defense has developed electronic bulk scrambling techniques that can protect microwave links on a comprehensive basis at relatively low cost. A system will be installed and tested on a major link in Washington during the course of this year.

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Classified by: Brent Scowcroft

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- The Office of Telecommunications Policy (OTP) has prepared an implementation plan for use of these electronic scrambling techniques on all microwave links in the three areas of Soviet interception activity, and a second phase to introduce this protection nationwide.

After reviewing the status of these actions and the recent recommendations of the National Security Council (NSC), the Domestic Council, and the White House Counsel, the President has decided that the program to protect US telecommunications should proceed as an urgent matter.

New Oversight Committee

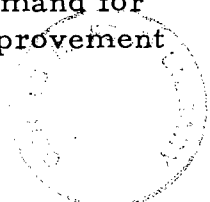
To assure continued priority attention to this important matter throughout the executive branch, the President has directed the establishment of a joint NSC/Domestic Council Committee on the Security of US Telecommunications, to be chaired by the Vice President. The membership will include the addressees and such additional members as the Vice President may consider appropriate. The Committee, inter alia, will:

- Provide oversight and coordination of measures in implementation of this policy.
- Report periodically to the President on the implementation of the protection program.
- Serve as the point of contact for interchanges with the Congress, the Federal Communications Commission, the common carriers and communication industry, and others as appropriate.

Next Steps

The OTP implementation plan for wide scale application of communication protection is predicated on the selection of one of two major alternatives for the government/industry role.

- The first alternative would minimize the government role through a cooperative government/industry effort. The government would require government agencies and sensitive government contractors to use approved commercially provided secure communication services. This would create a substantial market demand for secure communications as well as provide needed improvement

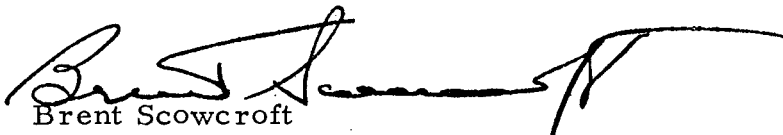


in security of government communications. It would be anticipated that, once established, market forces combined with greater public awareness would work to assure broad application of telephone security. The advantage of this alternative is the minimal governmental role, but a significant drawback is the lack of certainty that such broad protection would in fact materialize.

- The second alternative provides for government action through a Federally-mandated program directing implementation of approved protection techniques throughout the national microwave network. This approach would require implementing legislation and could require the government to make choices as to which sectors of the private sector would be protected.

In both these alternatives, the government would establish policy, standards and regulations, would assist the private sector by making government-developed cryptographic technology available for commercial application, and would promote public acceptance of the need for communications security by making the private sector aware of the nature and scope of the threat as well as the commercial availability of government-approved secure communications. Industry would apply bulk protection techniques to the communications networks and would pass the added costs on to the users.

As a first order of business, the Committee is requested to evaluate these options and to make recommendations to the President by March 1, 1977. This report should include drafts of any proposed legislation and a plan for public disclosure and the elicitation of public support.


Brent Scowcroft

cc: Director, National Security Agency

