

Financing the National Intelligence Survey (NIS)

Problem:

1. To reexamine alternatives for financing the NIS.

Facts Bearing on the Problem:

2. The National Intelligence Survey was one of the first IAC programs to be established. It stems from paragraph 3 of section 102(d) of the Act of 1947 but in more definitive form in paragraph 1a of NSCID-3 (for the text see Tab A). The NIS Standard Instructions were prepared by a special committee of the IAC and approved by that body and the NSC. All concerned have recognized that it was important for the NIS to be developed as a broad, coherent and long range program both for a national emergency (such as was faced in 1941 when there was a vast demand for basic intelligence for strategic and operational purposes) and for providing that solid foundation of factual detail on which any reliable estimating and planning must be based.

3. Reimbursement for NIS: At the inception of the NIS program in 1947, arrangements were made for CIA to budget for all NIS production except that of the Defense Department intelligence

agencies. Also, practically since the inception of the NIS program, the Department of State has had difficulty in obtaining appropriations from the Congress to meet high priority needs of the Department, let alone such activities as NIS, which are of marginal interest to the non-intelligence areas of the Department, it seems, although of fundamental importance to the Department's intelligence program as such.

4. It is probably true that the intelligence area of the Department favored obtaining funds from CIA because it doubted that even if the money could have been obtained from the Congress, the Department would not have made full allocation to the NIS program in the face of other Departmental interests competing for the total State Department appropriation. The Defense Department intelligence agencies preferred not to participate in such budgeting, possibly on the ground that they preferred to have complete control over the deployment of personnel working under their supervision in intelligence, plus the fact that some in the military believed that the responsibility to obtain necessary appropriations went with the allocation of responsibility for production of intelligence. In 1951 G-2 was interested in having the DCI budget for the Army contributions

to NIS. This proposal was not acted upon because the G-2 learned that such action would not have affected the personnel limitations imposed by the Office of Secretary of Defense.

5. The responsibility to produce certain sections of the NIS has been assigned to agencies of the Government outside of the Intelligence Advisory Committee (IAC), namely, in the Department of the Interior and the Department of Agriculture. Because the subject matter in these sections generally falls within the State Department's bailiwick, State has ^{been} delegated the responsibility by CIA to coordinate the NIS production of these non-IAC agencies, although funds are allocated by CIA directly to those agencies. The funds allocated in 1955 to the State Department for NIS was [redacted] [redacted] as a result of the USIA Survey); to the Department of Agriculture, [redacted] and to the Department of Interior, [redacted] [redacted] (for Board of Geographic Names). It is noteworthy that military production on assignments for NIS has, on the average, been behind schedule much more than State production which is financed by the CIA.

6. Evaluation of the NIS Program: The development of the NIS program required extensive planning and the acceptance of the principle, based on World War II experience, that when completed,

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the NIS would fill an important need of the Government in the national security field. The fruits of this planning in the program have become more apparent in the last several years. The use of NIS material in estimating, for example, became apparent in the recent National Intelligence Estimate on Afghanistan, the discussion section of which was substantially NIS material. The direct application of a number of sections of NIS material to the needs of psychological warfare and foreign information programs was revealed in the course of the USIA Survey and subsequently. The Coordinator of the NIS has in the last several months completed an extensive survey of consumer reactions to the NIS which was generally favorable at all levels, and particularly favorable in the higher commands. While it is extremely difficult to evaluate the NIS in terms of the dollar costs, we believe that the conclusion is justified that the NIS is a wise program not only for its published product, but also for its contribution to more substantial planning, programming and production in the departments, thus providing greater strength in estimating and special reporting.

7. Inter-agency support of the NIS program must be reasonably consistent from year to year among the participating agencies to achieve a balanced production effort. The inter-agency allocations

necessitate a nicety of production balance and timing so that sub-section contributions may fit into complete sections which, in turn, make up the scheduled chapters and supplements. Disruptions in the production flow cause disproportionate setbacks throughout the entire production process. These disruptions are mainly caused by uneven fiscal support for NIS requirements and by the use of NIS capabilities for other purposes.

8. Alternatives for Financing NIS. In considering how best to finance the NIS, it is believed that a major objective should be to preserve and strengthen this program. While the proper method of financing should be established, we must be mindful that the method should not be selected without careful consideration to its effects.

9. Alternative I. Continue the present arrangement.

While the program would probably be substantially at the same level, there is danger that this method will come in for increasing criticism from the Bureau of the Budget or the Congress. It appears pressures will continue for a more formally established arrangement for financing than that used at present. Furthermore, difficulties will probably continue in obtaining balanced production of NIS among the agencies.

10. Alternative II. CIA to discontinue financing NIS production by IAC Agencies, notifying the Bureau of the Budget and the Department of State of this fact and requesting the State Department to budget accordingly.

The Department of State would be unlikely to accept this responsibility because by tradition they have come to assume this responsibility belongs to the Director; and in any event, the Department's interest in the production of NIS is so marginal to its main interests and responsibilities that it would not want to take on the additional hazards, particularly as regards the Congress, in requesting higher personnel and additional funds. However, even if the Department did request the necessary funds to continue the production at the current rate or with the expansion proposed in the USIA Survey and their request got as far as the Congress, it is doubtful that the total appropriation from the Congress (which would likely be considerably less than the request) would be allocated in the full amount for NIS production.

The earliest budget in which the above could apply would be that for fiscal year 1957 and the outcome could not be known definitely until July 1956. Insofar as the decisions of the Congress and of the

Department in making allocation are short of the production rate proposed, readjustments would be required with other agencies, and this almost certainly means CIA, or else Intelligence is to accept the effects of the reductions.

The Department, when notified of this decision of the Director to discontinue reimbursement, might refuse to accept the responsibility for budgeting for the NIS. In such an eventuality, CIA could inform the Department and the Bureau and, of course, at the appropriate time, the Congress, that CIA intends to budget for and to develop the staff for the production of the requisite NIS. In this instance, CIA will be open to charges that (a) it is invading an area of research the dominant interest for which rationally and historically belongs to the Department of State; (b) that all of the ^{arguments} ~~hereto~~ applicable for keeping the NIS in the Department of State through reimbursement (namely dominant interest, competence, efficiency, and quality) are now shown to have been misguided or down-right falsehoods, or that the NIS will now be produced less efficiently, with less competence, and with consequently less quality. In addition, the transfer of the whole of that NIS now assigned to State would have the effect of seriously weakening the intelligence organization in State, both [#] ~~in~~ terms of its contribution to meet

departmental needs and its contributions to NIEs. Relations with State are almost bound to deteriorate as State gets weaker, ^{and} as demands force CIA into developing intelligence materials based on NIS research but of a political estimating type. It can also be anticipated that, with the State organization now truncated, the Department will be encouraged to do what many of its officers have long wanted to do, namely, to get rid of the intelligence organization except for possibly a small staff assigned to the Special Assistant for Intelligence, placing the freed assets in the political bureaus.

11. Alternative III. The DCI to prepare with the cooperation of the IAC a statement of the annual budget needs of the members of the IAC for NIS production and to submit such statement to the Bureau of the Budget for its information, the DCI then requesting funds for all of these needs except for those departments where the peculiarities of the budget processes within the departments, would require them to submit budget requests directly.

This, like alternative two would provide a more systematic approach to the financing of the NIS program than at present.

It would take account of the probable difficulties in the several departments, allowing for individual differences in the various agencies' budgetary procedures.

It would appear to be the next best way of both meeting the reasonable desires of the Bureau of the Budget and possibly the Congress for a more systematic approach to the problem of financing. The Department of Defense might be more willing and able to accommodate to this alternative than alternative III.

It might be necessary, if this alternative were selected and after consultation with the Bureau of the Budget, to propose to the IAC an amendment to NSCID-3. Specifically a new paragraph (7) might be added to paragraph 1a to read as follows:

"The Director of Central Intelligence shall also be responsible for submitting annually to the Bureau of the Budget a coordinated statement of the budget requirements of all agencies for the production of the NIS. Where it is agreed, the DCI shall seek the funds for the production to be carried out under the auspices of IAC and non-IAC ^{agencies} participating in production. In such cases they shall together develop adequate reporting procedures which will provide to the Director the assurance that these funds are being expended for National Intelligence Survey production."

12. Alternative IV. CIA to budget for the whole of NIS production by all agencies (Central Budgeting).

The full cost of the NIS program (except for collection) would thus be exposed to the Bureau and to the Congress. Under such an arrangement there would be greater likelihood of stability in production in keeping with the schedules. This is supported by experience in regard to comparing State and military production, the latter being generally behind schedule more than State production. It may be that the Bureau of the Budget and the Director of Defense would need to make adjustments in the budgeting procedures of the Director of Defense.

In the event that this alternative were selected it would probably be desirable after consultation with the Bureau of the Budget to propose to the IAC an amendment to NSCID-3, paragraph 1a (5) to read as follows (deletions in brackets) ~~insertions-underlines~~:

"The Director of Central Intelligence shall be responsible for the preparation, in cooperation with the IAC, and submission to the Bureau of the Budget of the annual budget required to produce the NIS and for coordinating production and maintenance and for accomplishing the editing, publication, and

dissemination of these National Intelligence Surveys and shall make such requests on the agencies as are necessary for the proper development and maintenance, making necessary reimbursements of funds therefor."

Central budgeting for NIS as far as State is concerned already exists and it has adjusted its internal administration satisfactorily to make an accounting of its utilization of NIS funds to CIA. This might be more difficult for the military because of departmental ceilings in the Defense Department. The military would probably object to the lack of flexibility in the utilization of NIS personnel which normally applies in the way in which they administer NIS production. Thus, in times of crisis, NIS personnel (it is understood) have been drawn off almost entirely for critical work.

Conclusions:

13. That the most desirable way to finance the NIS would be through Alternative IV namely: CIA to budget for the whole of NIS production by all agencies (central budgeting).

14. That, in the event that the decision is not to follow Alternative IV or negotiations with the Bureau of the Budget and the agencies reveal this to be impracticable, the next best way would be

Alternative III, namely: The DCI to prepare with the cooperation of the IAC a statement of the annual budget needs of the members of the IAC for NIS production and to submit such statement to the Bureau of the Budget for its information, the DCI then requesting funds for all of these needs except for those departments where the peculiarities of the budget processes within Departments, would require them to submit budget requests directly.