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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON 25, D. C.

NRO REVIEW COMPLETED

19 May 1964

The Honorable Kermit Gordon
Director
Bureau of the Budget
Washington, D. C.

Dear Mr. Gordon:

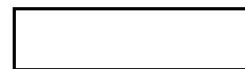
You have asked for my views concerning the magnitude of the over-all U. S. foreign intelligence effort required between now and Fiscal Year 1969 and any changes which I anticipate in the basic "mix" of collection techniques. You have also asked about the budgetary implications of various special studies or community-wide reviews which I have undertaken, as well for my comments on the Consolidated Cryptological Program and the National Reconnaissance Program.

These questions are of course interrelated. As regards the Consolidated Cryptological and National Reconnaissance Programs, you are aware that reviews for the purpose of developing specific budgetary proposals are currently underway and will not be completed until the latter part of June. The Consolidated Intelligence Program, covering most of the other intelligence activities conducted under the management of the Secretary of Defense, is under review in the Defense Department. It will also not be available for specific comment until late June.

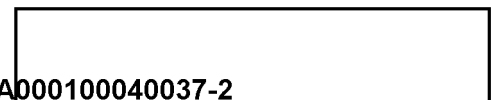
Pending completion of these reviews, in which my representatives are participating, my comments concerning probable future trends in the cost of intelligence activities are necessarily

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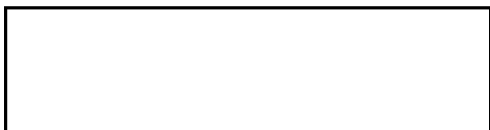
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very general. The figures which I have attached, projecting the cost of the intelligence community as a whole, are based, insofar as they relate to programs conducted by the Department of Defense, on the Five Year Force Structure and Financial Plan submitted by the Defense Department on 10 January 1964.

These figures, while adequate to suggest the general order of magnitude of the U.S. intelligence effort through 1969, may be significantly changed as a result of considerations outlined below. In any event, the figures exclude the cost of certain activities such as peripheral reconnaissance which perhaps should be charged, in part at least, to the national foreign intelligence effort. Whether this or other activities are properly included in the cost of national intelligence can be better decided after completion of an inventory which I have initiated of all national intelligence activities. Differences in accounting procedures as between different services and agencies, and differences of opinion as to what is or is not a national intelligence activity make such an inventory a complex and difficult undertaking. I do not believe that it can be completed, even in preliminary form, for several months.

Considerations which may affect the cost and magnitude of future programs are as follows. These considerations have been suggested partly by special studies and community-wide reviews which are under way. They are partly the result of my own personal observations of the intelligence community and its activities over the past two and a half years.

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a. Adequacy of facilities for warning of a military attack.  assisted by representatives of my personal staff, is undertaking a thorough study of programs and activities conducted for the purpose of providing early warning of an impending military attack on the U.S. His study should help to establish a basis

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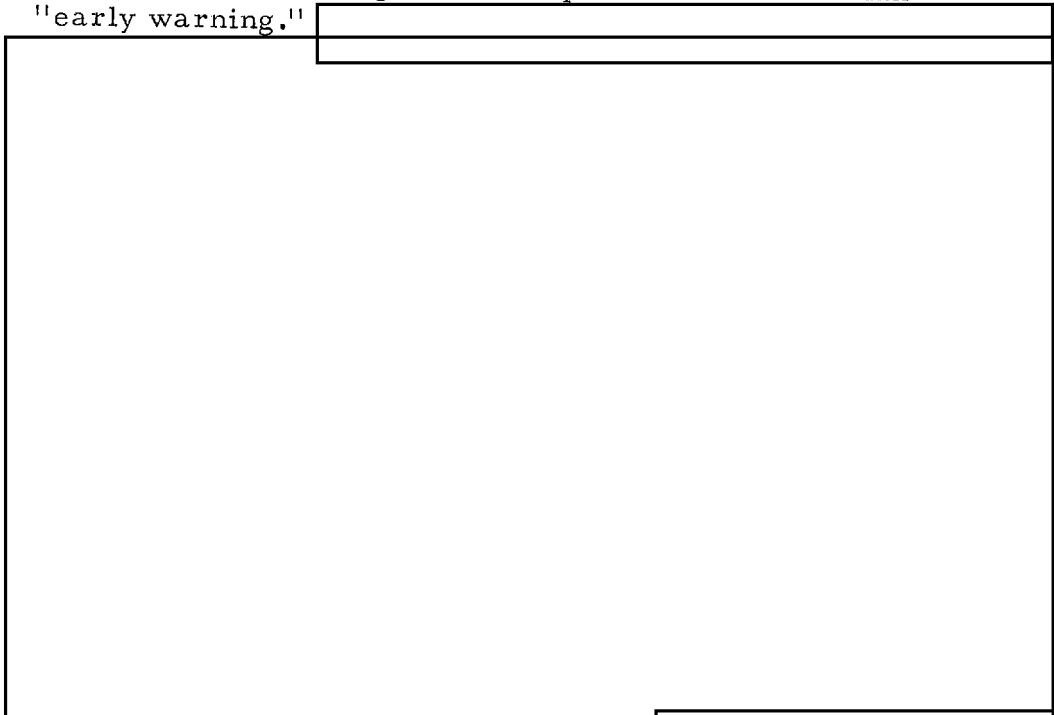
for determining whether the cost of these programs is justified by the contribution which they make to our warning system. Intelligence judgements in this field depend very heavily on



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a source of reliable information concerning Soviet intentions and decisions will be necessary before any definitive conclusions concerning their value are possible.

It is conceivable that our study could establish that certain programs on which we currently rely for indications of a possible military attack do not in fact provide sufficiently dependable information to justify their continuance for this purpose. It does not necessarily follow that these programs can be reduced or eliminated as they may serve legitimate requirements other than "early warning."



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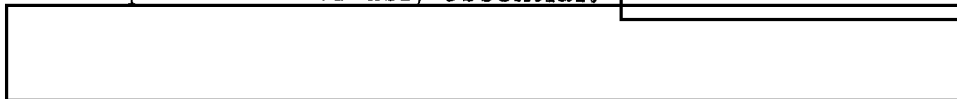


Pending completion of the [redacted] report, which is expected some time toward the end of this summer, there is no basis for predicting any substantial change in the cost of early warning intelligence as a whole.

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b. Military Technology. Developments in Soviet or Chinese Communist military technology are essential ingredients in any assessment of the military threat to the United States, its forces overseas, or the allies which it is committed to defend. A break-through by a hostile power in any one of a number of fields, such as anti-missile missiles, biological and chemical warfare capabilities, etc., could present the U.S. with a menacing situation. The earliest possible knowledge of any such development is obviously essential. [redacted]

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The cost of systems calculated to detect and monitor these developments is likely to increase with: (a) a growing need for higher resolution photography to identify smaller objects and the details of construction



[redacted] The cost of these systems will be offset to some extent by the reduction or elimination of activities involving obsolescent equipment but are likely to represent a net increase in the intelligence budget.

c. Deployment of military forces. The national intelligence effort is also likely to be affected by the proliferation of strategic weapons and by what might

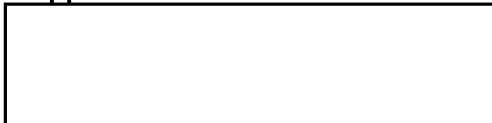
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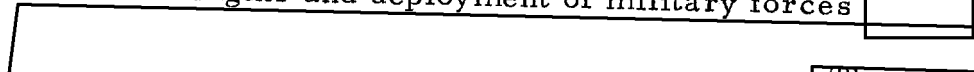
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be characterized as the need for local intelligence on the deployment of the military forces of non-Communist, as well as Communist countries other than Soviet Russia and Communist China. With U.S. commitments around the world and the certainty of struggles in and between foreign countries which are likely to affect U.S. interests, the need for intelligence coverage of local military strength will predictably increase. This trend can be illustrated by expanding requirements for intelligence on the strengths and deployment of military forces

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These requirements will continue to burden the espionage facilities of the Government and also those concerned with overt collection.

Operational and administrative considerations peculiar to clandestine activities

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the difficulty of finding and developing staff personnel with just the right skills and the premium placed on highly selective espionage programs make any substantial expansion in clandestine collection unlikely. It is also unlikely that political considerations will permit any substantial expansion in either military attache or diplomatic representation abroad. The cost of overt and covert collection programs is therefore unlikely to change very much.

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Local wars or situations involving insurrection and violence will probably generate increased requirements for technical collection facilities over the next five years. Illustrative of this requirement is the current need for photographic coverage of routes providing access

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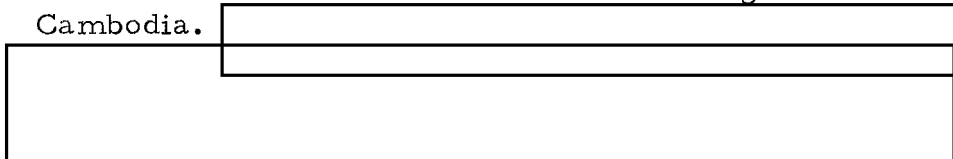
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to South Vietnam from North Vietnam through Laos and Cambodia.

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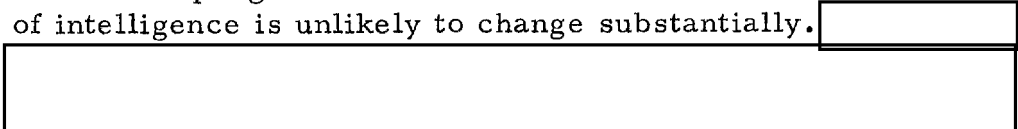
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d. Political intelligence. Considerations somewhat analogous to those expressed above with reference to local military coverage exist with respect to requirements for political coverage, particularly in Latin America, Africa, Southeast Asia and the Middle East. Here again the cost of programs for the overt or covert collection of intelligence is unlikely to change substantially.

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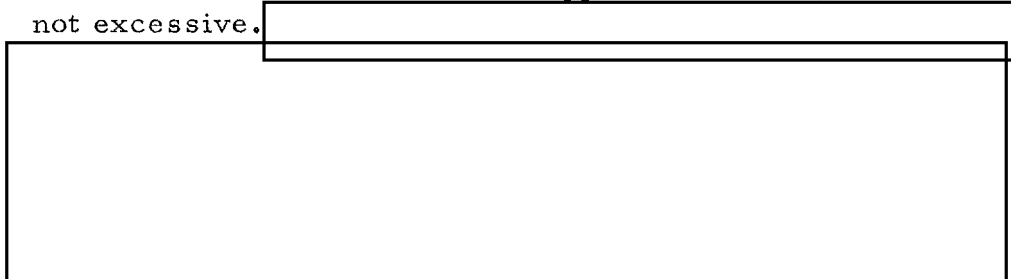


In this connection, a study which is nearing completion, under the direction of Ambassador Nolting, has tentatively concluded that the intelligence effort aimed at [redacted] appears in general terms to be appropriate. Requirements for information about these countries have been very carefully reviewed and appear to reflect legitimate interests on the part of Government agencies. The coverage developed appears in general to be responsive to these requirements. Resources in terms of manpower and facilities committed to the collection of information in this area appear to be adequate, but not excessive.

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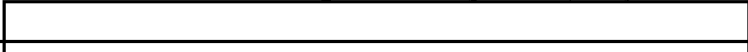
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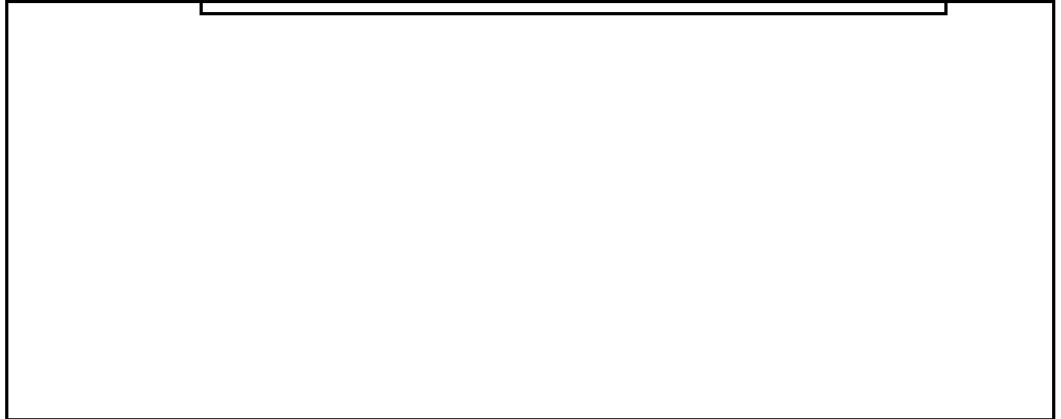


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e. General reviews of collection requirements and program efficiency. I have, jointly with the Secretary of Defense, initiated a searching review of requirements for information collected through intelligence programs generally. 

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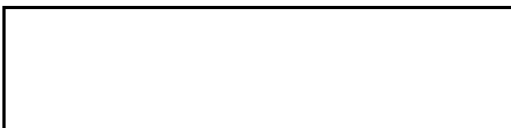
I am strengthening the machinery of the intelligence community for determining the need for photographic intelligence derived from overhead reconnaissance. The aim here is to ensure that requirements for coverage are kept as realistic as possible. This involves not only a continuing check on the number of missions authorized, but also analysis of the true need for new sensors and higher resolution.

Surveys and reviews of the managerial aspects and general efficiency of intelligence programs of course

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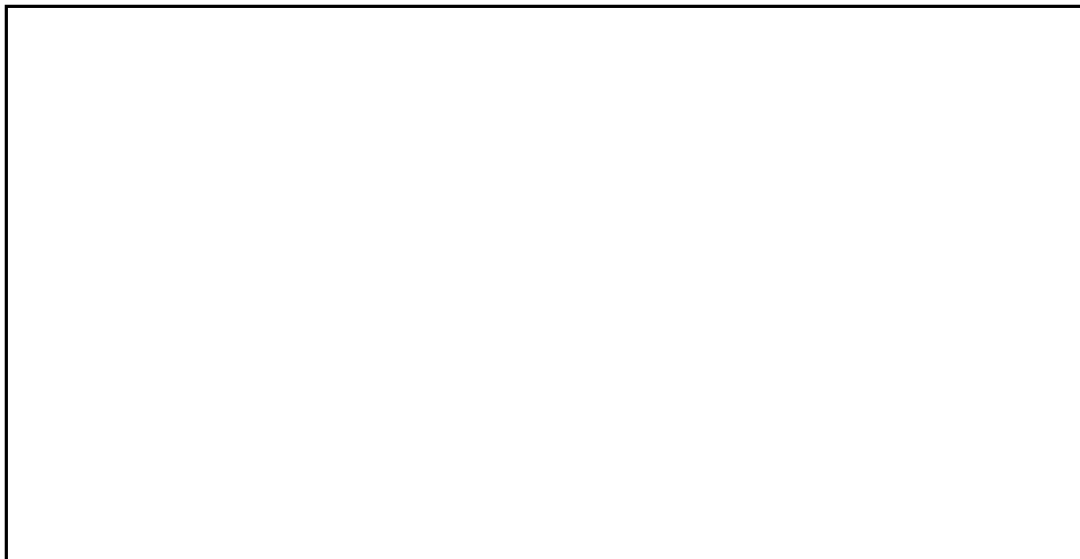


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continue in CIA and the Department of Defense under the direction of the appropriate supervisory officials.

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As regards the "mix" of collection techniques, overt collection and espionage operations are likely to remain at approximately their present levels. I believe that intensive reviews conducted over the past two years have substantially eliminated marginal activities from the collection programs of CIA. I do not foresee any great likelihood of expansion of these programs although, as a result of dissension within the Communist Bloc, representatives of Communist countries may perhaps be more susceptible to exploitation for espionage purposes than they have been in the past. No substantial change in the numbers or responsibilities of military attaches or diplomatic representatives appears probable.

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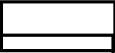
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A change in the "mix" is likely to result primarily from increased requirements for overhead reconnaissance, particularly for somewhat higher resolution in photographic coverage, 

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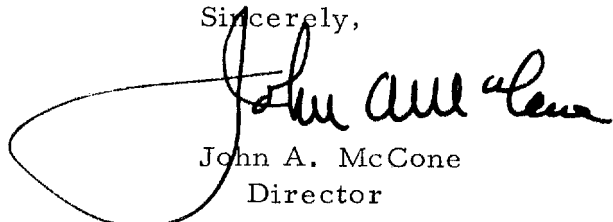
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In conclusion, it seems pertinent to stress the importance of adequate intelligence as a necessary factor in containing the military budget within realistic limits. In the absence of an intelligence system capable of identifying probable military and political developments, the cost of developing forces required to meet all possible contingencies would be clearly prohibitive. A salutary development of the past two years has been the increasingly close collaboration between the intelligence community and those responsible for formulating budgetary and force level proposals in the Defense Department. It is obviously in the interest of economy that these proposals should be related as realistically as possible to the military threats which they are designed to meet.

Accurate information about enemy strengths and dispositions enables us to avoid excessive as well as inadequate expenditures for forces and armament. It is therefore a prerequisite to economical and efficient military programs as it is also to national security. The cost of good intelligence therefore must be reckoned in part at least in terms of its relevance to economy in the military establishment. This, of course, is possible only to the extent that intelligence estimates are based on accurate, timely and comprehensive information and can therefore be accepted with reasonable confidence.

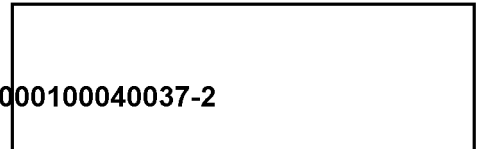
Sincerely,



John A. McCone
Director

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Attachment



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