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Copy No. 4

28 April 1966

MEMORANDUM FOR THE RECORD

**SUBJECT: DCI Meeting with Special Group of House Appropriations
Committee on the "Black" Budget - 27 April 1966**

1. The Director, accompanied by John Clarke and John S. Warner, was present at a meeting of a special group of House Appropriations Committee to discuss the "black" budget. Present from the Committee were:

George H. Mahon
Frank T. Bow
Glenard Lipscomb

Staff man present:

Robert L. Michaels

Present from Defense:

Alexander Flax, Assistant Secretary of the Air Force (Research and Development)
Robert N. Anthony, Assistant Secretary of Defense
John S. Foster, Jr., Director of Defense Research and Engineering

The meeting lasted for approximately an hour. There was no transcript.

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OGC Has Reviewed
NRO review(s) completed.

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2. The principal purpose was to discuss the "black" budget. Mr. Mahon asked why there should be a "black" budget. Mr. Flax indicated there were many political considerations involved in not officially acknowledging overhead photography. He stated that we assumed the Russians are aware of this. He referred to the long-standing NSC policy of not discouraging the idea of satellite photography by the U. S. but that there should be no official acknowledgment. Mr. Flax stated there had been recent consideration of removing special security controls and it had been determined that at the normal secret level there are too many leaks and the effective special security controls should remain.

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[REDACTED] The Director pointed out that official acknowledgment would give the Soviets an effective propaganda weapon and would force them to react.

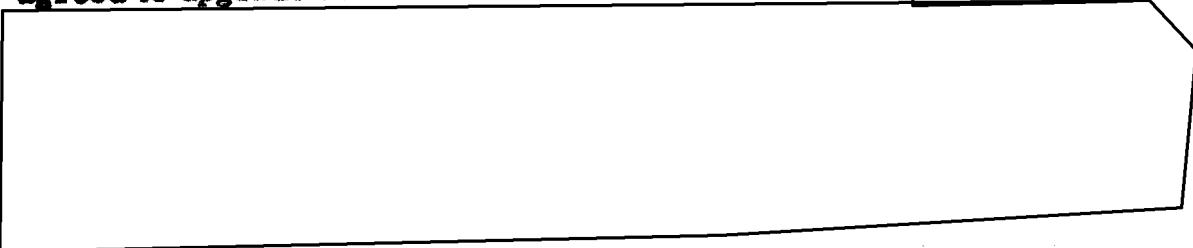
3. In response to a question, the Director indicated that as a rough estimate the Soviet satellite photography is about 75% of the U. S. capability and pointed out that their reconnaissance does assist them with their targeting. Mr. Flax also added that satellites are vulnerable to being knocked down without nuclear weapons and official acknowledgment might push the Soviets into attempting this.

4. Mr. Mahon asked why could not the funds for the boosters and launch facilities be in the "white" budget. Mr. Flax stated the boosters are different than any others being used and would stand out in a "white" budget. The Director also mentioned the CIA budget and the value we would gain if we had a precise figure on the Soviet budget.

5. Mr. Anthony ran down the various line items of the "black" budget in accordance with the attached paper speaking only generally to the major items. It was pointed out that the "black" budget consists only of CIA budget and the NRO program which Mr. Flax reminded Mr. Mahon was, by definition, overflight of denied areas.


6. Mr. Mahon asked the question of whether the U-2 production line should be reopened. Mr. Flax stated that this had been considered for the 1967 budget but it had been decided not to do so and it had been agreed to upgrade the SAC U-2s to meet CIA standards 

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7. Mr. Foster made an observation that he would like to see more R&D funds both by CIA and the Air Force in support of intelligence activities, implying there had been a reduction for 1967. He pointed out that it is difficult to find appropriate people and talent for this R&D. Further, there are strong pressures to make systems operational as soon as possible. Mr. Lipscomb then inquired as to why the Advanced R&D funds were less this year than last year, and did not really get a fully responsive answer. Mr. Mahon asked, with the divided control of NRO, if this did not cause problems in selecting new systems and starting new R&D. Mr. Flax stated that this did not cause any real problems any more than competing systems within any one department. The Director stated, that as one of the partners in control of NRO, the divided control as such did not cause problems, that there are harmonious working relationships on this. He did state that on occasion there are hard decisions to be made but these same decisions as to systems and R&D would have to be made within one department where there are competing systems.

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9. Mr. Mahon asked if the "black" budget got a closer scrutiny than the "white" budget. Mr. Anthony stated that because it is reviewed by much higher level people, he believed it got more careful scrutiny. The DCI then discussed the detailed scrutiny of the Agency budget by the Bureau of the Budget.

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10. The meeting closed and it was not clear whether Mr. Mahon would want additional justification on the NRO side.

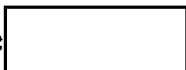


Legislative Counsel

Att.

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Copy 2 - DDCI w/o att
Copy 3 - Ex Dir/Compt - w/o att
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