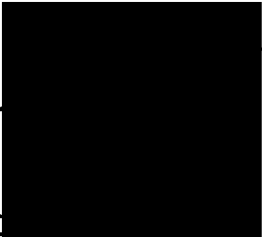



SECRETDIARY NOTESDD/S

29 October 1955

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 and I met with Mr. Dulles to discuss the financing of Project AQUATONE for Fiscal Year 1957. I stated that from my point of view it was desirable to have the Air Force budget for this Project if it was willing to do so. Dick felt very strongly that we would not have any control of the Project if this arrangement were made and urged Mr. Dulles to continue to provide funds from our own budget. He also felt that it could be shown that the Air Force was spending substantial sums of money on the Project and that it was truly a joint venture. I believe that Mr. Dulles was persuaded by Dick's arguments, but he deferred making a final decision until he and Dick could have a conference with Secretary of the Air Force Quarles and Assistant Secretary Gardner. I expressed a desire to participate in such a meeting and was assured that I would be asked to do so. Dick is going to be out of town next week; hence, I shall tell Bob Macy that we will not meet the 1 November deadline but that we are actively working on the matter and will be in touch with him within a very few days.

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2. Bob Amory joined us and we discussed the proposal of Messrs. Amory and  to set up a separate office in the DD/I complex for the purpose of processing and interpreting the photographs which are expected to be produced from Project AQUATONE. I said that the support requirements of this project became known to me only when I received a carbon copy of Dick's memorandum to the Director on the subject. I questioned whether it was necessary for CIA to undertake this responsibility and whether the Air Force, which is already engaged in photo interpretation, couldn't do it for us with less effort and expense involved. It was agreed that this matter should be discussed with General Sanford and others in the Air Force before proceeding further. However, it was clear that Mr. Dulles felt strongly that the financing of AQUATONE and this project were closely related and should be discussed as a part of the over-all problem. He felt that if we were going to finance AQUATONE then we should not, as a matter of principle, be required to turn over its take to someone else for exploitation. I will arrange with Bob Amory for the necessary conference with General Sanford on this subject. Again I emphasized my desire to participate in any meeting that was scheduled and was reassured that I would be asked to do so.

3. We then discussed the earth satellite program and CIA's desire to contribute to its financial support. Everyone agreed that this was something which we should not bleed and die over but felt that our representations to the Department of Defense had been so strong that we should at least request permission to contribute. I reviewed Bob Macy's objection to this project and emphasized that I felt sure the decision would have to be made on Mr. Hughes' level.

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Mr. Dulles signed the proposed letter to the Bureau of the Budget; however, it was agreed that we should send the letter to the Bureau only after further consultation with the Department of Defense. Pete Scoville is handling this and I must get in touch with him to make the necessary arrangements. The letter will then be dispatched to Mr. Hughes through Bob Macy.

4. I briefed Mr. Dulles on the Strobel investigation which the House Judiciary Subcommittee is undertaking and told him I anticipated that we might be called to testify.

5. Met with Messrs. Bartholomew and Nolen to discuss our appearance at the National Capital Planning Commission on 4 November in support of our request for the Langley site. H