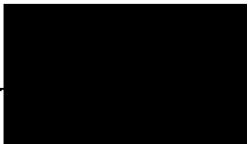


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DIARY NOTES

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DD/S



5 December 1961

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1. I asked [REDACTED] to return to me the letter to the Comptroller General after it was signed by Mr. McCone so that Larry Houston could hand carry it.

2. I queried Bob Amory as to whether he still wanted to move the Foreign Documents Division, Acquisitions Branch, from Arlington Towers to 1717 H Street, N.W. After inquiring, he advised me that these people have decided now that they would rather stay at Arlington Towers; however, he hoped that a little more space could be made available to the Office of Operations at 1717 H Street, and I see no reason why this could not be done. H

3. John Tietjen was in to discuss a number of things:

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a. [REDACTED] is doing all right and will be able to come back on a full-time duty status.

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b. [REDACTED] is in bad shape and probably will not return to duty.

c. With regard to [REDACTED] relationship on medical problems:

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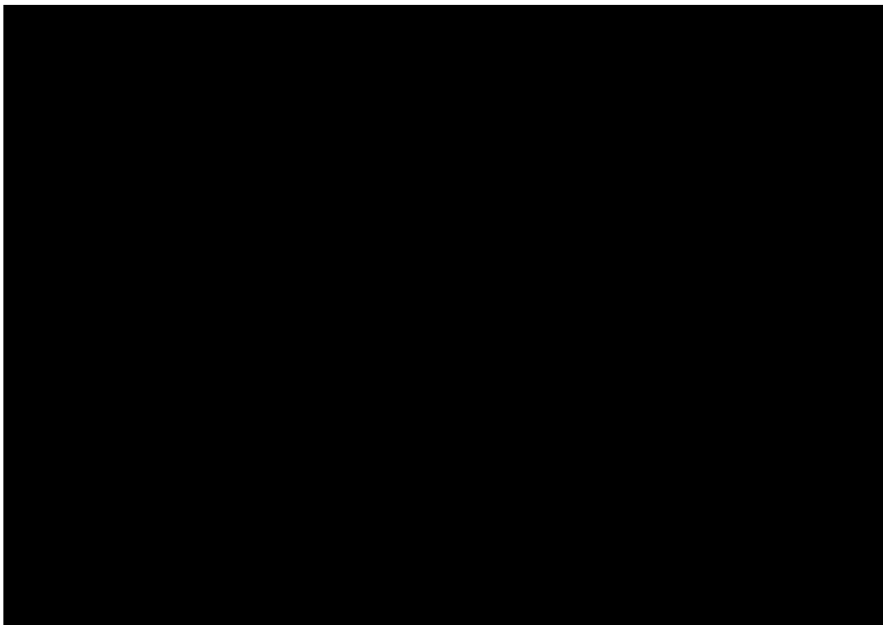
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(l) [REDACTED] has been [REDACTED] and is going to the field to take care of both the [REDACTED] jobs.

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d. John has made some internal shifts in responsibility taking some of the administrative responsibility away from [REDACTED] and bringing it into the immediate office of the Chief, Medical Staff with Frank [REDACTED] having personal responsibility.

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4. I talked to General Cabell with regard to making a decision on [REDACTED] and he has agreed to set up an early meeting with Matt Baird, an FE representative, and Dick Bissell, if he would like to attend. This will be a preliminary before placing it on the agenda for a Deputies' Meeting.

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5. I had a long and rather unsatisfactory meeting with [REDACTED] and others concerning the National Photographic Interpretation Center and whether it should be classified. Since security does not seem strong one way or another, the real problem is to get a decision whether or not it is going to be classified. I consulted with General Cabell by telephone who was inclined to think that it should be classified. I have since talked with Bob Amory who felt that it should not be classified; he will seek an early meeting with General Cabell who will have to make a decision.

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6. Ed Saunders brought another case to me wherein an employee had requested reimbursement for a dinner that he had attended in Washington. I approved of this particular case but instructed Ed to develop a policy paper on this subject without delay. Ed also indicated that he had learned that Mr. McCone was accustomed and liked to use Government transportation requests in lieu of confidential funds. I asked him to get in touch with [REDACTED] and work out whatever arrangements Mr. McCone wanted in this regard.

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7. [REDACTED] advised me that Mr. McCone doubts that we have reserved sufficient space on the seventh floor for his secretaries. I have sent a memorandum to Mr. McCone pointing out that the space available here will be somewhat larger than what they occupied in the old Administration Building and that we think it will be satisfactory.

8. Mr. McCone queried as to what was going to happen to the "hill complex at 2430 E Street," and we are preparing a memorandum to him on this subject.

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9. I talked with [REDACTED] in [REDACTED], as well as [REDACTED] and we agreed that Don would return to Headquarters for a DPD assignment shortly after the first of the year.

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10. I talked to [REDACTED] about the possibility of finding a spot for Lucile [REDACTED] and he said that he would be very glad to talk to her.

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11. Mr. McCone advised me that Elmer Staats had called him about the budget and stated that they would go along with the restoration of the Contingency Reserve to

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██████████ that they would put in a separate line for Project OXCART in the amount of ██████████ and that they wanted to maintain Radio Free Europe at about its present level. They also want 50/50 financing with the Department of Defense on the National Photographic Interpretation Center. In response to my questions to Mr. McCone as to what the NOA figure would then be, he asked me to call Elmer. He said that he had told him that he would settle on this, provided that it was all right with me. I was unable to reach Elmer but did get in touch with Bob Macy and at this point doubt very seriously that we can settle on this basis. (On Wednesday, 6 December, ██████████ and I met with Bob Macy and Frank Ecker to get together on the figures and I have asked ██████████ to draw up a new set indicating where we are still in disagreement with the Bureau of the Budget.) In my conversation with Mr. McCone, he was emphatic that he would not accept any reductions in the International Organization Division; however, I am not clear as to whether he meant that he wouldn't accept reductions from the Fiscal Year 1962 level or from the Fiscal Year 1963 requests.

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12. ██████████ advised me that Mr. McCone desired CIA to set up a secret communications system between the Secretary of State and the Under Secretary of State. I asked ██████████ to look into this but am not sure how practical it would be.

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13. ██████████ was down to discuss the 29 November article by Robert S. Allen and Paul Scott under the headline of "New Chief of CIA Cracks Down on \$\$" and another article by the same authors on "CIA Still Pays Cuban Dependents." As Chairman of the USIB Security Committee, Bob is pursuing this, and I briefed him on what I knew as to the possibility of where conversations with regard to these matters might have taken place.

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14. ██████████ telephoned and asked that ██████████ be entered on duty as a staff employee at grade GS-14. I asked ██████████ to accomplish this as expeditiously as possible.

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LKW:mam

NOTE: Extract of Item No. 2 was made for the Director of Logistics on 8 December 1961.
DD/S 61-4215

New Chief of CIA Cracks Down on Unvouchered \$\$

By ROBERT S. ALLEN and PAUL SCOTT

WASHINGTON — John McCone, new head of the Central Intelligence Agency, is preparing to tighten the reins on the way his super-secret agency spends its money.

He is asking Cord Meyer Jr. — who grew up in Bayside, L. I. and who handles the CIA's unvouchered funds — to make a full report on the \$400 million that he doled out during the past 12 months for covert operations and intelligence gathering activities.

Returning from a first-hand survey of the agency's foreign operations earlier this month, McCone decided on this move after discovering that the CIA had financed dozens of questionable conferences, groups, and other undercover activities throughout the world.

Many Questionable Activities

For instance, McCone was shocked to learn in Europe that the CIA promoted or financed nearly every major international socialist conference held on the continent during the past 10 years.

He is now investigating to determine whether these conferences were arranged as intelligence gathering missions or to promote socialistic movements and groups abroad, as some evidence now indicates.

McCone is also looking into the advisability of another questionable CIA activity. This is the unpublished practice of giving large fees to U. S. law firms and foundations for making intelligence studies and furnishing the agency operational "advice", none of which has been of visible help in improving the CIA. In one case, a New York law firm was paid more than a million dollars in "consultant fees" with no evidence of positive results.

Meyer, who handles these unvouchered funds, is one of the real mystery men in government. His name has never been listed in a government directory since he joined the agency early in the '50s. Only a handful of persons know of Meyer or his position and none of these will discuss it.

Before joining the CIA, Meyer was national president of the United World Federalists and a vocal advocate of world government. His father was a State Department official and his uncle was president of the Cord Meyer Development Co. in Forest Hills, L. I. He is a friend of William Bundy, deputy to Assistant Defense Secretary Paul Nitze. Meyer, Bundy, and Nitze have worked as a team in shaping and supporting the policy of supplying U. S. military and economic aid to Yugoslavia's Communist dictator Tito.

Another Time Bomb Lighted

McCone also is lighting another time bomb within the CIA.

He is making a first-hand survey of the agency's "estimates" division, which is headed by Sherman Kent.

The new CIA director is looking over these reports to determine their accuracy and the impact that these national intelligence estimates have on U. S. foreign policy — especially, U. S.-Soviet relations.

Already, the unexpected move by McCone has touched off a series of secret huddles between CIA officials and members of the State Department policy planning staff. These officials, who work together in drafting position papers, are concerned that they will lose control over the "estimates" on which their policy is being based if McCone decides to shake-up the division.

If this should happen, the stage would be set for a complete re-evaluation of CIA policy toward Soviet-Chinese Communist bloc and why these policies have failed to stem the tide of international Communism.

Updated - includes with Deering notes for
Robert S. Allen - Paul Scott Report *5 Dec 67*

CIA Still Pays Cuban Dependents

WASHINGTON — The Central Intelligence Agency is paying from \$150 to \$225 a month to dependents of more than 1,000 Cuban refugees captured in the abortive anti-Castro invasion.

Total CIA expenditures for this purpose are running at upwards of \$200,000 a month.

The payments to the wives and other dependents are based on the compensation received by the refugees as members of the invading force. These range from \$150 a month for single men to \$225 for those with dependents.

The dependents are being paid in the form of checks from a company with a Coral Gables, Fla., address.

This concern is a CIA "front," and its funds come from that agency.

Investigators of the House Appropriations Committee, which is quietly looking into the financing of the ill-fated Cuban invasion, have



Mr. Allen

reported the CIA contemplates continuing the dependents' payments "until the captives are liberated."

The probers also have been told the overall cost of the disastrous attack will be between \$45 to \$55 million. That's the estimate given them by CIA Director Allen Dulles.

It includes payments now going to the dependents, and the setting up of the invaders' training camp; recruiting, equipping and paying them; buying and chartering a small fleet of World War II ships to transport and supply the assaults; and the purchase of some 30 World War II combat planes.

Under questioning, Dulles admitted the invasion's accounts are still incomplete. He could not say when they would be in hand.

The Appropriations Committee investigators also are still digging into the affairs of the mysterious firm handling the dependents' checks. Its files and records have not yet been made available.

In striking contrast to the \$45 to \$55 million that CIA spent on the Cuban fiasco, the cost of the highly successful 1956 landing of U. S. troops in Lebanon was \$30 million.



New CIA Head Probes Past Expenditures Of Agency

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No Policy Change

Democratic congressional leaders are being quietly assured by the State Department that the U.S. has no plans to recognize the Soviet annexation of the Baltic states. In a letter to all leaders to dispel rumors of a policy change, Secretary of State Rusk writes:

"The Department of State has at no time issued a statement referring to any of the Baltic states as being traditionally a part of the Soviet Union. The U.S. government does not recognize the Soviet annexation of Lithuania, Latvia, and Estonia. We regard these countries as having been forcibly deprived of their national independence. The diplomatic representatives abroad of their formerly independent governments continue to be recognized by our government and a number of others. The position of the Kennedy administration in refusing to accept the status quo of Soviet domination over other countries within the Soviet bloc as a permanent condition remains clear and firm. This administration has consistently recognized and upheld the right of these peoples to national independence, to governments of their own choosing, and to the enjoyment of fundamental human rights and freedoms."

Business ethics program being drafted by the Commerce Department Advisory Committee will start with a broad "statement of principle," then advocate industry-by-industry adoption of ethical guide lines based upon this broad statement. Department officials want the ethics plan to be a private effort, with the government lending only "sponsorship."

Federal export promoters are talking up an idea—they call it the "mother hen" approach—that may be the key to more overseas selling by U.S. small business men. The idea: A manufacturer with export experience takes on the job of handling overseas transactions for a firm not established as an exporter. The Commerce Department is pressing the idea as part of an intense effort to entice more American companies to sell their wares abroad.