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MEETINGS AND/OR APPOINTMENTS FOR WEDNESDAY, 3 JANUARY 1962

DIRECTOR

- 12:30 p.m. - Lunch with General Carroll of DIA
- 3:00 p.m. - Senator Russell

DEPUTY DIRECTOR (INTELLIGENCE)

- 10:30 a.m. - Watch Committee Meeting

ASSISTANT DIRECTOR (CURRENT INTELLIGENCE)

- 10:30 a.m. - Watch Committee Meeting

DIARY NOTES

DD/S

3 January 1962

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1. I conferred with [REDACTED] and Larry Houston about possible legislation during this session of Congress. The subject matter can be broken down into three categories: (a) Establishing the position of the DCI immediately below Cabinet level; (b) The DCI's powers in connection with the protection of intelligence sources and methods; and (c) A number of general administrative matters which are desirable but not essential during this session. Larry and John are to prepare a paper which we can get to the Director setting forth these matters and seeking his guidance as to how he wishes to proceed.

2. I talked to Larry about the book that Cornelius Ryan proposes to write. He said that he has had lengthy conversations with Mr. Dulles and will have something for the Director to consider within a few days. I cautioned him that the Director had expressed his desire that this matter be handled quickly and said that when this was last discussed at the Deputies' Meeting it was my impression that Mr. McCone understood that only General Donovan's private papers and not the official OSS archives were involved. I told Larry that somewhere along the line this should be clarified.

3. I also talked with Larry about a request he had received from General Cabell as to whether [REDACTED] could be used for air proprietaries other than [REDACTED] Corporation. I agreed with his position that there was no reason why [REDACTED] charter could not be changed but that to change it for the sole purpose of being able to use funds derived from the liquidation of [REDACTED] might be a violation of our agreement to administer our funds on an annual basis.

4. [REDACTED] telephoned to say that the paper proposing that a small "outside" unit of the Clandestine Service be located at 1717 H Street had been approved by General Cabell and that Mr. McCone's approval was expected early next week; I told him that we could wait that long. He also indicated that the requirement had swung somewhat from the previous estimate of 16,000 square feet.

5. [REDACTED] reported that he had seen Joe Hoover at the Department of Defense concerning [REDACTED] and that there appeared to be no difficulty whatever in obtaining this reimbursement without delay. H

6. At Mr. McCone's request I saw him at 1400 hours today.

a. We talked about the completion of our move to the new building. He asked when we were going to resume moving into the building, and I explained that our present schedule called for the beginning of February, that we planned to move 450 to 500 people a week, and that assuming that we were H

able to adhere to this schedule we would complete the move during the week ending 6 April.

b. He then asked when he would move to the seventh floor. I explained that while the seventh floor would be ready on 15 February, his office would not be ready until 1 March due to the delay in paneling it. (This delay is due in part to Mr. McCone's recent decision to change the paneling in his office.) At this point Mr. McCone expressed himself very strongly as being disappointed with the delay in completing the new building and moving people into it. He said that he felt he had every right to believe, based on information given to him by Mr. Dulles, me, and others when he first came down here, that we would close in the new building by 1 February; now it appeared that it would be April, so he thought that we have had a slippage of about three months during the last five. I attempted to explain to him that our planning for the entire building had been on the assumption that the Director would not move out here until almost everyone else was in place and that it had been very difficult to change this schedule. (I am really unable to account for Mr. McCone's strong impression that he was told that we would be in the building by 1 February. When he asked me to explore the possibility of moving Mr. Dulles into the building while he was still Director, I reported to him in a memorandum dated 23 October 1961 that this would not be possible before 1 February. The only report that I have made to him was on 15 December 1961 at which time I told him that we had had another delay of thirty days and therefore would not be able to begin the moves scheduled to start on 2 January until the first week in February.) Mr. McCone was in no mood to listen to or consider explanations. He was quite caustic in his remarks and said that he considered this to be especially poor construction management and that he wanted me to advise the Public Buildings Service and the contractor exactly how he felt about it. I assured him, of course, that I would do this and have an appointment with Mr. Wallace, the Commissioner of Public Buildings Service, on Monday, 8 January.

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c. Mr. McCone said that if the handling of this building was an example of how Building [REDACTED] might be handled he was very much concerned. He directed that I meet with the PBS representative and the contractor and arrange to have a detailed bar chart drawn which would show the schedule of all phases of the construction on a weekly basis and that a representative of the Agency, the contractor, and a representative from PBS meet each week to determine whether the schedule had been met, if it had not, etc. He also directed that I report to him weekly on the progress of Building [REDACTED]. I, of course, said that we certainly would do this but explained that even though the contractor had started work, the detailed plans and specifications had not yet been finished and that I thought they would have to be before a complete schedule could be drawn up. Upon learning this, Mr. McCone expressed extreme pessimism at the estimate of completion in December and wondered whether it meant anything. I told him that this information was based upon the best estimate

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we had by the PBS contractor, the architect, and our own engineers. He said that he had a great deal of pressure on him from the President's Foreign Intelligence Advisory Board to complete this building and wanted no effort spared to do so. I then told him that we had not explored the possibility of putting on multiple crews with the contractor but that while I felt this would be quite expensive and did not know to what extent it would be feasible, we certainly could explore this if he wanted us to do so. Mr. McCone said that he had found this to be excessively expensive and did not wish to pursue this further. H

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d. While meeting with Mr. McCone on the subject of the headquarters building and Building [REDACTED] I told him that I hoped he would find time soon to have a briefing by the Comptroller on some aspects of our financial management. He said that he wanted this right away. (The briefing is now scheduled for Monday, 8 January, at 1200 hours.) H

e. Mr. McCone proceeded to talk for a few minutes concerning his ideas. He started out by saying that he had been disappointed to learn while participating in a meeting at the Bureau of the Budget with Messrs. Dulles and Bissell that they did not know what the cost of the project under discussion would be within several millions of dollars. He said that at the Atomic Energy Commission any one of the Commissioners could have answered such a question within \$50,000. He went on to say that the Comptroller had to be in a very senior and very strong position. This is why, he said, that he had insisted when he was Under Secretary of the Air Force that the Comptroller be a three-star General and that he had also ensured that he occupied a comparable position at AEC. He has in mind setting up a Budget Review Committee to review all aspects of every budget in some detail. (The Project Review Committee mechanism might serve this purpose.) He was emphatic that he intended to change immediately the present system whereby financial matters of the Clandestine Service would by-pass the Comptroller and that he would insist the Comptroller be in a strong and important position with regard to all financial matters. H

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7. I have asked John Tietjen to give me an up-to-date evaluation of Colonel Edwards' health inasmuch as we must decide very shortly whether to allow him to go ahead and retire or request that he remain for a longer period of time.

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