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14 August 1952

MEMORANDUM FOR: Colonel L. K. White

25X1A 1. I should like to address some remarks to these papers on the PRC and the proposed [redacted]. They must be prefaced by the observation that I am not informed on changes which have taken or may take place in the PRC philosophy or procedure. I have gathered from a remark of yours a couple of days ago that perhaps there was some change, maybe brought about by the DD/P reorganization. With that apology for what might otherwise be stupid arguments, I should like to say first that I cannot agree with the implications of the last sentence of Houston's memorandum of 8 August. It is none too clear; he seems to say that project approval under an approved program is fully a DD/P function, responsibility, and authority, with such approval to be given, of course, only after the proposed project has been properly staffed out. If this is what he intends to say, I must take exception to the position. I am sure that evidence exists in support of my belief that there have been projects which superficially fall in line with a covering program, but either by accident or design altered or were at variance with the policy line of the program.

25X1C 2. When I was with [redacted] comment was often made about "umbrella programs or projects," or, with the same meaning, "enabling acts." It was particularly true in FE [redacted] that they would attempt to get approval of a broad charter, so flexible or nebulously written as to allow practically anything project-wise in the name of the program objective. I feel that DD/A concurrence in such an approach would be an abdication on his part. Related to this whole argument is my agreement with your comments of 17 April that we need to tighten control. You spoke of tightening control on money. This, I agree, is important, but I think even more important is the control by the DD/A of the support commitments necessarily involved in a project. Money in and of itself is not necessarily reflective of the support considerations. A \$1,000,000 project in one instance might be a cash grant to, let us say, [redacted] for a particular effort, while a \$100,000 project in another case might well involve a procurement requirement on Jim Garrison of such a nature as to take a major portion of his effort for a period of time. If, then, we allow DD/P approval of projects within

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broad programs approved by FRC, we have allowed unilateral determination by an operator of the support load to be placed on central administration. If we fail and the project fails as a result, who is to blame. The answer is obvious, "We had a good show going, but we could not get the stuff to run it." The central administrative structure and the central administrative concept would be nibbled to death if the DD/A, as a member of the FRC, could not exercise some influence over projects which were mounted.

3. Another item related to the general problem of tight control, but having nothing to do with the administrative support except in a general way, is that, which in passing I alluded to in my comments on Houston's position, a general program may have a proper objective and may represent a reasonable allocation of Agency effort but be used to cover projects which have such an explosive potential as to endanger the Agency, its people, or even the national security.

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4. Some time back, and I think perhaps this was a forerunner of the [redacted] we in AS/S prepared a paper on FRC. In the paper we attempted to establish what we called "criteria of sensitivity." This is in part recognized in 3A(2) of the proposed regulation. We felt, at that time, and I still feel, that the levels of approval on a project should be determined not only on grounds of the money involved but also of the possible mischief either of successful conclusion of a project or the unsuccessful conclusion of a project. A \$1,000,000 cash grant to the [redacted] for equipment, although involving a considerable sum of money, might well be a very safe sort of project. On the other hand, a \$5,000

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[redacted] tional determination is, of course, not fully an administrative concern. However, I do believe that any program and project approval procedure should recognize these criteria of sensitivity, and we in the DD/A complex should, as a duty to the Agency and to the Country, demand that Agency procedures provide for levels of review of proposals appropriate to their implications in every respect. Note that paragraph 3E(e) speaks of "approval of a project by appropriate authority . . ." This would imply various levels of authority which are not otherwise very well defined in the draft. In other words, it recognizes the principle I have been discussing but without clear and proper definition and without due regard to the sensitivity in whatever form it may take.

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