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DEC 3 1955

Honorable Rowland R. Hughes  
Director  
Bureau of the Budget  
Washington 25, D. C.

Dear Mr. Hughes:

As the proposed Executive Pay Act of 1955 will be pending before the Congress when it reconvenes, I believe it important to set forth my views of the proper place of this Agency in that legislation for incorporation in any further action the Administration may take at that time.

As passed by the House, Section 103 of H.R. 7619 provides compensation for the Director of Central Intelligence at an annual rate equivalent to that to be provided for the Secretaries of the military departments and the Director of the Federal Bureau of Investigation. Under Section 106 of H.R. 7619, the annual rate of compensation for the Deputy Director of Central Intelligence is placed at the level of that provided for the Under Secretaries of the military departments, the Deputy Under Secretaries of the Department of State and several like positions. This places the salary of the Deputy Director one category above that to be paid Assistant Secretaries of the Executive Departments.

The Senate Committee on Post Office and Civil Service, in reporting S. 2628 to the Senate, established the rate of basic compensation of the Director of Central Intelligence in the same relative category as in H.R. 7619 (Section 102(a)). However, Section 102 (e) of S. 2628, as reported, establishes the rate of compensation of the Deputy Director of Central Intelligence at the same rate as that established for Assistant Secretaries of the Executive Departments, although the compensation of \$20,000 per annum is the same as that authorized by H.R. 7619.

I do not desire to comment on the amount of compensation that should be provided for the positions of Director and Deputy Director of Central Intelligence. I do wish to stress, however, the necessity of having these positions established at the appropriate level within the executive branch generally. Otherwise the functioning of all senior levels of the Agency is impaired by an implicit down-grading which raises obstacles to our establishing working relationships with the appropriate officials of other governmental departments.

The Director of Central Intelligence is a regular participant in the deliberations of the National Security Council and is a full member of the Operations Coordinating Board. As Director of Central Intelligence he is acting in his capacity as senior intelligence advisor to the Government in addition to his responsibility as the head of the Agency, and it is felt that the Congress recognized this distinction in the National Security Act of 1947 which established both the position and the Agency. It would, therefore, seem appropriate for the Director to be bracketed with the Deputy Secretary of Defense, the Under Secretary of State, and the senior Administrative Assistants to the President, with whom he works on completely equal terms.

Whether the rate of compensation of the position of Director of Central Intelligence is established at the level of the Deputy Secretary of Defense and the Under Secretary of State or remains as proposed in S. 2628 and H.R. 7619, the position of Deputy Director of Central Intelligence should be equated to that of the Deputy Under Secretaries of State and the Under Secretaries of the military departments, as proposed in the House version, rather than at the level of Assistant Secretaries of the executive departments, as proposed by the Senate Committee. This is essential not only from the point of view of the broad responsibilities of the Deputy Director of Central Intelligence but also because the principal operating deputies below him in the Central Intelligence Agency must deal as equals with assistant secretaries of other departments, particularly State and Defense. This de facto equality has long been recognized in the composition of interdepartmental boards such as the Planning Board of the National Security Council.

As you are undoubtedly aware, the Hoover Commission submitted its report on the intelligence activities of the Federal Government to the Congress on 29 June 1955. The Commission Task Force, headed by General Mark Clark, which was concerned with intelligence activities

carefully considered the appropriate establishment of the positions of the Director and the Deputy Director of Central Intelligence within the executive branch of the Government. It was the opinion of the Task Force that the position of Director of Central Intelligence should be equated with that of the Deputy Secretary of Defense and that the position of the Deputy Director of Central Intelligence should be equated with those of the Under Secretaries in the Executive Departments.

I therefore hope that the Administration's position on this legislation will make clear that the relative positions of the Director and Deputy Director of Central Intelligence should be established as befits their functions and responsibilities as set forth above and, incidentally, substantiated by the Hoover Commission. I shall be happy to provide you with any further data or to discuss any aspect of this matter with you.

Sincerely,

Allen W. Dulles  
Director

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CONCUR:

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L. K. WHITE  
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