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3/173
28 April 1958

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MEMORANDUM FOR: Office of the Comptroller

SUBJECT : Report by Bureau of Budget on "Review of Overseas Personnel Practices in Certain Far East Countries."

1. In accord with the request in the memorandum of 3 April from the Acting Deputy Director of Support, these comments are submitted to you.

2. This Office feels that the Macy-Ecker Report is favorable to the Agency and should go far toward allaying reports and rumors that the Agency is out of line in administrative expenditures abroad. However, one basic consideration is completely overlooked by the report and should certainly be called to the Bureau of the Budget's attention. CIA, as an Agency, does not "exist" abroad. Many of the suggestions and provisions of the Report would tend to place the Agency as an "overt" operating office in the various overseas installations,

[REDACTED]

appropriate to concur as an Agency abroad, particularly in such suggestions as they make concerning a central control point for administering housing. Now that the Agency has obtained a clean bill of health, it should emphasize this concept and be sure that it is no longer considered as one of the Agencies abroad.

3. Although most of the recommendations of the report seem quite satisfactory and occasionally beneficial to the activities of this Agency, the following limitations might be noted: (a) the 10% differential [REDACTED] is based primarily on the constant confinement to the area. If the differential is to be eliminated possibly some other provision for occasional rest and rehabilitation outside the post can be provided on a systematic basis; (b) the representation fund used by this Agency in fact is used not only to preserve the cover of Agency personnel, but to enhance and achieve certain intelligence and operations objectives. If representational funds are to be reduced, the expenditures can and should be covered under appropriate operational entries; (c) the central control point for housing has not worked well

[REDACTED]

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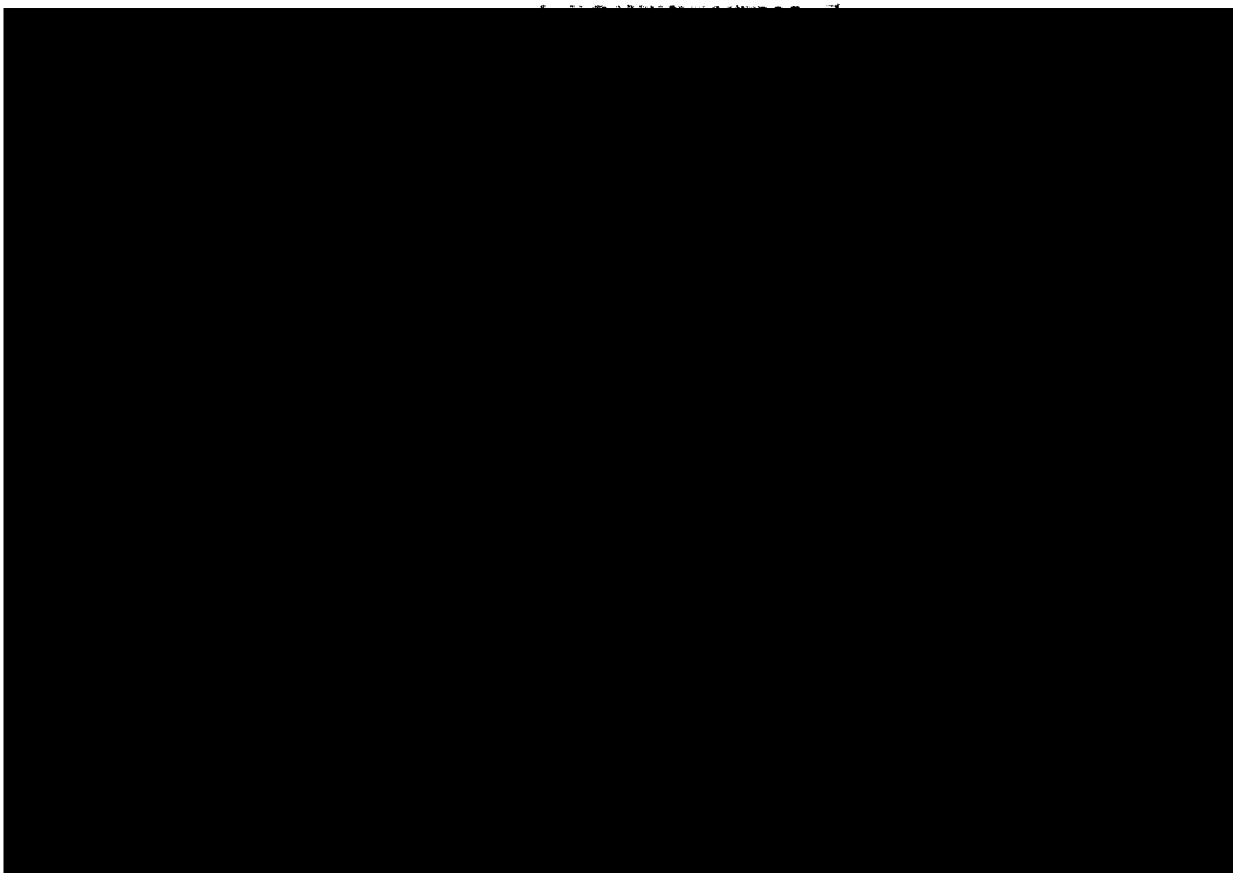
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4. The suggestions that Americans should live more with the population of an area is appropriate and highly desirable. The provisions for payment of allowances in local currency at a realistic rate, as suggested with respect to [REDACTED] is also desirable.

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/s/ Lyman Kirkpatrick

Lyman B. Kirkpatrick
Inspector General

cc: Act. DD/S ✓