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CHAPTER 1THE "NPIC PROBLEM"

By early 1965, the future growth and funding of NPIC became an object of special concern to senior Agency Management, *(which needed answers to basic questions such as the following.)* What role should the Center play in meeting current and future national intelligence objectives? Would it become another NSA? If so, who could man, fund, and manage so large and complex a technical operation? What should the organizational and functional relationships be between the Center and CIA; between NPIC and other members of the Intelligence Community? Should these relationships continue as they were, or should they be changed? Could the Center, which suffered from a chronic imbalance between massive inputs of film and escalating requirements on the one hand and limited resources on the other, survive and serve the Community without constructive action?

To the chagrin of NPIC, this whole array of concerns became familiarly known among those in higher authority as the "NPIC Problem." In the view of Center management, the operation of NPIC was going very well indeed, as attested to by the large share of major finds contributed by the Center in the strategic threat category of intelligence information. What seemed like problems to others were regarded more constructively by NPIC as opportunities to capitalize on breakthroughs in the development of imagery collection systems whose products could be exploited to provide answers to an ever wider range of intelligence problems. To top Agency officials, the task of justifying the expenditure of sharply increasing sums of money on overhead reconnaissance at a time when it was becoming the object of searching examination by the Bureau of the Budget was a frustrating and unwelcome one. By mid-1965 it was to reach the critical stage.

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PLANS TO SURVEY NPIC

The action at first was mild and groping. In January 1965, the DCI, John A. McCone, discussed the advisability of a high-level survey of NPIC at a morning Deputies Meeting. →

Director, NPIC. Memorandum for the Record, Telephone Call from the DD/I
Indicating DCI Interest in Having a Survey Made of NPIC, 19 January 1965
(SECRET -- EYES ONLY)

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It is interesting to note that at this point in time technical matters seemed to be important among the concerns. Though the handling of requirements was mentioned, another ^{question raised} ~~item discussed~~ was stereo versus monocular scan. Moreover, Dr. Edwin Land was mentioned as a possibility to head the survey. Though an updating by the IG of his 1962 survey of the Center was also discussed as an alternative -- as was a specially constituted in-house panel, it was with the proviso that, in either case, technical specialists would be called in to supplement the work of the IG or the in-house panel. The importance thus attached to the technical side of the question may have derived from the fact that ^{the DCI's} ~~McCone's~~ interest had been generated by questions raised the previous day by Albert D. Wheelon, the Deputy Director for Science and Technology, or it may have reflected McCone's own technical interests and orientation. It may have been both. In any case, whatever the problems -- whether vaguely sensed or specifically identified, they were to be studied in toto; the solution envisaged, however remote, seems not to have been regarded as primarily an administrative or bureaucratic one.

As a result of a request by the Deputy Director for Intelligence, Ray S. Cline, for suggestions concerning how to go about the survey and ^{for} names of persons who might head it, the Director, NPIC, Arthur C. Lundahl, responded in a memorandum dated 21 January 1965. This memo could be characterized variously as quizzical,

NPIC. D-11-65, Memorandum for Deputy Director (Intelligence), Proposed Survey of NPIC, 21 January 1965 (SECRET -- EYES ONLY)

inquiring, defensive, perplexed, or simply an attempt to elicit more information about the purpose of the proposed survey. The latter would seem the most likely explanation. In all probability the proposal was quite unexpected, and the mere fact that the idea was an outgrowth of questions raised by Albert Wheelon was enough to suggest to any prudent person the need for cautious reaction. —>

On the other hand, the Director, NPIC, and his top-level managers, in whom he confided and who helped to set the tone of the response, were intimately acquainted with the explosive growth of NPIC, the manifold problems associated with it, and the price paid for their solution. There can be little doubt that they sensed something ominous in the proposal.

As it turned out, the investigation was pursued on both fronts, technical and managerial. The IG did undertake the job of updating his 1962 survey of the Center and, in the course of so doing, produced a document which contributed the single most important source of evidence used in the ultimate solution of the so-called "NPIC Problem." At about the same time, another group of an ad hoc nature was surveying more selectively various aspects of Center operations. It was chaired by Dr. Edwin Land. Though this panel produced a brief report of its work and findings, ^{it} ~~the report~~ was of no detectable significance in affecting the course of action taken to solve the "NPIC Problem." The resignation of John McCone in April 1965, before

* Land Panel. [Report], undated, but c. July 1965 (SECRET)

any of the surveys were completed, doubtlessly set the stage for a new approach to the solution of the problem. Certainly, the hopes of NPIC for a technically oriented solution went with him. It is too easy to assume that had McCone stayed things would have been very different. It would be much more perceptive to regard the departure of McCone and the decision to arrest future growth of NPIC as part of the same larger picture. Both had, in all probability, been overtaken by the rearrangement of national priorities inherent in the attempt to establish the Great Society.

THE NPIC FIVE-YEAR PROJECTIONS

On 9 April 1965, less than three weeks before William F. Raborn, Jr. succeeded John A. McCone as the DCI, the Director, NPIC, forwarded to the Director, Office of Budget, Program Analysis, and Manpower, the NPIC manpower and budget projections for fiscal 1966 through 1970. →

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The projections made in this study called for a fourfold increase in funds

NPIC. D-60-65, Memorandum for Director, Office of Budget, Program Analysis, and Manpower, NPIC Program Plans and Budget Projections for Fiscal Years 1966 through 1970, 9 April 1965 (SECRET)

and a three-and-one-half times increase in manpower by 1970. Though there was no indication that interest in Center problems was flagging -- indeed, the IG survey was well under way by this time, the effect of the five-year projections was electrifying. At last, ^{the} problem was quantified in terms of dollars and people, figures that even non-technical managers and officials could comprehend. And what they comprehended was dismaying. Probably no other single document or event was as significant as this in crystallizing the goal finally set by higher authority for solving the so-called NPIC problem. That goal was clearly to slow down the growth of NPIC, if not to arrest it completely. How to accomplish the objective was the next task. The five-year projection provided no clues, but within the next two months the IG report was ^{destined} destined to do so.

If the NPIC five-year plan was to prove so damaging to what might be characterized as the NPIC cause, it is only natural to inquire how such projections came about and why they were ever revealed. Broadly speaking, the answer lies in the interpretation of NSCID No. 8 and the assumptions made by the Center. These planning factors, coupled with time-accounting data supplied by the new NPIC Management Information System, produced the fateful figures.

As would befit a directive from the National Security Council (NSC), the language of NSCID No. 8 was broad and quite permissive. Moreover, the memo of transmittal to the United States Intelligence Board (USIB) accompanying the

National Security Council. NSCID No. 8, Photographic Interpretation, 19 January 1961 (SECRET)

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copy of NSCID No. 8 as approved by the NSC at its 12 January 1961 meeting noted "...the President's (Eisenhower's) statement that there should be no other center duplicating the functions of the NPIC" Granted that the question of what constituted duplication admitted of more than one interpretation, Center management had consistently held that it was intended there should be but one organization engaged in photo interpretation in support of National requirements. In the view of NPIC, not only was this desirable as a means of ensuring the objectivity and authoritativeness of such photo intelligence information, ~~in much the same sense that the CIA was conceived as the focal point for non-departmental finished intelligence,~~ but it was also imperative for cost effectiveness, especially because of the increasingly sophisticated equipment needed to provide definitive answers to technical questions typical of many national requirements. Accordingly, NPIC managers saw the Center as the organization primarily responsible for the exploitation of all imagery collected to satisfy national -- as opposed to departmental -- requirements.

In the case of more specific planning assumptions dealing with such details as requirements handling, photographic inputs, types and formats of reports, scope of research and development, and above all, a broad range of communitywide services, the Center position was, with benefit of hindsight, perhaps a bit naive. Thus, implicit faith was placed in predictions as to when new systems would become operational. For example, the assumption that sizeable KH-9 inputs would arrive during fiscal 1968 was largely responsible for a quantum jump in manpower projected for that year. This, in turn, led to a proposal for new building, which further galvanized the proponents of NPIC containment into action. As of 1970,

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however, KH-9 inputs were still a year or more away and, when they commenced, were expected to be handled, albeit in a much more austere environment, without a dramatic increase in personnel and without any increase in space.

National non-PI and departmental services of all types provided by the Center to the Intelligence Community were another object of critical comment. During the base year March 1964 - February 1965, the Center had devoted 85 man years of effort to this work. The five-year projection called for an increase to 300 in the number of persons so occupied. Here was an item on which the Center might have economized, at least on paper, pending an opportunity to test actual needs as well as the political expediency of attempting to satisfy them.

Research and Development was another bugaboo. From an allocation of [redacted] in FY 1965, Center R&D was projected to rise to [redacted] 550X1 by fiscal 1970. Quite apart from the predictable question as to whether or not such rapidly expanding sums could be committed prudently, the task of overcoming the initial shock of such a revelation was bound to require much persuasion and justification merely to reestablish confidence in the minds of those in higher authority. That R&D of some type and at some considerable cost was necessary was self evident. Funds for the development of exploitation equipment had always been a mere pittance compared with the sums lavished on collection systems. The big difficulty faced by the Center was one of timing. Circumstances seemed to NPIC to indicate the need for a crash program to compensate for past deficiencies, to automate as many tasks as possible, and to make ready for the exploitation of inputs from several new collection systems. Though it is doubtful

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that anyone in higher authority would have been able at this early date to articulate the necessary guidance, what the Center needed to do was set some priorities and apply them. Instead, Center managers, better aware of opportunities for technological advancement than their critics and long frustrated by the slow progress toward their goals, chose to make a stand for everything they deemed necessary.

A somewhat different problem was posed by the handling of requirements. In this instance the problem was more imaginary than real, but its contribution to the credibility gap was, nevertheless, serious. Since the Center had struggled under an overload of requirements ever since the days of the U-2, critics had repeatedly questioned the effectiveness of the screening mechanism through which requirements passed before being accepted. Even some strong admirers of the Center, such as members of the Land Panel of 1965, questioned whether the amount of detail requested could always be justified from a cost-effective point of view. However, the fact that requirements handling was not as critical a factor

Land Panel. [Report], undated, but c. July 1965 (SECRET)

as some had supposed was convincingly established by E. H. Knoche, ~~himself~~ the foremost student of the "NPIC Problem" and a stern critic of the Center, when he stated, six months after he became Executive Director, NPIC, that "...contrary to my expectations before arriving at NPIC, I did not find the requirements picture out of control."

Knoche, E. H. Memorandum for the Record, Meeting with Bruce Clarke and Roland Inlow, 15 September, 15 September 1967 (SECRET)

The fact that E. H. Knoche discovered more than two years later that the handling of Center requirements was not "out of control" is suggestive of something much more important than the ultimate determination of the rightness or

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wrongness of this particular allegation. It helps to exemplify the true nature of the "NPIC Problem." Later events were to show that the problem was not one of determining and then justifying a level of need for the Center in terms of manpower and funds, though this is precisely what NPIC managers were attempting to do. Rather, the problem was the fact that top Agency officials were being maneuvered by circumstances into a position between the Bureau of the Budget, which was determined to throttle the expansion of centralized photo reconnaissance exploitation, and the Center, which was pleading the merits and imperatives of a contrary course of action. Agency officials were beginning to seek a way out of the developing crunch.

THE NPIC WHITE PAPER

The Center five-year projections elicited a request by the Director of Central Intelligence for additional information in the form of an NPIC White Paper. The result was a 51-page document, prepared in just a few weeks and entitled, The Role of Imagery Exploitation in Fulfilling the Intelligence Objectives of the 1960's and 1970's. Unfortunately, through some failure in communications, the paper proved to have been more comprehensive than the DCI had intended, and did not address itself specifically to the points in which he was primarily interested. Though more definitive guidance was provided later in the Executive Director's memorandum of 15 June 1965

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Executive Director. Memorandum for Deputy Director/Intelligence, NPIC White Paper, 15 June 1965 (SECRET)

to the DDI, the pace of preparation was so rapid that the White Paper was disseminated a day later without substantial change, save for elimination of Section VII, to which the DCI had taken exception.

NPIC. [Outline for] The Role of Imagery Exploitation in Fulfilling the Intelligence Objectives of the 1960's and 1970's (NPIC White Paper), undated (SECRET)

The White Paper made an eloquent case for the overriding importance of photography as a source of good, hard intelligence information. It emphasized the unmatched per-

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formance of NPIC in pioneering the timely exploitation of high-altitude photography.

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NPIC. TCS 8896/65, The Role of Imagery Exploitation in Fulfilling the Intelligence Objectives of the 1960's and 1970's (NPIC White Paper), 16 June 1965 (TOP SECRET -- Handle via TALENT-KEYHOLE-COMINT Control Systems Jointly)

And it argued the case for strengthening the centralized national interpretation effort. Since these points were not what the DCI was seeking, the White Paper contributed nothing judged ~~to be helpful~~ by those in higher authority ^{to be of help in} ~~who were working~~ _{solving} on the "NPIC Problem."

THE JUNE 1965 IG REPORT

Though the NPIC White Paper left those in higher authority unmoved, the report by the Inspector General on his survey of NPIC was apparently just what they felt was needed to initiate constructive planning. It provided the initial point of departure for decisions that led ultimately to the most dramatic changes in the NPIC organization since the establishment of HTAUTOMAT. Before the metamorphosis was complete two and one-half years later, the Agency was to have a new DDI; ~~The~~ Center was to have a new Executive Director, a new mode of operation, and a complete reorganization. Moreover, with a big assist from the Joint Ad Hoc Imagery Interpretation Review Group (JIIRG), set up in the fall of 1965 by the DCI and the Secretary of Defense at the behest of the Bureau of the Budget, the Center was to become just one of several organizations engaged in the exploitation of imagery in response to national requirements. In addition, national requirements were to be screened and validated by a USIB Committee responsible for exploitation as well as collection matters. And not least in importance from an Agency point of view, the cost of NPIC, in dollars and people, was to be stabilized and the operation contained in the existing building.

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Why did this report meet with such an enthusiastic reception, whereas the NPIC White Paper did not? The answer lies in the fact that here was a report based on a study by a presumably disinterested third party in whom the decision makers had confidence; here was a report that identified Center problems and attempted to analyze them; and here was a report that at least spoke of an alternative, however difficult of attainment, to the inexorable growth of the Center. It was not that the report provided many -- or any -- ready-made solutions; the end was still a long way off and not yet even dimly perceived by anyone. Rather, the IG report pointed out problem areas that could be examined; it made recommendations that provided food for thought.

The report itself started with an observation in the introduction that operating problems found in NPIC in 1965 were remarkably like those discovered at the time of the previous IG survey in 1962, and that the 1965 conclusions differed only in degree from those of three years earlier. If the intention

Inspector General. BYE 40694-65; Inspector General's Survey of the National Photographic Interpretation Center, June 1965 (TOP SECRET/IDEALIST/CORONA/GAMBIT) - Handle via BYEMAN Control System Only

was to engage the interest of the critical reader as well as inform him, the opening could scarcely have been more effective.

Lest the foregoing remarks be misinterpreted, it should be pointed out that the IG was professedly sympathetic to the Center and its problems. In an early section of the report entitled "NPIC's Accomplishments to Date," the IG attributed a major share of the Center's success to its Director, and gave him high marks for his technical eminence and skill in exercising functional control of an organization whose administration was incompletely in his hands. The IG

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also expressed unstinting admiration for the manner in which NPIC had managed to cope with a chronic ^minbalance between ever increasing inputs of photography and limited Center exploitation resources. He emphasized the flexible and dynamic nature of the organization. He had high praise for the skill of its managers. He spoke with admiration of the motivation, dedication, and the stamina of its employees. Whereas it may be argued that complimentary remarks such as these were eyewash and should, in any event, have been expected as an antidote to less pleasant matters to follow, this seems not to have been the case. The complimentary remarks had a ring of authenticity to them. Moreover, the IG took considerable pains to point out that the Center had an excellent record for finding solutions to its own problems. He professed to believe that the major impediments which NPIC faced were beyond its control or influence. He added that it was to this type of problem that most of his report was addressed. It is scarcely likely that he would, thus, calculatedly have attempted to confuse the Deputy Director of Central Intelligence, to whom the report was addressed.

If the reaction of the IG and his interpretation of what he found tended to be exculpatory, why was it received so enthusiastically by Center critics? How did it serve so well as a basis for decisions that clearly reflected a lack of confidence in Center management? The answer lies in the interpretation placed on the facts. The IG, who had just spent several months gathering evidence firsthand in NPIC, saw Center problems through sympathetic eyes. Top Agency officials, who were not so encumbered or enlightened, depending on one's point view, did not. To them, the finished report of the IG was a source of raw material for their analysis. As such, they found it highly useful.

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NPIC Problems and the IG's Recommendations. NPIC problems identified by the IG could be regarded broadly as either internal in nature or primarily externally oriented. With one minor exception, the latter dealt ^{chiefly} ~~primarily~~ with 1) the imbalance between collection capability, exploitation resources, and requirements, and 2) the need for a complete systems approach in the design of photo reconnaissance systems. Internal problems centered primarily around 1) automatic data processing, 2) research and development and 3) management and supervision. To solve these problems, the IG made one or more recommendations, a total of 21 numbered items, some with several parts.

Photographic Inputs, Requirements, and Exploitation. The IG first called attention to the failure of COMOR to consider the exploitation capacity at NPIC in determining the number and scheduling of missions. He also pointed to the inefficiency of using the same target list for collection and first-phase exploitation. He spoke of the need to establish a separate, select list of targets comprising those of current and indications interest from the strategic threat point of view to serve as the requirement for immediate (highest-priority) reporting.

To rectify these shortcomings, the IG recommended that the DDI:

Prepare and submit through the CIA member of USIB a proposal for the establishment of a USIB Committee on Exploitation (COMEX) whose function would be to ensure a better correlation among collection capability, NPIC's production capacity, and the requirements for photo intelligence. (No. 1a)

Recommend to the Chairman of the Committee on Exploitation that the Committee give immediate attention to the task of establishing a priority list of first phase readout requirements to be levied on NPIC for accomplishment. (No. 1b)

Several matters concerning existing procedures at NPIC for processing requirements and undertaking exploitation in response to them also engaged the attention of the IG. For the most part, these related to in-depth (detailed) reporting, as opposed to immediate reporting. The IG saw need for a stronger management hand in

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validating requirements to be levied on the Center. He expected the COMEX to play a leading role in setting policy and even in selectively making decisions regarding the acceptability of unusual requests for NPIC services. He, therefore, saw no further need for the NPIC Ad Com and recommended that the Director, NPIC:

Abolish NPIC's Advisory Committee. (No. 2a)

To provide a mechanism for identifying those cases where the COMEX should participate, selectively, in the validation of requirements levied on the Center, the IG recommended that the Director, NPIC:

Establish the policy that any photo interpretation requirement whose fulfillment would call for an estimated commitment of NPIC man-hours in excess of a prescribed maximum be referred to the USIB Committee on Exploitation for approval; that the Director, NPIC, prescribe this maximum; that the maximum be flexible; and that it be revised periodically to reflect current and anticipated NPIC workloads. (No. 2b)

Having decided that the COMEX should exercise rather broad powers in approving the types and, in some cases, the specific requirements to be levied on the Center, the IG realized the need of COMEX for some quantification of the existing NPIC workload. He, therefore, recommended that the Director, NPIC:

Submit to the Chairman of the USIB Committee on Exploitation quarterly reports detailing NPIC's existing workload, including backlogged detailed projects, and estimating NPIC's capability to take an added work during the next quarter. (No. 2c)

The IG observed that photo interpreters were repeatedly interrupted in their work on detailed reports, particularly as a result of the task force approach to immediate exploitation. He also noted the repeated changes in scope of such projects, particularly in response to requests to include the latest information on the subject under investigation. It was evident to the IG that speedy completion of each detailed reporting project, once it was commenced, was the best solution of the problem. He recalled that in the past the Center had used the task-force approach in working

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joint military service-CIA projects, though primarily for a different purpose. He reasoned that two or more interpreters should be able to complete the job more quickly than one, so he recommended that the Director, NPIC:

Reinstitute the practice of assigning detailed projects to specifically created task forces whenever the project is of such magnitude as to require approval by the USIB Committee on Exploitation. (No. 2d)

The IG took cognizance of a proposed revision of the exploitation cycle being readied for Community approval by NPIC. It consisted in dividing the exploitation cycle into three related phases, each of which, in turn, was subdivided into three sub-phases. The Chief advantages of the proposal were that it established a phased

NPIC. Proposed National PI Exploitation Program, no date. (SECRET)

priority in reporting, and that it provided a systems approach to the handling of photographic inputs, thus coordinating in some degree the several classes of requirements associated with the complete exploitation of the material. Though the IG believed this proposal likely to fall short of what was needed to realize substantial relief in coping with the chronic overburden of exploitation work under which the Center labored, he thought even this limited ordering of the National workload might be more than the Community would accede to voluntarily. He endorsed it as better than the existing practices. To provide against the possibility that the Community might rebuff the Center in its attempt to gain approval for implementing the proposal, the IG recommended ^{to} that the Director, NPIC, ^{that}:

If the proposed revision of the exploitation cycle fails to gain acceptance, refer the proposal to the Committee on Exploitation for resolution by the USIB. (No. 2e)

The COMEX proposal was very basic, in the view of the IG, to greater order and control in the management of exploitation resources at the national level. It was

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also violent therapy. Whereas the Center had long recognized and agitated for some joint consideration of collection and exploitation problems, it certainly had no intention of presenting outsiders the opportunity. The IG's proposal offered for committee interference in the management of NPIC. Moreover, the establishment of a separate committee invited rivalry between the proposed COMEX and COMOR. In spite of these drawbacks, the IG's proposal was a step in the right direction. It just needed more thought and refinement before being adopted.

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The Systems Approach to Photo Reconnaissance. In the course of his investigation of NPIC, the IG observed in depth the manifold problems caused by the failure of systems designers to understand the needs of photo interpreters and those supporting them -- particularly programmers and photogrammetrists. Most important among these requirements was the one for precise data on the attitude of the collection vehicle and its position in space at the time of each photograph. He found that the solution to this and other exploitation problems caused by design deficiencies in the three major collection systems, U-2, KH-4, and KH-7, then being exploited at NPIC was one of retrofit, with its attendant inadequacies and limitations. ✓ (?)

If the design of collection systems had such far reaching implications with respect to photographic coverage, image quality, data reduction, and mensuration, how did it happen that NPIC permitted these deficiencies to develop? Here was a responsibility that the IG laid squarely on the shoulders of those managing the collection effort in the Community. He found that in the one area where NPIC was able to assume leadership, the Performance Evaluation Teams which conducted post mortems on the photography from each reconnaissance mission, the Center was doing a good job. Contrariwise, during the design and testing phases of new collection systems, participation by the Center had been rendered ineffective or impossible because of unilateral management actions by the collectors, by the vagaries of committee actions, and by a paucity or absence of operational clearances for Center personnel.

The IG considered the substantial elimination of exploitation problems caused by design deficiencies one of the two most important goals resulting from his investigation, the other being the establishment of the COMEX. His critical concern in this instance was based on the conviction that it was imperative to achieve a

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breakthrough in the time needed to exploit photography, if the Agency were to avoid a rapid expansion in the allocation of personnel and funds for NPIC. He further concluded that any substantial decrease in the amount of time needed to exploit a given amount of film depended on the further automation of photo interpretation techniques. This, in turn, obviously required that those designing the collection systems work in close collaboration with NPIC to maximize the interpretability of the imagery and to ensure the sufficiency, accuracy, and useability of the related technical data needed to automate exploitation.

To accomplish the desired integration of effort in the designing and operation of photo reconnaissance systems, the IG recommended that the DDI:

In collaboration with the Deputy Director for Science and Technology, prepare a proposal, for the DCI to submit to the Director, NRO, for an integrated systems design program in photo reconnaissance; (No. 3a), and

Include, as an essential element of the program, a provision for the establishment for each reconnaissance system in existence or under development, an NPIC design team (composed of photogrammetrists and computer programmers as well as representatives of the NPIC Plans and Development Staff) to work on a continuing basis with, and have direct access to, design specialists in NRO and in contract manufacturing firms. (No. 3b)

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Automatic Data Processing. Pursuant to ^{the foregoing} his earlier recommendation (No. 3b) that NPIC participate in implementing ^{the} proposed integrated systems design program (Recommendation No. 3a), the IG now recommended that the Director, NPIC:

Establish for each reconnaissance system in existence or under development a design team composed of a representative of the Plans and Development Staff, a photogrammetrist, and a computer programmer; that each systems team work on a continuing basis with manufacturers and with their opposites in OSA of the DD/S&T; and, subject to approval of Recommendation 3b, in the NRO of the Department of Defense to develop maximum integration of collection and exploitation effort in reconnaissance. (No. 4d).

The IG found that most of the remaining ADP problems were either largely internal or substantially within the control of the Center. Among them, were serious problems in the management, staffing, and operation of the Information Processing Division (IPD). By and large, however, he took the position that the latter problems stemmed from the joint effects of rapid growth and inadequate staffing, that division management was cognizant of them and was taking appropriate remedial action, and that what IPD needed most was time to let the corrective measures take effect. The IG did, however, recommend that:

The Director, NPIC, provide the Information Processing Division immediately with sufficient increase in T/O and accelerated recruitment to permit the inauguration of a fully-staffed, three-shift computer operation. (No. 4h)

The IG also discovered interface problems between NPIC computer personnel, on the one hand, and Center planners and intelligence production personnel on the other. He diagnosed them as ^{stemming} ~~consisting~~ ^{from} basically of an inadequate understanding by ADP personnel and those whom they supported of each other's functions and problems ^{due to a} ~~caused by~~ lack of satisfactory communications. These problems were aggravated, as he saw them, by the youth and inexperience of a large majority of IPD employees. To combat these difficulties the IG recommended that the Director, NPIC:

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Inaugurate a program of orientation of plans and development staff, photogrammetrists, and computer programmers in each others skills with particular emphasis on the application of computers. (No. 4a)

Inaugurate for the purpose of breaking down group prejudices a series of informal seminars in which specialists in programming and photogrammetry present briefings and lead discussions setting forth their accomplishments and their problems, e.g. with the UNIVAC equipment. (No. 4c)

Direct that all NPIC components requiring data processing services, or under investigation for possible computer applications, supply in writing to the Information Processing Division all information required by programmers to execute their assignments. (No. 4b)

Direct the managements of all NPIC components concerned with mensuration, e.g. the Photo Analysis Group (PAG), the Photo Interpretation Division (PID), and the Technical Information Division (TID), to arrange intensive, continuing orientation and utilization by their personnel of mensuration equipment on line to the computer, to keep accurate records of such activity, and to ensure proper reporting of design limitations or malfunctions encountered, in order to speed debugging and freezing of production models for general use throughout the Center. (No. 4i)

In his interviews, the IG heard many complaints about the poor service rendered by UNIVAC. Accordingly, he recommended that the Director, NPIC:

Move aggressively in NPIC's relations with UNIVAC to demand and obtain solutions for present-day difficulties with UNIVAC equipment and computer programs and routines. (No. 4f)

The other two recommendations the IG made with reference to ADP showed evidence of concern for the Center's ability to handle some of the broader aspects of the ADP function without outside help ^{and advice}. Thus, he recommended that the Director, NPIC:

Assemble a small board of computer system managers and senior programmers from such firms as United Aircraft, Boeing, North American Aviation, and Lockheed, and that appropriate NPIC personnel join with this board to review policy and performance of the Information Processing Division on a quarterly or more frequent basis. (No. 4e)

Delay decision on the acquisition of a next generation of more powerful equipment until current computer programs are performing effectively and until existing workload has been effectively streamlined, e.g. by sharp cut back of the target brief workload. (No. 4g)

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In the same vein, the IG recognized the pressure to subordinate NPIC computer management to the Office of Computer Services (OCS). He concluded that hard evidence on the merits of this proposal was lacking. He did add, however, that NPIC should work closely with OCS in matters ^{pertaining} performing to 1) personnel, job procedures, and performance evaluation, and 2) ⁱⁿ systems design and the development of new equipment.

If the foregoing views and recommendations ^{of the IG} displayed some ambivalence concerning the ability of NPIC to handle its ADP program, they also constituted a ^t flat admission of his own limitations to deal with the question definitively. Whereas he professed to see the need for NPIC to have and retain control of its own computer facility and to believe that the Center was in the process of working out its own ADP problems, he couldn't resist the contrary urge to seek some outside help. The proposal to involve the Center with OCS was philosophically attractive, but bound to be troublesome politically. His flat recommendation to defer acquisition of next generation ADP equipment was both ambiguous as to the type of equipment meant and of doubtful competence in view of his own technical limitations. His recommendation that a board of outsiders review the management of IPD at frequent intervals was at best groping.

In spite of these limitations, his analyses and recommendations were to prove useful, particularly in helping to speed the solution of problems involving personnel and operations. Even in the case of broader questions concerning policy, the major thrust of his findings was sound and helpful to senior Agency managers. Thus, he did perceive the vital role of the computer facility in Center operations, and he did see correctly, even if with some reservations, that the Center had to control it.

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Research and Development. The IG's observations led him to conclude that NPIC labored under serious deficiencies in photo interpretation equipment. He conceded, however, that photo interpreters could get the job done with existing equipment, but at the cost of lower productivity and greater risk of losing vital information. At the same time, ~~it is important to note that he~~ ^(tended to) absolved NPIC of responsibility for these deficiencies. He observed that NPIC had been successful in developing many pieces of equipment, and that the Center had done particularly well in equipping photogrammetrists and reproduction personnel, including the photo laboratory. These ^{were} ~~are~~ points of some significance, since they demonstrate the confidence of the IG in the ability of NPIC to carry on a successful research and development program. Indeed, his main complaints were that the NPIC program was too narrowly based and that it repeatedly suffered from an inadequate allocation of personnel and funds.

Though he gave the Center credit for its successes, he did not find ~~that~~ the NPIC R&D program ~~was~~ without faults. One of them involved the handling of ~~develop-~~
~~ment~~ contracts. He noted that 13 persons were responsible for monitoring over 100 contracts and requisitions whose value exceeded \$13 million. The same 13 persons had many other assigned duties, ranging all the way from coordinating joint development and procurement of equipment in the Intelligence Community to testing and evaluating bread-board models and production units. He commended the contract monitors for what he characterized as their remarkable job over the years, and he expressed the opinion that any shortcomings in their work resulted largely from factors over which they had little influence. He endorsed the need for expansion, as provided in the Center five-year projection, but he questioned

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whether academic qualifications should not be raised for new personnel to handle the larger and more sophisticated effort. To get more highly qualified candidates, he pointed to the need for a higher grade structure, and suggested that NPIC might profit from the experience of the DDS&T in assessing the question of grades.

To cope with the foregoing problems, the IG recommended that:

The Director, NPIC, give priority attention to assessing the skills needed to fully meet NPIC's R&D obligations to the intelligence community, and to seeking revision of the grade structure of the Plans and Development Staff as necessary to attract personnel with the skills needed. (No. 5)

The IG observed a number of deficiencies in the management of the NPIC development program, a situation he charged primarily to a shortage of personnel. Most serious among these was his contention that the Center was accustomed to accept technical proposals and approve them as specifications for the resulting contracts. To correct this, he recommended that the Director, NPIC:

Begin now to build an improved capability to write technical contract specifications in house; and that contracts routinely specify spare parts and technical manuals when appropriate. (No. 6a)

The IG characterized the testing and evaluation of equipment by Development Branch personnel as catch-as-catch can. He further raised the possibility that those involved in development might lack the objectivity needed to make an unbiased evaluation. To remedy this situation, he recommended that the Director, NPIC:

Divorce test and evaluation from the Plans and Development Staff and establish it as a unit immediately subordinate to the Executive Director, NPIC. (No. 6b)

The IG observed that the Plans and Development Staff had recently instituted a regular equipment maintenance program, but found it staffed by only two persons from the Development Branch. He expressed the opinion that it should be expanded and established as a separate branch. Accordingly, he recommended that the

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Director, NPIC:

Remove the responsibility for equipment maintenance from the Development Branch of the Plans and Development Staff and establish it as a separate branch in the Plans and Development Staff with sufficient T/O positions to fulfill the maintenance function adequately. (No. 6c)

The IG reiterated his belief that NPIC R&D funds were ⁱⁿadequate, particularly in view of the broad charter ^(NPIC had) under NSCID No. 8, for developing photo interpretation equipment for the entire Intelligence Community. He pointed out that much development work undertaken by the Center could be brought to a successful conclusion only by extending state-of-the-art frontiers. He deplored the necessity of taking current operating expenses off the top of funds granted NPIC and allocating to R&D only what was left. He noted, however, the limitations imposed by the number and capability of R&D personnel then occupying Plans and Development positions, and stressed the need for recruitment of additional qualified personnel as a prerequisite to the allocation of additional funds. Subject to this condition, he recommended that:

The Director, NPIC, press with senior Agency management the imperativeness of a stable and expanding R&D budget, and, having done so, establish and enforce within NPIC a budgetting and staffing philosophy that assigns a much higher priority to the requirements for research and development than has been possible in the past. (No. 7)

One final point was made by the IG concerning NPIC R&D. He chided the Center for construing its responsibility for joint development of equipment too narrowly. He called particularly for the Center to exercise greater initiative in obtaining participation by other Community members in the designing of equipment -- as opposed to the joint procurement after it ^{was} developed. He endorsed the proposal by the Plans and Development Staff to establish a Committee for Photographic Equipment (COPE) and the assignment of a full-time Executive Secretary. The IG made no recommendation of his own on this subject. Presumably he considered the Center proposal adequate.

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In any assessment of the IG's findings on Center R&D, it would have to be assumed that NPIC critics probably were far less forgiving of Center shortcomings than the IG. Thus, they would likely regard the IG's stress on the urgent need for the Director, NPIC, to assess the skills needed to meet fully the NPIC R&D commitment as an indication, if true, of action long overdue. Likewise, the charge by the IG that technical proposals were prone to evolve into contract specifications, and his emphasis on the need to develop an in-house capability to write such specifications almost certainly constituted prima facie evidence in the minds of Center critics that NPIC control of the expenditure of R&D funds was far from adequate. Though it was, perhaps, not as significant as either of the two foregoing points, the low esteem with which the IG regarded the test and evaluation of equipment submitted for acceptance at NPIC and the fact that he recommended that the function be removed from the Plans and Development Staff and placed under the Director's Office must have added to ~~any~~ growing doubts concerning the management of NPIC research and development. The situation was further aggravated when the IG suggested the need for more highly qualified candidates to fill new slots in an expanded Plans and Development Staff. It ^{was} not always necessary to state ^{the} a proposition directly. Put this way, the message, whether intended or not, was easily deduced.

In the face of a situation like this, it would, indeed, be unlikely to expect the early commitment of millions of additional dollars or the allocation of sharply increased manpower ^(to the existing NPIC R&D efforts). Whatever, the IG's personal convictions and in spite of his earnest attempts to give the Center its due, his findings shouted over his head. In short, they boded the Center no good.

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Management and Supervision. The IG discovered serious problems in the recruitment and training of Center personnel, in the use of overtime, and in records management. He also discovered a whole host of management problems relating to the deployment and supervision of personnel as a result of the joint nature of Center operations. Of all the management and supervisory problems, the latter were the most exacerbating.

First and foremost among circumstances setting the stage for trouble was the fact that the Center was jointly staffed by CIA and DIA personnel, the latter mainly photo interpreters. Though the Director, NPIC, had functional control over DIA personnel, he had no administrative control over them. Fortunately, DIA chose to assign its civilian photo interpreters, who comprised approximately 60% of the DIA contingent in 1965, on a non-rotating basis. The Director, NPIC, had no voice, however, in the selection of DIA photo interpreters assigned to NPIC, and only a limited role in the selection of DIA appointees to key managerial positions in the Center.

The situation with respect to CIA personnel was, perhaps, even less satisfactory, though in this instance most of the difficulties were created by decisions made in the Center itself. The overriding fact of life here was the dilemma of the Director, NPIC, in having responsibility for the management of both the national center and a separate CIA detachment. Despite the fact that he and his Executive Director were well aware of distinctions between the two organizations, though perhaps less clearly cognizant of which CIA projects should be national and which departmental, they were never able to communicate these distinctions, ^{even} or the need for them, in a manner comprehensible to Agency customers or senior Agency managers. This lack of understanding had caused them much travail since

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the establishment of the Center, and it was to ^{cause them more immediate} increase in the future.

The situation was seriously aggravated by the organization in June 1963 of the Photographic Analysis Group (PAG), where all national photo interpretation was performed, and ^{by} the manner in which CIA photo interpreters were to be selected and assigned to work thereⁱⁿ. PAG had no T/O, only what the IG characterized as an informal manning chart. All CIA photo interpreters appeared on the Table of Organization for the Photographic Intelligence Division (PID), the CIA departmental detachment. Agency photo interpreters were simply assigned on rotation, ^{nominaly} normally one year at the outset, and later two, to work in PAG.

The ramifications of this arrangement were just short of appalling. Thus, CIA photo interpreters did not necessarily occupy the position in which they were carried on the T/O. Some PID branch chiefs were temporarily assigned to PAG, leaving their PID positions to be filled by others who could only be designated as acting. At the time of the IG's survey, he found that ~~in PID~~ all ^{PID} four branches were being run by acting chiefs and acting deputies. In one case, the acting branch chief was a GS-14 photo interpreter occupying a non-supervisory T/O position. In another, the acting deputy was a GS-12 from well down in the T/O. The IG pointed out that an individual could be a supervisor one year and not the next, and that the situation utterly precluded an orderly development of managerial skills and advancement up through the supervisory ranks.

If the situation was bad in PID, it was equally bad, or worse, in PAG. Agency photo interpreters assigned on rotation to PAG found themselves at a disadvantage in dealing with DIA appointees who were assigned there permanently and more familiar with the operation of PAG. Worse yet, managers in CIA/PID displayed a marked tendency toward the selection of new recruits or relatively

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inexperienced photo interpreters for assignment to journeymen positions in PAG. Thus, the IG found at the time of his survey that whereas 69% of CIA photo interpreters assigned to PAG were GS-10 and lower, only 1.6% of DIA civilians fell in the same category. Indeed, this policy of short-term rotation, with its alleged deleterious effects on the quality of the national product, was a bone in the throat of the Director, Defense Intelligence Agency. And he ^{had} complained about it.

Director, DIA. Letter to the Deputy Director of Central Intelligence,
5 January 1965 (SECRET)

This policy of short-term rotation and lack of a PAG Table of Organization confronted management with profound problems in evaluating the performance of individual CIA photo interpreters. To solve this, a procedure was established whereby the supervisor rated the performance of the individual on a 17-point evaluation sheet. This evaluation was then reviewed by the PID career panel, which arrived at a consensus constituting the final evaluation. A person's fitness report was, thus, not the work of the supervisor who signed it. This practice was a source of bitter objections raised by many Agency photo interpreters.

To alleviate these difficulties, the IG recommended that:

The Director, NPIC, establish a formal T/O separate from that of CIA/PID, to accommodate CIA personnel assigned to PAG for duty; that responsibility for personnel administration of CIA employees assigned to PAG be transferred from Chief, CIA/PID, to the senior CIA officer in PAG. (No. 16)

The Director, NPIC, establish and enforce as long-term policy the concept that CIA photo interpreters assigned to the national effort will have at least one year's experience in CIA/PID before transfer to PAG. (No. 18)

The Director, NPIC, establish a system for managing rotation between CIA/PID and PAG along the lines of the Field/Reassignment Questionnaire mechanism of the Clandestine Services. (No. 19)

The Director, NPIC, direct that fitness reports be written by the immediate supervisor; that the role of the PID Career Panel be confined to an ex post facto review; and that uniformity in ratings be attained by educating supervisors in proper fitness reporting. (No. 12)

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There were two less profound difficulties related to the joint manning of PAG that engaged the attention of the IG. One was the fact that, although neither CIA nor DIA had honored its commitment in filling PAG positions, DIA had come much closer to doing so than the Agency. The IG expressed the opinion that CIA was open to censure for its failure. He, therefore, recommended that:

The Director, NPIC, transfer from CIA/PID to PAG enough photo interpreters to fill and keep filled the CIA commitment to the national effort, even at the expense of a short term degradation of the CIA departmental effort. (No. 17)

The second of the two lesser difficulties concerned a *de facto* favoritism in work assignments. Second phase exploitation involved a scan of the entire mission to identify new targets, to note changes in targets of secondary importance, and to index all targets imaged on the photography. The resulting body of information was called the Mission Coverage Index (MCI). The MCI scan was a task almost universally disliked by photo interpreters. The IG noted that many DIA interpreters assigned to the Scientific and Technical Division of PAG did not work on MCI teams. He expressed the opinion that all photo interpreters, regardless of grade, experience, or personal preference should share work on the MCI. To bring this about, he recommended that:

The Director, NPIC, direct the Chief, PAG, to establish a policy of rotation of photo interpreters within PAG to achieve equitable sharing of first and second phase scanning assignments and that this policy apply equally to CIA and to DIA photo interpreters. (No. 20)

Though the IG observed well and diagnosed correctly the most serious among problems stemming from the two-hatted responsibility of the Director, NPIC, and the bizarre measures taken by the Center to exercise managerial control under the circumstances, his recommendations failed to bring about a comprehensive solution to the problems. Nor, for that matter, did anyone else succeed in contriving an overall solution. In the end the problems were simply eliminated by the decision to divorce the management of the CIA detachment from that of NPIC.

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Turning to some of the other managerial problems, the IG observed that NPIC had been chronically understaffed. He attributed this condition partly to a failure by the Center to pursue its recruitment program as vigorously or imaginatively as it should have. He cited, for example, the NPIC policy of restricting the search for photo-interpreter trainees largely to males with degrees in geology, geography, or forestry. He expressed doubt that suitable interpreter trainees could be found only among those with earth science backgrounds, and cited the testimony of the Foreign Technology Division of the Air Force Systems Command, another organization with many photo interpreters, to support his contention. The IG flatly accused NPIC of discriminating against women in its hiring. To implement his conclusion, the IG recommended that the Director, NPIC:

Direct that the search for photo-interpreter trainees be broadened to include fields other than the earth sciences and that the search not be limited, wittingly or unwittingly, to males. (No. 10d)

More significant than the internal policies of NPIC in affecting recruitment were circumstances largely beyond Center control. The IG noted the disastrous effect of the ceiling freeze of 1964 on filling NPIC vacancies after it was lifted. He pointed to the competitive inadequacy of the Center grades in scarce labor markets. He spoke of the unwillingness of mathematicians and computer programmers to wait for security clearances, and cited the fact that not one of the experienced computer programmers put in process by NPIC during the previous year had actually entered on duty. To ameliorate these difficulties, the IG recommended that the Director, NPIC:

Seek authorization from the Director of Personnel to establish certain positions in NPIC under the Scientific Pay Schedule, including reserve appointments if appropriate, in order to attract experienced, highly qualified personnel, particularly for work in the Technical Intelligence and Information Processing Divisions and in the Plans and Development Staff. (No. 10a)

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Request the Director of Personnel to expedite approval of NPIC's proposal for establishing certain photogrammetrist positions under the GSS pay schedule [a special pay category for scientists and engineers]. (No. 10b)

Initiate a concerted recruitment drive patterned after that of the Office of Scientific Intelligence to fill existing vacancies in the NPIC T/O. The recruitment effort should be monitored by the Executive Director, NPIC, and weekly progress reports, by Division, should be submitted to him. The effort should combine a dragnet approach involving Agency recruiters and a rifling approach directly involving several senior NPIC officers. (No. 10c)

Better orientation of new personnel and a broader program of training were needed, according to the IG. In the case of training, he expressed the opinion that all intelligence specialists who utilized photographic evidence should have some orientation in its use. Though the Office of Training offered such a course, which the IG suggested should be revised so as to focus more sharply on NPIC, it had not been scheduled in over a year for lack of candidates. To overcome these defects, the IG recommended that the Deputy Director for Intelligence:

Direct the Director, NPIC, ⁱⁿ collaboration with the Office of Training to develop basic orientation and refresher courses in the uses of photography in intelligence analysis; and (No. 9a)

Inaugurate a program within the intelligence directorate which would require all cleared analysts to receive such training on a scheduled basis and encourage the participation of cleared intelligence officers from other directorates. (No. 9b)

Another aspect of training in which the IG showed interest was the orientation of new employees. He observed that NPIC had made what he characterized as substantial progress in this area since the 1962 survey, but he said that it had not gone far enough. He reported that one of the ^{most common} ~~commonest~~ complaints he heard from new employees was the length of time it took to become familiar with the functions and physical location of others in the organization and how to obtain needed support. The IG, therefore, recommended that:

The Director, NPIC, expand the internal orientation course materially, perhaps to a full week in length. (No. 13)

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With reference to the recruitment of personnel in scarce categories, the IG pointed out that many such persons were already earning more than NPIC could afford to pay, and that colleges did not even offer training in some of the specific skills desired. He concluded that NPIC would have to underwrite the training of people with these skills through Agency-financed external training. He endorsed the development of a cooperative training program in which NPIC would finance part of a student's education in return for a commitment to work for the Center. Accordingly, the IG recommended that:

The Director, NPIC, initiate a phased program for training personnel in skills that are not now on the market at prices NPIC can afford to pay; and that he give consideration to developing a cooperative program at the undergraduate level. (No. 14)

In a somewhat different vein, the IG noted that NPIC had never succeeded in having one of its candidates nominated for attendance at the National or Service War Colleges. He added, moreover, that he knew of no other Agency component that was as deeply or continuously involved with the military as NPIC. He concluded that the Agency was remiss in failing to capitalize on such an opportunity, and he asserted that many senior NPIC officers were well able to represent the Agency creditably. He, therefore, recommended that:

The Deputy Director for Intelligence request the Chairman of the Training Selection Board to give due consideration to the nature of NPIC's responsibilities, its extensive involvement with the military, and its contribution to the total national intelligence effort, in the selection of nominees for the senior war colleges. (No. 15)

Another management problem in NPIC involved overtime. The IG observed that use of overtime by the Center was excessive and chronic. He noted that working one or two twelve-hour days a week and ~~seven-day-weeks~~ ^{seven days a week} for weeks in succession were not uncommon among NPIC employees. He stated that such burdens, which tended to fall unequally on the more competent and experienced personnel, not

only adversely affected the health of the employee and his family obligations, but also lowered his productivity while at the same time increasing the risk of error. He pointed out that, in response to Agency pressure to reduce overtime costs, the Center had adopted the policy of no overtime pay for CIA supervisors. In addition, according to Agency regulations, CIA employees in grades GS-11 and above were obliged to contribute the first eight hours of overtime each week, even though the work was directed. At the same ^{time,} ~~time,~~ the IG pointed out that DIA civilians, with whom Agency personnel worked shoulder-to-shoulder, were paid for all overtime, regardless of grade or position.

He expressed the wish that he could recommend the substantial elimination of overtime in NPIC, but admitted this was unrealistic in view of the lack of control by NPIC of film inputs, and the resulting requirements. He concluded that it was time to begin paying for the work required. The question was how to do it. He noted the unsuccessful attempt by NPIC to have Center positions designated as production positions, thereby automatically authorizing the payment for all overtime. He, therefore, proposed that NPIC be exempted from Agency regulations by recommending that:

The Deputy Director for Intelligence seek approval for payment of all overtime directed and worked by CIA employees assigned to NPIC, without regard to grade or position and without regard to contrary CIA regulations--subject only to the statutory limitations. (No. 11)

A final management problem identified by the IG involved the storage of rapidly mounting quantities of roll film. He pointed, for example, to the fact that such holdings had nearly doubled during the previous calendar year, and that the NPIC record holdings--largely film--constituted the second largest in the Agency, second only to those in the Office of Central Reference. He asserted

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that NPIC was slow to face up to the problem, but acknowledged that the Center had obtained an experienced records management officer in April 1965. The IG expressed serious doubts of the need for NPIC to retain on file copies of all photography, and expressed the hope that development of the film chip program might hasten a decision to discard selectively some of the roll film. Though he conceded that it was too early for the new records management officer to reach any judgments, the IG himself recommended that:

The Director, NPIC, initiate a phased program of reducing roll film holdings by discarding film that is repeatedly duplicated by more recent coverage and which is revealed by NPIC film control records to be not of continuing intelligence interest. (No. 21)

In view of subsequent changes in the management of NPIC, it is worth pausing to get the IG's findings on the whole range of management problems into perspective. Did they clearly demonstrate the culpability of management within NPIC? Of the DDI as Executive Agent for the DCI? Or both?

For the PID/PAG mess and all its ramifications, the Center had to accept a major share of the blame. Much of the trouble that derived from it could have been avoided, if the Center had made a more decisive distinction between PID and PAG, and had operated them as separate entities. The provision of a PAG Table of Organization would have set the stage for unequivocal job assignments and made clear the available routes for career advancement. It would have precluded the nightmare of rotation and averted DIA concern over its effect on Center products. It would have obviated the need to meddle with the normal preparation of fitness reports and the resulting controversy. And it should have eliminated the opportunity for CIA/PID managers to manipulate assignment of CIA photo interpreters to the detriment of PAG and to the advantage of CIA/PID.

Such a clear-cut distinction should also have set the stage for an improvement

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in the handling of requirements and a better understanding of the difference between the national center and the CIA detachment. As it was, PID served as both the funnel through which all CIA requirements came into the Center and the screen which separated those ~~which were~~ to be designated national ^{from} and those to be treated as departmental. This practice placed strong temptation in the hands of CIA/PID in making decisions ~~as to~~ whether a given requirement should be regarded as national, in which case it went to PAG, or departmental and stayed in PID. Moreover, to have required that the distinction be made before the requirement reached NPIC would have demanded an awareness on the part of Agency analytical components of the difference between the national and departmental efforts, something that top NPIC management sought in vain to encourage. All of this could have been done by or at the initiative of Center managers--including, as a last resort, a proposal to establish the CIA detachment as a separate entity reporting directly to the DDI.

The next most troublesome issue on which the IG made recommendations was overtime. The degree to which this was an issue either externally, with senior Agency executives, or internally, with overworked employees who were not being paid for some of the work they were required to do, was a function of the amount of overtime. If the overtime were reduced substantially the issue would become a small one, whether in dollars ^{or} of in the magnitude of employee dissatisfaction. (It should be realized, however, that some loved it, in spite of pious protests, for the added income it provided.) The IG professed ^{to} believe that excessive overtime couldn't be avoided. Later events were to prove that this was not the case. In the fall of 1966, under the same managers, the Center was to prove that overtime could be reduced without crippling production, though with some reduction and delay in services. To this extent, at least, the Center missed an opportunity

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to take positive action at an earlier date, when it would have been more reassuring to top Agency officials.

The delinquency in meeting the Agency commitment in the staffing of PAG and the elimination of favoritism in assigning photo interpreters to the mission scan were wholly within the ability and authority of NPIC to solve, but it is doubtful that these were issues of such moment as to call for drastic action from outside the Center. The same was true of the mounting volume of roll film.

As far as obtaining enough people to do the work was concerned, the major issue was getting an adequate and stable T/O. Discounting the impact^{of} irregular substantial increases in the T/O coupled with periodic ~~capricious~~ ceiling freezes, the Center could stand on its record. Whether to give preferential consideration to male candidates with earth science backgrounds or not was an issue of no major proportions. And the Center could scarcely have been charged with a failure to plead for more competitive grades, including those on the GSS scale. It could likewise hardly be charged with the interminable^a delays in clearing job candidates or in failing to try to do something about it. These were all matters in which higher authority, whether at the DDI level or ^{or} above, had to shoulder a major share of the criticism.

In matters of orientation and training, the record of the Center was basically good. Only in one instance, the further elaboration of the orientation course for new Center employees, was there some lack of Center initiative, but even in this case it was partly a question of judgment.

As far as the orientation of Agency analysts in the capabilities and limitations of photographic evidence, the Center had done much through^{the} years. If analysts were reluctant to attend, the Center could do little about it. As far

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as external training, including the selective funding of training for specialists, was concerned, the Center had taken ^{the} ~~some~~ initiative and succeeded in establishing some precedents. Whether louder hollering would have produced better results or merely greater resistance is a moot question. And no one could accuse the Center of failing to advance candidates for the National or Service War Colleges. Here was a case where the Center was unsuccessfully ⁱⁿ bucking the entrenched positions of older Agency components with better Headquarters connections. In all the foregoing training matters, the Center was essentially up against the wall; any movement could only be achieved with the help of higher authority.

Ground Photography. One other subject caught the attention of the IG in the course of his 1965 survey. It was hand-held, ground photography. His interest in this was stimulated by complaints that he heard in Headquarters interviews concerning the competence of NPIC to exploit this type of photography. He ~~deter-~~^{found} ~~mined~~ that the criticism all apparently stemmed from one embarrassing incident in which the Agency, using a measurement made by NPIC, missed the length of a Soviet ICBM by 15 feet whereas DIA published the correct figure.

The explanation was simple enough. The correct DIA measurement was provided by the Foreign Technology Division (FTD) of the Air Force Systems Command, and was made from the original ^{attache} grade photography, for which all the parameters needed in mensuration were available. The Center measurement was based on news service wire photos which included no object of known dimensions. Using the best technique for establishing scale, the NPIC analysts made an assumption about the identity of the prime mover on which the ICBM was placed. Unfortunately, the assumption proved to be incorrect, and so was the scale ascribed to the photo. Thus, the incident did not reveal a lack of technical competence at NPIC in mensuration procedures. Indeed, in another similar instance where Center and FTD analysts

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used, respectively, wire service photos and original attache photography, NPIC analysts produced a measurement that proved to be correct whereas FTD analysts missed it by eight feet. In the latter case, however, the photos used by NPIC included an object whose size was unequivocally known. The error made by NPIC in the first case cited was one of judgment in interpretation. This, of course, was damaging enough.

The IG noted that circumstances in recent years had caused NPIC to become preoccupied with the exploitation of overhead photography, and that there appeared to be too little coordination in the Intelligence Community of the exploitation of ground photography. He noted that this had not always been the case. He pointed out that in 1954 and 1955, before the days of the U-2, the man who later became the Director, NPIC, took the initiative in establishing a Joint Working Group on Intelligence Ground Photography, and that he became chairman of the group. He also observed that the work of this group so impressed the Joint Chiefs of Staff that they requested permission to charter it as a subcommittee of the JCS Photographic and Survey Section. The IG pointed out that this group was one of the victims of the rearrangement of people and functions that followed the establishment of DIA, and that the group had been inactive for at least two years.

The IG noted some brighter signs. He pointed to the recent publication by NPIC of a manual on ground photography for use throughout the Community. He noted

NPIC. Collection and Field Mensuration Techniques for Ground Photographs, no date [but disseminated in April 1965]. (Confidential)

the plan by NPIC to schedule an in-house course on ground photography to be taught

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on contract by a leading photogrammetrist. He further noted the success of the Center in gaining access to and participating jointly with FTD in the exploitation of more recent Moscow parade photography.

Past successes, later difficulties, and recent productive NPIC efforts in coordinating the collection and exploitation of ground photography led the IG to recommend that:

The Director, NPIC, take the lead in reestablishing the Joint Working Group on Intelligence Ground Photography as a mechanism for coordinating community efforts in ground photography and for the exchange of information in related fields. (No. 8)

That the specific problem relating to the exploitation of ground photography hurt the Center out of all proportion to the importance of the single mistake cannot be doubted. Since the erroneous measurement was used by Agency analysts and published in the Central Intelligence Bulletin, CIA, as well as NPIC, suffered acute embarrassment. Moreover, under the circumstances, it involved Agency executives up through the highest level. Clearly, the NPIC error far overshadowed the mitigating circumstances in the minds of Headquarters personnel. At the same time, the IG found ample evidence to confirm past successes and current initiative by NPIC in meeting the problem.

THE "EYES ONLY" SUPPLEMENT

The June 1965 report by the IG of his survey of NPIC was supplemented by a memo covering three items deemed inappropriate for inclusionⁱⁿ the main report.

Inspector General. BYE 40694-65/2, Supplement to the Inspector General's 1965 Report of Survey of NPIC, 21 June 1965. (TOP SECRET/IDEALIST/TACKLE/EYES ONLY -- Handle via BYEMAN Control System Only)

They were: 1) the position of NPIC with respect to the CIA organization; 2) possible need for revision of NSCID No. 8; and 3) the role of NPIC in time of war.

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Position of NPIC. The IG recalled the national character or NPIC and pointed out that CIA would be open to criticism should the Agency treat the Center like any other line component in the competition for funds and people. One means for enhancing the competitive position of NPIC would be to change its position with reference to the CIA organizational structure. The IG noted that the possibility of such a change was considered at the time of the previous IG survey, in 1962, but that it was rejected in favor of leaving NPIC under the DDI. The reason given was the fact that the DDI, Ray S. Cline, was then but newly appointed and it was judged desirable to let him study the problem and make his own recommendations.

In 1965, the IG reconsidered the subordination of NPIC. He said four alternatives were discussed: 1) establishing NPIC as a separate entity reporting directly to the DCI; 2) establishing it as a CIA directorate, coequal with the others; 3) transferring it to the DDS&T; and 4) leaving it under the DDI.

The IG recommended that NPIC remain under the DDI. He rejected the first two alternatives as too burdensome to the DCI and DDCI, whom, he believed, were already heavily taxed with existing responsibilities. He conceded, however, that either of these arrangements would improve the competitive position of the Center in securing funds and people. He was opposed, however, to making organizational changes to overcome problems arising, as he saw it, "largely from a failure in communications." # Either of these alternatives would certainly have been attractive to the Center, the first because it represented the ultimate in the organizational elaboration of Center operations, and the second because it

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was at least a step on the road to the same goal. Though the IG made no mention of high-level deliberations on this point in his memo, there is little doubt that they took place. There can likewise be little doubt that the DCI and DDCI were as disinterested in enhancing the competitive position of NPIC in the face of growing reservations about the control of its operation as they were unwilling to assume direct responsibility for dealing with emerging problems in managing the Center.

The possibility of replacing the DDI with the DDS&T as Executive Agent for the DCI in overseeing management of the Center was an intriguing alternative. The IG pointed out that in matters of "technical support" the Center was more closely allied to the DDS&T than to the DDI. He should have added more. Not only would there presumably be a smoother and better integrated effort between collections system designers and those engaged in PI exploitation, but competition of NPIC and ORD for control of research and development could have been eliminated. More than that, much of the Center output, particularly as related to installations in the strategic threat category, was even more directly related to work being done in FMSAC or OSI than in the DDI area. This was particularly true of third-phase ("detailed") studies. A more general and less tangible factor favoring such a change was the decidedly "technical" orientation of the Center.

Undoubtedly NPIC and its activities would have been more thoroughly understood by the DDS&T. ~~It might, therefore, have been provided~~ ~~and perhaps, therefore, been more susceptible to~~ the kind of perceptive support and guidance needed to achieve greater effectiveness in its management. Though this alternative is an exceedingly tempting one to entertain and lament as a dream of what might have been, it is doubtful that it

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was attractive to the Center at that time. The problem was one of personalities. Albert D. Wheelon, who was the DDS&T, was young, extremely aggressive, and insensitive to the feelings of others. For this reason alone, if for no others, the Center would probably have been less than enthusiastic over the prospect of joining the DDS&T. In any case, the IG made his decision on other grounds. He saw no easing of the major problem, the NPIC workload, as a result of such a transfer, and he said that the DDS&T was as already as busy as the DDI. Yet, if the problem of personalities could have been overcome -- and it later proved to have been a transient one -- the transfer to the DDS&T should have been a very attractive one for the Center. Though there would probably have been cries of anguish in the DDI for loss of a very useful handmaiden, the change might also have been an exciting and productive one for the Agency. Dramatic change seemed inevitable. Transfer to the DDS&T would likely have produced far more ^{imaginative} ~~constructive~~ ^(than those adopted) proposals for solving the NPIC problem as well as ^a strengthening ^{ing of} the technical capability of one of the most productive and important producers of hard intelligence information.

Revision of NSCID No. 8. The IG observed that NSCID No. 8 authorized NPIC only to exploit photography. Since its adoption, other sensors, most notably [redacted] radar, were producing imagery of potential significance from a [redacted] strategic intelligence point of view. The IG further pointed out that there were already signs of incursions on what should properly be regarded as the responsibilities of a national imagery exploitation center, and cited the SAC facility at Beale Air Force Base, California to handle the multisensor inputs from the SR-71 and the abortive attempt by the DDS&T to exploit the January 1965 [redacted]

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case, as the IG noted, NPIC had to step in and do most of the analysis. The IG mentioned the possibility that the DCI might like to initiate early action to ^{revise/}raise NSCID No. 8 so as to make NPIC responsible for interpreting products of all image-forming sensors in response to national requirements. This suggestion apparently fell on deaf ears. It is doubtful that the DCI or anyone else in higher authority was interested in either facing the risks involved in tampering the NSCID or in expanding the legal responsibilities of a component that was already suffering acutely from an overload of work with which it was unable to cope.

Wartime Role of NPIC. Although NSCID No. 8 provided that administrative control of NPIC would be transferred to the Department of Defense in time of war, the details of when and how to accomplish the transfer were never settled. The IG called attention to the letter of 2 October 1963 from the Deputy Secretary of Defense, Roswell L. Gilpatric, to John A. McCone, the DCI. In his letter,

Deputy Secretary of Defense. TS 188384, [Wartime Role of NPIC and Problem of a Smooth Transfer of Control over NPIC to Department of Defense in Case of War], 2 October 1963. (TOP SECRET)

Gilpatric stressed the need for a plan to transfer NPIC administration to the Department of Defense before the actual commencement of hostilities in view of the important role that NPIC would play in time of war. He suggested that representatives of the Secretary of Defense and the Director of Central Intelligence meet at an early date to develop a plan for the transitional phase. He designated the Director, Defense Intelligence Agency as his representative.

McCone, who was no man to be intimidated by such pressure, responded on 25 October 1965 that he was already engaged in a broad review of emergency and war plans as they applied to the Intelligence Community, and particularly to CIA.

DCI. TS 188384-A, [Response to Letter from the Deputy Secretary of Defense Concerning the Transfer of NPIC to DOD in Wartime], 25 October 1963. (TOP SECRET)

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He said that this study, which might affect his views on the transfer, should be completed by the end of 1963. He informed Gilpatric that he would be in touch with him at a later date, when he, McCone, had determined "to my own satisfaction just what the arrangements should be for the intelligence community at the national level."

The IG said that, although the question had lain dormant since late 1963, it was unlikely the DOD had forgotten it. He suggested that it be referred to the Deputy to the DCI for National Intelligence Programs Evaluation. In spite of the foregoing recommendation, this matter remained unresolved. It is likely that here was another case where the risk of sitting tight was preferable to the hazards of reopening consideration of a previously insoluble problem.

This, then, was the state of NPIC in June 1965 as seen through the eyes of the IG. His report was directed to the DDCI. It contained itemized recommendations for action by both the DDI and the Director, NPIC. Normally 60 days were allowed for the Deputy Director involved to respond, indicating those recommendations in which he concurred and those in which he did not. ~~What would the responses be?~~ Who would take the initiative? With what degree of urgency would he act? What would be the responses? Would they indicate who was going to assume a leadership role, whether the decisions were going to come from the top down or from the bottom up? As it turned out the speed of response, though not of the final decision making, and the apparent determination of top management to assume control were to provide a few surprises for those inured to the pervasive lethargy of bureaucracy.

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CHAPTER 2REACTIONS TO THE IG REPORT

The IG report begot two somewhat different, though not unrelated, reactions, each reflecting a difference in point of view. One was the considered, item-by-item response to specific recommendations, either accepting or rejecting them. The other was the broader view, in this case the question of how to go about solving the "NPIC Problem." Predictably, the latter was the view taken by the DDCI. In the nature of things the Center, and, to some extent, the DDI had to pay attention to details, though the extent to which either could exert any effective leadership depended on whether or not they, too, could address themselves to the broader problem and suggest approaches or produce a plan, albeit not the NPIC five-year plan, acceptable to higher authority. As it turned out, both NPIC and the DDI failed, the latter because he could do no more than endorse the proposals of others, and the Center because it was unable either to perceive, or, having perceived, to accept the ill-defined constraints which higher authority was struggling to bring into focus.

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REACTION OF THE DDCI

First to respond was the DDCI. The man who staffed out his response was E. H. Knoche. If the IG report was the first to define the "NPIC problem" in terms acceptable to senior Agency executives and thereby ^{to} start the ~~action~~, *planning*, E. H. Knoche, more than any other, was the man who shaped up the solution. His first assessment of the problem, based largely on the IG report and his personal knowledge of the Center, was nothing less than prophetic,

E. H. Knoche. ^{"Hank"} E. H. Knoche was no stranger to the Center and its operation. This is a fact that should be clearly understood, lest it be assumed that the assessment prepared for the DDCI was merely a competent and persuasive piece of staff work. Knoche, who came to the Agency from NSA, entered on duty 1 November 1953. He was first assigned to OCI. In early 1956, he was named to work on the Ad Hoc Requirements Committee, whose task it was to develop target coverage requirements for the upcoming U-2 photo reconnaissance flights. In June of that year he was sent to Weishaden to ensure that plans for COMINT support of U-2 flights were adequate and in a state of readiness. In that year he was also designated the first OCI TALENT Control Officer.

Nor were all his contacts as peripheral as this or confined to the collection side of the AQUATONE project. During the 1956 Suez Crisis, Knoche served on the PARAMOUNT Committee and functioned, in effect, as its executive secretary. This not only brought him into the Steuart Building, where the Committee met, but it also gave him first-hand experience in the production of all-source intelligence utilizing information from U-2 photography, communications intercepts, and clandestine observers.

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By the early 1960's, Knoche had been identified as one of the bright young men in the Agency and was assigned to the staff of John A. McCone, then the DCI. At that time, information derived solely from photography was in its heyday. Almost every satellite mission led to spectacular discoveries, particularly those related to the Soviet strategic threat. Knoche was kept busy satisfying McCone's insatiable curiosity about the schedule for or success of a current mission. Once the photography arrived, he was in touch with NPIC about the progress of exploitation, or arranging for the Director, NPIC, to brief McCone. In October 1962, offensive missiles were discovered in Cuba. Knoche found himself in the thick of that action, and he gained further exposure to the reactions, at the highest levels, between photo derived information and that from other sources in the production of finished intelligence. Or, at times, he saw the lack of any such interaction. These experiences certainly did not leave Knoche unfamiliar with the work of NPIC. Nor did they leave him without vivid impressions of the role photography was playing in the production of intelligence, or of the role he thought it should play.

In June 1965, Knoche was Executive Assistant to the DDCI, Richard Helms. Considering Knoche's long, if somewhat intermittent, association with the Center, it is not surprising that Helms handed him the IG report and the NPIC White Paper with the request that he study them and report on his views and recommendations. The only guidance Helms gave him was the admonition that the Agency had neither the manpower nor the funds to support the level of operations projected by NPIC. The urgency with which the DDCI viewed the matter is suggested by the date of Knoche's

Knoche, E. H. [Taped interview] Recollection of Association with NPIC,
30 October 1969. (TOP SECRET--Handle via BYEMAN Control System Only)

response, 2 July 1965, precisely two weeks after the transmittal by the IG of his report.

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Knoche's Response. In his response to Helms, Knoche dismissed the NPIC White Paper as not worth much of Helms' time. On the other hand, he spoke

Knoche, E. H. (Executive Registry 65-7703), Memorandum for the DDCI, [Views and Recommendations on the IG Report and NPIC White Paper], 2 July 1965 (SECRET--EYES ONLY)

enthusiastically of the IG report and urged that Helms read it in its entirety, primarily, Knoche said, because he was convinced that, "...special measures in meeting the recommendations are required to get this problem under control." He added that, "...read in its entirety, the IG report adds up to me to be a strong

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however, to point out that Arthur C. Lundahl was "...truly a unique national asset and...virtually irreplaceable." He added that it was "essential" that Lundahl remain as Director, NPIC. Knoche also said that he saw no real alternative at that time to the subordination of NPIC to the DDI. These two remarks were^{also} to be prophetic.

Following this introduction, Knoche addressed himself to a discussion of major issues raised by the IG. He spoke first of the manpower crisis, but he questioned the validity of the NPIC projections, to which the IG had given a qualified endorsement. He believed that a substantial downward revision was possible, and based his opinion on the following: 1) the prospect of providing a "hard-nosed" mechanism for screening NPIC requirements, 2) the hope that oncoming higher-resolution photography would be susceptible to more, not less, rapid exploitation, and

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3) the assumption that COMOR and USIB could be more selective in identifying high-priority targets.

Knoche turned next to the IG's proposal for a COMEX. He discounted the wisdom of setting up a separate USIB committee for exploitation because he felt that it and the COMOR would inevitably be competitors to the acute embarrassment of the DCI in his role as chairman of USIB. As an alternative Knoche suggested expanding the responsibilities of COMOR to include those relating to exploitation. This was the first recorded reference to a COMIREX, *(but no such name was suggested at this time.)* In either case, Knoche endorsed use of the USIB committee to validate requirements levied on NPIC. These judgments, too, were to be prophetic.

He diverted his attention briefly from the IG report to challenge the assumption, in the projection of NPIC needs, that the existing Center organization would remain unchanged. This was the first hint of the complete change in organization that the Center was to undergo two and one-half years later under Knoche as Executive Director, NPIC.

Knoche dwelt on the fact that for every photo interpreter in NPIC there were two and one-half to three support personnel. Having said this, he veered off what might be considered a more expectable course to enter a plea for "legitimizing" satellite reconnaissance. If this were done, he reasoned that elaborate compartmentation would be unnecessary and substantial savings could be realized in personnel and special facilities currently needed to support it. His criticism of the high ratio of support personnel in the Center presaged determined attempts later to reduce the ratio. His proposal to legitimize satellite reconnaissance found little support, *however,* and came to nought.

Another issue, and a very significant one, raised by Knoche was the possibility of tasking other photo interpretation organizations to share the national workload

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for which NPIC was at least nominally responsible. He mentioned SAC, the Navy, and even the British. The flowering of this suggestion was to be seen in the National Tasking Plan resulting from the JIIRG Study.

Knoche made another proposal which, like the suggestion to legitimize satellite photography, proved to be more imaginative than practical. At this point in his consideration of the problem, Knoche assumed that a substantial augmentation of manpower would be needed at NPIC by 1970, perhaps as many as 850 persons. He proposed to obtain a vast majority of these by a redeployment of analysts from other DDI offices, and perhaps OSI as well. His argumentation to support this proposal was greater than that devoted to any of the other issues he discussed. Perhaps it was prompted by the instinctive feeling that its success depended on overcoming massive resistance by those who would be uprooted and displaced from positions and working arrangements with which they were satisfied. If so, he was correct. This suggestion never came close to adoption.

He made just passing mention of space needs, acknowledging that NPIC would need more in the next five years. In this instance he proved to be an equally bad prophet.

Before turning to his recommendations, Knoche paused to lament the number of imponderables that complicated his task. He cited the lack of basic decisions concerning follow-on satellite systems then under consideration and the consequent impossibility of pinning down future needs with any precision. He also pointed to the NPIC R&D projection, which he judged "fat and exaggerated" and lacking in either precision or rationale. At the same time he acknowledged that it could hold the key to dramatic breakthroughs, which might substantially reduce the workload and future need for funds. Though his oblique approach to this problem was a tacit admission of his own puzzlement in dealing with such technical matters,

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his concern with it foreshadowed his prime interest in NPIC R&D upon being named Executive Director, NPIC.

For the personal background of the DDCI, Knoche produced his horseback estimate of NPIC needs in manpower and dollars for 1970. Both were ^{approximately} roughly 60% of the figures in the NPIC five-year plan. They were useful in providing a rough order of magnitude for his initial judgment that the NPIC five-year projections were, indeed, much too large while at the same time conveying his reservations that substantial increases in manpower and funds appeared, nevertheless necessary. His later judgments, made with the benefit of more conclusive indications of the political realities of the time, were to discount much further the ~~level to which it was practicable to augment Center's needs of the Center for augmentation of~~ resources.

On the basis of his assessment, Knoche made the following recommendations to the DDCI:

1. That you insist on early actions to respond to the recommendations made by the IG. The normal procedure is to allow 60 days for the Deputy Director involved to report back with his concurrences or non-concurrences. I believe this time span should be compressed so as to permit the earliest possible consideration, particularly of those issues involving a non-concurrence. Recommend you charge the Executive Director, the DD/I, the Director, NPIC, and the IG with keeping in close and frequent touch to refine the issues and keep you advised.
2. That you charge the Executive Director, DD/I, and Director, NPIC, with proposing bold and imaginative plans and programs to meet the recommendations of the IG and to go beyond to face up to the challenges, not only at NPIC, but within the analytic components of DDI as well. Possibilities as covered in the report above include delegation of tasks to PI units other than NPIC; a realignment of the structure of the DDI; and a determination of ways to reduce the support and overhead at NPIC. Such programs should also include possibilities for using existing know-how in various components of the Agency which could be of direct aid to NPIC problems. For example, the IG report refers to inadequate procedures for NPIC testing of equipment supplied by contractors. TSD has excellent programs in this regard.
3. That you direct Executive Director to expedite an inhouse look at the question of continuing or revising the current compartmented security system surrounding photographic materials with a view toward eventual discussion and approval by USIB.

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4. That you direct early action to fill the authorized but un-50X1
manned slots currently available to NPIC, and that you further authorize a
build-up to a figure of -- the capacity of space currently available50X1
to NPIC. I recommend, however, that you require a proposal for your approval
in the filling of these additional slots either by recruitment from outside
or reassignment from within. The pros and cons of each should be included
in the proposal.

5. That you direct the Executive Director to begin work with the DD/I
and the Director, NPIC, to make more specific projected funding and personnel
requirements and to submit justification to you for increase. This should
include examination of what is possible to provide by way of additional
housing for NPIC as well as planning for an approach to the Bureau of the
Budget for relief.

6. That you direct action to obtain a complete and detailed survey of
plans for future space reconnaissance collection systems as now under study
in CIA, NRO, or industry, in order that NPIC and COMOR may make appropriate
studies -- NPIC from the standpoint of planning for future work and COMOR
from the standpoint of staffing these plans for consideration by USIB prior
to introduction. In this respect, the DCI should undertake to ensure the
closest possible liaison and rapport between NPIC and systems planners.
This has been lacking in the past. Once the DCI has opened the doors for
NPIC, it will be necessary for Director, NPIC, to exercise his initiative
in keeping the doors open.

7. That you arrange with DCI and USIB to revise COMOR terms of reference
to include responsibility as a USIB committee for assessing the impact of
collection on the exploitation process in NPIC, and that COMOR be given the
responsibility for validating requirements levied on the NPIC.

8. That you direct the Executive Director, the DD/I, and the Director,
NPIC, to take early action to bring the problem of overtime at NPIC under
better control. In this respect, it should be understood by top U.S. intelli-
gence officials and consumers that there is no real reason, except in un-
usual circumstances, to begin immediate and around-the-clock exploitation
merely because a new package of materials has been received. DOD is a
principal consumer of the immediate readout and may not be content with
delayed readout unless told by the very top that there is need for institution
of orderliness.

9. That you direct that the NPIC problem and its implications become
a prime factor of concern in the development of the Agency long-range plan
now underway.

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Action by the DDCI. Helms accepted Knoche's analysis of the "NPIC Problem" and endorsed his recommendations. On 13 July ¹⁹⁶⁵, he sent a memorandum to the newly named Executive Director, Laurence K. White, extolling the merits of the IG report on NPIC and naming White the one responsible for expediting and coordinating actions in response to it. Helms then continued with his views on facets of

DDCI. BYE 4655-65, Memorandum for the Executive Director, ~~Subject~~ NPIC, 13 July 1965 (SECRET--Handle via BYEMAN System Only)

the problem that he considered crucial, and suggested alternatives that should be explored. All these faithfully echoed points that Knoche made in his report to Helms. And they should have. The memo was prepared for Helm's signature by E. H. Knoche.

REACTION OF NPIC *e*

The reaction of NPIC to the IG's recommendations were embodied in a paper that NPIC forwarded to the DDI on 29 July 1965. This paper took the recommendations of the IG one by one and gave a "reply" to each. In the case of recommendations
 NPIC. BYE 41763-65, IG Survey of the NPIC, 29 July 1965. (TOP SECRET--Handle via BYEMAN System Only)

made by the IG to the Director, NPIC, the reply was ostensibly that of the Director to his immediate superior, the DDI. In the case of those directed by the IG to the DDI, the replies constituted the responses recommended by NPIC for consideration by the DDI.

Because of the crucial events during the summer of 1965, it is appropriate to note that a protracted illness kept the Director, NPIC, away from his desk for

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approximately seven weeks, from early July through the entire month of August. During this period, the Executive Director, NPIC, served as Acting Director. It may be questioned whether or not events of that summer would have taken a different turn had ^{the Director} he been present and had he been able to participate with his accustomed vigor immediately upon returning to duty. Though the answer to this question^s can never be known beyond doubt, it is significant to note that he and the Executive Director had worked together closely since HTA days on the building of the National Center. From the beginning, each had his well defined, mutually agreed areas of responsibility. Among those devolving upon the Executive Director were the day-to-day management of Center activities and ^{the} supervision of ~~the~~ administrative relations between the Center and senior CIA executives. In the discharge of these responsibilities there can be no doubt that the Executive Director had the complete confidence of the Director. Thus, short of the possibility that had he been present the Director might have discerned a compelling need for a dramatic change in existing policy, and that the change thus ordered ^{might} have struck a very responsive chord in the minds of top Agency executives, it seems unlikely that the outcome would have been significantly different.

Turning again to the NPIC reaction to the IG's recommendations, the item-by-item replies were generally positive. In tone, however, they were frequently defensive and occasionally complaining. Thus, having accepted a majority of the recommendations -- and not surprisingly so, since many reflected NPIC desires -- the Center missed an opportunity to identify its aims with and to affirm its loyalty to higher authority.

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In summary, the following are the gist of the NPIC "replies."

Recommendation No. 1a: DDI propose the establishment of a COMEX. NPIC agreed, but added that the committee should not interfere in the management of the Center.

Recommendation No. 1b: DDI seek to have COMEX establish a list of first-phase exploitation requirements. NPIC considered this a minor point and one easily handled. As in many of the IG recommendations, this was a problem which the Center itself raised and on which it had already taken some action.

Executive Director, NPIC. NPIC/D-105-65, Memorandum for Chairman, NPIC Advisory Committee (AdCom), Selection of Exploitation Targets, 3 June 1965.
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Recommendation No. 2a: Director, NPIC, abolish the NPIC AdCom. NPIC agreed -- if COMEX came into being.

Recommendation No. 2b: Director, NPIC, arrange for participation by COMEX in the approval of requirements involving an exceptionally large effort by NPIC, and

Recommendation No. 2c: Director, NPIC, submit Center workload figures quarterly to Chairman of COMEX. NPIC "had no basic objection" but believed the Chairman, COMEX should be consulted when appointed.

Recommendation No. 2d: Director, NPIC, reinstitute the use of task forces to work on those projects large enough to require COMEX approval. NPIC reserved this as a management decision. Though it viewed the approach as not impossible, it pointed to Center efforts to provide an organization capable of handling such projects. On paper, at least, NPIC certainly had the better of this exchange.

Recommendation No. 2e: In the event that the revision of the exploitation cycle proposed by NPIC failed to gain community acceptance, Director, NPIC refer it to USIB. NPIC pointed to the acceptance and implementation of this revision on 1 July 1965.

Recommendation No. 3a: DDI, in collaboration with the DDS&T, submit an integrated systems design program to Director, NRO, and

Recommendation No. 3b: DDI include in the foregoing proposal provision for establishment of NPIC design teams. NPIC agreed heartily.

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Recommendation No. 4a: Director, NPIC, start orientation program in each other's duties for Plans and Development Staff, photogrammetrists, and computer programmers, and

Recommendation No. 4b: Director, NPIC, require that programmers be given in writing all information needed to do their assigned work, and

Recommendation No. 4c: Director, NPIC, start series of informal seminars to break down prejudices of programmers and photogrammetrists, and

Recommendation No. 4d: Director, NPIC, establish the NPIC development and design teams called for in Recommendation No. 3b. NPIC concurred in 4a through 4d.

Recommendation No. 4e: Director, NPIC, assemble a board of technical specialists to review policy and performance of the Information, Processing Division periodically. NPIC was sympathetic, promised to pursue the suggestion or some alternative, but doubted the practicability of the suggestion. For the record, at least, this NPIC response was certainly reasonable.

Recommendation No. 4f: Director, NPIC, move to improve UNIVAC service. NPIC response: already done.

Recommendation No. 4g: Director, NPIC, delay decision to get next generation ADP equipment. NPIC concurred, but with the provision that it not apply to the acquisition of the UNIVAC 494 to replace the 490. This NPIC proviso was not unreasonable; in fact, the IG may not have meant to include the 494 anyway.

Recommendation No. 4h: Director, NPIC, provide Information Processing Division with T/O and accelerated recruitment to provide three-shift computer operation. NPIC claimed it was not able to do this and cited the lack of response to repeated appeals. This was a tender spot. NPIC was frustrated over a lack of response to earlier pleas and could not resist the temptation to needle higher authority.

Recommendation No. 4i: Director, NPIC, to provide for adequate reporting on functioning of mensuration equipment. NPIC concurred and promised action.

Recommendation No. 5: Director, NPIC, determine skills needed to meet R&D obligations and seek necessary revision of grade structure. NPIC expressed the hope of doing this as part of the augmentation of staff, assuming an increase in personnel was approved. Surprisingly, NPIC did not choose to complain about the existing grade structure, but did point to the ill effects of lengthy security processing. It is hard to appreciate, incidentally, the wisdom of pointedly making the study of skills dependent on approval to augment the staff. One would expect the study of needed skills to proceed any approval to hire.

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Recommendation No. 6a: Director, NPIC, to begin to develop in-house ability to write technical contract specifications; have contracts routinely specify spare parts and manuals, where appropriate. NPIC did not disagree, but protested that, to the extent manpower was available, it was currently doing so. NPIC pleaded further, however, that its contracts so frequently pressed the state of the art that the contractor could often do a better job anyway. It claimed that the real issue should be whether the contract fulfilled Center objectives, not who wrote it. NPIC pointed out that, in either case, the Center was responsible for assuring the acceptability of the contract. NPIC concurred, without reservation, with the section dealing with spare parts and manuals. Though the Center had a good point, academically speaking, in its argument about who wrote the contract, the price paid in making it was probably too high in terms of the admitted limitations of NPIC contract ^{monitors} members and the impressions likely evoked in the minds of those in higher authority. This is an example of where the Center would likely have been better off to join the opposition and enlist ^{its} their help.

Recommendation No. 6b: Director, NPIC, divorce test and evaluation from plans and development and subordinate it directly to the Executive Director, NPIC. The Center demurred about this one, protesting that the manpower shortage had delayed implementation of plans for a special unit to do this work, that such persons would have to work closely with contract monitors and maintenance personnel, and that there was no evidence of bias at present. The Center, therefore, proposed to continue with existing plans, but promised vaguely to reconsider the suggestion later. Here, the NPIC response was defensive and inflexible. It could have been right, but to outsiders it probably had the superficial attributes of a capitulation by top Center management to the determination of the Plans and Development Staff to defend its territory.

Recommendation No. 6c: Director, NPIC, to establish an adequately manned equipment maintenance shop as a separate branch. NPIC agreed but not without complaining again about the inability to do so because of lack of manpower. Though this was obviously no proposal for an expansion-minded manager to fight, those outside the Center could be excused if they thought they discerned an attempt to withhold compliance in the hope of gaining leverage to expedite approval of the additional manpower.

Recommendation No. 7: Director, NPIC, to press for a progressively expanding R&D budget, and to give high priority to R&D than in the past. NPIC agreed, but not without pointing out that the Director, NPIC, had been saying this for years, that it was "senseless" to call for assigning higher priority within NPIC to R&D when to do so with current funding would "mean to close down operations." The NPIC reply closed with a call for more funds or a curtailment of responsibilities. This was one NPIC response that higher authority heard clearly and heeded. Center R&D responsibilities were curtailed.

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Recommendation No. 8: Director, NPIC, to take lead in reestablishing the Joint Working Group on Intelligence Ground Photography. NPIC replied that the Director would "take up the matter."

Recommendation No. 9a: DDI to direct the Director, NPIC, in collaboration with the Office of Training (OTR), to develop a basic PI course dealing with the uses of photography in intelligence analysis, and Recommendation No. 9b: DDI to inaugurate, in his directorate, a program of such training for all cleared analysts. NPIC expressed willingness to cooperate, and pointed to an existing OTR course which could serve as a point of departure for developing a basic course at the codeword level. The Center further suggested a periodic shorter refresher course for updating analysts' knowledge. NPIC expressed the opinion that such courses would have to be mandatory, if they were to achieve an acceptable level of participation. It would be difficult to criticize the Center for this reply.

Recommendation No. 10a: Director, NPIC, seek authorization from Director of Personnel to establish certain NPIC positions under the Scientific Pay Schedule, and

Recommendation No. 10b: Director, NPIC, to request the Director of Personnel to expedite approval of the Center proposal to establish certain photogrammetrist positions under the GSS pay scale. NPIC concurred, with some factual explanation of the current status of actions.

Recommendation No. 10c: Director, NPIC, to start a concerted drive, patterned after that of OSI, to fill NPIC vacancies. NPIC concurred, but not without reminding higher authority of past Center success in recruiting and suggesting that the real problem of filling Center positions hinged on fluctuations in the strength of the recruiting staff and the uncertainty in getting approval for NPIC ceiling requests. In this case, the Center would probably have been wiser to take an unequivocally constructive view and forget the advice. However richly the latter was justified, it was probably no news, and, in any event, was unlikely to ingratiate the Center with senior Agency managers.

Recommendation No. 10d: Director, NPIC, to broaden search for photo interpreter trainees beyond the earth sciences and to include females. NPIC struck back on this one. The reply first alleged that the charge that NPIC confined its search to those with an earth-science background was false, but admitted a predilection to favor this approach, much after the manner that a hunter ^{went} goes where the ducks ^{were} are. On the matter of female candidates, the Center was less defensive, pointing out the problem of overturn among married women and the general lack of females having a familiarity with military organizations and installations. Here, again, it would have been more advisable to focus on the future and forget justifying the past. The Center pursued the recommended course anyway.

Recommendation No. 11: DDI to seek approval for all directed overtime at NPIC. The Center recommended concurrence, but not without righteously

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recalling repeated unsuccessful efforts by NPIC to resolve the overtime pay issue, including explicit mention of the Executive Director-Comptroller. It also complained about the "heavy demands placed upon many of its people" in spite of the obvious fact that many of the people involved, whether supervisors or analysts, embraced it with personal enthusiasm and pecuniary gratification. Such protests, however sincere, were all too likely to be interpreted by senior executives, who were hardly unaware of human foibles, as transparent dissimulation. The Center could very easily have endorsed the IG's recommendation strongly and hoped that this would at last solve the problem.

Recommendation No. 12: Director, NPIC, to order that all fitness reports be written by the immediate supervisor; that the PID Career Panel action be confined to an ex post facto review; that uniformity in ratings be attained by teaching supervisors to write fitness reports. NPIC made a defensive concession on this point. The Director, NPIC, was said to feel that the care and consideration given to career development, preparation of fitness reports and competitive evaluation of personnel in PID reflected credit on division supervisors. This somewhat off-target defense was followed immediately by the categorical statement that no deviation from Agency regulations "covering such matters" would be permitted, and that the division chief was ^{has} so instructed. It promised that the Executive Director and division chief would review the whole matter in the near future. This reply would have been infinitely better without the defense, which was untenable. The problem of which the IG spoke was widely and, in some quarters, unhappily known among NPIC photo interpreters. The division was caught in open violation of Agency regulations. The Director, NPIC, or the man acting for him, did put an end to the practice. In the eyes of higher authority, top Center management was put in an awkward position by this inept piece of staff work.

Recommendation No. 13: Director, NPIC, expand the internal orientation course. NPIC gave a measured approval to this one, saying that it should be done, but only after consultation with NPIC components to determine the extent to which expansion would be of benefit. The Center ^{has} also digressed to explain away past failure to devote more time to this course.

Recommendation No. 14: Director, NPIC, to initiate a program of external training, including consideration of a cooperative undergraduate training program. The NPIC response to this one was positive, informative and entirely constructive.

Recommendation No. 15: DDI to request the Chairman, Training Selection Board to give more consideration to NPIC nominees to senior war colleges. NPIC recommended concurrence, without complaints of past injustices.

Recommendation No. 16: Director, NPIC, to establish a formal T/O for CIA personnel in PAG, and to transfer administration of CIA personnel in PAG

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to the senior CIA officer there. This was one on which the Center just couldn't relent. NPIC took the position that, in spite of a current review of the situation pursuant to this recommendation, the finding was still in favor of continuing the existing arrangement. Reasons given included the claim that the present staffing arrangement could be manipulated to produce the same results as a formal T/O for PAG, that establishment of the latter would complicate management in PID, that an informal manning chart would have to be used for the combined CIA/DIA employees anyway, and that the existing arrangement was a calculated attempt by Center management to minimize the administrative chores and maximize the exploitation time in PAG. At best each of these reasons was open to question. Considering all the problems spawned by the lack of a formal T/O for CIA photo interpreters in PAG, it is regrettable that the Center chose to risk going down fighting on this issue.

Recommendation No. 17: Director, NPIC, transfer enough photo interpreters to PAG to meet the CIA commitment, even at the expense of some degradation of the departmental effort. NPIC branded this recommendation superficial, and claimed that a policy decision was needed concerning the performance capability to be expected of CIA/PID, on the one hand, and NPIC on the other. NPIC recommended that the Executive Director-Comptroller, CIA, determine the nature and scope of CIA departmental needs and the level of effort that should be undertaken to satisfy ^{them}. Thus, what was meant as a simple recommendation to fulfill the CIA commitment to the National PI effort was escalated to the level of insolubility by tying it to ^(the) riddle of departmental versus national work.

Recommendation No. 18: Director, NPIC, to establish policy of giving PI trainees a minimum of one year's training in CIA/PID before assignment to PAG. NPIC agreed unquestionably.

Recommendation No. 19: Director, NPIC, to revamp the system for rotating CIA photo interpreters between CIA/PID and PAG along the lines of the Field Reassignment Questionnaire mechanism of the Clandestine Services. NPIC promised sympathetic consideration, but expressed confidence that improvement would come anyway with added experience and manpower.

Recommendation No. 20: Director, NPIC, to establish a policy of job assignments within PAG that would ensure an equitable sharing of second-phase scanning assignments among CIA and DIA photo interpreters. NPIC pointed to the implementation on 1 July 1965, of the new exploitation program, and claimed that this obviated need for further action. The

NPIC. Proposed National PI Exploitation Program, no date. (SECRET)

reply to this recommendation included a denial that there ever was a discriminatory policy, and claimed that any imbalance apparent to the IG resulted from joint consideration of other jobs to be done and the capabilities

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of individuals available to do them.

Recommendation No. 21: Director, NPIC, to reduce roll film holdings by selective purging of the file. NPIC took a very deliberate approach to this recommendation. The Center promised a careful examination of the problem, including the IG's inputs, during a survey of the film holdings by the new NPIC Records Management Officer, beginning on 1 August 1965. NPIC pointed to the vital role of previous coverage in the PI process. It pointed to its previous concern and efforts to cope with the problem. It also called attention to the unique attributes and potential value of the holdings. This NPIC position could be characterized as prudent.

The foregoing Center responses display²⁶ interesting broad-scale differences and concomitant inconsistencies. First and foremost, it would seem that the Center did not decide on the thrust of its responses and then ensure that each individual "reply" was compatible with it. Thus, the NPIC reaction to the first three recommendations, which dealt with NPIC-Community relations were accepted with no disagreement or antipathy and with few reservations. Recommendation No. 4 dealt with Center ADP problems, which were many and generally unflattering. Nevertheless, with one minor exception, it was received with good grace and adopted. The next three, No. 5 through 7, recommended certain changes in the NPIC R&D organization and program. The tenor of these was hardly more critical than the previous one, but the NPIC response was dramatically different. Instead of being tractable, it was inflexible. Instead of being gracious, it was quarrelsome. The Center response to the recommendation on ground photography (No. 8) was agreeably neutral.

~~The cause of~~ the foregoing pattern of replies could best be explained by assuming that each reflected the reaction of the person or component most concerned with the subject in question. Thus, the responses in matters of primary

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concern to the Information Processing and Technical Intelligence Divisions were quite agreeable with one exception -- and that a matter concerning T/O approval and recruitment. The latter were sensitive subjects anywhere in the Center. Without exception, those in matters concerning the Plans and Development Staff were either defensive, negative, or complaining. One, the reply to the recommendation concerning the R&D budget (No. 7), was ~~ag~~gressively offensive. This was, however, an issue that the Center found exasperating. ^(Again) The Center responded in an almost uniformly favorable manner to recommendations about the relations of NPIC with the Community. The one reservation in this connection, that COMEX not be permitted to interfere with the management of the Center, was a matter over which senior Agency managers were to make an even greater issue before approving JIIRG recommendations, a year and a half later.

NPIC replies to the IG's recommendations on management and supervision, (No. 9 through 21) were complex. In general the Center was flexible and agreeable about those on training. It was prudently noncommittal in its response on film storage. Recommendations dealing with the PAG organization, PID-PAG relations, and PID personnel practices were another matter. So were overtime pay and recruitment. Most unyielding was the position of the Center on the PAG organization. In only one such matter, the recommendation that PI trainees have one year's experience before transfer from CIA/PID to PAG, was the Center in unqualified agreement ^(with the ICRs) although it ^(promised) agreed to consider changing the rotation system for CIA photo interpreters. It would be interesting to know in what

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measure this negative and defensive course was set or encouraged by CIA/PID interests, and in what measure it reflected the strong convictions of the Executive Director, NPIC, in whose primary area of responsibility these matters fell. In either case, for the Center and its senior CIA managers, this was a disaster area.

Quite apart from the NPIC replies and their tenor, there was the unanswered question of when and how the recommendations in which the Center concurred would be implemented. Aside from the few instances in which action had been taken, these questions were left open at this time. There was, however, to be a period of a few months immediately following transmittal of the NPIC reactions to the DDI during which the Center was to attack the problem of implementation vigorously and issue a total of three progress reports.

REPORT OF THE AD HOC PANEL

The Ad Hoc Panel of the Scientific Advisory Board, sometimes referred to as the Land Panel and at other times as the Kinzel Panel, was formed by the Chairman of the Scientific Advisory Board, Dr. Augustus B. Kinzel at the request of the DCI. This panel was to study in particular those facets of the NPIC operation concerned with the automation of exploitation. Members included Dr. Edwin Land, Chairman, Dr. Augustus B. Kinzel, ex officio, Dr. James Eyer, Dr. S. Quimby Duntley, Dr. Launer Carter, and Mr. John Fosness.

The report of this panel, dated 5 August 1965 was a late input to the fund of information bearing on the NPIC problem. Though not, strictly speaking, a response to the IG report, it ~~was closely~~ ^{followed closely} ~~with it.~~ Moreover, the IG report was one of the important sources of evidence and opinion used by the panel,

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who, in any case, did very little observing or analysis of their own. It is, therefore, convenient and not inappropriate to consider it along with other events and reactions of that summer which were set in motion by the IG report.

The Land Panel met in Boston on 10 July 1965 to deliberate about the future course of NPIC technical development. Prior to that meeting, in behalf of the Panel, Dr. Eyer undertook the task of staffing out some proposals on the prospects of manpower savings through further automation of Center operations. His findings, according to the subsequent report of the panel, were in substantial agreement with the conclusion of the IG report and the NPIC White Paper, which was tantamount to saying that he lacked either the time or the opportunity to make an independent judgment. He did, however, offer the opinion that the projections mentioned in the foregoing documents were probably "far too conservative." He based this reservation on 1) what he believed to be an exponential rather than a linear relationship between time costs and imagery resolution, 2) an existing capability for extracting more information from some photography than was being done, and 3) the prospective introduction of multisensor imagery. As means for increasing the automation of NPIC operations, Dr. Eyer suggested: 1) further study of automatic change detection, 2) procurement of more on-line mensuration equipment, and 3) application of computer-assisted techniques for image enhancement.

Though this spadework was doubtlessly of interest to the panel, and though it represented the work of a respected scientist who was well grounded in optics, it gave the full panel neither hope nor leads of promising means for accomplishing a speedy breakthrough in increasing the efficiency of NPIC exploitation.

Recommendations of the full panel were hardly more encouraging. They included

- 1) the establishment of a group to develop principles for generating requirements;
- 2) the recruitment of additional personnel, at least to the capacity of Building 213;
- 3) the admonition that Center personnel ceilings



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not be based on purely budgetary considerations; 4) endorsement of the recommendations of the Optics Panel of the Scientific Advisory Board that computer-oriented imagery exploitation techniques be investigated further and that a small optics laboratory be established in NPIC; 5) a comprehensive systems analysis of Center activities, with emphases on validating requirements levied on NPIC and the automation of procedures used to answer them; and ⁶8) a significant increase in the level of NPIC funding to accomplish short-range adaptation and augmentation of automated systems, and a much larger long-range investment, coupled with R&D, to equip it for exploiting inputs from more sophisticated future systems.

In closing, the panel added its approval to the concept of an integrated approach to the design and funding of reconnaissance systems. More specifically, it expressed the belief that systems design should include detailed plans for data analysis as well as collection, and that both aspects should be included in the initial and total funding of new programs.

That this report was received by top Agency officials without acclaim is understandable. It was based on no in-depth analysis of Center problems; it offered no alternative to a rapidly rising allocation of resources to NPIC; and it didn't even provide details of the technical solutions envisaged or estimates of their cost effectiveness. Thus, senior Agency managers, who were so hard pressed by the Bureau of the Budget about the soaring cost of the NPIC operation, found that the scientists couldn't help them out of their dilemma.

Ironically, they ultimately did the one thing the scientists told them to avoid; they turned to a budgetary solution of the problem.

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STATUS REPORT BY THE EXECUTIVE DIRECTOR-COMPTROLLER

On 9 August 1965, while the DDI was still considering his definitive response to two of the IG's recommendations, the proposal for a COMEX and a separate T/O-- as the DDI expressed it--for the CIA detachment, the Executive Director-Comptroller, L. K. White, prepared a memorandum for the DDCI advising him of the status of actions taken in response to the IG's recommendations on NPIC. Though he identified

Executive Director-Comptroller. (Executive Registry 65-4586), Memorandum for the DDCI, NPIC - Status of Actions Taken in Response to IG Survey of NPIC, 18 June 1965, 9 August 1965. (SECRET)

certain specifics, this was not a perfunctory item-by-item accounting of each recommendation. Rather, it took the broader view of where the DDI and NPIC stood in the prospective solution of the "NPIC Problem." What the Executive Director-Comptroller found, in this context, was not reassuring. He said that the DDI/NPIC comments on the IG's recommendations did not impress him as being bold or imaginative enough to solve the complexities of the "NPIC Problem" in a minimum of time.

Stat 1
vms ~~In highlighting and discussing major issues, White probably defined the "NPIC Problem," as senior Agency managers saw it, better than any other documented source.~~

He spoke, first of all, of the specter of an NPIC the size of NSA. Though he expressed some interest in the possibility that the DOD might take over as Executive Agent should NPIC get that big, he rejected this as a short-term solution. He said that since CIA knew more about NPIC than anyone else, and should, therefore, be able to achieve a quicker solution, it was not in the national interest to consider such a change at this time. Moreover, White stressed, any such transfer of responsibility at that time would be an admission of failure by CIA to manage NPIC properly.

Having decided that the "NPIC Problem" should be solved by CIA, White observed that a number of studies had to be undertaken simultaneously to determine what augmentation of NPIC resources was needed and how fast it could be accomplished

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effectively. He saw these studies falling into one of three categories: inter-agency; CIA-intra-Agency; and DDI/NPIC.

Among interagency problems, White listed requirements, other photo interpretation facilities, and the COMEX/COMOREX. This, incidentally, was the first documented use of a name, though not the one ultimately adopted, for the combined COMOR-COMEX for which Knoche opted in his 2 July 1965 staff study on the "NPIC Problem." With reference to requirements, White expressed concern about how to get "realistic" rather than "idealistic" ones. He asked what other interpretation facilities were available in the DOD or in the UK to assist in answering national requirements, how to assess their capabilities, and how to coordinate their joint efforts. He wondered how to get a quick resolution of the COMOR/COMEX/COMOREX question and suggested the appointment of a full-time, hard-driving interagency committee to get the answer. In this, he proposed that CIA take the lead.

White listed R&D and questions of organization and numbers of personnel as among those that could be solved by CIA, with or without external private assistance. He had a whole series of cogent questions about R&D that extended from specifically what was to be researched or developed to how to go about planning and managing an acceptable NPIC R&D program. As far as NPIC personnel were concerned, he wondered how to determine the size of the increase as well as the source of the people. In addition, he pointed to the need for new construction were the increase to exceed approximately 300 persons.

In the DDI/NPIC category, White spoke of an evident need for better management of the Center as a national asset. He said the situation must be corrected and asked, provocatively, what was being done about it.

White closed with the expressed hope that the questions raised in his memorandum might assist in stimulating thought about how the problems could be solved.

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He expressed serious doubt about how quickly substantial progress could be made, if it lay in the hands of those who were busy with other pressing duties. Nevertheless, he recommended to the DDCI that a copy of this memorandum be sent to the DDI and that the latter respond by 21 August how he proposed to attack those problems which required interagency or intra-Agency participation. The DCI and DDCI endorsed these two recommendations.

REACTION OF THE DDI

On 24 August 1965, the DDI responded to the DCI, with emphasis on the inter-agency aspect of what he called the "NPIC expansion problem." Thus, like the

DDI. (Executive Registry 65-4881), NPIC, 24 August 1965. (SECRET)

Executive Director-Comptroller, his response was addressed to the larger picture, though in a still more selective way.

He commenced with the assumption that there would continue to be a national Center under control of the DCI, and that, as a minimum, it would do first-and-second-phase exploitation, i.e., the "immediate readout" of incoming photography. The DDI ventured the opinion that this ^{portion} ~~position~~ of the national effort could be carried on for the next two or three years without an "enormous expansion" in facility or staff.

It was in the case of third-phase exploitation ("detailed reports") that the DDI professed to see the big problem in setting the bounds of work appropriate for the National Center. At the same time, he expressed the opinion that the solution to this lay in a stricter screening of requirements levied on the Center. The screening, according to the DDI, should be done by a USIB subcommittee. Like Knoche, the DDI indicated a preference for an expanded COMOR to assume the added

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task of coordinating the exploitation and collection effort. He went one step further. He suggested that the USIB subcommittee be named the Committee on Imagery Requirements and Exploitation, or COMIREX. This was the first documented record of the name eventually adopted. It appealed to the DDI because it got away from the connotation of photography alone and conveyed, at least indirectly, the impression of other sensors as well. The DDI further advised the DCI that he had arranged for a full-time Chairman for such a committee and suggested, as the prospective incumbent, Colonel (later General) William Tidwell, then on detached duty in Saigon. Tidwell was later to become the first Chairman of COMIREX. Incidentally, in this same memo the DDI made an unsuccessful attempt to enlist support for changing the name of the National Photographic Interpretation Center (NPIC) to the National Imagery Analysis Center (NIAC).

The DDI further counseled the need for a CIA detachment as well as a National Center under Agency auspices to provide a capability to do detailed exploitation in support of CIA, as opposed to national, needs. He ventured the opinion that the strength of the existing CIA detachment in relation to the national organization at NPIC was about right and should be preserved as the Center grew.

On the basis of the foregoing reasoning, the DDI proposed that the number of persons at NPIC be increased to , including 200 DIA employees assigned to^{50X1} work in the Center. Though he did not say so explicitly, it seems apparent that he meant the CIA employees to include those in the CIA detachment. He also^{50X1} suggested evicting U.S. Geological Survey personnel from their quarters on the sixth floor of Building 213 and renovating that space at a cost of \$1.5 million to accommodate the additional NPIC employees. He spoke of his suggested personnel ceiling as a "first plateau", which seemed to him fully justified in view of the

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expected workload and his belief the augmentation could be achieved promptly. He stated more specifically that, given a vigorous recruiting program along the lines suggested by the DCI and already being planned by the Office of Personnel, the proposed level of staffing could be reached by the end of FY 1967.

As the DDI saw it, a decision to approve the concept of working toward a "first plateau" would buy time for consideration of where to go from there without assuming the ill defined risks inherent in standing still until the long range problem, in all its complexities, was solved. The DDI thought the latter decision could be reached in another year. By that time, he predicted, there should be sufficient working experience with the new COMIREX, and the survey of existing PI facilities and their potential role in a coordinated photo exploitation effort being undertaken at the request of the DCI by John Bross, Deputy to the DCI for National Intelligence Programs Evaluation, should have been completed. The DDI also acknowledged the intention of the Bureau of the Budget to request a joint CIA-DIA survey such as the one ^{just} mentioned. The DDI observed that, if a decision should be made later to increase the national exploitation effort beyond the "first plateau," ^{one} the question would be whether to augment personnel and construct new facilities for NPIC or ^{to} incorporate some of the existing military PI facilities in the national program. Of the two alternatives, the DDI unhesitatingly ^{stated} expressed a preference for the latter course of action.

The DDI expressed hearty agreement with recommendations of both the IG and the Land Panel concerning the need for increased emphasis on Center R&D. He spoke of his plans to initiate two contractor studies of NPIC, one to deal with the existing operation and short-range improvements thereto, the other to deal with operations in the period two to seven years in the future. He said he had already

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enlisted the help of Dr. [redacted] of the DDS&T to assist in re- 50X1
view of the Center R&D program, thus demonstrating his responsiveness to sugges-
tions that as much use as possible be made of know-how elsewhere in the Agency
to solve NPIC problems. He also confidently predicted a broadening of NPIC re-
search and development to include such fields as human fatigue, man-machine re-
lationships, and the like, thus answering objections that Center R&D had been too
narrowly concerned with developing equipment.

Before closing, the DDI reported that NPIC was moving ahead with the impli-
mentation of many of the IG's recommendations. He said that the Director, NPIC
had, in response to the DDI's request, freed a small group of key staff officers
from their accustomed tasks and put them to work on the various facets of the
overall problem. He indicated that [redacted], had been named by 50X1
the Director, NPIC, to head this task force. Incidentally, [redacted] was to re- 50X1
port three times between 16 September and 24 November 1965 on the accomplishments
of this group before the pressure relaxed sufficiently for task force members to
return full time to their regular duties.

In his memorandum, the DDI requested that the DCI approve in principle the
foregoing approach to solution of the "NPIC Problem," including, specifically, the
proposed ~~personnel~~ authorization [redacted] ¹⁰⁰⁷⁵ For FY 1967. On 31 August, one week after 50X1
the date of the DDI's memo, L. K. White, the Executive Director-Comptroller, pre-
pared a one-page brief for the DCI, summing up the major proposals in the DDI's
memo and recommending approval. The DCI approved the proposals on 1 September.

It may be asked why this proposal was endorsed by White and approved by the
DCI. It was based on no personal observations. It accepted, without question,
the major thrust of NPIC claims that a dramatic increase was needed in staff to
handle the projected workload, at least in the next two years. The number of

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persons projected for FY 1967 was 1300, only three percent less than the comparable figure in the Center five-year projection. Though no direct comparison was possible between the DDI's projection and that of E. H. Knoche in his 2 July, 1965 memo, since Knoche gave a figure only for FY 1970, it is interesting to recall that Knoche's projection for 1970 was about 60 percent of the comparable NPIC total. The impression conveyed by these two sets of figures was clear. Knoche challenged the Center projection ^{much} as too high; the DDI did not. This message could scarcely have failed to penetrate the consciousness of those in higher authority.

In R&D, too, the DDI could do no better than accept without question the IG's claims that NPIC R&D was too narrowly based and too parsimoniously funded. He didn't even have an idea of his own about what to do next. Instead, he adopted some one else's suggestion, in this case that of the Land Panel, to have not one, but two, systems studies of Center operations by outsiders. Quite apart from the appearance of managerial bankruptcy, this course of action unequivocally promised just one thing--long delay in getting on with the job.

There were, however, some points in its favor. It divided the problem into two parts and sought immediately to undertake only a limited augmentation. It thus avoided a definitive commitment to embark on an even larger long-term expansion. Since no one in higher authority had any idea at this juncture[†] just what to do either, it had the virtue of buying a little time. Moreover, in the longer term solution the DDI was perceptive enough to express a preference for what he must have known would be regarded by his superiors with favor, namely, the sharing of the national level workload by military photo interpretation organizations. There was an even more important reason. White had hinted it in his 9 August 1965 memo when he said that "at least at this point in time" the

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DDI was the one who should be responsible for recommending solutions. In other words, there was as yet no other attractive alternative.

The approval by the DCI of the DDI's recommendation for an approach to the solution of the "NPIC Problem" -- though it proved in hindsight to be no such thing -- marked the end of the initial flurry of high-level activity generated by the IG's report. During the next four months, further work on these issues was to consist primarily of an interaction between the DDI and NPIC on specific problems. The broader "NPIC Problem" was not destined, however, to simmer down. It was to boil over in yet another area, that of the budget, and involve the Agency, as well as the Center in an embarrassing denouement with the Bureau of the Budget.

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CHAPTER 3INTERIM RESPONSES AND ACTIONS

During the period from September 1965 to January 1966, when the first definitive change was made by top Agency management, the progress being made by the Center in implementing recommendations made by the IG and the DDI as well as certain other matters of general import were reported in a series of three memos from [redacted] to the DDI. These and other documents 50X1

[redacted] Progress Report - NPIC Problems, 16 September 1965 50X1
(SECRET)

[redacted] Second Progress Report - NPIC Problems, 28 September 1965. (SECRET) 50X1

[redacted] Third Progress Report - NPIC Problems, 24 November 1965. (SECRET) 50X1

of the same period record the few successes and the many failures of the Center to solve its problems in the absence of ~~approved goals~~ ^{specific objectives} and perceptive guidance from higher authority, notwithstanding the 24 August proposal of the DDI and its endorsement by the DCI. Among actions generated by the IG report were those relating to research and development, personnel, ~~community relations with NPIC,~~ ^(between the Intelligence Community and) training, and overtime. In addition, the NPIC budget for FY66 and FY 67 and space for an expanding Center were the object of much attention, some of it extremely damaging to the NPIC position.

/RESEARCH AND DEVELOPMENT

The NPIC R&D program was a matter of prime importance in everyone's mind. Not only was it a large item in dollars, but it held the key to further automation in the Center with its potential for increasing productivity and reducing manpower.

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Moreover, in consideration of lead time needed to attain many of the goals, ~~to be set~~, it was a problem that begged for early attention.

As might be expected in view of the predominantly administrative approach to the "NPIC Problem", the reporting by NPIC of progress in R&D matters revealed a preoccupation with questions of management. Most pervasive was the contest between the Center and the DDS&T as to how the expertise of the latter directorate was to be brought to bear on the solution of Center problems. The job must have seemed straightforward enough to higher authority, if, indeed, they may not have been intrigued by the possibility that here was a chance to demonstrate the incompetence of the Center and the indefer^{iv}isibility of its claims. The results, at least at this time, were not ~~to be~~ that conclusive. The Center entered negotiations with some reluctance and with great reservations, particularly over the possibility of losing control of its R&D program. The DDS&T, according to the Center, made a power play to do just that. With such parochial views and with lack of mutual trust, little progress was realized. Incidentally, [redacted] who was briefly employed by the Agency in the DDS&T at this ti^{50X1} was in and out of the Center frequently as DDS&T ^{fact finder} representative on NPIC R&D matters, but, as late as 24 November, [redacted] indicated that the Center and the DDS&T^{50X1} still unable to agree on a definition of [redacted] responsibilities. 50X1

On 21 September, the Executive Director - Comptroller was briefed on the Center's five-year R&D program. According to [redacted], White seemed intereste^{50X1} satisfied with the "presentation" and promised his assistance in carrying out the "automation" of the Center. It may be significant that [redacted] said "present^{50X1}" and not "program."

[redacted] 50X1
The 24 November report also spoke of the Director, NPIC and his Executive Director having made a decision on the letting of systems analysis contracts. One

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was to go to the Decision Studies Group, who were to produce a simulation model for evaluating the impact of specific functions or changes in functions on Center operations. Another was to go to United Aircraft, to automate further the storage and retrieval of Center information. The latter contract involved painfully detailed work and many unknowns; it was still far from complete by the time the "NPIC Problem" was "solved." The former study was more general and less involved technically. It encountered serious problems, however, some internal to the Center and others to its own contractor organization. The chief result was a report, issued 18 months later, whose value was a matter of controversy.

PERSONNEL

Recruitment was also a matter of high priority interest, since the Center was then under even its currently authorized strength. The Executive Director-Comptroller had observed with concern, in his 9 August 1965 memo, that although the Center had an authorized ceiling of [] since May 1964, the net gain in over a year had been but [] persons, and the on-board strength as of August 1965 was only about []

The Center addressed itself to the problem of recruitment with no apparent reservations. The Office of Personnel likewise offered its support wholeheartedly. In his 16 September memo, [] was able to report that the Center had proposed to carry out almost all aspects of contracting, recruiting, and processing with the help of experienced Office of Personnel employees detailed to work in the NPIC Support Staff, and that the proposal had already been approved in principle by the Office of Personnel. In addition, one senior recruiter, [] had reported for duty at NPIC the previous day. Subsequent recruitment plans and

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actions described by [] in his later progress reports included a detailed 50X1 Center proposal for expansion of the NPIC Support Staff to handle recruitment, and a mass advertising campaign in newspapers across the country.

Director, NPIC. NPIC/D-190-65, Personnel Recruitment for NPIC, 22 September 1965. (SECRET)

The Center also took action on the grade structure in technical components as recommended by the IG. Job descriptions and justifications were submitted to the Chief, Salary and Wage Division for five new positions with SPS grades, and [] 50X1 reported on 24 November that the first reaction was encouraging. The Center did even better with GSS grades. Certain of the film-evaluation jobs were approved on the spot for GSS rating by the Chief, Salary and Wage Division, and the latter individual agreed to submit to the Director of Personnel for his approval a Center proposal to include certain photogrammetrist positions under the GSS pay scale.

On the proposal for the establishment of an NPIC Cooperative Educational Program, the Center also took action. In a 10 November 1965 memorandum to the DDS, the Director, NPIC sought approval for establishing such a program, with provision for a maximum of 20 undergraduate and 5 graduate students in such fields as mathematics, photogrammetry, optical science, and computer programming.

Director, NPIC. NPIC/D-228-65. Establishment of an NPIC Cooperative Educational Program, 10 November 1965. (SECRET)

COMIREX

Though matters concerning Community relations were not among those the Center could be expected to solve directly, they were of the utmost significance. It is, therefore, worth noting that [] reported in his 16 September memo the f50X1

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of what he said would be regular meetings with Colonel Tidwell concerning the functioning of a COMIREX and the production capability of the Center. This was, of course, another problem area in which the Center was in general agreement with the ~~course of~~ action recommended by the IG.

NSCID No. 8

In his 24 August 1965 memorandum, the DDI spoke of the desirability of assigning to NPIC responsibility for exploiting materials collected by other image forming sensors, [redacted] He further called for a ^{50X1} revision of NSCID No. 8 to make this clear. This position was one in which the Center concurred; it was also a recommendation made by the IG in the EYES ONLY supplement to his report. Accordingly, [redacted] reported in his 16 September ^{50X1} memo that he had assigned three senior NPIC persons the task of drafting a proposed revision of NSCID No. 8 to incorporate this change. This effort proved ^{un}productive, however. Doubtlessly, the Agency was reluctant to become involved in renegotiating the NSCID at a time when it had quite enough other NPIC problems on its hands. Moreover, top Agency management could hardly view with enthusiasm at this time any proposal to enlarge the responsibilities of NPIC or to transform its function from interpreting to analyzing information.

COORDINATION WITH COLLECTORS

This was a minor theme that carried through all three of [redacted] progress ^{50X1} reports. By 24 November, he was able to report that the Center had ready for approval by the Executive Director and Director, NPIC, a proposed agreement between NPIC and NRO for Center participation in the design of collection systems.

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NPIC. [Draft] Letter, with Draft of Agreement, from DCI to Director, NRO, for the DCI's signature, 23 November 1965. (SECRET--Handle via BYEMAN System Only)

In shaping up the tentative agreement, Center representatives worked with James Q. Reber, a long-time friend of NPIC, who had recently been named deputy to Dr. Flax, the Director, NRO. Though drawn up, the agreement was never formally approved and implemented because of the dramatically improved relations between the Center and NRO as a result of Reber's influence.

FIELD READOUT TEAMS

Though Center managers had little enthusiasm for engaging in a contest with the Department of Defense over this issue, they dutifully responded to the expressed wishes of the DCI for NPIC to submit plans for sending field readout teams to world trouble spots where tactical needs of significance to national intelligence problems demanded such effort. On 24 November, was able to re^{50X1}port that the completed staff study proposing such NPIC participation was awaiting approval by the Executive Director and Director, NPIC. Like the NPIC-NRO agreement, this proposal came to nought, perhaps because of anticipated strong objection from the DOD.

BRIEFING FOR DIA

One example of the growing interest in encouraging greater support of NPIC by the Department of Defense was the briefing of Generals Taylor and Maples of DIA by the Director, NPIC, and his Assistant for Administration on 24 September 1965. This briefing was the outgrowth of an earlier meeting between the DDI and General Joseph F. Carroll, Director of DIA, at which time problems facing NPIC over the next five years were discussed. The follow-up briefing of Taylor and

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and Maples was for the purpose of explaining the current status of NPIC planning and the operation of the Center Management Information System, which provided the data on which NPIC projections were based. In his progress report of 28 September, [] noted that the briefing had gone well. He also reported that both general^{50X1} returned to a theme previously expounded by Maples, namely, that the Center should devote most, if not all, of its efforts to the immediate exploitation of photography, leaving the detailed work to departmental elements. Predictably, the Center briefers opposed the idea "rather forcefully" and gave reasons for their objections. On 20 August 1965, in a position paper attached to an NPIC study on changes in detailed reporting versus Center manpower for the DDI, NPIC had taken a strong position in favor of continuing Center "detailed" reporting. The last

NPIC. TCS-12271-65, Effect of NPIC's Manpower Needs if the Detailed Reporting Responsibility were Altered, 20 August 1965. (TOP SECRET--Handle via TALENT-KEYHOLE Channels Only)

conclusion in this paper stated that the nub of the matter was people and money, and suggested a more equitable sharing of costs by the prime beneficiaries to ^{solve} share the problem. It is possible that the contents of the NPIC memo were discussed by the DDI with General Carroll at their meeting, and that this renewed the interest of General Maples in Center detailed reporting.

As a follow up to the briefing, the Director, NPIC, sent a memo to General Carroll on 30 September, referring to Carroll's meeting with Cline and the subsequent briefing at NPIC of Generals Taylor and Maples. Lundahl suggested that Carroll might be interested in being briefed himself and offered to do so if Carroll could fit the briefing into his schedule. At the same time, he enclosed a copy of the entire NPIC five-year projection report.

It is, thus, clear that the Center was responding to the desire by higher authority to encourage closer collaboration between NPIC and DIA, including a

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greater involvement by the latter in manning and funding Center operations. It is apparent that NPIC was also taking the opportunity to ensure that the only plan for the future available -- the NPIC five-year plan -- was in the hands of DIA.

ORIENTATION COURSE

On 24 November, [] reported that revision of the Center orientation^{50X1} course was well under way, and that it would be recorded and automated. He added that it was expected to be ready by early the following month, but that, although expanded, it would not be lengthened to a full week. This was the action adopted by NPIC in response to the IG's recommendation that the internal orientation course be expanded.

NPIC OVERTIME

In his first progress report, [] spoke hopefully of the intention of 50X1 the Center to analyze the overtime problem for the purpose of determining NPIC needs as well as how to achieve an equitable solution of the question of overtime pay for Agency and DIA employees. No follow up was indicated in subsequent reports. In spite of good intentions, the question of overtime was one that could not be solved without a change in reporting procedures affecting a broad spectrum of customers throughout the Intelligence Community. The climate needed to bring about significant change did not exist at this time either within or without NPIC.

BUDGET

During the late summer and fall of 1965, fluctuations in the number of persons and amount of funds planned or authorized for NPIC in FY 66 and FY 67 called for the expenditure of much effort by Center planners and managers. In part these

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fluctuations resulted from the failure of senior Agency managers to set clear-cut goals for NPIC and to draw up a plan for attaining them; in part they resulted from the Johnson "economy" drive; and, in part, they resulted from the very special attention devoted by the Bureau of the Budget to overhead reconnaissance in general and to NPIC in particular. Though partisans of the Center could certainly point to an apparent predilection on the part of the Bureau of the Budget to become unduly involved in the authorization of people and funds for Center operations, NPIC missed more than one opportunity to demonstrate conclusively that it knew more about the planning factors involved than did Bureau of the Budget personnel. In any case, repeated revisions of assets to be allocated to the Center for FY 66 and FY 67 were demoralizing and diverted management from what might have been more constructive work.

Thus, on 3 August 1965, the Chief, Management Services Staff, NPIC, noted in a memo to the Executive Director, NPIC, that the CIA Office of Budget, Program Analysis and Manpower (OBPAM) had advised NPIC of authorization to budget \$19.6 million and [redacted] positions for FY 66. These figures represented 120 positions and nearly ^{50X1}

Chief, Management Services Staff, NPIC. Preparation of the Budget, 3 August 1965. (SECRET)

\$3 million more than those allowed under the Congressional Budget, on which the initial NPIC operating budget for FY 66 had been based. Accordingly, Center

Director, NPIC. NPIC/D-94-65, National Photographic Interpretation Center FY 1966 Operating Budget, 17 May 1965. (SECRET)

managers, led by the Chief, Management Services Staff, prepared detailed plans for allocating the additional positions and monies. Similar plans were made for an additional [redacted] positions authorized for budgeting purposes by OBPAM for FY 67. ^{50X1}

Chief, Management Services Staff, NPIC. Preparation of the Budget, Part II, 4 August 1965. (SECRET)

In the meantime, the Center, responding to a 28 July 1965 request by the Chief Budget Division, OBPAM, was busy identifying its lowest priority programs equal to 20 percent of funds budgeted for FY 1966 and 1967. This request was the result of

Chief, Budget Division. Call for Office Budget Estimates, Fiscal Year 1967 Supplement No. 1, 28 July 1965. (SECRET)

a general order, pursuant to Bureau of the Budget Circular A-44, revised, for every agency of the government to institute a program of "cost reduction." On 16 August 1965, NPIC responded by placing in this category all non-PI production of both NPIC and the CIA detachment, all CIA departmental PI exploitation, and one-third of the national "detailed" PI effort for FY 66 and 60 percent of the planned "detailed" capability for FY 67. In his letter of transmittal, the Acting Director, NPIC said

Acting Director, NPIC. NPIC/D-161-65, Listing of Lowest Priority Programs in NPIC Office Estimates, 16 August 1965. (SECRET)

that he calculatedly exempted the NPIC R&D program because it had repeatedly been curtailed in previous years. He also pointed to the fictitious character of the potential "savings" in view of the cost of duplicating NPIC equipment and operations elsewhere.

On 30 August 1965, the Acting Director, NPIC, sent a memo to the Director, OBPAM, explaining in detail how the Center planned to use the additional \$3 million in FY 66, should such funds be made available. Generally speaking, what the Center

Acting Director, NPIC. NPIC/D-180-65, Use of Contingency Funds in NPIC FY 1966 Operating Budget, 30 August 1965. (SECRET)

proposed was first to provide for increased costs related to the additional^{50X1}

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positions and the expected increase in workload, and then to spread the rest, a little more than one and one-half million dollars, selectively over the 15 major NPIC R&D categories. Among other data shown in this memo were comparative figures in the original and revised FY 1966 budgets for total number of positions, average employment, and average salary. With a ceiling of [] positions, the initial 50X1 estimate of average employment was [] more positions the later es-50X1 timated average employment was [] This was a discrepancy, 50X1 that Bureau of the Budget personnel were to challenge later to the embarrassment of NPIC and the Agency.

On 20 September 1965, the Chief, Budget and Financial Analysis Branch, Management Services Staff, NPIC, noted in a memo for the record that he had just received work from OBPAM that the NPIC FY 67 budget had been cut approximately [] 50X1

According to his informant in OBPAM, this reduction was recommended by the Budget

Chief, B&FAB/MSS/NPIC. Agency Reduction in FY 1967 Office Estimates,
20 September 1965. (SECRET)

Division, OBPAM, in view of Agency "budget problems," and was concurred in up to the DCI. The Chief, B&FAB, was also informed that the foregoing information was transmitted to the DDI on 15 September, though no such information had been vouchsafed to NPIC by the DDI. The Chief, B&FAB, added that OBPAM was requesting a revised NPIC R&D program schedule reflecting the new, lower total for NPIC Research and Development. It was apparently to this latter request that the Center owed thanks for having been informed at all about the cut.

On 22 September the NPIC Assistant for Administration, [] 50X1 sent a memo to the Chief, Administrative Staff, O/DDI, justifying the 120 FY 1966 NPIC positions authorized by OBPAM and summarizing, by functional category, how they would be used. His justification for the positions, about two-thirds of which

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(Seventy-Five)Assistant for Administration, NPIC. Justification for Additional 120 Positions in FY 1966, 22 September 1965. (SECRET)

were scientific or technical, was based on the NPIC five-year budget projections of April 1965 and the NPIC White Paper. He also pointed to the reviews of NPIC operations and problems by the IG and the Land Panel as well as to the fact that both had concluded that, if anything, the NPIC projections were probably conservative. He specifically stated that these 120 positions were regarded by NPIC as the first step in a long-range augmentation intended to achieve the goals set by NPIC in its five-year plan. Thus, senior Agency managers were engaging in a proposed buildup of Center personnel which had been triggered and was now being justified by a plan they had already rejected. The real justification, in their eyes, was the prudent hedge proposed by the DDI, but they were still without evidence acceptable to them and to other critics of the Center to prove the need for such a course of action. Later events were to prove that this was not a strong position from which to negotiate with the Bureau of the Budget.

One day later, on 23 September 1965, the Chief, Management Services Staff, NPIC, noted slight revisions suggested by OBPAM in the allocation of the \$3 million of contingency funds in the NPIC FY 1966 operating budget as proposed in the memo of the Acting Director, NPIC on 30 August. The changes were inconsequential and

Memorandum for the Record, Allocation of the Additional \$3.0 Million for the FY 1966 Budget, 23 September 1965. (SECRET) 50X1

appear to have been strictly pro forma adjustments intended, perhaps, to achieve consistency with the treatment of similar items elsewhere in the Agency budget.

If this seemed encouraging, it was soon to prove a false hope.

On 11 October 1965, William Thomas and Donald Smith of the Bureau of

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the Budget were briefed by [redacted] on the 50X1
 [redacted] additional NPIC positions proposed for FY 1966. This briefing seemed to have 50X1
 aroused questions in the minds of Thomas and Smith concerning the validity and
 manipulation of NPIC data as well as the assumptions on which Center projections
 were based. It was apparent, for example, that Thomas and Smith subsequently
 pressed the CIA Office of Budget, Program Analysis, and Manpower for an explana-
 tion as to how a proposed increase of [redacted] positions at NPIC would yield a net 50X1
 increase in average employment of only [redacted] [sic] persons. In an 18 October 1965
 memo to the Director, OBPAM, [redacted] explained that the earlier figure of [redacted] 50X1
 was in error and that the later figure of 875.9 [sic] was correct. He suggested
 that in responding to Thomas, OBPAM instead stress that the Center expected to

Assistant for Administration, NPIC. Justification for Additional 120 Positions
 in FY 1966, 18 October 1965. (SECRET)

realize a net increase in average employment of [redacted] over the actual FY 1965 fig^{50X1}
 He also mentioned the stepped up NPIC recruitment program and the need for obtaining
 approval of the [redacted] if the recruitment effort just commencing were to be 50X1
 sustained.

At the close of the 11 October briefing, Thomas had requested a copy of the
 FY 1966 manpower utilization projections presented at the briefing. In addition,
 he asked for similar data on the actual utilization of manpower in FY 1965. These
 data, together with some carefully qualified FY 1966 projections based on the
 actual first-quarter experience, were forwarded by [redacted] on 20 October to the 50X1
 Director, OBPAM for transmittal to Thomas at his discretion. Request for this

Assistant for Administration, NPIC. TCS-13132-65, NPIC Manpower Estimate for
 FY 1966, 20 October 1965. (TOP SECRET--Handle via TALENT-KEYHOLE Channels Only)

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information, which included assumptions concerning film inputs and average number of persons engaged or expected to be engaged in each of nine functional categories, revealed an inordinate concern by Thomas in the fine details of Center staffing.

Thomas and Smith returned to NPIC on 28 October for what [] characteri50X1 zed in his 24 November progress report as "the most exhaustive and intensive review we have ever had," including questions that got down to "specific items of equipment." At this ~~Budget~~ ^{on the FY 67 budget,} hearing, the Center was asked to submit supplementary information concerning computer rental estimates and the R&D program. In an 18 November memorandum to the Director, Planning, Programming, and Budgeting, forwarding to him the information requested by Thomas, [] pointed out tha50X1 the estimates on computer rentals had already been submitted and that he was enclosing information on the stereo-comparator contract and all items of equipment having a gross estimated value of over \$200,000. He added a plea for understanding

Assistant for Administration, NPIC. Supplementary Information on NPIC FY 1967 Budget Estimates, 18 November 1965. (SECRET)

in view of the difficulty of such precise planning in the face of so many variables, including a succession of new target budget figures. He closed with a reminder that the list of equipment submitted by no means fulfilled the real needs of the Center, particularly for automating the PI process as desired by the DCI.

[] noted in his 24 November progress report that he had several requ50X1 from Thomas for further information following the 28 October briefing. He predicted that Thomas would recommend to his superior disapproval of the full NPIC FY 1966 and FY 1967 manpower requests. [] was soon to be proven at least half rig50X1 The budget item in his 24 November progress report indicated, in a parenthetical comment obviously added after the memo was drafted, that he just had heard Thomas disallowed the "entire FY 1966 increase."

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The reverberations following this decision continued for at least several days. On 30 November, [] wrote a memorandum for the record noting that 50X1 the DDI called the Director, NPIC, on 29 November asking for information by 0900 the next day on how many of the additional 120 NPIC positions for FY 1966 would be used for work on China and Vietnam. The DDI said he needed the

Assistant for Administration, NPIC. Memorandum for the Record, DDI Request for Information on Distribution of 120 positions for FY 1966, 30 November 1965.
(SECRET)

information for a discussion with the DCI on 30 November. There is no indication that any attempt was made to use this information as the basis for an appeal to the Bureau of the Budget. The Center estimated that [] positions 50X1 would be used for work on China and [] on Vietnam. Such small numbers were ot 50X1 viously within the "noise" level when the entire complement of NPIC employees was considered.

The FY 67 budget fared no better. The NPIC five-year plan of 9 April 1965 had projected a need for [] 50X1 was for R&D. In his 4 August 1965 memo, "Preparation of the Budget - Part II," the Chief, Management Services Staff, NPIC reported that, considering realities of the recruitment effort, he and the Chief, OBPAM, had agreed to budget for [] 50X1 positions in FY 67. A 9 November 1965 memorandum for the record prepared by the Deputy Chief, Management Services Staff, NPIC, noted that the [] 50X1 jection for R&D in FY 67 had been reduced t [] is a result of an in- 50X1 ternal Agency review. This memo for the record also noted a telephone request

Deputy Chief, Management Services Staff, NPIC. Memorandum for the Record, Reduction of NPIC's FY 1967 Budget Requests, 9 November 1965. (SECRET)

on the afternoon of 5 November from the Chief, Administrative Staff, O/DDI, requesting by 1530 that day information on the effect of ⁿ a cut of an additional

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[] on the NPIC planned program.

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The response to the foregoing request pointed out that the reduction would have to come out of funds allocated for R&D and equipment. The Center proposed reducing the R&D budget by \$2 million and the funds allocated for purchase of PI equipment by one million dollars. Coupled with the previous Agency cuts, this would mean a reduction of one-third in R&D funds and 60 percent in those for purchase of equipment, compared with the initial NPIC requests. The Center pointed out that such cuts were contrary to the recommendations of all experts who had examined Center operations, including the IG and the Land Panel. The result of such cuts, according to NPIC, would require a rephrasing of the entire R&D program and result in an inability to provide photo interpreters with new equipment needed for efficient operations.

The final blow was recorded in a memorandum for the Director, Planning, Programming, and Budgeting from the Director, NPIC, dated 2 December 1965. Lundahl

Director, NPIC. BYE 60692-65, Memorandum for Director of Planning, Programming and Budgeting, Comments on the Bureau of the Budget Reductions in the NPIC Fiscal Year 1967 Estimates, 2 December 1965. (TOP SECRET/CORONA/OXCART--Handle via BYEMAN System Only)

noted that he had been advised of reductions made by the Bureau of the Budget in the NPIC budget for FY67. The R&D program was cut by \$2,850,000 and the Plans and Development Staff by 13 positions and \$50,000. The number of CIA positions in NPIC was set at [] Once again, [] ^(to be) proved a better prophet than mediator. 50X11

The foregoing memorandum was also notable for the strong position taken by the Director, NPIC in defending the needs of the Center as stated in the 9 April 1965 five-year plan. He reviewed the numerous proposals and counterproposals that marked the preparation and review of the FY67 budget to date, and he related the successive cuts to the contrary views of the IG and the Land Panel. He then raised some very

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cogent questions about the implications of these cuts for the future of the Center. Most fundamental was the question of whether the Center would still be able to meet the responsibilities placed upon it by NSCID No. 8. The Director speculated that the long-term effect of the FY 67 reductions would likely be a diffusion of PI exploitation in response to national requirements among other components in the Intelligence Community. Unfortunately for the cause of centralized exploitation, he proved to be a good prognosticator. ~~The potential beneficiary of the change, the Department of Defense, could begin preparations for victory.~~

Like the adverse decision on the FY 66 budget, this one triggered some sentiment for a reclamer. On 11 December, the NPIC Assistant for Administration submitted to the Director of Planning, Programming, and Budgeting a draft for an appeal by the DCI to the Bureau of the Budget. Though the paper was lucidly written, it

Assistant for Administration, NPIC. [Draft Manuscript for an Appeal of BoB Cuts in the NPIC FY 67 Budget,] 11 December 1965. (TOP SECRET/TALENT-KEYHOLD--Working Paper)

contained no new information and was unlikely to change the minds of Bureau of the Budget officials who had already reached a decision based on detailed evidence judged by them to be ~~conclusive~~ conclusive. There is, indeed, no indication that the appeal was ever made.

The fiasco over the budget during the fall of 1965 virtually foreclosed whatever possibility existed that allocation of resources to the Center might be justified on the basis ^{of} what was needed to carry out its mission under NSCID No. 8. That miscalculations and ineptness on the part of the Center were contributing factors cannot be denied. The whole NPIC approach, to overwhelm the opposition with facts and figures demonstrating the need for a several-fold increase in resources within a mere five years, was untenable. Powerful forces and/or adversaries were working to draw sharp

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limits to the number of people and funds that would be available to CIA. Ongoing programs in other Agency offices and directorates had to be kept alive. New faces in top-echelon Agency positions were far less familiar, and, therefore, far less understanding of the objective worth and importance of NPIC, whatever these may have been. The strident claims by NPIC for dramatically expanding resources were, in hindsight, totally unrealistic. If the Agency position was one of some reserve, it entertained, at least at first, the prospect of an expanding Center. The actions of Bureau of the Budget examiners, on the other hand, suggested hostility and bias against the Center, if not the Agency from the outset. Thus, on all counts NPIC was fighting a losing battle.

SPACE

The portion of Building 213 occupied by NPIC and the CIA departmental unit was judged adequate to accommodate [] persons. In addition to this, there was the ^{50X1} space occupied by the military tenants, who controlled most of the fifth floor, and the U. S. Geological Survey unit, which occupied approximately two thirds of the sixth floor. The latter lay outside the maximum security area and had not been renovated at the time Building 213 was prepared for NPIC occupancy.

Since Center budget figures current in the fall of 1965 postulated an on-board strength of [] NPIC and CIA departmental employees by June 1967, it was apparent ^{50X1} that plans should be made to accommodate an additional [] persons. More than that, the ^{50X1} possibility that there might be further substantial growth also had to be considered. Obviously, the date when NPIC and CIA/PID employees totaled [] would be an important ^{50X1} one, since some action, interim if not final, would have to be taken by that time.

~~The Center estimated that this point would have been reached by January 1967.~~

Preliminary discussions were under way between NPIC and the DDS and his Office

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of Logistics by late in the summer of 1965. In his first progress report, on 16 September, [] noted these discussions and spoke specifically of the possibility of taking over and renovating the space occupied by the U. S. Geological Survey unit. ^{50X1}

Space planning must have continued apace. On 28 September [] was able to identify January 1967 as the date when NPIC and CIA/PID would have outgrown their quarters. He also listed five alternatives for solving the near-term space problem. They were: 1) Move the Geological Survey and renovate their quarters (cost-\$2 million; time - 20 months); 2) extend the second floor out over the parking lot (cost - several millions; time - more than 30 months); 3) pour footings for a six-story building adjacent to Building 213-A, but construct only one floor (cost - several millions; time - 30 months); 4) move the CIA map library out of [] and give the 25,000 square feet thus available to NPIC (cost - not estimated, but least of any; time - six months); 5) provide NPIC 50,000 square feet in Rosslyn (cost - unknown; time - under one year). Of the five alternatives, NPIC chose number 3 because it provided collocation with the existing operation and the best option for further expansion. [] added that NPIC was considering the prospect of shift operations pending completion of the building. ^{50X1}

This somewhat informal report to the DDI on the several space alternatives being considered was followed by an NPIC Staff Study, which was forwarded to the DDS through the Director of Logistics on 3 November. This study discussed briefly the

Executive Director, NPIC. NPIC/D-223-65, Memorandum for the Deputy Director of Support, Staff Study - NPIC Space Requirements, 3 November 1965. (SECRET)

advantages and disadvantages of each alternative and recommended approval of alternative number 3, the construction of a one-story building adjacent to Building 213-A, on the site of the [] It added that the cost would ^{50X1}

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\$2.7 millions and revised the estimated time for completion downward to 24 months. In the discussion of alternatives, the Center pointed out that the production-line nature of NPIC operations demanded that the additional space be located in close proximity to Building 213. The alternative recommended satisfied this basic requirement as well as the opportunity for future expansion. Since the recommended site was located next to Building 213-A, which housed the utilities for the Center, this was another point in its favor.

[] noted in his last progress report, on 24 November, that the NPIC ^{50X1}space study had been completed and forwarded. He also added that Col. White thought it easier to obtain funds for renovation than for construction, especially in view of the impending review of photo interpretation activities in NPIC and in the entire Intelligence Community. White, therefore, tended to favor evicting the Geological Survey and renovating that space.

The NPIC Staff Study drew a response from the Director of Logistics, George E. Meloon, in a memorandum for the DDS, dated 1 December. Meloon concurred in the NPIC

Director of Logistics. OL 5 7206a (DD/S 65-6026), Memorandum for the Deputy Director for Support, Construction of Additional NPIC Space, 1 December 1965. (SECRET)

recommendation and enclosed the draft of a proposed memo for the DCI from the DDS requesting approval of the recommended project. In his memo, Meloon gave a breakdown of the construction costs and of the time schedule. He advised, without any hint of concern, that upon approval, presumably by the DCI, the Office of Planning, Programming and Budgeting would be notified and that they would ^{tell}notify the Bureau of the Budget and obtain the necessary funds. This sounded disarmingly simple. Meloon also said

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The profundity of the latter observation was perhaps a measure of the seriousness merited by the construction proposal. Nowhere in the record is there evidence that anyone asked any penetrating questions about the demonstrated need for such construction or the planning assumptions on which it was based. Whether deserved or not, the evidence left the impression that the whole proposal was one of routine response to untested claims. NPIC did have a potentially serious problem. The Center was correct in facing up to it and seeking a solution. The manner in which it was carried out, however, was not one calculated to withstand searching scrutiny. And much of the blame for the apparent lack of rigor lay outside the Center.

One skeptic was heard from on 16 December. John Clarke, Director of Planning, Programming, and Budgeting, sent a memorandum to the DDS, Robert L. Bannerman advising that until the NPIC manpower ceiling was set, there was little hope of obtaining funds for construction. He mentioned the study of Community PI facilities being undertaken by the Joint Imagery Interpretation Review Group (JIIRG) and the fact that the size of the NPIC manpower increase remained a policy question under consideration by the Bureau of the Budget. Obviously, the Director, PPB, was either better informed or possessed more political acumen than the other space planners. His sage observation marked the close of the initial phase of significant activity in response to the seemingly inevitable need of more space for NPIC.

The approach of the holiday season and the waning of activity generated by the IG report and Bureau of the Budget examiners must have been a relief, however temporary,

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to beleaguered NPIC managers. If it brought to a close the incessant demands for plans, figures, justifications and explanations, it was hardly a time for rejoicing. In spite of a vigorous display of the traditional NPIC spirit and a refusal to quit in the face of adversity, the Center was in trouble. The old charisma was lacking. NPIC responses were not tuned to the changing times. The Center still believed implicitly in its destiny, but its former allies did not. The feverish activity during the fall had met with little success. Some gains were realized in the fields of personnel recruitment, Community relations, and internal training. On the other hand, the budget hearings had been a catastrophe. Moreover, nothing of real substance had been accomplished toward solution of the "NPIC Problem." To those on the sixth floor of Building 213, with nothing more acceptable to guide them than their ~~battered~~ ^{repudiated} five-year plan, their troubles must have looked more like the "CIA Problem."

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