

Put in first paragraph from attached

When I assumed the responsibility as Director of Central Intelligence, I immediately organized a task force composed of:

Mr. Lyman Kirkpatrick, Executive Director-Comptroller, CIA;

DEPUTY
Mr. J. Patrick Coyne, Secretary, President's Foreign Intelligence Advisory Board; *and*

General Cortlandt ~~Van Rensselaer~~ Schuyler, *U.S. Army Ret.*

to work under my direction and with me in examining the activities, operations and management of each and every division and ~~department~~ *directorate* of the Central Intelligence Agency for the purpose of determining the need for the work undertaken and the efficiency with which the ~~departments~~ *directorates* were managed. The oral and written reports of this group have been most useful ~~in~~ to me and my Deputy in administering the affairs of the Agency.

As a result of their examination, two task forces were established, one under Mr. John Bross, my Deputy for ~~Coordination~~ *National Intelligence Programs Evaluation*, to study in depth manpower utilization; the second under Mr. Lyman Kirkpatrick on personnel management.

Basically
The studies of these two groups ~~involving a year's time~~ have significantly improved our management functions and ~~have~~ stemmed the built-in personnel growth.

It is pertinent to note
~~Finally, I should like to point out~~ that the Central Intelligence Agency, in and of itself, represents only between of the total United States intelligence ^{25X1} effort. The exact percentage depends upon whether certain military activities such as Air Force and Naval reconnaissance units are classed as "intelligence".

^{25X1} At least of the intelligence effort is in the Defense Intelligence Agency, the intelligence units of the Services, the National Security Agency and the ~~special~~ *communication* intelligence ~~activities~~ of the Services. ~~It is obvious therefore that the~~

terms of reference of my appointment, which placed upon me responsibility for coordination and guidance of the community, is of utmost importance if our intelligence costs are to be minimized and duplication and unnecessary effort avoided.

Coordination has until recently been undertaken by me personally, supported by CIA staff and it has been effective in a great many areas.

Last Fall I appointed Mr. John Bross as my Deputy for National Intelligence Programs Evaluation and he is now equipped with a most capable staff drawn from Bureau of the Budget (Mr. ^{Larry E.} Pettibone), Department of Defense (Major General Reynolds), White House (Mr. ^{John A.} ~~Parrott~~ Parrott) and others ~~assigned from the State~~.

Mr. Bross's responsibility is to examine various intelligence activities, to report to me and to the United States Intelligence Board on them, and to recommend changes and modifications considered necessary in the interests of improved intelligence and economy. As of now a task force under 25X1

is commencing an examination in depth of our communications intelligence organization and activity which in itself involves about civilian and 25X1 military personnel. A second task force under Ambassador ^{Frederick L.} Nolting is examining intelligence collection and reporting on the Middle East. This examination will be extended to other geographic areas.

The level of effort in the field of intelligence is not measurable by any "norms" applied to other government activities or to private enterprise. I have found that the establishment of intelligence objectives without consideration of the cost or manpower required to accomplish the objectives has in the past been

a serious deficiency in the management of the intelligence community. I therefore plan that the United States Intelligence Board in establishing intelligence objectives, which is the Board's responsibility by NSC directive, will concern itself with the issue of manpower and cost involved in such decisions.

Respectfully yours,



25X1

~~Director of Central Intelligence~~

The President
The White House
Washington 25, D.C.

Dear Mr. President:

This is in reply to your memorandum of 30 November 1963 concerning your desire for maximum economy and efficiency in the Federal Government. In the attached paper I have stated briefly some of the major steps taken within the Central Intelligence Agency in 1963 in furtherance of this goal. I have also outlined certain measures planned or in process which should continue and accelerate the progress already made in this direction.

Since its inception the work of the Central Intelligence Agency has been characterized by initiative and imagination. We are an organization of ideas-- ideas which far exceed the level of resources we can ever anticipate being made available to us. In such an environment, existing programs and projects are under heavy competition from new proposals. I have insisted that the obsolescent and the marginal must give way to the new. I believe that this philosophy of management lives up to the spirit of your memorandum.

The pressing and urgent responsibilities of this Agency cannot permit anything but a dynamic and self-critical approach to the expenditure of funds, manpower and material. We shall continue to search for economies, to improve our management practices, and to strengthen the sense of fiscal responsibility in every employee.

In closing may I also assure you that in my role as coordinator of the nation's intelligence efforts I shall be working closely with my colleagues in the other departments and agencies to insure that your precepts of frugality and economy are applied throughout the intelligence community.

Respectfully yours,

John A. McCone
Director

25X1

O/BEAM/[]:vgd 2 January 1969

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ER -

the Director's ^(draft) draft shd be kept in ER,
but don't think it needs to circulate in reading bd -

rita