

Statement of
The Director of the Bureau of Intelligence and Research
for
BASIC RESEARCH AND ANALYSIS
before House Appropriations Committee
Fiscal Year 1960

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Mr. Chairman and Gentlemen of the Committee:

The Department, in accordance with determinations within the Executive Branch of the Government, is requesting a transfer to the Department's Salaries and Expenses Appropriation for the item labeled "Basic Research and Analysis". As part of the explanation for this request, I will review briefly the background of this program within the Department.

Just prior to United States entrance into World War II, various intelligence agencies of the Defense Departments were engaged, individually and on a crash basis, in producing basic intelligence studies on foreign areas. These proved to be fragmentary, duplicatory, and often contradictory. Earlier, the British had gone into production of coordinated basic intelligence studies known as ISIS (Inter-Service Intelligence Studies). In our early war planning for North Africa the ISIS studies were used. It became apparent that United States studies of this nature would be required for Pacific operations. In 1943, the President directed that an inter-agency program be undertaken. The JANIS (Joint Army-Navy Intelligence Studies) series were produced rapidly and expensively under wartime pressure.

At the

State Dept. review completed

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At the end of the war a comprehensive survey was made as to the usefulness of the JANIS studies in war planning and operations. The findings were conclusive 1) that basic intelligence studies on foreign areas were absolutely essential in the conduct of war, and 2) that such studies should be developed and maintained during peacetime when the channels for collection were much less restricted. The committee studying this problem concluded that, in view of the "total warfare" concept (and, later, of the "cold war") a basic intelligence program should provide greatly expanded coverage in political, sociological, and economic intelligence.

Intelligence directives of the National Security Council established a production program of basic intelligence on all areas of the world with the Central Intelligence Agency having responsibility for over-all direction and coordination, and review, publication, and dissemination of the products. Responsibility for production and maintenance was allocated to government intelligence agencies best qualified by reason of mission, capability, and dominant interest.

The National Intelligence Survey is a comprehensive digest of the basic intelligence on foreign areas required by the United States Government. It is designed to serve fully the requirements of the Department of Defense in strategic and high level operational planning, and of the Department of State in formulating and executing United States foreign policy, and also to serve lower planning and operation levels in the Armed Forces, the Department of State, and all other Government agencies which have missions of responsibility in foreign areas.

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areas. Responsibility for production of the political, economic, and sociological chapters of NIS is allocated to the Department of State for all areas of the world.

Originally, each agency participating in the program was ordered by the National Security Council, through the Joint Chiefs of Staff - Joint Intelligence Group, to produce NIS at a prescribed number of complete studies per year. All budgeting and scheduling of NIS in State since 1950 has been at the established rate of NIS per annum, and all Annual Reports measure accomplishment against such an established figure. In addition to production of primary NIS sections, there is a maintenance program which is a continuing and extensive operation. Criteria have been established within the intelligence community for determining the conditions under which existing NIS sections require revision under the maintenance program. The rapid changes which are taking place in the basic political, economic, and sociological structures of many areas of the world have added to the Department's difficulties in revising NIS sections at a rate necessary to meet basic intelligence demands.

An awareness of the vital role of the intelligence provided by the NIS program in support of the national security interest is attested to by the fact that currently some 50 different components of the United States Government utilize the products. In 1954 the Clark Committee of the Hoover Commission conducted a comprehensive survey of the operations of the intelligence agencies. In the Committee's report to the Congress the NIS program was singled out for special

for special comment:

"The National Intelligence Survey is an invaluable publication which provides the essential elements of basic intelligence on all areas of the world. While its production involves an extensive and expensive effort, all members of the intelligence community derive an immediate benefit from the contributions they make to it and profit from the final product. There always will be a continuing requirement for keeping this survey up to date."

Budgeting for the Department's contributions to the NIS program was initially done by the Central Intelligence Agency. For the past several years, however, the Department and the Bureau of the Budget have been considering the desirability of funding State's operation under the Department's Salaries and Expenses appropriation. This change in funding is supported by the following reasons:

1. As set forth in intelligence directives of the National Security Council, revised September 1958, responsibility for the production of NIS on political and sociological intelligence on all countries and economic intelligence on most countries is part of the basic responsibilities of the Department. It is not, therefore, in reality a reimbursable operation and properly should be budgeted by the Department. The funding procedures of the past years are a holdover from the beginning of the NIS operation

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operation and should now be changed to reflect the basic State Department funding and program responsibilities for the NIS.

2. Funding by the Department would be consistent with the procedure followed by other major contributors to this joint operation of various agencies in the intelligence community, and would provide a consolidated budget for the operations of the Bureau of Intelligence and Research.
3. This would allow and promote: a) an over-all, complete organizational and program picture of the Bureau of Intelligence and Research; b) flexibility and better management in planning, programming, and supervision of the NIS program; c) more efficient administration of the budgeting, fiscal, personnel, and general administrative processes.

In consonance with the reasons expressed above, approval of this Committee is requested for future budgeting for the National Intelligence Survey operation under State's Salaries and Expenses appropriation. It is to be noted that the amount requested for Fiscal Year 1960 is the same as that which would have been requested by the Agency previously funding the program, and provides the same level of operations for the Bureau of Intelligence and Research as has been provided for the past several years.

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7. Discuss the pros and cons from the Agency point of view of having State's NIS effort funded through a State Department appropriation.

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1. The National Intelligence Survey was one of the first IAC programs to be established. It stems generally from paragraph 3 of Section 102(d) of the Act of 1947 and specifically from paragraph 1a. of NSCID-3. The NSC-approved NIS Standard Instructions implement the program. All concerned have recognized that it was important for the NIS to be developed as a broad, coherent, and long-range program both for a national emergency and for providing that solid foundation of world-wide basic intelligence on which reliable plans, operations, and estimates must be based.

2. At the inception of the NIS program in 1948, the Director of Central Intelligence made arrangements for the CIA to budget for all NIS production except that of the Defense Agencies. There are fundamental reasons why this position was originally taken by the Agency and has continued to be its position throughout the existence of the program.

3. The Defense Agencies had staffs organized and producing basic intelligence within departmental programs that were similar to requirements allocated to them under the NIS program. The Defense Agencies are doing in a national program only that which their departmental missions and functions required of them in any case. It was a shift of existing capabilities and not the creation of new ones, hence no change of budgetary support was required.

4. The non-Defense Agencies, on the other hand, had neither the capabilities nor the departmental priorities to develop and produce NIS effort, which requires reasonably consistent interagency support from year to year to achieve balanced production among the participating agencies. In reviewing this question from time to time over the past ten years, both the Bureau of Intelligence and this Agency have consistently held to this method of budgetary support for the NIS. Both have doubted that, even if the money could have been obtained from the Congress, the Department would have made full allocation to the NIS program in the face of higher departmental priorities competing for the total Department of State appropriation. The history of S & E staffing throughout this period has not lessened concern over any future NIS prospects under a departmental appropriation.

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5. The Agency's position with respect to budgeting for the NIS program has, in fact, moved in the direction towards centralized program budgeting in line with the fundamentals of functional budgeting prescribed in the Budget and Accounting Act of 1950. We have felt that the interdepartmental NIS program uniquely lends itself to this method, at the same time ensuring consistent across-the-board fiscal support to all contributing agencies. However, this method has not proved feasible because of complications involving the budgetary procedures of the Department of Defense.

6. In reviewing the Agency's traditional position with respect to this question, two points are uppermost: a) The over-all responsibility of the DCI for the successful accomplishment of an NSC objective -- the NIS program; and b) The unique suitability of the present method of CIA funding to afford consistent year-by-year support involving almost 50% of the total NIS effort. Against this position successfully proven over a ten-year period is the uncertainty of sustained NIS effort under departmental appropriation in competition with internal priorities and interests.

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