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ITEM 10

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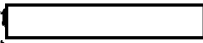
DIARY NOTES

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DD/S



20 December 1957

4. The Director conducted a meeting in his office to discuss Dick Bissell's 15 November 1957 paper on "The Stimulation of Innovation." I got the distinct impression from the way he ran the meeting that he had already made up his mind to do this regardless of what anyone present might have said. However, it was quite clear that Frank Wisner and Dick Helms had serious reservations about how the administration of the Technical Services Staff would go under such a setup, and it seemed to me that Dick at least would have preferred to make a clean split between those parts of TSS devoted to research and development and those devoted to the day-to-day support to clandestine operations. It was generally agreed that such a split might be possible but that it should not be undertaken at this time. Frank and Dick undertook to talk to  about the whole matter and reserved final comment until this had been done. (In this connection, the Director seemed to think that  had slowed down quite a bit and probably should retire in about a year.)

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Insofar as the DD/S area was concerned I advised the Director that while I thought this would work I was interested in three points:

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a. First, the paper seemed to emphasize that the SA/PD would have real authority to act within his acknowledged field without much coordination. I said that I thought coordination was going to be absolutely essential since the organizational arrangement was so untidy and the proposed authority which would be fixed in the SA/PD was so broad. Dick Bissell agreed that he may have overemphasized this point.

b. Second, with regard to the organization I advised the group that I thought it was very messy but that I felt it could work with Bissell. I emphasized, however, that I was not sure it could work with an individual such as [redacted]

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c. Third, and most important, I spoke to paragraph 5.f. of the paper having to do with direct contracting by TSS. I said that at the moment we were running about [redacted] contracts in the Office of Logistics, [redacted]

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[redacted] I emphasized that I believed we should utilize the central contracting authority in the Office of Logistics in all cases unless the sensitivity of a project demanded that we do otherwise. (I excepted Project MKULTRA through which TSS has authority to spend up to ten per cent of its R&D budget outside of the normal contracting procedures.) I then stated that I thought that when it was necessary to use other than the central contracting facilities the burden of proof should be upon the SA/PD and that in such instances he should consult with DD/S before making these exceptions. The Director agreed with this concept. Dick Bissell emphasized the importance of closeness between the user of equipment and its developer and the feedback of information from the developer during the research phases. This was accepted by everyone but I emphasized that I thought the central contracting people could service him in the same way that his own contractors could. I pointed out that his own contractors had been supplied by the central contracting people and that I saw no grounds for alleging incompetence; in fact, if the central contracting people couldn't service him equally as well then there was something wrong with our own organization. In any case, it was my clear understanding that the Director agreed completely with my proposal.

The meeting ended with the understanding that Frank Wisner and Dick Helms would have further discussions with their own people, after which they would get together with Dick Bissell and draft a clear-cut statement of Dick's functions for publication. The Director had stated initially that he wanted to put this into effect on 1 January, but at Frank Wisner's request agreed to postpone the date.

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EXCERPT FROM "DIARY NOTES" DDS (L. K. WHITE) 20 November 1957
Secret

2. Dick Bissell buzzed me concerning AQUATONE procurement on behalf of the Department of the Air Force. The Director is concerned that this procurement is not subject to audit by the General Accounting Office - which would be the case were it done by the Air Force - and wants to make sure that the Bureau of the Budget is fully informed; however, he has agreed that we should not pursue the subject of GAO audit further at this time. After checking with Ed Saunders I informed Dick that we had advised the Bureau of the first transfer of funds from the Air Force amounting to about \$21,000,000 but that we had not apprised them of the second transfer in approximately the same amount. However, the Bureau has recently asked that we submit an apportionment request for funds transferred from other governmental agencies. This will go forward shortly and reflect the entire transfer from the Air Force. If they desire a further briefing at that time, Dick will be glad to give it to them. I also told Dick that when General Foster and I saw the Director on Monday I would make sure that he understood that General Foster audited all of the AQUATONE funds, including those transferred from other governmental agencies.

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DIARY NOTES

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DD/S

28 October 1957

1. At the Deputies' Meeting:

a. There was considerable discussion concerning my Memorandum for the Record regarding my conversation with Bob Macy, Bureau of the Budget, last Thursday. The Director indicated that he thought the way in which the Department of State people were treated in many instances was a disgrace and said that he had no intention of treating our people in like manner. I stated that I did not think anyone questioned the necessity for a few of our people having superior quarters, etc., but thought that the question was a legitimate one when this practice was carried across the board. I pointed out to the group that it was a fact

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rather than pay quarters allowances. Frank Wisner took exception to my statement but I insisted that statistics would show that we did this for secretarial and clerical people at all grades, as well as for our senior operational people who had to entertain, etc., and strongly urged that we not deny we did it but, rather, attempt to defend our position.

b. Messrs. Wisner and Roosevelt were also quite upset at the questions which the Bureau had raised and there was considerable discussion as to what right it had to ask them and what ability it had to evaluate our substantive programs. I pointed out that while we might question the Bureau's ability to evaluate our substantive programs it did have the responsibility for evaluating our budget needs for the President and that unless the President excepted all or a part of our budget from the Bureau's scrutiny I did not believe we could question its right to approach its job in whatever way it saw fit. Mr. Dulles and General Cabell both supported this point of view.

c. Frank Wisner also expressed his unhappiness at the turnover of Bureau of the Budget Examiners. I said that to the best of my knowledge Lyman Hamilton, Erb Lewis, and Harry Wilhelm were the only three people in the past four years or so who had become familiar with our budget and who had moved or were about to move elsewhere. Mr. Dulles and General Cabell did not seem to think that this was excessive and General Cabell indicated that he, personally, did not think we should fight with the Bureau about its prerogative to ask whatever questions it desired.

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EXCERPT FROM "DIARY NOTES" DDS (L. K. WHITE) 23 October 1957

Secret

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4. After receiving a telephone call from [redacted], I called [redacted] and told him to look carefully into the deactivation of the [redacted] units and make sure that from a support point of view we were not losing a facility which could not be replaced and for which we might be blamed at some later date. 25X1A8A

EXCERPT FROM "DIARY NOTES" DDS (L. K. WHITE) 25 October 1957

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4. [redacted] reported that he had been in consultation with the PP Staff concerning the deactivation of the [redacted] units and that my fears were well founded inasmuch as the matter had not been staffed out properly nor completely tied down. He said that he thought it would be soon, however, and that he had advised Tom Karamessines that it should be followed closely since it was a PP Staff and not a DD/S responsibility.

EXCERPT FROM "DIARY NOTES" DDS (L. K. WHITE) 25 October 1957

Secret

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1. Met with [redacted] concerning the FE Division's proposed Rest & Rehabilitation Program. Inasmuch as I still seem to be quite far from the DD/P position on this subject, I requested [redacted] to obtain permission from the Deputy Director (Plans) to send the FE Division's proposed Program to General Cabell with the request that it form the basis for a general discussion as to what the Agency policy should be. 25X1A9A

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8. I met with Dick Bissell, Larry Houston and Gates Lloyd to discuss with Bissell his suggestion that in taking over responsibility for TSS, he also take over authority now vested in the Office of Logistics for executing their contracts. I told Dick that I believe in a centralized support organization and that I wholeheartedly agreed in the way that AQUATONE had been run, but I did not believe this was a precedent upon which we should transfer the whole of the TSS contracting business to him. I then asked him to state his reasons for feeling that this would be a good idea. He said that first of all, he felt that the Agency would have a better relationship with contractors if he did not have to deal through another service component, and, secondly, that he was satisfied from his experience with AQUATONE that he could move much faster than he could in the Office of Logistics. He went on with some other reasons, all of which are merely personal and involve humna relations. I said that while I subscribed to everything they had done in AQUATONE, I did not believe that this administrative organization should be perpetuated and expanded, that I firmly believe that transferring contracting functions to him for TSS would be an unnecessary duplication of effort, and that I thought he should consider putting the contracting personnel he has obtained from the Office of Logistics back in that Office where they could service him in the same way they service other people. Dick said that he did not have in mind transferring the entire function but that maybe only a part of it. I reminded him that through Project MKULTRA, TSS already has authority to obligate up to 10% of their total research and development project without going through the Office of Logistics and I hoped that this would be adequate to meet his needs. Larry Houston was very helpful and said that he did not know of any justification for transferring this to Bissell. I told Dick that if he could give specific reasons other than generalities as to why the thing would not work as it is now set up, I would be glad to discuss them with him, either now or later. After a half-hour discussion, it was agreed that we would leave the set-up as it is for the moment. Bissell made it clear that if he decided to go ahead as it is and he did not get excellent service, he would be very sensitive about the situation. I told him I had no objection to this and I was perfectly prepared to meet this situation if it arose. I am not sure, but I think that he will probably not make an issue of this. However, in the Office of Logistics, they will have to be very careful indeed to make sure that he gets good service. I have spoken to [] about this and I do not believe there will be any difficulty.

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EXCERPT FROM "DIARY NOTES" DDS (L. K. WHITE)
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3 April 1957

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Colonels Groves and Erb were up to tell me about a meeting which the latter had attended with Messrs. Bissell and Wright concerning the proposed merger of the [REDACTED] with Project AQUATONE. I told them that I knew about this possibility and was all in favor of it. I also told them that Dick had discussed with me his desire to look into the relocation of the [REDACTED] but that as I understood it no action would be taken immediately.

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EXCERPT FROM "DIARY NOTES" DDS (L. K. WHITE)
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19 April 1957

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