

DD/A Registry
8-1383/1

SECRET

18 JUN 1980

MEMORANDUM FOR: Managing Editor, DDA Exchange

FROM : Maurice Lipton
Comptroller

SUBJECT : "Comment" for the July 1980 Issue of DDA Exchange

REFERENCE : Memo for Comptroller from Acting Deputy Director for
Administration dated 29 May 1980, Same Subject

The attached "Comment" article for the July 1980 DDA Exchange is submitted in response to Bill Hart's request. If you need any other material, please feel free to contact me on extension [REDACTED]

25X1A

25X1A

[REDACTED]

Maurice Lipton

This document may be down-graded to Unclassified when enclosure is detached

SECRET

ORIGINAL CL BY [REDACTED] 25X1A
 DECL REVW ON 18 June 2000
 EXT BYND 6 YRS BY Same
 REASON 3d(3)

~~SECRET~~

Comptroller's "Comment" for July Issue of DDA Exchange

I'd like to use the next few pages to discuss the status of the CIA budget--the resources we all need to do our jobs. (U)

Our budget for this year (Fiscal Year 1980) has been increased; it is now considerably more appropriate to our needs than it was when the year began last October 1st. Our budget for next year, which is now midway on its path through Congress, should provide for an expanded CIA effort in 1981.

The Executive Committee has approved our 1982 budget and sent it to the Director, where it will receive an Intelligence Community-wide review. 1982 holds out solid promise for substantial, needed growth. (S)

Those of you involved in the development of the 1982 program are to be congratulated for your professionalism and ingenuity. (U)

A quick look at the calendar will tell you that it is well over a year before we can start spending the 1982 budget, and that brings me to what I would like to be the central point of this article. The program we specify and the budget we devise to carry it out are probably the most important long-range planning mechanisms now in use in the Agency. With today's budgetary procedures and close scrutiny of CIA activities, we simply do not have the flexibility we once had to respond to the needs of the moment. The activities we are doing today are by and large those that were foreseen two years ago. If we now feel we were wrong in some aspect of our 1978 prediction about what we would have to do in 1980, then there's not too much we can do to fund different programs until 1982. (U)

We do have a Reserve for Contingencies that was established in 1952 to allow the Agency to deal promptly and securely with unforeseen circumstances. But Congress is now weighing the balance between their responsibility for oversight

~~SECRET~~

SECRET

of funding for Executive Branch programs and the Agency's need for flexibility under these circumstances. They are not likely to let us use the Reserve to make up for a lack of forethought. So there is a premium in the budget business on thoughtful and careful planning for the future. (S)

I will give you some more detailed thoughts about the future direction of Agency budgets, but first let me review where we've been. (U)

You are well aware of the pressures--economic, political, and perceptual--that have acted to constrain the Agency program for the past decade. Each budget for the past 10 years has given us less purchasing power than the year before. In the early 1970s, we were probably too big. It was likely that the whole Government shared this condition. So we stopped doing some things that were no longer needed and our resources--funds and manpower--were correspondingly reduced. However, many of us have felt for some time that the year-by-year cuts in the real resources of the CIA had left the fat far behind and that for the past few years it was muscle that was being cut. (S)

This period of declining manpower and funds has also been marked by increased demands in many areas. Threats to US interests are more extensive and more diffuse, and the analytic components of CIA are called on to cover in detail geographic areas and subjects which were of little intelligence concern in 1970. (C)

Collection has responded to the demands of analysis. The volume, timeliness, and quality of overhead imagery is many times better than it was a decade ago. Other technical collection systems have comparably expanded the amount of information flowing in. Exploiting this information--receiving it, processing it, and getting it to analysts in a form they can use--has been enormously expensive in personnel and money. (S)

SECRET

~~SECRET~~

Human source collection has also substantially increased the volume and quality of its reporting in the past several years. Now, in addition to calls for more effort on traditional targets, there are demands to expand coverage toward new areas of US interest--in the Third World, in terrorism, and in economic areas of little-recognized interest in 1970. On top of these intelligence tasks we can add the extra jobs which we did not have 10 years ago: servicing Freedom of Information and Privacy Act requests, supporting the various Congressional oversight functions, etc. (S)

How could we meet these demands with a steady decline in resources? We cut support, we reduced our covert action program, and we took some calculated risks in other areas. And we were anxious that in the competition for funds, that risk might have been too great. (S)

Our anxiety was confirmed, I think, by the events of late 1979--most prominently the seizure of the US Embassy and its staff in Tehran and the Soviet invasion of Afghanistan--and the demands placed on the CIA as a result of them. There was just no way that we could respond to those demands for increased collection and analysis and the start of limited covert action programs with the operating budget we had. What little flexibility we had to shift resources was not enough. Fortunately, an Administration request to supplement our 1980 budget was approved by Congress, and we have been able to respond to the immediate needs. (S)

It is not a wild leap of speculation to assume, however, that the recent events in Southwest Asia are representative of, rather than exceptions to, the sorts of challenges which will confront American foreign policy in the years ahead. There is clearly a role for intelligence and covert action to play in support of that policy. (S)

~~SECRET~~

SECRET

It is not only analysis, collection, and covert action that must rise to these challenges. In my view, the whole support structure of the Agency is dangerously thin in light even of today's demands. If I am right about future expansion of other CIA programs, then major expansion and modernization of general support activities will be required as well. (C)

The climate for a stronger CIA appears good. The Executive Branch looks increasingly to the Agency for support and recognizes that its demands for new areas of emphasis cannot be met simply by shifting resources. Congress has been generally sympathetic to increased budgets and has been actively supportive of our efforts to gain increased funds in 1980 and 1981 to cover unforeseen contingencies. And, no matter how painful the public revelations of CIA activities in the press for the past decade, the public has undeniably gained thereby a more sophisticated understanding of the needs for high quality national intelligence. My sense of the public mood is that it overwhelmingly favors a strengthened CIA. (C)

All of this is not to say that I see the public vaults opening to supply us with whatever we request. That's not the way it's going to be. Our budgets will continue to be scrutinized and challenged by the Resource Management Staff, by the Office of Management and Budget, and by the appropriations and authorization committees of the House and Senate. Every dollar will enter our budgets only when those bodies are convinced that it is justified. (U)

And therein lies the challenge to all of us. In order to insure that we have the resources to meet the needs of the future, we are continually going to have to improve our internal planning and accountability. The key elements that I see in successful budgeting are:

SECRET

~~SECRET~~

- Reaching an Agencywide consensus on our priorities.
- Making sure that we are as willing to drop old programs that are no longer needed as we are to undertake new ones.
- Matching the appropriate resources in each directorate to the task at hand. More and more, the issues CIA will tackle will cut across directorate lines.
- Developing programs which are inherently flexible enough to adapt to a rapidly changing international intelligence climate.
- Accurately calculating the resources which will be needed for a given task and projecting the resource implications for several years into the future.
- Explaining the national benefits to be gained from each new program and each increment of resources. (U)

~~SECRET~~

DDA 80-1383

30 MAY 1980

MEMORANDUM FOR: Maurice L. Lipton
Comptroller

FROM: William N. Hart
Acting Deputy Director for Administration

SUBJECT: "Comment" for the July 1980 Issue of DDA Exchange

1. The DDA Exchange is a quarterly Directorate publication that is widely circulated to both DDA and non-DDA Agency employees. In the time that we have been publishing the magazine, four years now, many of the Agency's senior officers have contributed the lead article "Comment." Attached for your perusal is the last copy of the Exchange that we published.

2. I think a "Comment" from you in our next quarterly publication would be very appropriate given that we are in the midst of the 1982 budget season. While we would leave the specific subject matter entirely to your discretion, discussion of the Comptroller's generalized role in supporting the Agency's budgetary process would, of course, be very appropriate. Additional discussion on the influence and roles that the Resource Management Staff, the Office of Management and Budget, and the Congress play would also, I think, be pertinent. Can we count on a "Comment" from you?

3. The "Comment" article should be sized at about a thousand words so as to leave sufficient room for your photograph and an appropriate caption. In order to meet our publication schedule, we would need your contribution by 18 June. We would appreciate it if you would send your material to the Managing Editor, DDA Exchange, [redacted] Headquarters.

/s/ William N. Hart

William N. Hart

Attachment:
As Stated

Distribution:

- Orig - Compt w/att
- 1 - DDA Chrono w/o att
- 1 - WNH Chrono w/o att
- X - DDA/MS Subj w/o att
- 1 - DDA/MS Chrono w/o att
- 1 - TBC Chrono w/o att

DDA/MS [redacted]

(30 May 80)

Downgrade to UNCLASSIFIED
When Separated from Attachment

SECRET

25X1A

25X1A