

1. Legislative Provisions Governing CIA and its Position under the NSC.

a. Close liaison has been and is maintained between the Director and the Secretaries of State and Defense.

b. Concur that Section 102 of the National Security Act of 1947 is sound and needs no amendment. However, sufficient powers have not been granted to the Director of Central Intelligence by the National Security Council under this Act.

2. The Coordination of Intelligence Activities.

a. The Executive concurs in the proposed revision of NSCID. However, the current mechanism for dissents has worked very well, all dissents are regularly published, and the recommended change in paragraph 5 will not actually either change or improve the current procedure. (The General Counsel and ICAPS do not concur in revision of paragraph 1 of NSCID 1 on the following grounds:

(1) No reason appears in the reports and recommendations in support of the proposed change to make the Director a member of the IAC. As the present organization is functioning satisfactorily as an advisory

**TOP SECRET**

body) the advisability of the proposed change is questioned, particularly in view of the history of IAC relationships. The NSC is not an exact parallel as there every member is subordinate in his separate official capacity to the President, while the IAC members are in no way responsible to the DCI.)

b. The conclusion of the reports that the CIA responsibility with respect to coordination of intelligence activities has not been fully discharged is believed unwarranted. No real power of direction has been given to the Director by the NSC. Therefore, enforcement of coordination measures has been and is dependent upon the will to cooperate on the part of IAC members. Considerable improvement in cooperation has been achieved and further progress is continually evident.

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**TOP SECRET**

**TOP SECRET**

3. Membership of the Intelligence Advisory Committee.

a. Concur in retention of JCS and AEC members on IAC, and in inviting FBI to rejoin the committee. The FBI was previously a member and dropped out of its own volition on the basis that there was no good reason for continuing the membership.

4. Particular Intelligence Questions Requiring Coordination or Attention.

No comment necessary.

5. National Intelligence Estimates.

a. The conclusion in the reports that there has been confusion in CIA between the responsibility for producing coordinated national intelligence and the responsibility for miscellaneous research and reporting is unwarranted and not supported in the text of the Dulles Report. CIA has in the past, does now, and will continue to draw upon and review the specialized intelligence production of the agencies in connection with the preparation of coordinated national intelligence. Such intelligence is also generally discussed with opposite members in other agencies by CIA analysts preparing the estimates. They are then coordinated finally, with opportunity for dissent, before publication.

**TOP SECRET - 2 -**

TOP SECRET

The implementation of our previous recommendations to the NSC for changes in NSCID 1 and 3 contained in our reply to the Dulles Report (pp 17,18 and 19) would do much to clarify and simplify this situation.

b. CIA does not enter into "competitive" intelligence production.

c. Concur in the conclusion that the concept of collective responsibility for estimates is unsound.

#### 6. Organization of CIA

a. The concept of internal organization of CIA recommended by the reports is not concurred in and is based on a theoretical and unrealistic approach.

b. Insofar as ORE, ICAPS and OCD are concerned, these organizational units have been developed over a period of three years of trial and experience into soundly conceived and functionally correct elements of CIA. As staffing becomes more complete and further experience is gained they are proving to be efficient and justifiable sub-divisions. An estimates group has been provided for in the ORE organization.

The operating function of OCD should in no way be confused with the staff planning functions of ICAPS.

TOP SECRET

**TOP SECRET**

c. Weaknesses in ICAPS have resulted and still result from the failure generally on the part of the armed services to detail officers for this duty who have direct access to and the confidence of their intelligence chiefs. Its functional responsibilities have been from inception those recommended by the reports (except the addition of the OCD function), but these responsibilities can be adequately discharged only if the services concerned provide representatives who have such direct access and confidence and actively speed and smooth the processes of coordination. Within CIA the ICAPS is and has been directly responsible to and has always had this direct access to the Director on all problems.

d. The combination of OSO and OPC into a single operational unit is concurred in. These offices were originally combined and were separated against our best judgment by an NSC directive.

e. (1) The inclusion of the Contact Branch of the Office of Operations in a single operational unit with OSO and OPC and the establishment of a completely separate administrative support staff for such a unit is not concurred in and is basically unsound.

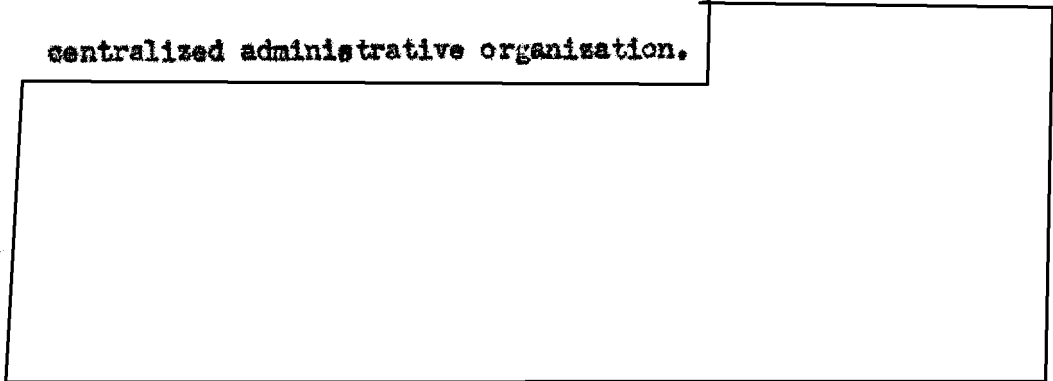
(2) There are four factors involved in such a reorganization -

**TOP SECRET**

security, which is admittedly primary; efficiency, meaning ability to get desired results; economy, without loss of either security or efficiency; and the Director's ability to discharge adequately his top management responsibility.

(a) It has been proven conclusively in the course of the past several months actual experience that security of covert activities has actually improved since the establishment of a centralized administrative organization.

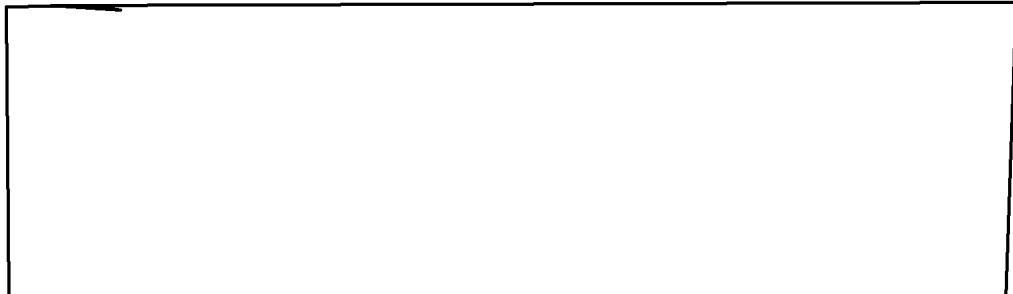
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(b) It has also been proven conclusively by actual experience that the support of covert activities has improved to a major degree through centralized administrative responsibility. Administrative support has speeded up, frictions have practically disappeared and support is immediately responsive to operational needs with the full weight of agency capabilities behind it. There are fewer

outside agencies and activities. Our relations particularly with the Bureau of the Budget, the General Accounting Office, The Civil Service Commission and with the Congress have continually been strengthened and improved.

(c) There is no question on the subject of economy. It has proven, obviously, much more economical to operate with single, centralized support facilities. Separate, complete support facilities within CIA will involve problems never before encountered either in OSS, CIG or CIA as none of these organizations has ever had such a separation. OSS had a single support facility. CIG and initially CIA had a separate administrative staff which drew heavily on the overt administrative staff for support. Some of the major problems involved in separate autonomous staff operations would be:



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2. Duplication of security and inspection staffs.

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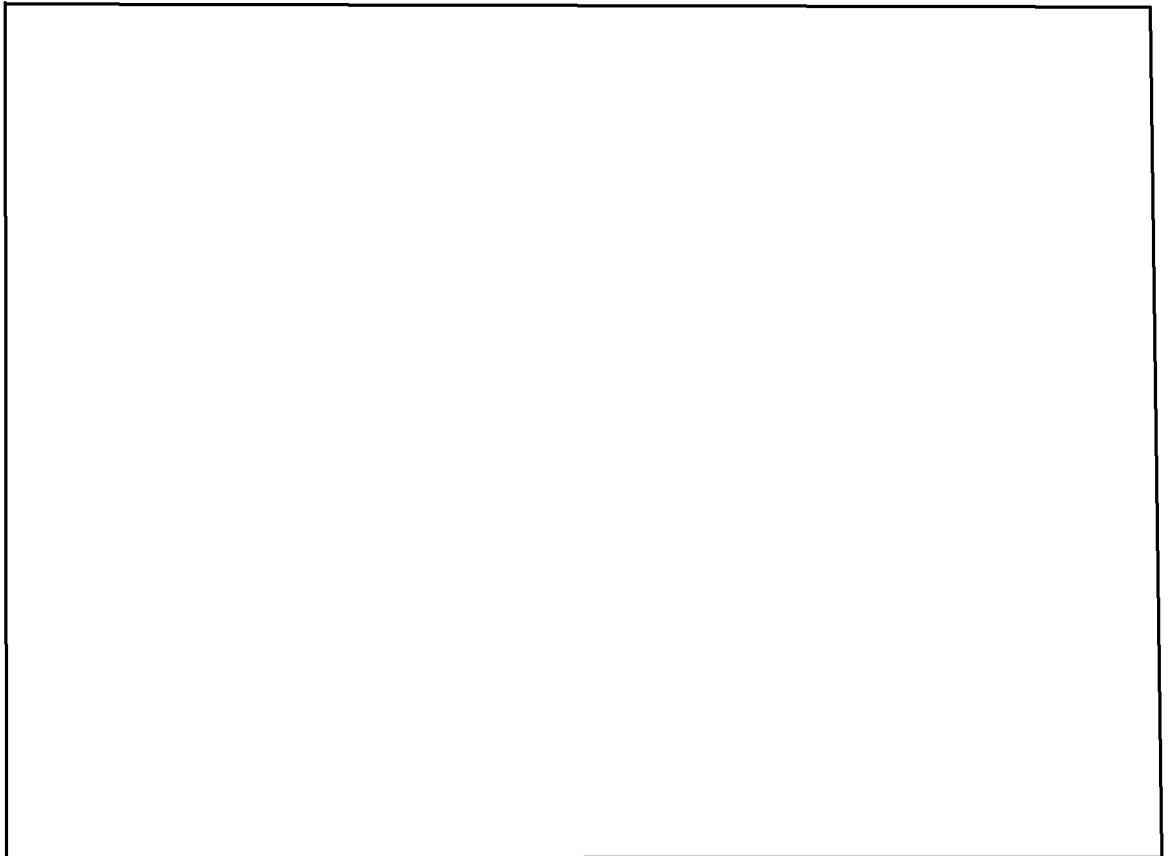
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3. Duplication and loss of reasonable control over dissemination problems.

4. A major increase in personnel requirements for duplicated and parallel administrative staffs.

5. Separate budgets and multiplication of external contacts in connection with support requirements leading back into old confusions, which have now been resolved.

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(e) From the standpoint of the responsibility of the Director

to the Security Council, the Congress and the President for

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**TOP SECRET**



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efficiently discharging his management responsibilities, on which more emphasis is being placed daily by the President and the Congress as a result of the report of the Hoover Commission, the establishment of a whole series of duplicate staffs directly responsible to an operations chief is considered to be inefficient, time wasting, expensive and not justifiable from a security point of view.

We have just received a letter from the Director of the Budget Bureau containing a directive from the President on our fiscal year 1951 budget presentation. We are directed, in effect, and are in complete agreement with the necessity therefore, to keep below our fiscal year 1950 budget if possible and to limit any expansion or new activities to those necessary for urgent public need. In the face of this directive it is even less justifiable to adopt a new organizational approach which will considerably increase our budget without any real necessity for such action.

7. The Security of Information and the Avoidance of Publicity.

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**TOP SECRET**

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practice, that all publicity is undesirable.

b. A proposed NSCID on this subject can be drafted for use if desired by the NSC.

8. Chairmanship of the United States Communications Intelligence Board.

Concur that the Director should not be permanent Chairman of the USCIB. He has always taken this stand.

9. Operating Problems Relating to Clandestine Activities.

The conclusions of the reports are concurred in. Considerable progress has been made in each item mentioned.

10. The Question of Civilian or Military Personnel in Key CIA Positions.

a. No comment on the post of the Director.

b. No ratio of military to civilian personnel is established for key positions in CIA and no such positions are earmarked or held for military assignments other than for the service members of ICAPS. The percentage of military personnel remains at approximately 2%. However, OPC will have special needs for an increased number.

11. General Appraisal of the Leadership and Policies of the CIA.

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**TOP SECRET**  
- 9 -

TOP SECRET

Approved For Release 2003/05/06 : CIA-RDP86B00269R000500020035-6

12. The Service Intelligence Agencies.

No comment.

13. The Department of State.

No comment.

14. General

a. The report by the Secretaries of State and Defense is

particularly marked by erroneous assumptions such as:

(1) That the Dulles Report is factual and correct and its conclusions warranted.

(2) That no progress has been made in CIA during the past several months to a year.

b. Our more than three years of experience and development have generally been discounted.

c. No mention is made of the effectiveness of our product and its value to the NSC and the President.

d. The Defense Establishment and the Department of State are barely mentioned and apparently are quite pure.

e. The only real basis for continued insistence for autonomous

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TOP SECRET

**TOP SECRET**

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operations, including Contact Branch, appears to be to insure that the unit can be lifted intact and moved to the Defense Establishment without pain. There is no justification operationally or security-wise for the reorganization, and it would add indefensible expense.

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**TOP SECRET**

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