

DD FORM 5-65-39

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3 February 1965

MEMORANDUM FOR: The Director of Central Intelligence

SUBJECT: Action Memorandum A-436, dated 23 January 1965,
Subject: FY 1966 Budget Developments

1. The referent memorandum contains implications which, taken together with a series of other action memoranda and proposed Regulations, give us in the Clandestine Services reason for concern. The CS Division Chiefs in a forum which I did not attend have volunteered an identical opinion. It may well be that I am reading more into this latest memorandum than it is intended to convey, but I believe that it is in the best interests of the Agency and the Clandestine Services for us to make sure that we have a clear understanding of the direction in which the controls already imposed, and those hinted at in the referent memorandum, are forcing us.

2. The accumulative effect of these measures would appear to signal the advent of bureaucratic controls which are inconsistent with and inimical to the nature and mission of the Clandestine Services. There is no evidence in the referent memorandum, nor has any other information come to my attention, that an effective effort has been made by the Agency to convince the Bureau of the Budget of this fact. On the other hand, the Bureau is cited time and again as the

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authority. I do not question the need for controls, but I do question the nature of restraints which constitute barriers to performance and which result in a centralization running counter to our rationale of management, given the diversity of ends and means of our Agency components. Surely the Bureau of the Budget, and if necessary the President, can be convinced that it is undesirable to impose controls which thwart the very purpose of our existence.

3. At one time, the Financial Policy and Budget Committee functioned as a useful device for achieving communication and understanding both of the Agency's problems as these were imposed from without by such agencies as the Bureau of the Budget, and of the problems of the Agency's components in their efforts to adjust to controls and requirements. It has ceased to be useful in this sense. It has become largely a one-way channel for communicating decisions and directives to the component services of the Agency. At its most recent meeting on 25 January 1965, for example, announcement was made that referent Action Memorandum, content of which had not been discussed with me nor with any of my colleagues previously, had been signed and was on its way to the various components. Following this announcement, there was a recitation in general form of the content of the memorandum. Copies were not distributed at the meeting, hence it was not feasible for my representative to raise questions concerning it.

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4. Although I do not wish unduly to stress the failure to achieve joint resolution of the problems facing us, I believe it lies at the heart of an increasingly difficult personnel situation for the Clandestine Services. As you may be aware, through a conscientious effort on the part of all components of the Clandestine Services, and with no significant outside assistance, we are achieving successfully the reduced ceiling for this fiscal year. Through a parallel effort, we have identified a number of personnel whom we consider marginal and whom we would like to separate from the Clandestine Services. Courses of action proposed in previous action memoranda have proved totally inadequate for our requirements in this respect. Our recommendations for alternative courses of action have been disapproved.

5. Control procedures now include a threatened reduction in the numbers of our supergrade positions, the reduction in hiring (largely to a reduced level, of clerical replacements and JOTs), the slow-down of promotions through new review procedures at Agency level for their "essential" nature, the inability of the Clandestine Services to transfer their personnel to the other career services while other career services recruit from the outside, and the imposition of "average grade" and "average salary" requirements. Regardless of the individual merits of these measures, they are in fact

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place us on the threshold of a situation which will result in an absence of flexibility on my part to administer the personnel of the Clandestine Services. As you well know, people are our principal true asset, and their effective management and employment are my prime concern.

6. We are confronted with the important question of establishing effective machinery in our Agency structure to permit the Deputy Directors to deal effectively with the determination and administration of control measures relating to their budget, manpower, and programming.

Richard Helms
Deputy Director for Plans

Attachment - A-436

cc: DDCI ✓
Ex.Dir.



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