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23 September 1954

*Card*  
Honorable Rowland Hughes  
Director, Bureau of the Budget  
Washington 25, D. C.

Dear Mr. Hughes:

I have discussed with you on several occasions your letter of 17 August 1954 relating to the assignment given you by the President regarding the coordination of economic, psychological and other non-military defense measures. With your letter are four specific questions relating to this assignment.

Your first question reads as follows:

"What functions does your agency perform in developing and/or coordinating nonmilitary defense activities in economic, political, or psychological areas? Cite briefly the statute, Executive order, or other instructions on which each of these activities is based."

A major part of this Agency's operations is directed to covert non-military defense activities in the three areas mentioned. To describe them in detail would in effect involve a general analysis of a major segment of this Agency's activities including a very large number of covert activities. For reasons of security, with which you are familiar, it does not seem wise to make written enumeration of these activities. In connection with our annual budget presentation, you and members of your staff have had an opportunity to review these operations in some detail, and I should be glad to discuss them with you further if you so desire.

In general, these operations are carried out under the provisions of NSC 5412 with which you are familiar. This directive, in turn, is based upon the National Security Act of 1947 which assigns to the National Security Council the authority to direct the Central Intelligence Agency to perform in the general field of its work "such additional services of common concern as the National Security Council determines can be more

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efficiently accomplished centrally; and to perform such other functions and duties related to intelligence affecting the national security as the National Security Council may from time to time direct.

Certain additional directives relating to the coordination of these functions are set forth in the Executive Order of 2 September 1953 setting up the Operations Coordinating Board. In addition, from time to time, under particular NSC directives and directives from the OCB, the CIA carries out specific operations within the general scope of its charter. A reference to these documents, and in particular NSC 5412, will indicate the functions which this Agency is directed to perform which fall within the scope of the above question.

The second question reads:

What facilities have you established to carry out these functions? How large is the staff assigned to this field? Are you making use of the assistance of other agencies in this connection?

A special section of the Agency under a Deputy Director, has been established to carry out the covert missions referred to above. Over the past three fiscal years an average of  percent of our total budget has been devoted to these particular activities. In view of the close association of certain of our clandestine intelligence activities with covert operations in the economic, political and psychological fields, it is difficult to give a precise allocation of personnel to the latter activities. In general,

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would be substantially higher. Our personnel totals are available to you.

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MEMORANDUM FOR: MR. LLES

This is to remind you to call Mr. Hughes on the attached at the first opportunity.

*JSE*  
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(DATE)

FORM NO. 101 REPLACES FORM 10-101  
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