

25 March 1952

MEMORANDUM FOR: DD/A

SUBJECT: Finances

1. The DCI has asked me to work on a study for which I will need to know, among other things, the amounts of our deposits, and whether in dollars or other currency, throughout the world. Will you please give me such a list as of any recent convenient date on an "Eyes Only" basis?

2. With respect to each deposit, I must know the name of the account, the name and place of the depository, and who has signatory or withdrawal powers. Outstanding letters of credit should be treated as deposits.

3. The above, of course, includes overt as well as covert funds.

Stuart Hedden
Inspector General

*orig add
1 - signer*

Our budget is divided into two major categories, one part covering our normal intelligence operations and one part covering cold war operations which we perform under NSC directive.

Our normal intelligence operations are budgeted for 1953 at

25X1 [] These are activities which we can budget as any business can budget its affairs. We know the job we have to do and the facilities and personnel we need to do it. This job involves first the collection of intelligence not otherwise collected by Government. We do this by all known means; principally by means of spies, monitoring of foreign broadcasts, collection and study of foreign political, scientific and economic documents, inducing and interviewing defectors, and interviewing returned scientists and travelers from behind the Iron Curtain. Secondly, it involves the evaluation and analysis of the intelligence we collect and the intelligence which we receive from all other Government intelligence collecting agencies, particularly the Departments of State and Defense; and thirdly, it involves the preparation and dissemination of both current intelligence and of the National Estimate, which is the end product of the intelligence operation.

We are a central intelligence agency. We therefore make no attempt to collect intelligence in competition with any of the other intelligence agencies of Government. Our major collection expenses are, therefore, in the field of espionage. As we receive the intelligence collected by other agencies, we must analyze it, evaluate it,

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25X1 marry it to intelligence collected from other sources including our own, and redistribute it to the interested agencies of Government. This requires people and costs money, but we can estimate with reasonable certainty what it will cost and our estimate for next year is approximately [] in which there is no reserve.

25X1 Our second major activity is to conduct the cold war. This is a job we have not asked for and would prefer not to undertake. We realize, however, that we are the only agency in Government that can do this job covertly as it must be done and have therefore accepted it dutifully, however reluctantly. It is, however, a task which we cannot budget for with accuracy. Its performance depends not only upon what we are asked to do by the Psychological Strategy Board but upon what our enemies do. For example, an extension of [] military activities [] will 25X1 greatly increase the demands upon us in this field. Targets of opportunity, as well as targets of necessity, will determine how much effort we should make and how much the effort will cost. We believe the extremes will be somewhere between a minimum cost of [] 25X1 and a maximum of [] There will simply not be time to go back to Congress for a supplemental budget if we are suddenly called upon to step up our activities in this field, and our cover would be endangered if we did so. We have therefore budgeted and are requesting your approval of the full [] 25X1 [] of this amount as a reserve to be made available to us 25X1

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only as the Director of the Budget may from time to time approve upon our demonstration to him of the necessity of using it. We asked for a similar reserve in our 1952 budget and received

25X1 [] To date we have called upon the Director of the Budget for and have received approval of only [] of this reserve. We have before the Director of the Budget at this moment a request for an additional [] of this reserve for the stockpiling of arms, munitions and materiel to replenish our depleted stocks and support our operations and so that we will have available the means to step up guerrilla warfare, particularly

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25X1 [] We believe now we will return [] of this reserve.

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25X1 Of the [] requested for so-called cold war operations, 25X1 [] is earmarked for guerrilla warfare; [] for political and psychological warfare; [] for economic warfare, including a denial program on strategic materials; [] million for general support operations, maintenance of bases, training, etc. Forty percent of the total is for the purchase of materiel. It may all be used, or very little of it may be used. To the extent that it is not used, it is non-recurring. We may be able to save the full reserve of [] but, if you are going to ask us to finance the cold war activities of Government, it would be shortsighted not to make the full amount available if needed. We know that our enemy is spending many times this amount in cold war activities.

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