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21 JUL 1950

MEMORANDUM FOR: THE DIRECTOR OF CENTRAL INTELLIGENCE

FROM : The Assistant Director, ORE

SUBJECT : Status of the NIS Program

1. There are submitted herewith "Annual Report of the NIS Program Fiscal Year 1950", and six copies thereof for the Executive Secretary, NSC; the Deputy Director for Intelligence, the Joint Staff; and the Chiefs of Intelligence of the Departments of State, Army, Navy, and Air Force.

2. During the course of this past year, the original requirements for NIS production of the equivalent of 15 NIS a year were reduced to the equivalent of 8 NIS a year in view of the insufficient capabilities of the Armed Forces Intelligence Agencies. Even this reduced goal was not attained during Fiscal Year 1950; moreover, the quality of the contributions was seriously deficient in far too many instances. There were also many gaps in the basic intelligence which will require considerable collection effort to fill.

3. Since the end of Fiscal Year 1950, the Armed Forces Intelligence Agencies have diverted most of their capabilities to meeting the requirements of the current situation. The Office of Naval Intelligence has given formal notice that, because of the current situation in the Far East, work on Navy commitments to the NIS Program will be suspended until further notice. The NIS representatives from Army and Air Force have informally indicated similar decisions regarding work on Army and Air Force commitments. Although the Office of Intelligence Research has not indicated that the current situation will adversely affect work on Department of State commitments, the action of the Armed Forces Intelligence Agencies will seriously affect progress of the NIS Program.

4. This is not the first occasion when an emergency has interfered with Armed Forces commitments to the NIS Program. When preparation was being made to implement the Military Defense Aid Program, demands on the Armed Forces Intelligence Agencies, while not causing a complete stoppage of NIS production, were such as to effect drastic curtailment thereof. Hence, judging from this and the current instances, it is valid to conclude that, even if the Armed Forces Agencies eventually resume NIS production, this production will be curtailed or halted again as soon as the next emergency arises.

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5. The NIS Program is a long range project undertaken in accordance with NSCID No. 3 and is designed to produce all basic intelligence needed by the Government. Such a program, in order to produce adequate basic intelligence, requires special machinery for control and coordination, extensive analytical research, and intensified collection and collation. Once these activities are interrupted they are difficult to set in motion again. Hence, if the program is to cover the high priority countries in a reasonable time, production must proceed in an orderly and continuous manner.

6. Basic intelligence is so vital to planning that, if planners cannot obtain such intelligence from the NIS, they will obtain it by means of a swollen volume of ad hoc requests. The result is a disruption of the NIS Program, such as we are now experiencing which, if continued, will mean the reversion of basic intelligence to its highly unsatisfactory state of World War II.

7. The Armed Forces Intelligence Agencies have never, even in ordinary times, fully met their NIS commitments either quantitatively or qualitatively. They have been repeatedly urged to realign their effort so as to remedy this default. This urging has, however, had little salutary effect. In these agencies, the NIS effort is so intermingled with other efforts that extrication of the former has been impossible; and, when the NIS effort has collided with some other effort, the latter has frequently taken precedence.

8. Because the NIS Program is a joint undertaking, unilateral action on the part of a major contributor leading to a diminution of his capabilities has immediate and serious effect upon other contributors, upon commitments of CIA, and upon an integrated production schedule. It also vitiates existing commitments under the NIS Program as approved by the National Security Council. The Armed Forces Intelligence Agencies, however, have repeatedly taken such unilateral action in spite of existing agreements. The continuation of this state of affairs can only mean the emasculation and eventual demise of the NIS Program.

9. Essentially, there are two conditions which must be satisfied before the NIS Program is fully consonant with the provisions of NSCID No. 3:

a. The determination of NIS production requirements which are necessary to meet the minimum fundamental interests of national security.

While the Joint Staff have concurred in the reduction of NIS production from 15 NIS to 8 NIS a

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- 2 -

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year, they have not indicated whether this reduction is prejudicial to the national security. In consequence, NIS requirements are being determined by current agency capabilities rather than by fundamental considerations of national security.

b. The augmentation of agency capabilities necessary to satisfy on a continuing, long-range basis the requirements of (a) above.

The augmentation of agency capabilities has been the subject of much correspondence and discussion between CIA and the IAC Agencies. The Intelligence Agency of the Department of State has set up a special staff solely for NIS work, the financial support of which is borne by CIA. The Armed Forces Intelligence Agencies, however, have considered infeasible any direct financial support by CIA.

10. The NIS Program provides a comprehensive and logical means for developing the basic intelligence required by the Government. If this program is to be effectively implemented, however, the Intelligence Agencies must consistently support it to the extent required by the national security. This support cannot be intermittently diverted to other activities without serious dislocation, unbalance, and marked impairment of NIS production. Current demands for such NIS and JANIS as are available on the Far East, especially Korea, are indicative of the vital nature of basic intelligence to the national security. Only seven years ago, the JANIS Program was initiated in the midst of a shooting war to produce basic intelligence which should have been available before hostilities had commenced. The NIS Program was set up to correct that situation. Yet, the Armed Forces Intelligence Agencies appear to have lost sight of this fundamental consideration. It is therefore recommended that:

a. reconsideration be given to obtaining statement from the Joint Staff as to their minimum requirements for basic intelligence contained in the NIS without prejudice to the national security (Enclosure A);

b. determination be made by the Armed Forces Intelligence Agencies of the capabilities which they and the Technical

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- 3 -

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Services' contributors need to meet the minimum requirements of the Joint Staff;

c. appropriate action be initiated to obtain the requisite funds for the continuing support of these capabilities;

d. pending action on the foregoing, that agreements be reached with the Armed Forces Intelligence Agencies to re-assign such capabilities to NIS work as will maintain NIS production in accordance with existing schedules.

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Enclosure (A)

Attached:

7 copies of "Annual Report
of the NIS Program Fiscal
Year 1950"

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cc: Executive ✓
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- 4 -