



STATEMENT BY THE PRESIDENT
TO THE CABINET

NSC REVIEW
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Last Monday I announced the results of cost reduction actions taken in the 18-month period from January 1964 through June 1965. The civilian agencies effected savings of more than \$1.1 billion. Added to the results achieved in the Department of Defense, this record shows what can be done when a willing effort is made. Impressive as these results are, they are only a beginning of what we can and must achieve in the year ahead.

On March 25, I requested each agency to establish an organized program for cost reduction, to prepare and submit formal cost reduction targets for fiscal 1966, and to make progress reports to me.

I have now received these reports from each of you. By trimming back or dropping marginal or out-of-date programs and by more efficient operating procedures, the civilian agencies have established a further savings goal of \$1.5 billion this fiscal year.

You have identified savings in the next 12 months substantially higher than in the prior 18 months. This represents real progress.

But the fact that we are making progress doesn't mean that our efforts can be eased.

I have said before, and I shall continue to repeat, that the willingness of Congress and the American people to support the legislation we have requested stems, in part, from their recognition and trust that this Administration will carry out Federal programs at the minimum possible cost.

I have instructed the Budget Director, in reviewing your 1967 budget requests with me, to present me with a list of possible savings through

- greater efficiency in operation
- elimination or reduction of obsolete programs , and
- substitution of private for public credit

totaling at least \$3 billion.

I want to outline for you some of the specific areas in which I believe you ought to concentrate your attention:

1. A relentless review of marginal or lower priority programs.

The task forces on budgetary savings which you earlier established, at my request, must continue their efforts during the preparation of your 1967 budget requests. With their help you must extend and enlarge upon the savings already identified in your cost reduction reports.

In the longer run, the planning-programming-budgeting system which the Budget Director outlined to you at the last Cabinet meeting provides a good basis for a continuing search for lower priority programs. Where legislation is required to drop or reduce these programs, we will seek such legislation. The national interest must be our test of whether a program is continued.

2. A renewed effort to hold down Federal employment.

In the next year there will be increasing upward pressure on Federal employment. We must redouble our efforts to economize on personnel costs.

Don't fill a single vacancy until you are sure it is absolutely necessary. Agressively seek out labor-saving techniques -- and don't be hesitant in introducing them. I personally watch each agency's employment figures, and how well you are living within the ceilings we have established. I expect you to give this matter your personal attention.

3. A renewed program to reduce travel costs.

At my request, the Budget Bureau issued, on August 23, a directive suggesting 9 specific areas where travel costs might be reduced. I want you to get out this directive and read it again. We must be sure that every trip is necessary.

4. We can all make do with a little bit less if we try.

The moratorium on the purchase of file cabinets has hurt no one. We can find other areas where we can postpone or reduce our purchases.

Shortly after assuming the Office of President, I announced that cost reduction would be a major role of my Administration. I have reiterated this objective several times; I expect to reiterate it in the future. It will take persistent efforts by all of us to accomplish our objective of weeding out the old programs that need to make way for new and more urgent ones -- to find ways of doing things cheaper and better. It must be the goal of every Federal official and employee. The objective will be accomplished as the product of hundreds of actions. We have demonstrated that it can be done and we must try much harder to do much more.

(CLASSIFICATION)

CENTRAL INTELLIGENCE AGENCY

EXECUTIVE MEMORANDUM

OFFICE OF THE DIRECTOR

EXECUTIVE MEMORANDUM No. 149

DATE 15 September 1965

<u>TO:</u>	<u>ROOM NO.</u>
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Deputy Director (Intelligence)	<u>7E-32</u>
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