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62-7696/1

CENTRAL INTELLIGENCE AGENCY

EXECUTIVE MEMORANDUM

OFFICE OF THE DIRECTOR

EXECUTIVE MEMORANDUM No. 63

DATE 23 October 1962

MEMORANDUM FOR:

- DEPUTY DIRECTOR (PLANS)
- DEPUTY DIRECTOR (INTELLIGENCE)
- DEPUTY DIRECTOR (RESEARCH)
- DEPUTY DIRECTOR (SUPPORT)
- COMPTROLLER
- INSPECTOR GENERAL
- GENERAL COUNSEL
- ASSISTANT DIRECTOR
FOR NATIONAL ESTIMATES

LBK:drm

Distribution:

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1 - ER via DCI, DDCI 1 - ExDir w/Compt. memo

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MEMORANDUM FOR: Mr. Walter N. Elder

STAT

1. Bob Amory passed on the annexed memorandum from the Director, Bureau of the Budget, concerning a Cabinet meeting held on October 18th. The meeting was concerned with measures to reduce the 1964 budget. From the memorandum, it would appear that instructions will be issued cutting every Agency below the planning figures established last summer. In the case of the Agency, this means or non-NRO activities of the Agency. So far, there has been no formal approach to the Agency on this subject.

2. The fact that the DCI was not invited to this Cabinet meeting was apparently an oversight for which the Director, Bureau of the Budget is most apologetic.

JOHN A. BROSS
Comptroller

Attachment

UNITED STATES GOVERNMENT

Memorandum

Exec. Office of the President
Bureau of the Budget

(Copies to Staff)
62-4696/1

TO : Division Chiefs

DATE: October 18, 1962

FROM : The Director (Signed) D. E. B.

SUBJECT: Cabinet Meeting on 1964 Budget

So far as we can tell, the Cabinet meeting this morning accomplished the purpose we intended--namely, to inform the Cabinet officers and agency heads of the seriousness with which the President regards the budget instructions he has given us for this fall's review period. The following points were stressed.

. That the President understands that his instructions require cuts in programs to which the Administration has been committed and legislative recommendations it has previously put forward.

. That the President's instructions will require cutting every agency below the planning figures established last summer. (The illustrations used were that the Agriculture budget might need to be cut \$100 - \$200 million below the Budget Bureau's planning figure, and the HEW budget might need to be cut \$200 - \$400 million below the Budget Bureau's planning figure).

. That we do not propose to lay down arbitrary constraints such as a "no new starts" policy. Instead, we believe the objective of both the Bureau and the agencies should be to apply sensible priorities in reducing the budget figures. It was made plain that there would obviously be fewer new starts, but some new starts might have high enough priority to be retained in the lower budget totals.

. That the Bureau and the agencies will have to consider 1963 actions which might have a 1964 effect. (Illustrations used were the Food Stamp Program and--in private conversation with Celebrezze--the NIH Program).

. That Cabinet officers and agency heads should beware of making specific commitments to figures regarding legislation, programs, or projects, in making public statements during the fall.

. That legislative proposals should all be reviewed and reconsidered. (Illustrations used were legislation relating to recreational land purchases, to urban mass transit, and to aid to education).

. Finally, and this was stressed by both the President and by me, that we should hit particularly hard at increases in the number of employees. Recognizing that personnel costs might not loom large in dollar terms, the degree to which the budget includes increases in numbers of employees will plainly have a good deal to do with the extent to which is regarded by Congressional and other observers as a tight budget.

With respect to procedure, we suggested that the budgets now being prepared should be submitted to the Bureau without further delay, that we would review these budgets with the purpose of arriving at suggestions for possible reductions. Simultaneously, we asked the Cabinet officers and agency heads to consider, along with their staffs, what reductions might be appropriate in the budgets they are submitting.

No specific arrangement was suggested as to the time at which we would be in touch with agency staffs and agency heads. I suggest that each Division Chief establish his own time-table in this regard. Any of you who now wish to talk with the top budget people in different agencies should proceed to do so. Others of you may prefer to wait until you have had a further chance to analyze budgets--or even until after the Director's Review session.

Both Mr. Staats and I attended the Cabinet meeting and are available for further clarification if any is desired.

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|-----|---------------|----------------|--------------|
| cc: | Mr. Amory ✓ | Mr. Armstrong | Mr. Staats |
| | Mr. Broadbent | Mr. Bowman | Mr. Carey |
| | Mr. Schwartz | Mr. Hughes | Mr. Hansen |
| | Mr. Sutton | Mr. McCandless | Mr. Schultze |
| | Mr. Veatch | Mr. Seidman | |