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CENTRAL INTELLIGENCE AGENCY
WASHINGTON 25, D. C.

19 January 1959

MEMORANDUM FOR: Special Assistant to the President
for National Security Affairs

SUBJECT: Historical Background of Functioning of
the NSC 5412/2 Special Group and its
Predecessors

1. The attached memo on the historical background of the functioning of the NSC 5412/2 Special Group and of its predecessors was prepared for the information of the Director of Central Intelligence.

2. Mr. Dulles thought that each of the members of the Special Group might be interested in the memorandum also, and that it might be useful to discuss it at one of the weekly meetings.

(Signed) Thomas A. Parrott

THOMAS A. PARROTT

Attachment: As stated above

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When copy is made top
secret conference

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7 January 1959

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT: Historical Background of Functioning of the NSC 5412/2 Special Group, and its Predecessors - with Special Reference to Current Proposals of the President's Board of Consultants

1. The attached letter from James S. Lay, Jr., informs you and the three members of the Special Group under NSC 5412/2 of three oral recommendations made to the President by his Board of Consultants on Foreign Intelligence activities, in connection with their report of October 30, 1958. Lay says that Gordon Gray has asked that each of the four addressees consider these recommendations, preparatory to an early meeting of the Special Group (also known as the Designated Representatives).

2. Background

a. Under NSC 10/2 (approved 18 June 1948) there were weekly meetings of the "Senior Consultants" with the Assistant Director of CIA for Policy Coordination. These meetings usually took up new projects, much as we now do with the NSC 5412/2 Representatives, but somewhat less formally. Because of the frequency of the meetings, it was sometimes necessary to select projects that were not particularly significant ones, and the meetings sometimes degenerated into a sort of stereotyped chore for all concerned. This group consisted of a representative of State and of Defense, with a JCS representative as a consultant. There was no continuing element of review or evaluation. Review or evaluation took place on occasion - sometimes in connection with briefings by our people returning from the field, but it was usually incidental to the briefing. Many of the OPC projects considered at this time were comparatively short-range and were carried out in response to specific requests from State, Defense or JCS.

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b. NSC 10/5 (23 October 1951) recognized an expansion in CIA capabilities in the PP/PM field and the desirability of a new concept of long-range planning. In effect, it approved an expansion of covert operations and gave the newly-established (4 April 1951) Psychological Strategy Board the responsibility for determining "desirability and feasibility" of programs and major projects proposed by the DCI. The PSB established the 10/5 panel which was the 10/2 Consultants plus PSB staff representatives. Because of the large number of people who had to be briefed before the approval process could be completed, PSB handling proved to be slow, cumbersome and insecure.

c. With the establishment of the OCB (2 September 1953), the PSB was abolished. For the next six months the old 10/2 Consultants continued the function of determination of feasibility and desirability. With the issuance of NSC 5412 and 5412/1 (12-15 March 1954) the OCB (principally through its Policy Coordination Group) served as the panel for policy approval. On 28 December 1955, NSC 5412/2 took the policy approval function away from the OCB and placed it where it now resides, in the hands of State, Defense and the designated representative of the President.

d. Under NSC 5412/2, procedure has become somewhat standardized in terms of submission for policy approval of certain programs and projects. The criteria for submission are not fixed. Usually selection of projects to be considered is at the discretion of the DCI who has generally restricted submission to those projects which had not been contained in regularly approved Agency budgets, those requiring withdrawal from the Agency Contingency Reserve, those requiring large expenditure (usually over \$100,000), or particularly significant items regardless of cost. (Nothing in NSC 5412/2 requires submission of items which involve withdrawals from the Contingency Reserve. However, the Bureau of the Budget has come to look upon approval by the Special Group as prerequisite to its own approval of release of funds from the Reserve, in the case of NSC 5412/2 projects. In any case, projects requiring enough money to involve Reserve withdrawal would normally be submitted to the Special Group on the grounds of magnitude alone.) The Group has not undertaken periodic reviews and evaluations.



e. In the past few months, at the suggestion of Mr. Gray, concurred in by the other Representatives, he and the Defense member have been briefed in advance of regularly-scheduled meetings by knowledgeable CIA officers. Within the State Department, the Reams/Scott office has fulfilled this briefing function to Mr. Herter's apparent satisfaction. There have been suggestions that additional staffing be done by assistants to the Defense representative and to the President's designee, to assist them in their policy consideration. To date, Mr. Gray and Mr. Quarles (and his alternate, Mr. Irwin) have apparently not decided whether or not they wish to institute such staffing within their own organizations. So far, they have appeared satisfied with the advance briefing given to them as individuals by CIA.

3. Current Proposals

a. The first proposal of the three now made by the Board of Consultants is:

"that the Special Group... be instructed to assume responsibility for making periodic reviews and evaluations of significant clandestine cold war programs..."

The Annex to NSC 5412/2 states that "CIA will keep the State and Defense Departments advised on a need-to-know and secure basis of developments pertaining to the implementation of programs to which policy approval has been given by the Group." This has not been done on a standardized basis, but it is believed that it has been carried out adequately within the limits of the need-to-know principle. The current recommendation would bring in the Designated Representatives, rather than the two Departments, and would include "significant" programs whether specifically approved by the Representatives or not.

b. Especially since the three Representatives are unusually busy people, any meaningful review of the type suggested would almost certainly mean additional staffing for each of them.

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c. The second proposal reads:

"that a study be made of the relationship of the Special Group to the Central Intelligence Agency"



It is not quite clear what is meant by this - that is, what information not already available to the Board of Consultants is desired. At Tab A is a statement given to the Board in connection with CIA's briefing of it, which outlines the procedures whereby the Designated Representatives give policy approval to programs submitted by the DCI. As pointed out above, this is, under current procedure, the extent of their specific relationship to CIA. Perhaps the Board of Consultants is interested in the extent of information and support each Representative is getting preparatory to policy approval of specific projects.

d. The third proposal is:

"that NSC 5412/2 be re-examined in the light of these recommendations"

Any amendment to NSC 5412/2 required as a result of new procedures agreed upon would be a simple matter.

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Procedures for Coordinating Psychological Warfare
and Paramilitary Programs

The annual Agency program presentation to the Bureau of the Budget and to Sub-Committees of the Congress gives broad outlines of planned major psychological warfare and paramilitary activities. Approval of the program as a whole generally constitutes broad authority to proceed with these activities.

In working out specific projects under these broad authorizations, constant liaison is maintained between the area division in the Agency, and the appropriate State Department desk. This liaison is monitored and assisted as necessary by the Chief of Psychological and Paramilitary Programs, of the Agency, and by the Special Assistant for Operations, in the Office of the Under Secretary of State.

The object of the liaison is to secure policy guidance and advice at the "working level."

In the case of projects or programs which involve new policy considerations, or which are of considerable magnitude, the DCI obtains policy approval from the Designated Representatives under NSC 5412/2. These Representatives are currently the Under Secretary of State, the Deputy Secretary of Defense and the Special Assistant to the President for National Security Affairs. The project or program is discussed with these Representatives in sufficient detail to allow them to form a balanced judgment.

NSC 5412/2 also provides that particularly sensitive projects which relate exclusively to U. S. foreign policy and which do not involve military considerations can be submitted for policy approval to the Secretary of State alone.

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Agency operations which require logistic or other support from elements of the Defense Department, or which have extensive military implications, are coordinated with the Office of Special Operations, by the appropriate agency officers, in the same general manner as with the Department of State.

In addition to the coordination at the Washington level, described above, covert projects are also coordinated in the field with representatives of the U. S. Government, on a need-to-know basis.

A list of the projects presented to the Designated Representatives since 30 July 1957 is attached.

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