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SUBJECT: IAC Comments on "Resume of Budgetary Analysis of Intelligence Programs Planned by the Staff of the Bureau of the Budget"

1. Objectives of Review

The Intelligence Advisory Committee recognizes that, despite the difficulties involved in a review of all budgets pertaining to intelligence, this is a necessary process if the President is to be informed of the total cost of intelligence as he views all other aspects of the national security program of the government.

The IAC recognizes also that Congress and others outside of intelligence have not to date been fully aware of the interdependence of the various agencies of the government operating either from identifiable intelligence budgets or from non-intelligence budgets. Insofar as an examination of the present distribution of resources will assist in the understanding of this interdependence, it would be helpful. While there has never been any proportion established between money spent on collection as opposed to processing of intelligence information, it is highly unlikely that there is any necessary proportionate relationship at all. Insofar as an effort is made to draw conclusions as to what is an appropriate relationship, we foresee dangers in over-simplification which will ignore the subtities between these two categories.

2. Insofar as this review reveals areas of duplication it should prompt the ~~DCI and~~ IAC to determine that such is profitable or that it

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should be modified or eliminated. However, here again we foresee the dangers of jumping to conclusions without the detailed analysis and understanding of functions which may be characteristic of those who live with the problem on a day-to-day basis.

3. In order to offset the dangers alluded to the above, we heartily support the Bureau's view that we should work closely together. The attached classification list accordingly has been developed in cooperation between the IAC sub-committee and representatives of the Bureau. It represents what jointly seems the most significant and meaningful categorization of intelligence activities in terms of the intelligence processes both from a technical point of view and from a budgetary point of view.

4. It is believed by the IAC that in proceeding to obtain departmental data opposite the relevant classification categories, the Bureau may be benefited further by continuing consultation with the same group which prepared the classification list. Accordingly, the IAC suggests that the Bureau maintain continuing liaison with that group or to bring matters directly to the IAC if that appears preferable.

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