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July 7, 1964

MEMORANDUM FOR RECORD

SUBJECT: CIA Management of Satellite Projects

Facts

In disclosing their studies of, and plans for, a new general search satellite system (FULCRUM), the CIA people have also disclosed their intent to undertake full management of the development and operation of the system. On 26 June the DCI read excerpts from a draft paper stating his desire that the NRO be directed to establish FULCRUM as an NRO development project, and be directed to assign to the CIA responsibility for research, development, and operation.

On 2 July Dr. Wheelon presented and discussed a plan for initiating the project with a six months period of design studies and preliminary design effort, requiring about \$5 million. Seven contractor organizations would be involved, in the following ways:

ITEK would design, and conduct definitive dynamical tests of, a prototype camera system.

GE and AVCO would compete in a paid design competition for the re-entry vehicle; the winner would continue design effort.

Lockheed Missiles and Space Company, G.E., and STL would compete in a paid design competition for the spacecraft, with the winner continuing.

STL would be engaged from the start as contractor for integration, assembly, and checkout (IAC).

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Discussion of this proposal has further brought out the following:

CIA would establish a project office with a director reporting to Dr. Wheelon. Security and contracting support would be supplied as a service by present NRO elements in CIA.

This project office would have full technical responsibility. The IAC contractor would, among other things, serve as staff to this office but specifically would not have responsibility for systems engineering and technical direction.

During the six months of competition, preliminary design, and study, the project office would consist of about ten people, mostly technical. Five to eight of these people will have to be recruited from the outside. Active recruiting is now in progress.

Should a full scale development follow, the project office would expand to about 35 people. Most of these would have to be recruited from the outside.

The Issues

1. The CIA plans to establish, ab initio, a major project office geared to a full scale system development;
2. It is planned to establish this office before any determination is made that FULCRUM is possible, desirable, or authorized;
3. From the start, the office will be endowed with a firm broad base of support and interest in the community of knowledgeable contractors.

The central issue is: should the CIA establish an independent capability for full scale development of space systems?

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A related and more fundamental issue is: how are new developments to be authorized?

Certain Recommendations

These are confined to the two central issues raised above. It is only item 3 that is not already explicit in the NRO agreement and in the PFIAB recommendations.

1. The Secretary of Defense will be the executive agent for the ~~(TS)~~ NRP.

2. As executive agent, the Secretary of Defense will have authority to initiate such new development projects as he determines are feasible and necessary in support of the ~~(TS)~~ NRP.

3. Such developments as are initiated in response to specific collection requirements enunciated by the DCI shall be concurred in by the DCI.

4. As executive agent, the Secretary of Defense will determine the assignment to elements or agencies within the Department of Defense and the CIA of responsibility for tasks or projects in support of the ~~(TS)~~ NRP.

Discussion

There are two possibly valid reasons for considering the assignment of major development responsibilities to the CIA, rather than to elements of the military establishment.

(a) The CIA may have greater competence. This is worth some general discussion later. Here it is sufficient to note the fact that the CIA plans to recruit the bulk of the technical people needed for the proposed FULCRUM development office. By their own estimate, therefore, they are not now competent to undertake this particular development.

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(b) The CIA has a greater freedom and flexibility in contracting and spending money. This freedom was set up in Public Law 110 to permit non-attributable actions. In fact, the special privileges it grants the DCI are wholly unnecessary to the pursuit of systems developments. The CIA's contracting practices in support of the ~~(TS)~~ NRP are very similar to those of any other Government agency. No greater freedom is used or needed than is available to DoD elements of the ~~(S)~~ NRO.

The DCI often cites a third reason: greater security. The claim derives from (b), and is no more valid in its application to the ~~(TS)~~ NRP than is (b) itself.

Turning again to the matter of competence, there is no question that conditions of employment at the CIA permit them to recruit and retain good technical people. Early in 1963 there were about 15 CIA technical people working full time for the NRO, embodying a spectrum of quality comparable to that of the best Navy laboratories. Few of these were working on satellite systems.

During FY 64, under the Deputy Director for Science and Technology, the CIA began aggressive recruiting of young people, mostly from industry. The perhaps dozen of these that I have encountered in connection with the ~~(TS)~~ NRP have all appeared highly competent in terms of understanding and creativity. I have no evidence that they are experienced in engineering, or specifically in development.

I would judge that there is a greater reservoir of talent and competence working on satellite systems for the ~~(TS)~~ NRP in Aerospace Corporation than in the CIA.

The DCI sometimes argues that his people are more competent because of their association with and responsibility for the collection and interpretation of intelligence. This

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argument may be false because of compartmentalization within the CIA. In any case, it is not a strong argument for assignment of development responsibilities. It is an argument favoring the assignment to the CIA of responsibility for creative advanced studies, and for the enunciation of technical objectives and requirements.

The DCI frequently cites the history of CORONA as proving the special competence of his people. As far as I can find out, none of the CIA technical people who contributed to CORONA, save Mr. E. P. Kiefer, who is Deputy ~~(S)~~ DNRO, are now associated with the ~~(TS)~~ NRP in any way, or would be associated with FULCRUM. In any case, the CIA's prime contribution to CORONA was managerial: to insist upon and provide a means for disciplined pursuit of realistic and practical objectives. This particular managerial function is now institutionalized in the NRO.

The OXCART program is an example of a major development effort being carried out by the CIA. It appears as a large effort within the CIA because almost all of the direct support that is supplied by the DoD is supplied by Air Force personnel actually attached to the CIA. The development office itself is a small one with only a few technical people. Although Kelly Johnson is an associate, rather than a prime, contractor, he in fact guides the whole project to a degree that many people will not appreciate or will not admit. This is a unique relationship, possible only because of the special qualities and personality of Johnson himself. It does not provide a valid argument for setting up other major development projects in the CIA.

Signed

BROCKWAY McMILLAN
Director~~(S)~~ National Reconnaissance Office

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