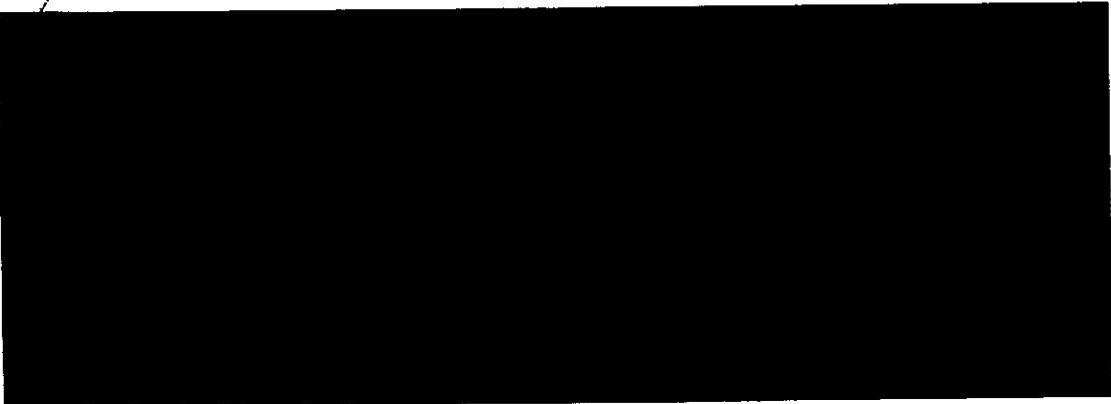


6 October 1961

MEMORANDUM FOR THE RECORD

SUBJECT: Minutes of Special Group Meeting, 6 October 1961

PRESENT: General Taylor (items 1-5), Mr. Johnson, Mr. Dulles, General Lansdale. Mr. Gilpatric and General Lemnitz were present for items 1 and 2.



✓ 3. Covert Program - Berlin

Mr. Elmer Staats, Deputy Director of the Bureau of the Budget, joined the Group for this item.

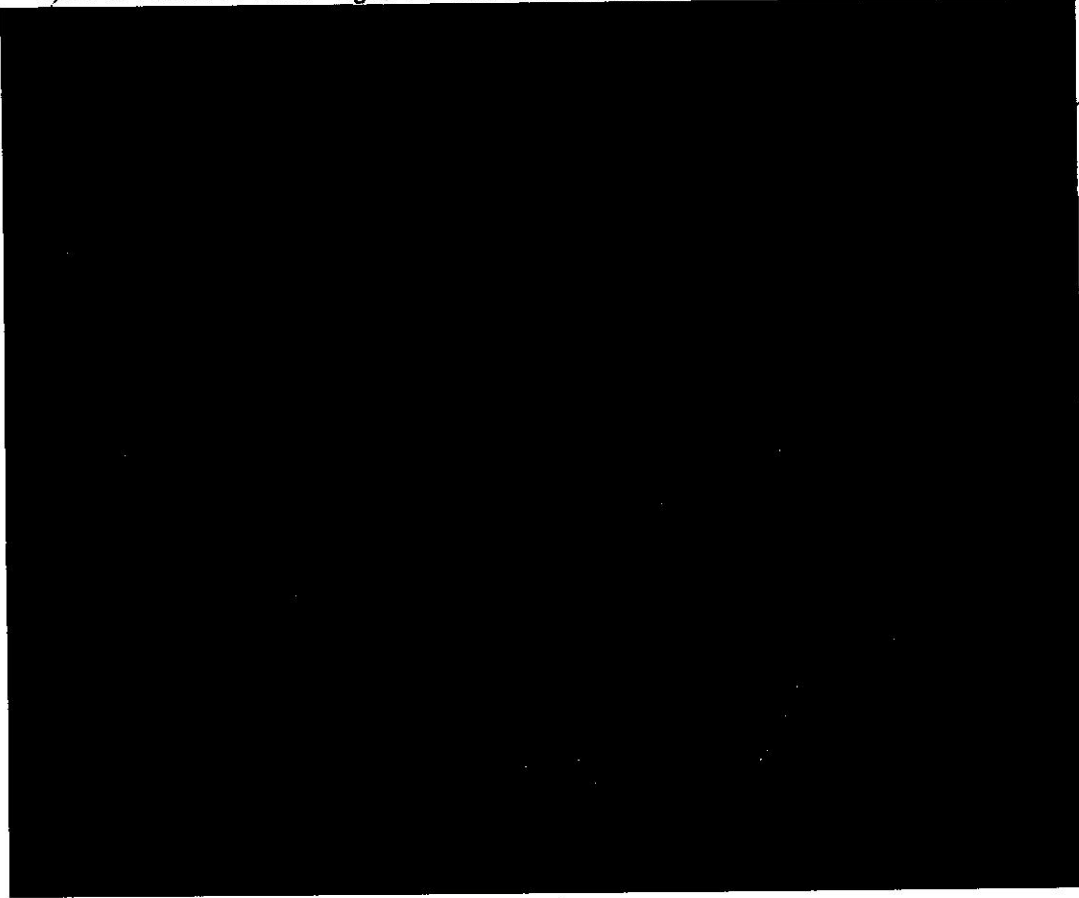
General Taylor outlined the objections that the BOB had raised to financing from the CIA Reserve certain items in the Berlin covert program. Mr. Staats amplified the objections, stating that one group of items might, in the opinion of the BOB, be financed by the West Germans, and that other items should perhaps be included in the regular CIA Budget rather than be a charge against the Reserve.

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The Chairman said that he thought the latter point was of a technical nature that the Special Group was probably not competent to deal with. On the first point, he solicited the opinion of Mr. Dulles. The latter explained that to a considerable degree the questioned items were projects that the Germans would not undertake on their own. He emphasized in addition that these are areas where it is necessary for the U.S. to retain control so as to assure the proper dissemination of the American policy line. He added that the West Germans are no doubt doing a considerable amount in this general field and are certainly contributing in great measure to the economic viability of West Berlin.

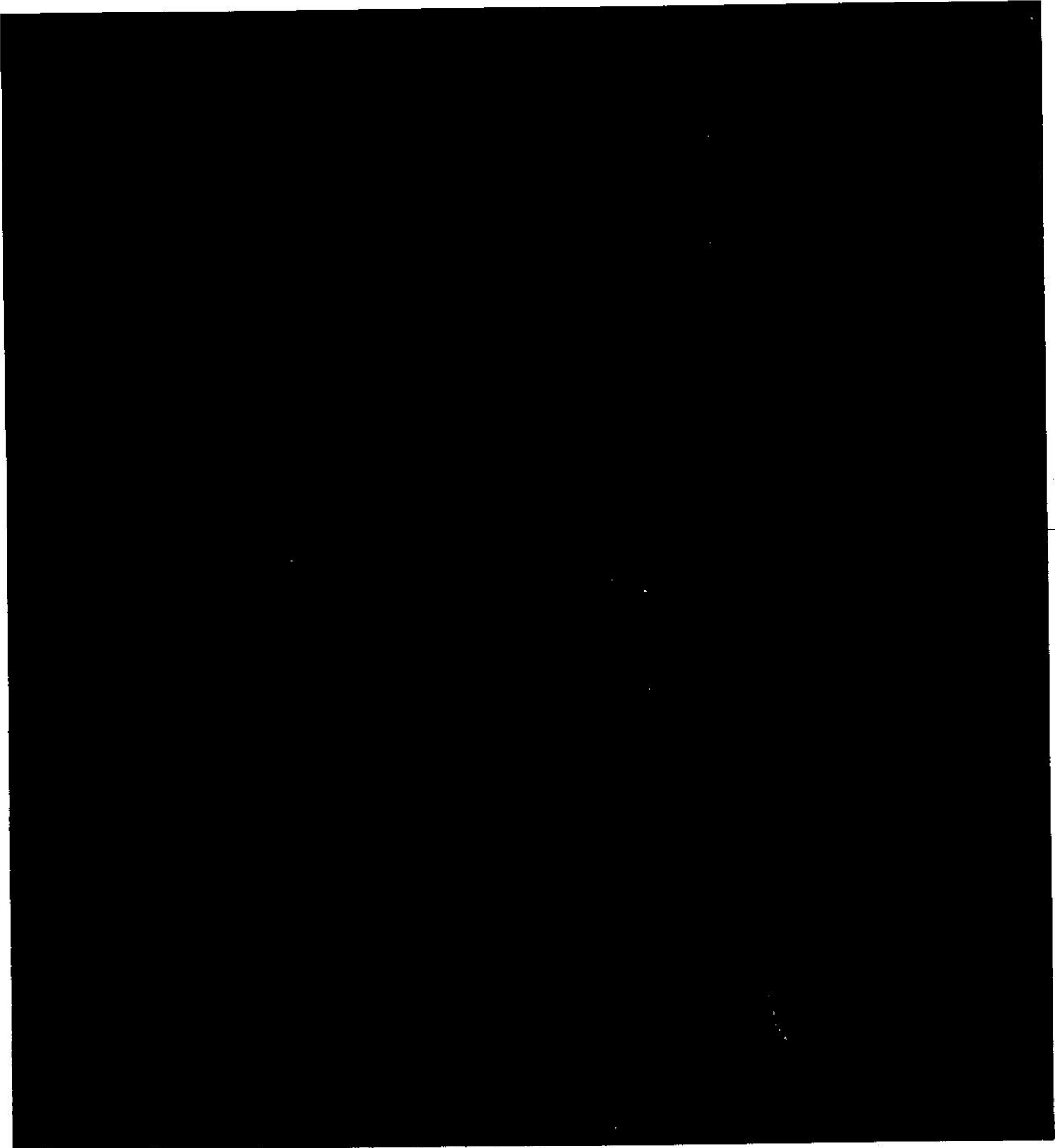
On the second point raised by Mr. Staats, the DCI said that at this time of year it is very difficult to absorb these special expenses. He made the point that any savings at the end of the year would go into the Reserve in any case and, therefore, it did not seem particularly damaging to tap the Reserve for them at this time.

It was finally decided that representatives of CIA should meet with officials of the Bureau of the Budget to discuss not only the Berlin situation but projects on which the use of the Reserve had been challenged. If matters of principle or policy remained unsettled, then these could come back to the Special Group. General Lansdale said that Defense would like to participate in some of these, e.g., the support of the Meos. Mr. Johnson said he would ask the European Bureau of the State Department to consider the Berlin items in the light of the BOB reaction.



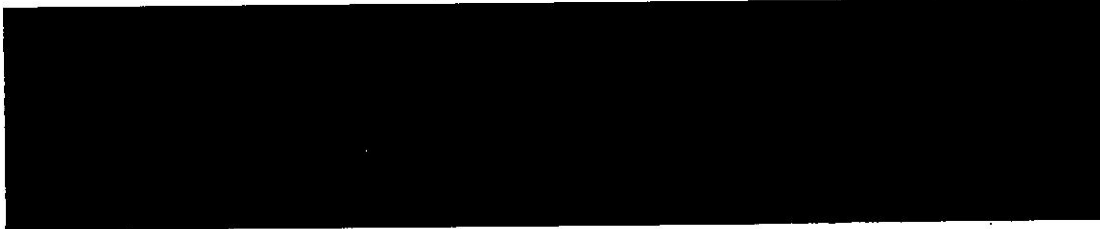
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LaParrott
Thomas A. Parrott

Distribution:
Mr. Johnson
Mr. Gilpatric
Mr. Dulles
General Taylor