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"By authority of the  
Director of Intelligence"  
Initials Date

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War Department Priorities for Research and Development  
Projects

Director, Research &  
Development, WDGS

Director of Intelligence 15 November 1946  
Captain Utter/8129 Ext 216

1. The Army Security Agency has no objection to the system of priorities as proposed in paragraph 3 of draft memorandum, subject as above.

2. In the Army Security Agency comments with respect to the revision of AR 850-25, it was recommended that projects peculiar to the Army Security Agency not be processed through the Army Security Agency Technical Committee because of security considerations but be handled as special projects excepted from the provisions of AR 850-25. The attached memorandum does not take this contingency into consideration in that project priorities must be established through the Technical Committee. If the recommendations of the Army Security Agency, with reference to AR 850-25, are established, then special action must be taken to establish priorities for the projects peculiar to the Army Security Agency.

3. At the present time, the Army Security Agency is operating under the general policy that 65 per cent of its research and development efforts be directed toward cryptographic projects resulting from requests of outside agencies and 35 per cent of its efforts be directed toward projects peculiar to the needs of the Army Security Agency. The method of application of the priorities, as stated in paragraph 3 of the attached memorandum permits two possible courses:

a. The assignment of the same priority to all Army Security Agency projects which, in effect, is circumvention of the intent of the memorandum, since it would only establish the relative priorities of all Army Security Agency projects with those of other agencies with no differentiation among the individual projects.

b. Assignment of different priorities to different projects with the result that the present balanced program would be destroyed and possibly no work could be undertaken on the cryptanalytic and intercept program peculiar to the Army Security Agency. This contingency may well be expected because of the limited Army Security Agency facilities for research and development.

Course (a) proposed above is obviously unworkable; course (b) would destroy the possibility of maintaining a balanced program.

4. For the purpose of this memorandum, the research and development facilities of the Army Security Agency should be apportioned on a percentage basis between the cryptographic projects requested by outside agencies and the projects peculiar to the requirements of the Army Security Agency. Present apportionment is given in paragraph 2 above. Changes in apportionment would be recommended periodically by the Director of Intelligence, WDGS.

5. It is recommended that the apportionment of research and development

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War Department Priorities for Research and  
Development Projects

facilities of the Army Security Agency be recognized and that approval be given to maintain this apportionment independent of priorities assigned to specific projects within the two groups.

8. It is also recommended that a phrase "Those necessary to develop and/or prepare equipment or material to insure security of communications" be inserted between subparagraphs (b) and (c) of paragraph 3a (8) of the proposed draft.

FOR THE DIRECTOR OF INTELLIGENCE:

1 Incl  
Ltr fr RAD Div, WDCS,  
STM 22 Oct 46 w/1 Incl

HAROLD G. HAYES  
Colonel, Signal Corps  
Chief, Army Security Agency

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