

Part I
From OSS to CIA

Part I: From OSS to CIA

The documents in Part I run from the last days of OSS in 1945 to the debate in 1947 that led to the formation of the Central Intelligence Agency.

During World War II America developed a capable intelligence arm—the Office of Strategic Services—that was not part of any department or military service. Its Director, William Donovan, was not alone in arguing that the nation needed something like OSS after the war. Disagreeing, President Truman dissolved OSS soon after Japan's surrender, gave several OSS units to the State and War Departments, and asked State to take the lead in forming a new interdepartmental organization to coordinate intelligence information for the President. After several months of bureaucratic wrangling, Truman stepped in to establish a small Central Intelligence Group (CIG) principally to summarize each day's cables for the White House. The fledgling CIG had powerful friends, however, and a politically astute chief, RAdm. Sidney Souers, the first Director of Central Intelligence. Within a few months CIG agreed to adopt the Strategic Services Unit—the former OSS espionage and counterintelligence staffs that the War Department had absorbed. By mid-1947, the acquisition of SSU and the maneuvering of an aggressive new Director, Lt. Gen. Hoyt S. Vandenberg, had built CIG into the nation's foremost intelligence organization, which Congress soon provided with a legislative mandate and new name—the Central Intelligence Agency—in the National Security Act of July 1947.

1. William J. Donovan, Memorandum for the President,
13 September 1945 (Photocopy)

OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

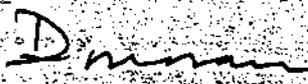
13 September 1945

MEMORANDUM FOR THE PRESIDENT:



1. I understand that it has been, or will be, suggested to you that certain of the primary functions of this organization, more particularly, secret intelligence, counter-espionage, and the evaluation and synthesis of intelligence -- that these functions be severed and transferred to separate agencies. I hope that in the national interest, and in your own interest as the Chief Executive, that you will not permit this to be done.

2. Whatever agency has the duty of intelligence should have it as a complete whole. To do otherwise would be to add chaos to existing confusion in the intelligence field. The various functions that have been integrated are the essential functions in intelligence. One is dependent upon the other.


William J. Donovan
Director

2. William D. Leahy, Memorandum for the Secretary of War and Secretary of the Navy, "Establishment of a central intelligence service upon liquidation of OSS," 19 September 1945 (Photocopy)



C4744



THE JOINT CHIEFS OF STAFF
WASHINGTON 25, D. C.



19 September 1945.

MEMORANDUM FOR THE SECRETARY OF WAR:
SECRETARY OF THE NAVY: ✓

Subject: Establishment of a central intelligence service upon liquidation of ~~OSS~~

The Joint Chiefs of Staff request that the Secretary of War and the Secretary of the Navy forward the attached memorandum to the President.

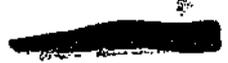
For the Joint Chiefs of Staff:

DECLASSIFIED	
Authority	77D 803073
By	KW NARA Date 8/2/94

William D. Leahy
WILLIAM D. LEAHY,
Fleet Admiral, U.S. Navy,
Chief of Staff to the
Commander in Chief of the Army and Navy.

Enclosure.

A8-2



RECEIVED S-C FILES	
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File No. (SC)	A8-2
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E N C L O S U R E

MEMORANDUM FOR THE PRESIDENT

A memorandum from the Director of Strategic Services on the establishment of a central intelligence service was referred to the Joint Chiefs of Staff on 22 November 1944 for their comment and recommendation. The matter received careful study and consideration at that time and the Joint Chiefs of Staff were prepared to recommend, when opportune, the establishment of such an agency in three steps, namely:

1. An Executive Order setting up a National Intelligence Authority, (composed of the Secretaries of State, War and the Navy, and a representative of the Joint Chiefs of Staff), a Director of the Central Intelligence Agency (appointed by the President), and an Intelligence Advisory Board (heads of the principal military and civilian intelligence agencies).
2. Preparation and submission to the President by the above group of a basic organizational plan for establishing the complete intelligence system.
3. Establishing of this intelligence system by Presidential directive and legislative action as appropriate.

Since their first studies, the Joint Chiefs of Staff have had referred to them a letter from the Director of Strategic Services to the Director, Bureau of the Budget, dated 25 August 1945, renewing his proposals on the subject. Meanwhile, the cessation of hostilities, certain undecided questions regarding the future organization of the military establishment, and the development of new weapons present new factors which require consideration.

The end of hostilities has tended to emphasize the importance of proceeding without further delay to set up a central intelligence system.

The unsettled question as to post-war military organization does not materially affect the matter, and certainly warrants no further delay since a central intelligence agency can be fitted to whatever organization or establishments are decided upon.

- 1 -

Enclosure

[REDACTED]

Recent developments in the field of new weapons have advanced the question of an efficient intelligence service to a position of importance, vital to the security of the nation in a degree never attained and never contemplated in the past. It is now entirely possible that failure to provide such a system might bring national disaster.

The Joint Chiefs of Staff recognize, as does the Director of Strategic Services, the desirability of:

- a. Further coordination of intelligence activities related to the national security;
- b. The unification of such activities of common concern as can be more efficiently conducted by a common agency; and
- c. The synthesis of departmental intelligence on the strategic and national policy level.

They consider that these three functions may well be more effectively carried on in a common intelligence agency, provided that suitable conditions of responsibility to the departments primarily concerned with national security are maintained. They believe, however, that the specific proposals made by the Director of Strategic Services are open to serious objection in that, without adequate compensating advantages, they would over-centralize the national intelligence service and place it at such a high level that it would control the operations of departmental intelligence agencies without responsibility, either individually or collectively, to the heads of the departments concerned.

In view of the above, the Joint Chiefs of Staff append hereto an alternative draft directive, which they believe retains the merits of General Donovan's proposals, while obviating the objection thereto.

The success of the proposed organization will depend largely on the Director of the Central Intelligence Agency. In the opinion of the Joint Chiefs of Staff, he should have considerable permanence in office, and to that end should be either a specially qualified civilian or an Army or Navy officer of appropriate background and experience who can be assigned for the requisite period of time. It is considered absolutely essential, particularly in the case of the first director, that he be in a position to exercise impartial judgment in the many difficult problems of organization and cooperation which must be solved before an effective working organization can be established.

A P P E N D I X

D R A F T

DIRECTIVE REGARDING THE COORDINATION OF INTELLIGENCE ACTIVITIES

In order to provide for the development and coordination of intelligence activities related to the national security:

1. A National Intelligence Authority composed of the Secretaries of State, War and the Navy, and a representative of the Joint Chiefs of Staff is hereby established and charged with responsibility for such over-all intelligence planning and development, and such inspection and coordination of all Federal intelligence activities, as to assure the most effective accomplishment of the intelligence mission related to the national security.

2. To assist it in that task the National Intelligence Authority shall establish a Central Intelligence Agency headed by a Director who shall be appointed or removed by the President on the recommendation of the National Intelligence Authority. The Director of the Central Intelligence Agency shall be responsible to the National Intelligence Authority and shall sit as a non-voting member thereof.

3. The Director of the Central Intelligence Agency shall be advised by an Intelligence Advisory Board consisting of the heads of the principal military and civilian intelligence agencies having functions related to the national security, as determined by the National Intelligence Authority.

4. The first duty of the National Intelligence Authority, assisted by the Director of the Central Intelligence Agency and the Intelligence Advisory Board, shall be to prepare and submit to the President for his approval a basic organizational plan for implementing this directive in accordance with the concept set forth in the following paragraphs. This plan should include drafts of all necessary legislation.


5. Subject to the direction and control of the National Intelligence Authority, the Central Intelligence Agency shall:

a. Accomplish the synthesis of departmental intelligence relating to the national security and the appropriate dissemination within the government of the resulting strategic and national policy intelligence.

b. Plan for the coordination of the activities of all intelligence agencies of the government having functions related to the national security, and recommend to the National Intelligence Authority the establishment of such over-all policies and objectives as will assure the most effective accomplishment of the national intelligence mission.

c. Perform, for the benefit of departmental intelligence agencies, such services of common concern as the National Intelligence Authority determines can be more efficiently accomplished by a common agency, including the direct procurement of intelligence.

d. Perform such other functions and duties related to intelligence as the National Intelligence Authority may from time to time direct.

6. The Central Intelligence Agency shall have no police or law enforcement functions.

7. Subject to coordination by the National Intelligence Authority, the existing intelligence agencies of the government shall continue to collect, evaluate, synthesize, and disseminate departmental operating intelligence, herein defined as that intelligence required by the several departments and independent agencies for the performance of their proper functions. Such departmental operating intelligence as designated by the National Intelligence Authority shall be freely available to the Central Intelligence Agency for synthesis. As approved by the National Intelligence Authority, the operations of the departmental intelligence agencies shall be open to inspection by the Central Intelligence Agency in connection with its planning function. In the interpretation of this paragraph, the National Intelligence Authority and the Central Intelligence Agency will be responsible for fully protecting intelligence sources and methods which, due to their nature, have a direct and highly important bearing on military operations.

8. Funds for the National Intelligence Authority shall be provided by the departments participating in the National Intelligence Authority in amount and proportions to be agreed upon by the members of the Authority. Within the limits of the funds made available to him, the Director of the Central Intelligence Agency may employ necessary personnel and make provision for necessary supplies, facilities, and services. With the approval of the National Intelligence Authority, he may call upon departments and independent agencies to furnish such specialists as may be required for supervisory and functional positions in the Central Intelligence Agency, including the assignment of military and naval personnel.

EXECUTIVE ORDER

TERMINATION OF THE OFFICE OF STRATEGIC SERVICES
AND DISPOSITION OF ITS FUNCTIONS

By virtue of the authority vested in me by the Constitution and Statutes, including Title I of the First War Powers Act, 1941, and as President of the United States and Commander in Chief of the Army and the Navy, it is hereby ordered as follows:

1. There are transferred to and consolidated in an Interim Research and Intelligence Service, which is hereby established in the Department of State, (a) the functions of the Research and Analysis Branch and of the Presentation Branch of the Office of Strategic Services (provided for by the Military Order of June 13, 1942), excluding such functions performed within the countries of Germany and Austria, and (b) those other functions of the Office of Strategic Services (hereinafter referred to as the Office) which relate to the functions of the said Branches transferred by this paragraph. The functions of the Director of Strategic Services and of the United States Joint Chiefs of Staff, relating to the functions transferred to the Service by this paragraph, are transferred to the Secretary of State. The personnel, property, and records of the said Branches, except such thereof as is located in Germany and Austria, and so much of the other personnel, property, and records of the Office and of the funds of the Office as the Director of

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the Bureau of the Budget shall determine to relate primarily to the functions transferred by this paragraph, are transferred to the said Service. Military personnel now on duty in connection with the activities transferred by this paragraph may, subject to applicable law and to the extent mutually agreeable to the Secretary of State and to the Secretary of War or the Secretary of the Navy, as the case may be, continue on such duty in the Department of State.

2. The Interim Research and Intelligence Service shall be abolished as of the close of business December 31, 1945, and the Secretary of State shall provide for winding up its affairs. Pending such abolition, (a) the Secretary of State may transfer from the said Service to such agencies of the Department of State as he shall designate any function of the Service, (b) the Secretary may curtail the activities carried on by the Service, (c) the head of the Service, who shall be designated by the Secretary, shall be responsible to the Secretary or to such other officer of the Department of State as the Secretary shall direct, and (d) the Service shall, except as otherwise provided in this order, be administered as an organizational entity in the Department of State.

3. All functions of the Office not transferred by paragraph 1 of this order, together with all personnel, records, property, and funds of the Office not so transferred, are transferred to the Department of War; and the Office, including the office of the Director of Strategic Services, is terminated. The functions of the Director of Strategic Services and of the United States Joint

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Chiefs of Staff, relating to the functions transferred by this paragraph, are transferred to the Secretary of War. Naval personnel on duty with the Office in connection with the activities transferred by this paragraph may, subject to applicable law and to the extent mutually agreeable to the Secretary of War and the Secretary of the Navy, continue on such duty in the Department of War. The Secretary of War shall, whenever he deems it compatible with the national interest, discontinue any activity transferred by this paragraph and wind up all affairs relating thereto.

4. Such further measures and dispositions as may be determined by the Director of the Bureau of the Budget to be necessary to effectuate the transfer or redistribution of functions provided for in this order shall be carried out in such manner as the Director may direct and by such agencies as he may designate.

5. All provisions of prior orders of the President which are in conflict with this order are annulled accordingly.

6. This order shall, except as otherwise specifically provided, be effective as of the opening of business October 1, 1945.



THE WHITE HOUSE,

September 20, 1945

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U.S. DEPARTMENT OF WAR

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THE WHITE HOUSE
WASHINGTON

September 20, 1945

My dear General Donovan:

I appreciate very much the work which you and your staff undertook, beginning prior to the Japanese surrender, to liquidate those wartime activities of the Office of Strategic Services which will not be needed in time of peace.

Timely steps should also be taken to conserve those resources and skills developed within your organization which are vital to our peacetime purposes.

Accordingly, I have today directed, by Executive order, that the activities of the Research and Analysis Branch and the Presentation Branch of the Office of Strategic Services be transferred to the State Department. This transfer, which is effective as of October 1, 1945, represents the beginning of the development of a coordinated system of foreign intelligence within the permanent framework of the Government.

Consistent with the foregoing, the Executive order provides for the transfer of the remaining activities of the Office of Strategic Services to the War Department; for the abolition of the Office of Strategic Services; and for the continued orderly liquidation of some of the activities of the Office without interrupting other services of a military nature the need for which will continue for some time.

I want to take this occasion to thank you for the capable leadership you have brought to a vital wartime activity in your capacity as Director of Strategic Services. You may well find satisfaction in the achievements of the Office and take pride in your own contribution to them. These are in themselves large rewards. Great additional reward for your efforts should lie in the knowledge that the peacetime intelligence services of the Government are being erected on the foundation of the facilities and resources mobilized through the Office of Strategic Services during the war.

Sincerely yours,

(S) HARRY S. TRUMAN

Major General William J. Donovan
Director of Strategic Services
Washington 25, D. C.

PP71833

*Orig did not come to my desk
HDS Jm*

5. Sidney W. Souers, Memorandum for Commander Clifford,
27 December 1945 (Photocopy)

DECLASSIFIED
E.O. 11652, Sec. 3E3 and 509

C.I.A. LTR 12-14-77

By NLT NALS Date: 15-73

Personal

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27 DEC 1945

MEMORANDUM FOR COMMANDER CLIFFORD:

Subject: Central Intelligence Agency.

1. As you have requested, I am attaching:
 - (a) Copy of the State Department Plan.
 - (b) Copy of draft of directive proposed by the Joint Chiefs of Staff.
 - (c) Detailed comparison of Plans (a) and (b).
2. Differences between the two plans are far greater, and more fundamental, than they appear to be on the surface.
3. Mr. McCormack, author of the State Department plan, advocates that the Secretary of State should control America's intelligence effort. The Secretary of State or his representative, Mr. McCormack feels, should determine the character of the intelligence furnished the President. He made this point clear not only in his published plan, but also in his talk to the public over the radio, and in various addresses to Army and Naval officers intended to sell the State Department plan.
4. There are three serious objections to Mr. McCormack's proposal:
 - (a) Recent experience has shown all too clearly that as long as the Army and Navy may be called upon in the last analysis to support the nation's foreign policy, the Services should have a voice reaching the President as unmistakable as that of the State Department.
 - (b) The evaluation of information is not an exact science and every safeguard should be imposed to prevent any one department from having the opportunity to interpret information in such a way as to make it seem to support previously accepted policies or preconceived opinions.
 - (c) Should the McCormack plan be adopted, it is inevitable that it would be looked upon in time as a State Department intelligence system, not an inter-governmental system. The Army and Navy meanwhile would be maintaining their own complete intelligence systems.
5. The plan of the Joint Chiefs of Staff seems more likely to provide the President with unbiased intelligence, derived from all available sources, and approved by all three departments of the Government primarily concerned with foreign policy -- State, War and Navy. Under the JCS Plan, the interest of the President would seem to be better pro-

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Subject: Central Intelligence Agency

DECLASSIFIED
E.O. 11652, Sec. 3(e) and 5(D)
C.I.A. 100-17-10-72
BY ALLT NASS Date 1-15-79

pected than under the McCormack plan for the following reasons:

- (a) The Authority would be set up under the President, and therefore on a level higher than that of any single department. As a result, no one department could influence unduly the type of intelligence produced. Furthermore, more balanced control could be expected, as no single department would be dominant.
- (b) The President would appoint the Director, making it possible to procure a man of outstanding ability and integrity.
- (c) Through the pooling of expert personnel in the Central Intelligence Agency, many functions now performed by various intelligence agencies could be carried out more efficiently, expeditiously, and economically than could be expected under the McCormack plan. (Mr. McCormack has indicated in interviews that he is not in favor of a central intelligence agency.)
- (d) The JCS Plan provides for the preparation of summaries and estimates approved by the participating agencies for the use of those who need them most: the President, those on a Cabinet level responsible for advising the President, and the Joint Planners.
- (e) The JCS Plan contemplates a full partnership between the three departments, created and operated in the spirit of free consideration, and with a feeling of a full share of responsibility for its success. The whole-hearted cooperation of participating agencies would be assured inasmuch as the Central Intelligence Agency is designed to operate on a reciprocal basis.

6. The JCS Plan has the further advantage of having been under consideration for many months. It was prepared after long consideration by the technical staff of the J.I.C. and unanimously approved by the members of the Joint Intelligence Committee, which included the heads of the intelligence agencies of the State, War and Navy Departments. It was then approved, with minor changes, by the Joint Chiefs of Staff comprising Fleet Admirals Leahy and King, Generals of the Army Marshall and Arnold. The recommendations of the JCS were concurred in at that time by the Secretaries of War and the Navy.

7. I recommend that a directive substantially in line with the draft attached (JCS Plan) be issued by the President as I believe it will provide a program which will best serve him and the national interest.

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5. (Continued)

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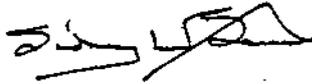
E.O. 11652, Sec. 302 and 502

~~C.I.A. MR. 12-1-77~~

By ~~ALB~~ NARS Date ~~1-15-73~~

Subject: Central Intelligence Agency.

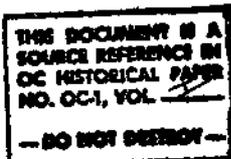
8. As you know, my interest in this subject is wholly objective as I am not a candidate for the job of Director and couldn't accept even if it were offered me.



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6. John Magruder, Memorandum for Maj. Gen. S. Leroy Irwin,
"Assets of SSU for Peacetime Intelligence Procurement,"
15 January 1946 (Carbon copy)

C O P Y



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~~CONFIDENTIAL~~

15 January 1946

MEMORANDUM FOR: Maj. Gen. S. Leroy Irwin

SUBJECT: Assets of SSU for Peace-time Intelligence Procurement.

SSU today possesses the essential personnel, techniques and facilities for all the complex phases of clandestine peace-time intelligence procurement. In addition the agency is serving the occupation forces in Germany, Austria, SEAC, and China, continuing responsibilities developed during hostilities. Except in SEAC, proposals to withdraw from these commitments, in order to concentrate on long range future operations, have been opposed by the Theater commanders concerned.

At present the primary objective of SSU is to convert its unique assets into the foundation for clandestine peace-time intelligence procurement. Work has been proceeding steadily despite such handicaps as repeated reductions in budget and personnel quotas and the general uncertainty as to the future of intelligence organization. This has resulted in the loss of many key officers and personnel.

SSU's paramount asset is its personnel, qualified and seasoned after four years of operation covering not only zones of active military combat but also areas where peace-time conditions prevailed. Many among the individuals who have left SSU constitute a pool of recoverable personnel for future work. Selected rosters noting particular qualifications and talents have been compiled and are being kept current.

Long range clandestine intelligence procurement depends on secrecy, inconspicuousness and individual devotion to duty. Personnel must be meticulously checked for reliability, without there being revealed the purpose for the investigation. Training must not permit too deep a knowledge of the organization, to protect against individual divulgence or compromise. Procedures must be flexible to permit coordinated development of various sources of information and opportunities for penetration.

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"Cover" identities must be lived completely yet adapted to the assignment. And above all a break in security should not reflect on or compromise the United States, nor can official channels be called on for succor.

Secret Intelligence - the SI Branch.

Techniques: SI personnel are experienced in the basic techniques of procuring and handling clandestine foreign intelligence data:

1. Locating, screening, recruiting and indoctrinating operatives, agents and staff personnel.
2. Planning, mounting and supporting clandestine intelligence operations.
3. Collecting and reporting clandestine military, political, economic, sociological and scientific intelligence.
4. Cross-checking, evaluating, processing and disseminating such reports locally and laterally in the field and to users in Washington.

Personnel: All key branch personnel whether now in the United States or abroad have had responsible experience in some or all of the techniques in the field during the past four years, - in neutral, allied or enemy countries. Some who have already returned to civilian occupations desire to resume clandestine intelligence work abroad in the future under suitable cover. Others, still on duty in foreign countries, are well qualified for operations direction or supporting posts at headquarters, Washington. Still others, who have become suspected for clandestine activities in the areas where they are at present active in a semi-overt status, can nevertheless after a lapse of time be used elsewhere either in Washington or abroad.

In certain regions where it has been necessary to discontinue operations owing to lack of authority, funds, or facilities local agents who have served American secret intelligence purposes well have been "sealed off", with arrangements made to resume contact in the future.

Records and Working Files contains:

1. Processed intelligence reports, received from the field during the past four years, indexed for prompt use, numbering into tens of thousands.
2. War diaries, field histories, records of operational experience and manuals of intelligence doctrine and techniques.
3. Well-indexed files on U.S. personnel (citizen or resident) who have specialized knowledge of persons, subjects and objects located abroad.

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together with detailed interrogations of them concerning that knowledge.

4. The most comprehensive bibliography in the United States of the literature of espionage.

Liaison: Highly productive liaisons were established during war-time with British, French, Belgian, Czech, Danish, Dutch, Norwegian, Polish, Siamese and Indo-Chinese intelligence services. In addition, certain relations were developed with the secret services of such neutral countries, as Switzerland, Sweden, Spain and Turkey.

These foreign liaisons are a continuing SSU asset that according to their principles can only be maintained by an American secret intelligence counterpart. They will be of unique value in peace-time in that other countries, in seeking American support, will voluntarily supply information otherwise difficult to obtain.

Current operations are of two general kinds:

1. Extensive semi-overt operations in areas under military commanders - Germany, Austria, China and Southeast Asia. These will terminate when the military need ends. Meanwhile these areas of occupation are proving to be excellent bases from which to operate into countries outside the areas, in transition to long-term peace-time clandestine operations. Similar operations are taking place in and out of Switzerland, Sweden, Italy, and Greece to all of which it is planned to send new personnel operating under new directives.
2. Long-term operations on peace-time basis are today well established in seven countries of the Near East and four of Northern Africa. These are true clandestine operations of permanent value.

Plans have been drawn in detail for clandestine operations in the Far East. They are complete and can be put into full effect in eight months time. Plans are being implemented for gradual expansion of Near East operations and enlargement of work in Africa.

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Staff studies are now in process for long-term operations in key European countries. These must be implemented country by country, since the restoration of certain normal conditions is essential to the establishment and maintenance of successful cover.

Morale and physical subversion branches of SSU have been liquidated but selected personnel have been integrated into the SI Branch. In addition to specialized interpretation of reports they maintain complete files on techniques and operations to furnish the basis for positive planning for, or defense against, future subversive propaganda, sabotage or guerrilla activities.

Counter-Espionage - the X-2 Branch

Techniques: The X-2 Branch is in the unique position of being the only operating American counter-espionage organization with coordinated coverage in both military and non-military areas outside of the Western Hemisphere. Its tasks are to:

1. Observe, report on and correlate information concerning the activities of all foreign intelligence services and related secret organizations.
2. Advise and assist the appropriate executive agencies of the United States Government in frustrating such activities of these services as may be detrimental to American interests.
3. To protect clandestine intelligence operations of United States Government agencies/

The branch operates by the use of agents and double agents to obtain information concerning not only foreign intelligence personnel and their activities but also the structure and policies of their organizations. It works in close liaison with related American agencies in obtaining relevant information. On matters where the security of American interests is not jeopardized, it works in liaison with foreign counter-intelligence agencies to obtain data on matters and individuals of mutual interest. The intelligence services of smaller nations in particular show a marked interest in making available to SSU, which they regard as their American counterpart, counter-intelligence material on subjects

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which they wish made known to the United States Government and which might otherwise not reach American sources.

Personnel: X-2 has developed a staff of specialists in procuring and correlating counter-espionage intelligence with over three years' active operational experience. They work in close liaison with such executive and law-enforcement agencies as State Department, G-2, ONI, FBI and Treasury supplying them with incoming information of special interest. In military areas, such as Germany, Austria, Italy and China, X-2 personnel operate as Special Counter-Intelligence Units which work in close liaison with G-2 Headquarters to conduct clandestine operations against foreign intelligence and sabotage organizations, assist in the interrogation of captured enemy agents and intelligence officials, analyze relevant captured enemy documents. X-2 complements the work of CIC in security matters of local interest, and receives CIC intelligence of broader than local significance.

In non-military areas, X-2 personnel generally operate in State Department diplomatic and consular offices particularly in major countries in Europe and the Near East. They X-2 representatives serve American Foreign Service Officers with advice and assistance on security against penetration by foreign intelligence services, and with security checks on native employees, applicants for United States visas or other individuals with whom the officers are in touch. They also maintain appropriate liaison with local counter-intelligence and police officials.

Records: Washington X-2 headquarters are the central operational center and collecting point for all information sent in by the field stations and representatives. Here exists a central file of information on over 400,000 individuals who are in one form or another connected with foreign intelligence and otherwise secret organizations whose activities are or may be inimical to American interests. In addition there are maintained comprehensive detailed studies of the structure, policies and operations of foreign intelligence agencies.

Communications

Clandestine intelligence procurement requires highly specialized rapid and secure communications, maintained throughout with complete secrecy and concealment of equipment.

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The SSU Communications Branch is staffed by personnel who have served with it since its start. Overseas, Communications was an integral part of operations and the Branch was responsible for communications training of agent personnel and for establishing all types of communications links. Techniques and equipment were developed to protect the agent transmitting from deep inside enemy-held or occupied territory.

Working in close cooperation with Army and Navy laboratories research has been carried out with the most advanced electronic and specialized equipment, both manual and automatic, to adapt devices conceived for war conditions to permit new scope for peace-time clandestine activities. The expert technicians undertaking this research are still with SSU or are largely recoverable.

Cover and Documentation

This Branch through research and field experience can supply documentation and other items essential to provide details of physical "cover" and proper identification for agents. Its personnel have acquired knowledge of methods for producing blank documents of perfect accuracy and have developed techniques for the manufacture of papers of exact fineness, weight, color and texture and with authentic watermarks.

Methods of secret writing have been refined by SSU chemical researchers beyond detection by tests presently known to American and foreign agencies.

Special Funds

SSU Special Funds officers were active in all theaters and in neutral countries furnishing foreign currencies to secret agents to permit carrying out their activities. Through purchases and sales carefully coordinated by Washington headquarters, large sums of enemy and neutral currency were obtained without permitting any but an insignificant amount of U.S. money to reach enemy hands.

Supporting Services

Personnel Selection and Assessment. The selection and placement of personnel is a specialized problem in a clandestine organization. Personnel is needed with specialized knowledge of languages and countries and in addition, high standards of security, and emotional stability. A program of psychological assessment was instituted during the war, combined with one of reassessment and careful reporting on individual effectiveness in the field. Thus the potentialities of SSU personnel are a

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matter of continuous record and the relative merits for intelligence work of various personality traits and attributes have been analyzed for guidance in future recruiting. These records, assessment methods, and trained personnel remain a significant SSU asset.

Training has been continuously readapted and expanded in the light of experience, and today new training manuals based upon the requirements for peace-time are nearing completion. The personnel, experienced in training and handling agents not only in Washington but in the field, remains with SSU or is to a large extent recoverable.

Security: Security officers have been on duty with all detachments and field mission headquarters. Following policies coordinated at Washington headquarters the standards of security within the agency have been high throughout, despite the varied nature of the agency's functions and stations of duty. These standards will require even more meticulous attention in peace-time world-wide operations.

Reproduction: SSU has a fully equipped printing plant for printing, offset, photostat, ozalid mimeographing with security standards and efficiency so high that the most highly classified material from the White House and the Joint Chiefs of Staff has been entrusted to it. The personnel responsible for wartime work remain intact and prepared to continue their essential role in assuring undelayed and fully secure copying of even the most complex illustrated intelligence reports.

Services: Procedures fitted to clandestine operations require the complete cooperation and understanding of services units. Liaisons with Army, Navy, and Civil Service have permitted the adaptation of existing procedures to the needs of intelligence personnel. Special compensation, insurance, and hospitalization formulas have been worked out to serve the individual while maintaining security with regard to his work. Transportation and supply officers have become trained to meet the most specialized requirements of intelligence agents.

John Magruder
Brig. Gen., U.S.A.
Director

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Table 1. The research model and the hypotheses tested in the study

Model	Hypothesis
1	H1: The perceived ease of use of the system will have a positive effect on the perceived usefulness of the system.
2	H2: The perceived ease of use of the system will have a positive effect on the intention to use the system.
3	H3: The perceived ease of use of the system will have a positive effect on the intention to use the system, mediated by the perceived usefulness of the system.
4	H4: The perceived ease of use of the system will have a positive effect on the intention to use the system, mediated by the perceived ease of use of the system.
5	H5: The perceived ease of use of the system will have a positive effect on the intention to use the system, mediated by the perceived ease of use of the system and the perceived usefulness of the system.



Figure 1 illustrates the research model and the hypotheses tested in the study. The model shows the relationships between the perceived ease of use of the system, the perceived usefulness of the system, and the intention to use the system. The hypotheses are as follows:

- H1: The perceived ease of use of the system will have a positive effect on the perceived usefulness of the system.
- H2: The perceived ease of use of the system will have a positive effect on the intention to use the system.
- H3: The perceived ease of use of the system will have a positive effect on the intention to use the system, mediated by the perceived usefulness of the system.
- H4: The perceived ease of use of the system will have a positive effect on the intention to use the system, mediated by the perceived ease of use of the system.
- H5: The perceived ease of use of the system will have a positive effect on the intention to use the system, mediated by the perceived ease of use of the system and the perceived usefulness of the system.

The research model is based on the Technology Acceptance Model (TAM) and the Theory of Planned Behavior (TPB). The perceived ease of use of the system is a key factor in the TAM, and it is expected to have a positive effect on the perceived usefulness of the system. The perceived usefulness of the system is also expected to have a positive effect on the intention to use the system. The Theory of Planned Behavior suggests that the intention to use the system is determined by the perceived ease of use of the system and the perceived usefulness of the system.

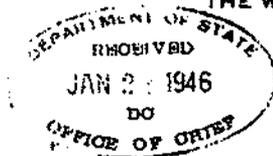
The research model is tested using a structural equation model (SEM). The SEM is estimated using the maximum likelihood method. The fit of the model is evaluated using the chi-square test, the GFI, the NFI, the CFI, and the RMSEA. The results of the SEM are presented in Table 2.

7. Truman to the Secretaries of State, War, and Navy, 22 January 1946 (Photocopy)

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THE WHITE HOUSE
WASHINGTON



JAN 22, 1946

To The Secretary of State,
The Secretary of War, and
The Secretary of the Navy.

1. It is my desire, and I hereby direct, that all Federal foreign intelligence activities be planned, developed and coordinated so as to assure the most effective accomplishment of the intelligence mission related to the national security. I hereby designate you, together with another person to be named by me as my personal representative, as the National Intelligence Authority to accomplish this purpose.

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2. Within the limits of available appropriations, you shall each from time to time assign persons and facilities from your respective Departments, which persons shall collectively form a Central Intelligence Group and shall, under the direction of a Director of Central Intelligence, assist the National Intelligence Authority. The Director of Central Intelligence shall be designated by me, shall be responsible to the National Intelligence Authority, and shall sit as a non-voting member thereof.

3. Subject to the existing law, and to the direction and control of the National Intelligence Authority, the Director of Central Intelligence shall:

- a. Accomplish the correlation and evaluation of intelligence relating to the national security, and the

- 2 -

appropriate dissemination within the Government of the resulting strategic and national policy intelligence. In so doing, full use shall be made of the staff and facilities of the intelligence agencies of your Departments.

b. Plan for the coordination of such of the activities of the intelligence agencies of your Departments as relate to the national security and recommend to the National Intelligence Authority the establishment of such over-all policies and objectives as will assure the most effective accomplishment of the national intelligence mission.

c. Perform, for the benefit of said intelligence agencies, such services of common concern as the National Intelligence Authority determines can be more efficiently accomplished centrally.

d. Perform such other functions and duties related to intelligence affecting the national security as the President and the National Intelligence Authority may from time to time direct.

4. No police, law enforcement or internal security functions shall be exercised under this directive.

5. Such intelligence received by the intelligence agencies of your Departments as may be designated by the National Intelligence Authority shall be freely available to the Director of Central Intelli-

- 3 -

gence for correlation, evaluation or dissemination. To the extent approved by the National Intelligence Authority, the operations of said intelligence agencies shall be open to inspection by the Director of Central Intelligence in connection with planning functions.

6. The existing intelligence agencies of your Departments shall continue to collect, evaluate, correlate and disseminate departmental intelligence.

7. The Director of Central Intelligence shall be advised by an Intelligence Advisory Board consisting of the heads (or their representatives) of the principal military and civilian intelligence agencies of the Government having functions related to national security, as determined by the National Intelligence Authority.

8. Within the scope of existing law and Presidential directives, other departments and agencies of the executive branch of the Federal Government shall furnish such intelligence information relating to the national security as is in their possession, and as the Director of Central Intelligence may from time to time request pursuant to regulations of the National Intelligence Authority.

9. Nothing herein shall be construed to authorize the making of investigations inside the continental limits of the United States and its possessions, except as provided by law and Presidential directives.

7. (Continued)

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10. In the conduct of their activities the National Intelligence Authority and the Director of Central Intelligence shall be responsible for fully protecting intelligence sources and methods.

Sincerely yours,



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8. National Intelligence Authority, minutes of the National Intelligence Authority's 2nd Meeting, 8 February 1946

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COPY NO. 19

N.I.A. 2nd Meeting

NATIONAL INTELLIGENCE AUTHORITY

Minutes of Meeting held in Room 212
Department of State Building
on Friday, 8 February 1946, at 10:15 a.m.

MEMBERS PRESENT

Secretary of State James F. Byrnes, in the Chair
Secretary of War Robert P. Patterson
Secretary of the Navy James Forrestal
Fleet Admiral William D. Leahy,
Personal Representative of the President
Rear Admiral Sidney W. Souers,
Director of Central Intelligence

ALSO PRESENT

Mr. Alfred McCormack, Department of State
Mr. H. Freeman Matthews, Department of State
Mr. Davidson Sommers, War Department
Capt. William R. Smedberg, USN

SECRETARIAT

Mr. James S. Lay, Jr., Central Intelligence Group

This document has been
approved for release through
the HISTORICAL REVIEW PROGRAM of
the Central Intelligence Agency.

Date 12/6/92

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1. PROPOSED TENTATIVE ORGANIZATION OF THE CENTRAL INTELLIGENCE GROUP
(N.I.A. 2)

SECRETARY BYRNES stated that he had discussed the intent of paragraph 4-a of the enclosure to N.I.A. 2 with the President, who assured him that only factual statements were desired. Secretary Byrnes therefore suggested adding the words "containing factual statements" after the word "summaries".

ADMIRAL SOUERS questioned whether daily factual summaries would not prove sufficient. He therefore recommended deletion of the words "and weekly" in paragraph 4-a.

THE NATIONAL INTELLIGENCE AUTHORITY:

Approved N.I.A. 2 subject to rewording of paragraph 4-a of the enclosure thereto as follows:

- "a. Production of daily summaries containing factual statements of the significant developments in the field of intelligence and operations related to the national security and to foreign events for the use of the President, the members of this Authority, and additional distribution shown in Appendix 'C'."

2. PROPOSED POLICIES AND PROCEDURES GOVERNING THE CENTRAL INTELLIGENCE GROUP
(N.I.A. 1)

ADMIRAL SOUERS suggested the following rewording of the 3rd and 4th sentences of paragraph 5 of the enclosure to N.I.A. 1, which had been suggested by Mr. McCormack's office for budgetary reasons:

"As approved by this Authority and within the limits of available appropriations, the necessary funds and personnel will be made available to you by arrangement between you and the appropriate member of the Intelligence Advisory Board. You may determine the qualifications of personnel and the adequacy of individual candidates."

ADMIRAL LEAHY thought that the arrangements should be made between Admiral Souers and the appropriate Department through its member on the Intelligence Advisory Board, rather than between Admiral Souers and the appropriate member of that Board.

THE NATIONAL INTELLIGENCE AUTHORITY:

Approved N.I.A. 1 subject to the following rewording of the 3rd and 4th sentences of paragraph 5 of the enclosure thereto:

"As approved by this Authority and within the limits of available appropriations, the necessary funds and personnel will be made available to you by arrangement between you and the appropriate department through its member on the Intelligence Advisory Board. You may determine the qualifications of personnel and the adequacy of individual candidates."

9. National Intelligence Authority Directive 1, "Policies and Procedures Governing the Central Intelligence Group,"
8 February 1946

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COPY NO. 76-A

8 February 1946

NATIONAL INTELLIGENCE AUTHORITY

N.I.A. DIRECTIVE NO. 1

POLICIES AND PROCEDURES GOVERNING THE
CENTRAL INTELLIGENCE GROUP

Pursuant to the attached letter from the President, dated 22 January 1946, designating the undersigned as the National Intelligence Authority, you are hereby directed to perform your mission, as Director of Central Intelligence, in accordance with the following policies and procedures:

1. The Central Intelligence Group shall be considered, organized and operated as a cooperative interdepartmental activity, with adequate and equitable participation by the State, War and Navy Departments and, as recommended by you and approved by us, other Federal departments and agencies. The Army Air Forces will be represented on a basis similar to that of the Army and the Navy.

2. The Central Intelligence Group will furnish strategic and national policy intelligence to the President and the State, War and Navy Departments, and, as appropriate, to the State-War-Navy Coordinating Committee, the Joint Chiefs of Staff, and other governmental departments and agencies having strategic and policy functions related to the national security.

3. The composition of the Intelligence Advisory Board will be flexible and will depend, in each instance, upon the subject matter under consideration. The Special Assistant to the Secretary of State in charge of Research and Intelligence, the Assistant Chief of Staff G-2, WDS, the Chief of Naval Intelligence and the Assistant Chief of Air Staff, Intelligence (or their representatives) will be permanent members. You will

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invite the head (or his representative) of any other intelligence agency having functions related to the national security to sit as a member on all matters within the province of his agency.

All recommendations, prior to submission to this Authority, will be referred to the Board for concurrence or comment. Any recommendation which you and the Intelligence Advisory Board approve unanimously and have the existing authority to execute may be put into effect without action by this Authority. If any member of the Board does not concur, you will submit to this Authority the basis for his non-concurrence at the same time that you submit your recommendation.

4. Recommendations approved by this Authority will, where applicable, govern the intelligence activities of the separate departments represented herein. The members of the Intelligence Advisory Board will each be responsible for ensuring that approved recommendations are executed within their respective departments.

5. You will submit to this Authority as soon as practicable a proposal for the organization of the Central Intelligence Group and an estimate of the personnel and funds required from each department by this Group for the balance of this fiscal year and for the next fiscal year. Each year thereafter prior to the preparation of departmental budgets, you will submit a similar estimate for the following fiscal year. As approved by this Authority and within the limits of available appropriations, the necessary funds and personnel will be made available to you by arrangement between you and the appropriate department through its member on the Intelligence Advisory Board. You may determine the qualifications of personnel and the adequacy of individual candidates. Personnel assigned to you will be under your operational and administrative control, subject only to necessary personnel procedures in each department.

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9. (Continued)

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6. The Central Intelligence Group will utilize all available intelligence in producing strategic and national policy intelligence. All intelligence reports prepared by the Central Intelligence Group will note any substantial dissent by a participating intelligence agency.

7. As required in the performance of your authorized mission, there will be made available to you or your authorized representatives all necessary facilities, intelligence and information in the possession of our respective departments. Arrangements to carry this out will be made with members of the Intelligence Advisory Board. Conversely, all facilities of the Central Intelligence Group and all intelligence prepared by it will be made available to us and, through arrangements agreed between you and the members of the Intelligence Advisory Board, subject to any authorized restrictions, to our respective departments.

8. The operations of the intelligence agencies of our departments will be open to inspection by you or your authorized representatives in connection with your planning functions, under arrangements agreed to between you and the respective members of the Intelligence Advisory Board.

9. You are authorized to request of other Federal departments and agencies any information or assistance required by you in the performance of your authorized mission.

10. You will be responsible for furnishing, from the personnel of the Central Intelligence Group, a Secretariat for this Authority, with the functions of preparing agenda, reviewing and circulating papers for consideration, attending all meetings, keeping and publishing minutes, initiating and reviewing the implementation of decisions, and performing other necessary secretarial services.

Secretary of State

Secretary of the Navy

Secretary of War

Personal Representative
of the President

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10. Central Intelligence Group, "Daily Summary," 15 February 1946 (Ditto copy)

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15 Feb 1946

GENERAL

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1. Secret Yalta and Tehran Agreements for Sale in Paris--The Paris Embassy reports that alleged secret agreements between the US and the USSR at Yalta and Tehran have been offered for sale in Paris by agents of "some Russians" in Switzerland, and that a French and a Swiss newspaper are considering their publication. Ambassador Caffery has secured some of these "agreements" (there are said to be eleven of them), about which he reports the following:

a. In one Tehran "agreement" the US promised to supply the USSR with a \$10 billion credit in return for a Soviet commitment to support our proposals for facilitating world trade, fair distribution of raw materials, and the regulation of international currency.

b. In one Yalta "agreement", allegedly signed by Hopkins and Molotov, the US recognized a Soviet claim of free access to the Mediterranean in return for a Soviet agreement (1) to recognize the absolute independence of Austria, Hungary, Czechoslovakia, Rumania, Bulgaria and Yugoslavia and (2) to renounce any agreements with those countries giving the Soviets a preferred position.

c. Another Yalta "agreement" covered the Soviet use of German prisoners and Soviet acquisition of German industrial machinery for reconstruction in the USSR.

In addition, the Embassy reports that these agents are also said to be offering (a) secret Soviet agreements with Syria and Lebanon and (b) a treaty between Iraq and Transjordan.

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EUROPE-AFRICA

2. GERMANY: Discontinuance of relief for displaced persons in US Zone--The War Department has authorized Gen. McNarney to announce by 1 March the discontinuance of relief by 1 July for all displaced persons in the US Zone in Germany. An exception will be made, however, for those persons who are unwilling to be repatriated because of possible persecution on the grounds of race, religion, etc. Those desiring repatriation will be moved out by 1 July.
3. TURKEY: USSR willing to wait for solution of Turkish "problem"--In conversation with the Turkish Acting Foreign Minister, as reported by Embassy Ankara, Soviet Ambassador Vinogradov has stated that "we waited a long time regarding the arrangement we wanted with Poland and finally got it; we can wait regarding Turkey." He said that for a reestablishment of friendly relations between the two countries, a solution of the USSR's claims regarding the eastern provinces of Turkey was important, but the question of the Straits was "vital". Asked what the Soviet requirements regarding the Straits were, Vinogradov replied that the USSR (a) must have an adequate guarantee (b) that the security of the Soviet Union will not be endangered, (c) that a sovereign and friendly Turkey at the Straits would not be adequate for the defense of the Straits, and (d) that Soviet use of bases in the Straits when the need arose would be essential.
4. YUGOSLAVIA: Anti-AMG propaganda in Venezia Giulia--Military authorities in Venezia Giulia report that Communist press attacks on the Allied Military Government are mounting, probably in an effort to obtain UNO examination of Allied actions in Venezia Giulia. The authorities also report reinforcements of Yugoslav troops in the Yugoslav zone of the province, apparently in order to apply pressure on the local population during the visit of the Council of Foreign Ministers' Commission.

FAR EAST

5. CHINA: US moves Chinese armies--CG, Chinese Theatre reports that five Chinese armies and 18,000 service troops are being moved north by him for occupation of Manchuria. In addition to moving this force, he is supplying them with 250,000 sets of US winter clothing.
3. FRENCH INDOCHINA: Proposed Sino-French agreement--The Chinese Foreign Office has informed Embassy Chungking that negotiations with France concerning Indochina are in the final stage. Principal provisions of the proposed agreement include: (a) withdrawal of Chinese troops, (b) upholding of prewar Chinese rights, (c) freedom of transportation on the Yunnan-Indochina Railway, and elimination of duties through Haiphong.

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11. Souers to National Intelligence Authority, "Progress Report on the Central Intelligence Group," 7 June 1946

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PROGRESS REPORT
ON THE
CENTRAL INTELLIGENCE GROUP

Memorandum Submitted To
THE NATIONAL INTELLIGENCE AUTHORITY

by
Rear Admiral Sidney W. Souers, USNR
Director of Central Intelligence

Dated 7 June 1946

DOCUMENT NO. 1
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7 June 1946

MEMORANDUM FOR THE NATIONAL INTELLIGENCE AUTHORITY

SUBJECT: Progress Report on the Central Intelligence Group

1. ESTABLISHMENT

The Central Intelligence Group was officially activated on 8 February 1946 pursuant to the approval of N.I.A. Directive No. 2. Actually, a small group of personnel from the State, War, and Navy Departments had been assembled beginning on 25 January, three days after the President signed the letter directing the establishment of the National Intelligence Authority.

2. ORGANIZATION

The Central Intelligence Group has been organized in accordance with N.I.A. Directive No. 2. The major components at the present time are the Central Planning Staff, charged with planning the coordination of intelligence activities, and the Central Reports Staff, responsible for the production of national policy intelligence. A Chief of Operational Services, with a small staff, has been designated as a nucleus from which an organization to perform services of common concern may be built. A small Secretariat to serve the National Intelligence Authority, the Central Intelligence Group, and the Intelligence Advisory Board, has been created. The Administrative Division consists of an Administrative Officer, a Security Officer, a Personnel Officer, and a small group of trained personnel to provide necessary administrative services for the Central Intelligence Group.

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3. PERSONNEL

Personnel for C.I.G. has been requested and selected on the principle that only the most experienced individuals in each field of intelligence activity should be utilized in this vital preliminary period. The responsible officers in the Departments have cooperated wholeheartedly toward this end. However, the procurement of C.I.G. personnel has necessarily been a rather slow process, in view of the demobilization and the fact that C.I.G. and departmental requirements for qualified individuals naturally had to be reconciled in many specific cases. The present status of C.I.G. personnel is shown in the following tabulation:

	<u>STATE</u>		<u>WAR</u>		<u>NAVY</u>		<u>TOTAL</u>	
	Actual	Auth.	Actual	Auth.	Actual	Auth.	Actual	Auth.
Central Reports Staff	5	17	10(5A)	26	4	18	19	61
Central Planning Staff	6	10	13(5A)	20	8	10	27	40
Administrative Division *	5	16	16(3A)	33	4	15	25	64
TOTAL	16	43	39(13A)	79	16	43	71	165
Accepted but not yet assigned to C.I.G.	5	—	6	—	2	—	13	—
TOTAL	21	43	45	79	18	43	84	165
% of Authorized	49%	—	57%	—	42%	—	51%	—

* Includes Office of Director, Secretariat, and Chief of Operational Services.

"Auth." - Authorized by N.I.A. Directive No. 2

"A" - Personnel assigned by A-2

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It may be seen that the organization of the Central Planning Staff has been given priority, since effective planning is considered a necessary prelude to accomplishment of the C.I.G. mission. Concentration is now placed on manning the Central Reports Staff. The need for filling positions in the Administrative Division has been largely alleviated by the part-time use of the personnel and facilities of the Strategic Services Unit, although this Division will require reinforcement when centralized operations are undertaken.

A development of great importance regarding personnel has been the designation of specially qualified consultants to the Director of Central Intelligence. An outstanding scientist with wide intelligence experience, Dr. H. P. Robertson, is Senior Scientific Consultant to the Director. Arrangements are well advanced for the designation of Mr. George F. Kennan, recently Charge d'Affaires in Moscow and a Foreign Service Officer with a distinguished career, as Special Consultant to the Director, particularly on U.S.S.R. affairs.

4. ACTIVITIES

The activities of the Central Intelligence Group to date have been characterized principally by the administrative details of organization, the consideration of urgent problems, and the basic planning for a sound future intelligence program. Basic policies and procedures regarding the organization have been established. Urgent problems in the intelligence field,

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especially as regards certain vital operations, have been carefully studied and appropriate action has been or is ready to be taken. Substantial progress has been made in the analysis of long-range intelligence problems. The throes of initial organization and planning are, therefore, generally past, and the time for initiation of centralized intelligence operations has now been reached.

Coordination of Intelligence Activities. Beginning on 12 February 1946, four days after the activation of C.I.G., the C.I.G. has been receiving numerous suggestions or recommendations for studies leading to the effective coordination of Federal intelligence activities. A number of other studies of this type have been initiated by C.I.G. These problems generally fall into three categories: (a) problems for which partial but inadequate solutions were evolved during the war; (b) problems which existing Governmental machinery was unable to solve or incapable of solving; and (c) problems which required new solutions in the light of the post-hostilities situation.

Some of these problems, particularly in the third category, require urgent interim solution. Among these problems for which interim solutions have been evolved or initiated are the liquidation of the Strategic Services Unit, the development of intelligence on the U.S.S.R., and the coordination of scientific intelligence.

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Problems for which immediate solutions are well advanced include the following:

- a. Provision for monitoring press and propaganda broadcasts of foreign powers.
- b. Provision for coordinating the acquisition of foreign publications.
- c. Coordination of collection of intelligence information.
- d. Coordination of intelligence research.
- e. Essential elements of information.
- f. Provision for collecting foreign intelligence information by clandestine methods.
- g. Intelligence on foreign industrial establishments.
- h. Interim study of the collection of intelligence information in China.
- i. Central Register of Intelligence Information.

Projects which are in various stages of study or planning cover the following additional subjects:

- a. Disposition of files of the U.S. Strategic Bombing Survey.
- b. Censorship planning.
- c. Intelligence terminology.
- d. Resources potential program.
- e. Application of sampling techniques to intelligence.
- f. Survey of coverage of the foreign language press in the United States.
- g. Intelligence on foreign petroleum developments.
- h. Coordination of geographical and related intelligence.

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- i. Disposition of the Publications Review Subcommittee of the Joint Intelligence Committee.
- j. Survey of the Joint Intelligence Study Publishing Board.
- k. Disposition of the photographic intelligence file in the Department of State.
- l. Coordinated utilization of private research in the social sciences.
- m. Index of U.S. residents of foreign intelligence potential.
- n. Exploitation of American business concerns with connections abroad as sources of foreign intelligence information.
- o. Planning for psychological warfare.
- p. Utilization of the services of proposed minerals attaches.

One of the functions of C.I.G. which has assumed great importance is the support of adequate budgets for Departmental intelligence. Coordinated representation to the Bureau of the Budget and the Congress, of the budgetary requirements for intelligence activities, promises to be one of the most effective means for guarding against arbitrary depletion of intelligence resources at the expense of national security. So long as the C.I.G. is dependent upon the Departments for budgetary support, however, its authority to speak as an unbiased guardian of the national security will be suspect and therefore not wholly effective.

Production of National Policy Intelligence. Pursuant to N.I.A. Directive No. 2, the Central Reports Staff concentrated on the production of a factual Daily Summary, the

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the first issue of which was dated 13 February. Although this Summary covered operational as well as intelligence matters and involved no C.I.G. interpretation, it has served to keep the C.I.G. personnel currently advised of developments and formed a basis for consideration of future intelligence reports.

Despite the undermanned condition of the Central Reports Staff, the urgent need for a Weekly Summary has resulted in the decision to produce the first issue on 14 June. Until adequately staffed in all geographic areas, however, this publication will concentrate on those areas for which qualified personnel is now available. The concept of this Weekly Summary is that it should concentrate on significant trends of events supplementing the normal intelligence produced by the Departments. Procedures are being developed to ensure that the items contained therein reflect the best judgment of qualified personnel in C.I.G. and the Departments.

The primary function of C.I.G. in the production of intelligence, however, will be the preparation and dissemination of definitive estimates of the capabilities and intentions of foreign countries as they affect the national security of the United States. The necessity of assigning the best qualified and carefully selected personnel to this vital task has delayed its initiation. Solution of the relationship of this C.I.G. activity to the Departments, the State-War-Navy Coordinating Committee, the Joint Chiefs of Staff, and other agencies concerned with the national security, has also been deferred

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pending the procurement of adequate personnel. This procurement has now been given priority, and it is anticipated that the Central Reports Staff will be prepared to produce national policy intelligence at an early date.

Performance of Centralized Operational Services. The operation of central services by the C.I.G. has been considered to be a subject requiring careful study to ensure that Departmental operations are not impeded or unnecessarily duplicated. The urgent need for central direction of the activities and liquidation of the Strategic Services Unit was recognized by the N.I.A. and an arrangement was effected whereby this Unit is operated by the War Department under directives from the Director of Central Intelligence. This arrangement temporarily provided C.I.G. with facilities for direct collection of required information but is admittedly only a stop-gap measure.

C.I.G. planning and organization has now progressed to the point where firm recommendations may be made for C.I.G. operation of intelligence services which can be more efficiently accomplished centrally. Among those operations under consideration as C.I.G. activities are:

- a. Monitoring press and propaganda broadcasts of foreign powers.
- b. Collection of foreign intelligence information by clandestine methods.
- c. Production of static intelligence studies of foreign areas, to replace Joint Army-Navy Intelligence Studies (JANIS).

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- d. Establishment of a Central Register of Intelligence Information.
- e. Basic research and analysis of intelligence subjects of common interest to all Departments, such as economics, geography, sociology, biographical data, etc.

In the consideration of performance by C.I.G. of central operations, however, the administrative, budgetary and legal difficulties of the present organization have presented real problems. The reduction of Departmental funds and personnel for intelligence activities have made it difficult for Departments, despite their desire to cooperate, to furnish the necessary facilities to C.I.G. The inability of C.I.G. to recruit personnel directly from civilian life, and the administrative complications of procuring personnel from the Departments, are likely to jeopardize effective conduct of C.I.G. operations. The lack of enabling legislation making the C.I.G. a legal entity has made it impossible to negotiate contracts which are required for many operations, such as the monitoring of foreign broadcasts.

5. CONCLUSIONS

a. The present organizational relationship between the National Intelligence Authority, the Central Intelligence Group, and the Intelligence Advisory Board is sound.

b. The initial organizational and planning phase of C.I.G. activities has been completed and the operation of centralized intelligence services should be undertaken by C.I.G. at the earliest practicable date.

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c. The National Intelligence Authority and the Central Intelligence Group should obtain enabling legislation and an independent budget as soon as possible, either as part of a new national defense organization or as a separate agency, in order that (1) urgently needed central intelligence operations may be effectively and efficiently conducted by the Central Intelligence Group, and (2) the National Intelligence Authority and the Central Intelligence Group will have the necessary authority and standing to develop, support, coordinate and direct an adequate Federal intelligence program for the national security.

SIDNEY W. SOUERS
Director

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12. George M. Elsey, Memorandum for the Record, 17 July 1946
(Photocopy)

Intelligence



17 July 1946

MEMORANDUM FOR:

FILE.



On 16 July Mr. Clifford met Mr. Huston and Mr. Lay from the Central Intelligence Group, in his office and discussed with them a proposed bill for the establishment of the Central Intelligence Agency. Commander Elsey was also present.

The basis of the discussion was the draft bill which had been submitted by General Vandenberg to Mr. Clifford for comment, and Mr. Clifford's memorandum in reply of 12 July 1946.

Mr. Clifford pointed out that it was the President's original intention that a new agency ~~not~~ be created and he remarked that it appeared that the proposed bill was departing from the President's intention by establishing a separate and sizeable government agency. Mr. Clifford also remarked that the President had intended that his letter of 22 January 1946 would provide a workable plan for the Central Intelligence Group. Mr. Clifford then asked if experience had shown that the plan outlined in the President's letter was not workable.

Mr. Huston and Mr. Lay discussed at some length the administrative difficulties which the Central Intelligence Group has had due to its being a step-child of three separate departments. They stated that experience showed that enabling legislation was necessary in order that the Central Intelligence Group could operate as an integrated organization. They also informed Mr. Clifford that experience had shown that the Central Intelligence Group should become an operating agency with a large staff of intelligence experts.

After lengthy discussion, it was agreed by all present that the original concept of the Central Intelligence Group should now be altered; experience had shown that it would be ineffective if it remained only a small planning staff and that it must now become a legally established, fairly sizeable, operating agency. Mr. Clifford stated that he would discuss this new concept with Admiral Leahy and the President.

There followed a detailed examination of the draft bill in light of the comments and criticisms made in Mr. Clifford's

memorandum of 12 July. Mr. Huston and Mr. Lay agreed that all of Mr. Clifford's points were well taken and they agreed to rewrite the bill incorporating his suggestions.

It was apparent during the lengthy part of the discussion that neither Mr. Huston nor Mr. Lay had given much thought to the words which they had used in drafting the bill. Both stated that large parts of it had been extracted from other proposed legislation or other documents relating to Intelligence. In their hasty preparation of the draft in this scissors-and-paste method, they had failed to grasp the essential point that the National Intelligence Authority should be a planning group and the Central Intelligence Agency an operating group.

Mr. Clifford pointed out to them the probable opposition which a proposed bill would arouse if great care and thought were not given to the choice of words used.

Mr. Huston and Mr. Lay will prepare a new bill and send it to Mr. Clifford for comment.


GEORGE M. ELSEY

13. National Intelligence Authority, minutes of the NIA's
4th Meeting, 17 July 1946

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COPY NO. 34

N.I.A. 4th Meeting

NATIONAL INTELLIGENCE AUTHORITY

Minutes of Meeting held in Room 212
Department of State Building
on Wednesday, 17 July 1946, at 10:30 a.m.

MEMBERS PRESENT

Secretary of State James F. Byrnes, in the Chair
Secretary of War Robert P. Patterson
Acting Secretary of the Navy John L. Sullivan
Fleet Admiral William D. Leahy, Personal
Representative of the President
Lt. General Hoyt S. Vandenberg, Director of
Central Intelligence

ALSO PRESENT

Dr. William L. Langer, Special Assistant to
the Secretary of State for Research and Intelligence
Mr. John D. Hickerson, Department of State
Colonel Charles W. McCarthy, USA
Captain Robert L. Dennison, USN

SECRETARIAT

Mr. James S. Lay, Jr., Secretary, National
Intelligence Authority

This document has been
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Date 12/2/92

HRP 89-2

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NIA 4TH MEETING

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1. REPORT BY THE DIRECTOR OF CENTRAL INTELLIGENCE

SECRETARY BYRNES asked General Vandenberg to give the members a report on present and future matters concerning the Central Intelligence Group.

GENERAL VANDENBERG invited attention to the conclusions contained in the "Progress Report on the Central Intelligence Group" by Admiral Souers, former Director of Central Intelligence. General Vandenberg explained that at the present time each intelligence agency is working along the lines of primary interest to its department. It is his belief that C.I.G. should find out what raw material received by one department is of interest to the others. In order to do this, C.I.G. must be in a position to see and screen all raw material received. For example, as regards a given steel plant, State is studying what products are made there and the rate of production. War Department, however, is interested in the construction and physical details of the plant, the railroads serving it, and other data required for target information. State Department, if it broadened the base of its studies, might well be able to furnish at least part of that type of economic intelligence. It is the job of C.I.G., therefore, to find out the needs of all the departments and to meet them, either by recommending that one department expand its activities or by performing the necessary research in C.I.G. In order to do this, an adequate and capable staff is urgently required in C.I.G. It is extremely difficult administratively to procure the necessary personnel under the present arrangement. General Vandenberg therefore feels that he must have his own funds and be able to hire people. This means that C.I.G. must be set up as an agency by enabling legislation.

SECRETARY BYRNES expressed the understanding that the N.I.A. was intentionally established as it is in an effort to avoid the necessity for an independent budget.

SECRETARY PATTERSON agreed, and explained that this was designed to conceal, for security reasons, the amount of money being spent on central intelligence.

SECRETARY BYRNES thought that it would be difficult to explain to Congress the need for intelligence funds without jeopardizing security.

GENERAL VANDENBERG thought that such considerations should be balanced against the added administrative difficulties they caused. He expressed the belief that the important thing was that the Central Intelligence Group should be an effective and efficient organization.

ADMIRAL LEAHY said that it was always understood that C.I.G. eventually would broaden its scope. It was felt, however, that the Departments initially could contribute sufficient funds and personnel to get it started. He is about convinced that N.I.A. should now attempt to get its own appropriations. These appropriations, however, should be small, since the three departments should continue to furnish the bulk of the necessary funds.

SECRETARY PATTERSON thought that the administrative problems could be worked out under the present arrangements.

SECRETARY BYRNES believed that the major problem was to find a way for the departments to give C.I.G. the money it needed.

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SECRETARY PATTERSON stated that he was perfectly willing to direct Army Intelligence to furnish the necessary funds to C.I.G. and then let the Director of Central Intelligence pick his own personnel with those funds. He opposed a separate budget because he does not want to expose these intelligence operations.

SECRETARY BYRNES agreed that we could not afford to make such disclosures in this country.

GENERAL VANDENBERG pointed out that each personnel action must be handled at present by 100 people in each department. This means that knowledge of C.I.G. personnel is exposed to 300 people in the three departments. He feels that handling personnel actions within C.I.G. itself would improve security.

ADMIRAL LEAHY agreed that it was undesirable that so many people in the departments should have knowledge of C.I.G. He felt that if each department gave C.I.G. funds, personnel actions could be taken by C.I.G. itself without exposing them.

GENERAL VANDENBERG pointed out that this would still require defending three separate appropriations acts before the Senate and the House of Representatives.

DR. LANGER agreed that the funds would have to be defended before the Congress in any case.

SECRETARY BYRNES recalled that members of Congress had offered to include the State Department intelligence budget under such terms as "investigations abroad" or as an added amount in any other budget account. He felt that since Congress was apparently willing to do this, the funds might easily be hidden in this manner within departmental budgets.

DR. LANGER thought that Admiral Leahy's suggestion would be very effective. It might be possible to give N.I.A. an independent budget for the more overt activities, and hide other funds in departmental appropriations. This would serve as ideal cover for covert activities. Moreover, he believed that an independent appropriation for C.I.G. would make General Vandenberg more effective in supporting departmental intelligence budgets.

ADMIRAL LEAHY felt that this problem must be approached very carefully. He believed that no one was better qualified to advise N.I.A. on this than Secretary Byrnes, with his Congressional background. Admiral Leahy stated that the President authorized him to make it clear that the President considered the responsible agency in the present arrangement to be the N.I.A. The President stated that the Director of Central Intelligence is not responsible further than to carry out the directives of the N.I.A. Admiral Leahy said there were some indications that the Director of Central Intelligence, with the Intelligence Advisory Board, might tend to assume greater control over intelligence activities than was intended. Admiral Leahy reiterated that the President holds the Cabinet officers on N.I.A. primarily responsible for coordination of intelligence activities.

SECRETARY SULLIVAN compared the Director of Central Intelligence to an executive vice president who carries out the instructions and policies of the N.I.A.

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ADMIRAL LEAHY stated that with regard to a Bill to obtain an independent budget and status for N.I.A., the President considers it inadvisable to attempt to present such a bill before the present Congress. The President feels that there is not enough time for the N.I.A. to give this question sufficient study. The President feels, however, that a bill might be drafted and be under study by the N.I.A. with a view to the possibility of presenting it to the next Congress. Admiral Leahy stated that in the meantime he felt that General Vandenberg should be given, so far as practicable, all the assistance that he requires.

GENERAL VANDENBERG pointed out that C.I.G. is not an agency authorized to disburse funds. Therefore, even with funds from the departments, it would require disbursing and authenticating officers in all three departments, plus the necessary accounting organization in C.I.G. He felt that this was requiring four fiscal operations where one should suffice.

ADMIRAL LEAHY suggested, and SECRETARY BYRNES agreed, that this might be taken care of by the wording of an appropriations act.

DR. LANGER questioned this possibility unless C.I.G. was given status as a disbursing agency.

SECRETARY BYRNES thought this status could be given the agency by the President under the authority of the Emergency Powers Act.

GENERAL VANDENBERG said that he understood that this solution was decided against because it might indicate that N.I.A. was a temporary expedient which would terminate with the end of the President's war powers.

SECRETARY BYRNES was sure that it could be done by the President under his reorganization authority and without reference to the Emergency Powers Act. Secretary Byrnes undertook to talk with the Bureau of the Budget on this matter and report back to the N.I.A.

ADMIRAL LEAHY was convinced that C.I.G. must have funds for which it does not have to account in detail.

DR. LANGER questioned whether General Vandenberg was not more concerned over the cumbersome arrangement for handling personnel actions in all three departments.

GENERAL VANDENBERG stressed the fact that without money there could be no personnel actions. For example, he noted that the State Department does not have sufficient funds to pay personnel required for C.I.G. General Vandenberg agreed, however, that personnel actions were extremely difficult under present arrangements. For example, it takes an average of six weeks to obtain security clearance from the Departments, and he does not feel that he should employ anyone without such clearance. General Vandenberg stressed the fact that his greatest interest was in getting C.I.G. into operation by whatever means possible. He felt that time was of the essence during this critical period.

SECRETARY BYRNES believed that the only way at present to avoid the administrative difficulties was to arrange to have each department transfer the necessary funds to C.I.G.

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GENERAL VANDENBERG pointed out the difficulty of obtaining funds from the Departments. For example, although the State Department requested about \$330,000 for N.I.A., only \$178,000 is being made available. While he appreciated the need of the State Department for the other funds, this case exemplified the fact that C.I.G. could never be certain of receiving the funds which it requested and defended unless they were appropriated directly to C.I.G.

DR. LANGER believed that this situation would not recur in the future, but he did agree that State's contribution to C.I.G. was not adequate. He did not see, however, how this could be increased except through a deficiency bill.

SECRETARY SULLIVAN asked why additional funds might not be secured from the President's emergency fund.

GENERAL VANDENBERG stated that total funds available to C.I.G. for the fiscal year 1947 were \$12,000,000, which left a shortage for effective operations of \$10,000,000. He asked whether it might be possible to obtain permission to spend available funds at an accelerated rate in anticipation of the submission of the deficiency bill.

SECRETARY BYRNES thought that such permission could not be obtained. He noted that what General Vandenberg had stated was that C.I.G. had \$12,000,000 and wanted \$22,000,000.

DR. LANGER questioned whether any mechanism was to be available for reviewing this proposed budget.

GENERAL VANDENBERG stated that he had the details available. He noted, however, that comprehensive review meant that this information must be widely disclosed to personnel in three departments.

SECRETARY SULLIVAN felt that since the President's remarks indicated that he held N.I.A. responsible, they must know the details regarding any C.I.G. budget request.

At Secretary Byrnes' request, GENERAL VANDENBERG then made a brief report on C.I.G. activities. He noted that C.I.G. was taking over Foreign Broadcast Intelligence Service and all clandestine foreign intelligence activities. In addition, however, C.I.G. is receiving daily requests to take over functions now being done by various State, War and Navy Committees. One example is the suggestion that C.I.G. centralize the handling of codes and ciphers to improve their security. Another example is the concern of the War Department about exchange of information with the British. The State-War-Navy Coordinating Committee has a subcommittee covering this exchange, but it handles only about 20 or 30 percent of the information actually exchanged. This subcommittee confines itself purely to secret matters, whereas the Army Air Forces believe that a central clearing house should be established where the bargaining value of this information may also be taken into account.

DR. LANGER pointed out that the SWNCC subcommittee deals only with technical military information. He feels, however, that the problem also involves such matters as the transfer of non-military information and the declassification of material. Unless these matters are centralized, each department will continue, as at present, going its own way.

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GENERAL VANDENBERG reported that he has already set up an Office of Special Operations. He has also established an Interdepartmental Coordinating and Planning Staff, but only on a skeleton basis because of his need for additional personnel.

SECRETARY PATTERSON felt that all of General Vandenberg's present problems should be solved if the Secretary of State can obtain help from the Bureau of the Budget.

GENERAL VANDENBERG stated his problems, briefly, were that he needed money, the authority to spend it, and the authority to hire and fire.

SECRETARY BYRNES felt there were really two problems: First, to find ways to handle the money now available, and second, to get whatever additional funds are required. He thought it would be difficult to get additional funds fifteen days after the fiscal year had begun. He questioned whether present funds should not be sufficient since the understanding was that C.I.G. was primarily continuing functions which have been previously performed.

GENERAL VANDENBERG explained that C.I.G. was now undertaking certain new functions and also expanding some existing ones. In answer to questions, General Vandenberg stated that he proposed to have about 1900 people in secret intelligence and a total of something less than 3000 in C.I.G. by the end of the fiscal year.

DR. LANGER stated that he agreed with almost everything that General Vandenberg had said, but that he was impressed with the imposing size of the proposed organization. He thought there should be a definite review of the program before a request for an additional \$10,000,000 is approved.

GENERAL VANDENBERG pointed out that there is a clear need for additional appropriations for intelligence in view of changing conditions. During the war there were American forces all over the world who were procuring information and intelligence in connection with military operations. These operations were not considered as intelligence activities, however, and the funds required for them were not charged to intelligence. These operations are now shrinking rapidly. It is necessary, therefore, to have intelligence agents all over the world to get the same information which during the war was handed to intelligence agencies on a silver platter.

SECRETARY PATTERSON agreed with this statement. He noted that in each theater of operations G-2 activities were merely a part of the Army's operations and were not considered to be part of the intelligence organization directed from Washington.

GENERAL VANDENBERG then discussed briefly his proposed organization chart for the Central Intelligence Group. He noted that there would be an Interdepartmental Coordinating and Planning Staff to assist in the coordination of all intelligence activities related to the national security. There would then be four offices to conduct C.I.G. operations, namely, Special Operations, Collection, Research and Evaluation, and Dissemination.

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After further discussion,

THE NATIONAL INTELLIGENCE AUTHORITY:

- a. Noted General Vandenberg's report on the Central Intelligence Group.
- b. Noted that the Secretary of State would discuss with the Bureau of the Budget the solution of the problems mentioned by General Vandenberg, and would report back to the Authority.
- c. Noted the organization of the Central Intelligence Group which General Vandenberg was planning to put into effect.

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14. Clifford to Leahy, 18 July 1946
(Typed copy)

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C
O
FY
THE WHITE HOUSE
WASHINGTON

July 18, 1946

My dear Admiral Leahy:

The President has directed me to assemble for him certain facts and information regarding the Soviet Union. He has directed me to obtain from the Central Intelligence Group estimates of the present and future foreign and military policies of the Soviet Union. I am therefore writing to request that the National Intelligence Authority instruct the Director of Central Intelligence to prepare such estimates for submission to the President at the earliest practicable date.

It is also desired that the Central Intelligence Group prepare a statement of conclusions drawn from the monitoring of Soviet broadcasts, with special attention devoted to the descriptions of Soviet and American foreign policies.

Inasmuch as the President hopes that this information will be in his hands before the convening of the Peace Conference in Paris on 29 July 1946, it is desired that the reports I have requested be delivered to me prior to that date.

Very truly yours,

/s/ Clark M. Clifford

CLARK M. CLIFFORD
Special Counsel to the President

Fleet Admiral William D. Leahy, USN
The National Intelligence Authority
Washington, D.C.

19 July 1946

To: Director of Central Intelligence:

43 Please comply as a matter of priority.

Document No. *43*
Review of this document by CIA has determined that

/s/ William L. Leahy
Chief of Staff

- CIA has no objection to declass
- It contains information of CIA interest that must remain classified at TS (S)
- Authority: NE 70-3
- It contains nothing of CIA interest

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File No. *24051* Reviewer: *017950*

15. CIG, Office of Research and Evaluation, ORE 1, "Soviet Foreign and Military Policy," 23 July 1946

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~~CONFIDENTIAL~~

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CENTRAL INTELLIGENCE GROUP

SOVIET FOREIGN AND MILITARY
POLICY

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23 July 1946

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CENTRAL INTELLIGENCE GROUP

SOVIET FOREIGN AND MILITARY POLICY

SUMMARY

1. The Soviet Government anticipates an inevitable conflict with the capitalist world. It therefore seeks to increase its relative power by building up its own strength and undermining that of its assumed antagonists.
2. At the same time the Soviet Union needs to avoid such a conflict for an indefinite period. It must therefore avoid provoking a strong reaction by a combination of major powers.
3. In any matter deemed essential to its security, Soviet policy will prove adamant. In other matters it will prove grasping and opportunistic, but flexible in proportion to the degree and nature of the resistance encountered.
4. The Soviet Union will insist on exclusive domination of Europe east of the general line Stettin-Trieste.
5. The Soviet Union will endeavor to extend its predominant influence to include all of Germany and Austria.
6. In the remainder of Europe the Soviet Union will seek to prevent the formation of regional blocs from which it is excluded and to influence national policy through the political activities of local Communists.
7. The Soviet Union desires to include Greece, Turkey, and Iran in its security zone through the establishment of "friendly" governments in those countries. Local factors are favorable toward its designs, but the danger of provoking Great Britain and the United States in combination is a deterrent to overt action.
8. The basic Soviet objective in the Far East is to prevent the use of China, Korea, or Japan as bases of attack on the Soviet Far East by gaining in each of those countries an influence at least equal to that of the United States.
9. The basic Soviet military policy is to maintain armed forces capable of assuring its security and supporting its foreign policy against any possible hostile combination. On the completion of planned demobilization these forces will still number 4,500,000 men.
10. For the time being the Soviets will continue to rely primarily on large masses of ground troops. They have been impressed by Anglo-American strategic air power, however, and will seek to develop fighter defense and long range bomber forces.

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15. (Continued)

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11. The Soviets will make a maximum effort to develop as quickly as possible such special weapons as guided missiles and the atomic bomb.

12. Further discussion of Soviet foreign policy is contained in Enclosure "A"; of Soviet military policy, in Enclosure "B".

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ENCLOSURE "A"

SOVIET FOREIGN POLICY

THE BASIS OF SOVIET FOREIGN POLICY

1. Soviet foreign policy is determined, not by the interests or aspirations of the Russian people, but by the prejudices and calculations of the inner directorate of the Communist Party in the Soviet Union. While the shrewdness, tactical cunning, and long-range forethought of this controlling group should not be minimized, its isolation within the Kremlin, ignorance of the outside world, and Marxist dogmatism have significant influence on its approach to problems in foreign relations.

2. The ultimate objective of Soviet policy may be world domination. Such a condition is contemplated as inevitable in Communist doctrine, albeit as a result of the self-destructive tendencies of capitalism, which Communist effort can only accelerate. In view, however, of such actual circumstances as the marked indisposition of democratic nations to adopt the Communist faith and the greatly inferior war potential of the Soviet Union in relation to them, that goal must be regarded by the most sanguine Communist as one remote and largely theoretical. While acknowledging no limit to the eventual power and expansion of the Soviet Union, the Soviet leadership is more practically concerned with the position of the U.S.S.R. in the actual circumstances.

3. For the present and the indefinite future the fundamental thesis of Soviet foreign policy is the related proposition that the peaceful coexistence of Communist and capitalist states is in the long run impossible. Consequently the U.S.S.R. must be considered imperiled so long as it remains within an antagonistic "capitalist encirclement."* This concept, absurd in relation to so vast a country with such wealth of human and material resources and no powerful or aggressive neighbors, is not subject to rational disproof precisely because it is not the result of objective analysis. It is deeply rooted in a haunting sense of internal and external insecurity inherited from the Russian past, is required by compelling internal necessity as a justification for the burdensome character of the Soviet police state and derives its authority from the doctrine of Marx and Lenin.

4. On the basis of this concept of ultimate inevitable conflict, it is the fundamental policy of the Soviet Union;

a. To build up the power of the Soviet state; to assure its internal stability through the isolation of its citizens from foreign influences and through the maintenance of strict police controls; to maintain armed forces stronger than those of any potential combination of foreign powers; and to develop as rapidly as possible a powerful and self-sufficient economy.

b. To seize every opportunity to expand the area of direct or indirect Soviet control in order to provide additional protection for the vital areas of the Soviet Union.

* In this context socialism (as distinguished from communism) is considered as antagonistic as capitalism.

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g. To prevent any combination of foreign powers potentially inimical to the Soviet Union by insistence upon Soviet participation, with veto power, in any international section affecting Soviet interests, by discouraging through intimidation the formation of regional blocs exclusive of the U.S.S.R., and by exploiting every opportunity to foment diversionary antagonisms among foreign powers.

d. To undermine the unity and strength of particular foreign states by discrediting their leadership, fomenting domestic discord, promoting domestic agitations conducive to a reduction of their military and economic strength and to the adoption of foreign policies favorable to Soviet purposes, and inciting colonial unrest.

5. Although these general policies are premised upon a conviction of latent and inevitable conflict between the U.S.S.R. and the capitalist world, they also assume a postponement of overt conflict for an indefinite period. The doctrine of Marx and Lenin does not forbid, but rather encourages, expedient compromise or collaboration with infidels for the accomplishment of ultimate Communist purposes. The Soviet Union has followed such a course in the past and has need to do so still, for time is required both to build up its own strength and to weaken and divide its assumed antagonists. In such postponement, time is calculably on the side of the Soviet Union, since natural population growth and projected economic development should result in a gradual increase in its relative strength. It is manifestly in the Soviet interest to avoid an overt test of strength at least until, by this process, the Soviet Union has become more powerful than any possible combination of opponents. No date can be set for the fulfillment of that condition. The Soviet Union must therefore seek to avoid a major open conflict for an indefinite period.

6. The basis of Soviet foreign policy is consequently a synthesis between anticipation of and preparation for an ultimate inevitable conflict on the one hand and need for the indefinite postponement of such a conflict on the other. In any matter conceived to be essential to the present security of the Soviet Union, including the Soviet veto power in international councils, Soviet policy will prove adamant. In other matters Soviet policy will prove grasping, but opportunistic and flexible in proportion to the degree and nature of the resistance encountered, it being conceived more important to avoid provoking a hostile combination of major powers than to score an immediate, but limited, gain. But in any case in which the Soviet Union is forced to yield on this account, as in Iran, it may be expected to persist in pursuit of the same end by subtler means.

SOVIET POLICY WITH RESPECT TO EASTERN EUROPE

7. It is apparent that the Soviet Union regards effective control of Europe east of the Baltic and Adriatic Seas and of the general line Stettin-Trieste as essential to its present security. Consequently it will tolerate no rival influence in that region and will insist on the maintenance there of "friendly" governments - that is, governments realistically disposed to accept the fact of exclusive Soviet domination. That condition being met, the U.S.S.R. does not insist upon a uniform pattern of political and economic organization,

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but adjusts its policy in accordance with the local situation. The immediate Soviet objective is effective control, although the ultimate objective may well be universal sovietization.

8. In some cases no Soviet coercion is required to accomplish the desired end. In Yugoslavia and Albania the Soviet Union finds genuinely sympathetic governments themselves well able to cope with the local opposition. In Czechoslovakia also, although the government is democratic rather than authoritarian in pattern, no interference is required, since the Communists and related parties constitute a majority and the non-Communist leaders are "friendly." Even in Finland the Soviet Union has been able to display moderation, Finnish leaders having become convinced that a "friendly" attitude is essential to the survival of the nation. In these countries the Soviet Union seeks to insure its continued predominance by the creation of strong bonds of economic and military collaboration, but does not have to resort to coercion other than that implicit in the circumstances.

9. In Poland, Rumania, and Bulgaria, however, the Soviet Union encounters stubborn and widespread opposition. The "friendly" governments installed in those countries are notoriously unrepresentative, but the Soviet Union is nevertheless determined to maintain them, since no truly representative government could be considered reliable from the Soviet point of view. In deference to Western objections, elections may eventually be held and some changes in the composition of these governments may be permitted, but only after violent intimidation, thoroughgoing purges, electoral chicanery, and similar measures have insured the "friendly" character of the resulting regime. Continued political control of the countries in question will be reinforced by measures insuring effective Soviet control of their armed forces and their economies.

10. The elected government of Hungary was both representative and willing to be "friendly," but the Soviet Union has apparently remained unconvinced of its reliability in view of the attitude of the Hungarian people. Accordingly coercion has been applied to render it unrepresentatively subject to Communist control in the same degree and manner as are the governments of Poland, Rumania, and Bulgaria. The end is the same as that of the policy pursued in those countries - the secure establishment of a reliably "friendly" regime, however unrepresentative, coupled with Soviet control of the economic life of the country.

SOVIET POLICY IN AUSTRIA AND GERMANY

11. Soviet policy in Austria is similar to that in Hungary, subject to the limitations of quadripartite occupation. Having accepted an elected Austrian government and unable to reconstruct it at will, the Soviet Union is seeking, by unilateral deportations and sequestrations in its own zone and by demands for similar action in others, to gain, at least, economic domination of the country as a whole and to create, at most, a situation favorable toward a predominant Soviet political influence as well, on the withdrawal of Allied control. The Soviet Union will prevent a final settlement, however, until it is ready to withdraw its troops from Hungary and Rumania as well as Austria.

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12. The Soviet Union hitherto has been content to proceed with the consolidation of its position in eastern Germany free of quadripartite interference. Now, rejecting both federalization and the separation of the Ruhr and Rhineland, it appears as the champion of German unification in opposition to the "imperialistic" schemes of the Western powers. A German administration strongly centralized in Berlin would be more susceptible than any other to Soviet pressure, and the most convenient means of extending Soviet influence to the western frontiers of Germany. The initial Soviet objective is presumably such a centralized "anti-Fascist" republic with a coalition government of the eastern European type, but actually under strong Communist influence and bound to the Soviet Union by ties of political and economic dependency.

SOVIET POLICY IN WESTERN EUROPE

13. For a time it appeared that the Communist Party in France might prove able to gain control of that country by democratic political processes and Soviet policy was shaped to support that endeavor. The Communists recent electoral reverses, however, appear to have led the Soviet Union to sacrifice a fading hope of winning France to a livelier prospect of gaining Germany. The French Communists remain a strong political factor nevertheless, and exercise disproportionate influence through their control of organized labor. That influence will be used to shape French policy as may be most suitable for Soviet purposes, and to prepare for an eventual renewal of the attempt to gain control of France by political means. A resort to force is unlikely in view of the danger of provoking a major international conflict.

14. In Italy also the Communist Party is seeking major influence, if not control, by political means, with a resort to force unlikely in present circumstances. The Party and the Soviet Union have played their cards well to divert Italian resentment at the proposed peace terms from themselves toward the Western Powers.

15. The Soviet Union misses no opportunity to raise the Spanish issue as a means of embarrassing and dividing the Western Powers. Any change in Spain might afford it an opportunity for penetration. Even its goading of the Western Powers into expressions of distaste for Franco appear to have afforded it an opportunity to approach him.

16. For the rest, the Soviet Union is concerned to prevent the formation of a Western Bloc, including France and the Low Countries, or a Scandinavian Bloc, in accordance with its general policy. As opportunity offers, it will seek to facilitate the growth of Communist influence in Scandinavia and the Low Countries, but not at the sacrifice of more important interests or at the risk of provoking a strong reaction.

SOVIET POLICY IN THE MIDDLE EAST

17. The Middle East offers a tempting field for Soviet expansion because of its proximity to the Soviet Union and remoteness from other major powers, the weakness and instability of indigenous governments (except Turkey, and the

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many local antagonisms and minority discontents. It is, moreover, an area of Soviet strategic interest even greater than that of eastern Europe, in view of the general shift of Soviet industry away from the European Frontier, but still within range of air attack from the south, and of the vital importance of Baku oil in the Soviet economy. It is in the Middle East, however, that Soviet interest comes into collision with the established interest of Great Britain and that there is consequently the greatest danger of precipitating a major conflict. Soviet policy in the area must therefore be pursued with due caution and flexibility.

18. Given the opportunity, the Soviet Union might be expected to seek the following objectives:

a. At least the withdrawal of British troops from Greece, and at most the incorporation of that country in the Soviet sphere through the establishment of a "friendly" government.

b. At least the political and military isolation of Turkey and the imposition of a new regime of the Straits more favorable to Soviet interests; at most the incorporation of that country in the Soviet sphere through the establishment there of a "friendly" government.

c. At least implementation of the recent settlement with Iran, which assures the Soviet a continued indirect control in Azerbaijan and an opportunity to develop any oil resources in northern Iran; at most, incorporation of that country in the Soviet sphere through the establishment there of a "friendly" government.

Soviet policy in pursuit of these objectives will be opportunistic, not only in relation to the local situation, but more particularly in relation to the probable reactions of the major powers.

19. Soviet interest in the Arab states is still directed rather toward exploiting them as a means of undermining the British position in the Middle East than as objectives in themselves. Their principal asset, the oil of Iraq and Saudi Arabia, would be economically inaccessible, although its denial to Britain and the United States in the event of war would be of important consequence. But, by fomenting local demands for the withdrawal of British troops, the Soviet Union can hope to deny effective British support to Turkey and Iran. To this end the Soviet Union will exploit anti-British sentiment among the Arabs, and particularly the vexing Palestine issue.

20. The Soviet Union has shown no disposition to intrude into the involved Indian situation, possibly finding it as yet impossible to determine the most advantageous course in that regard. It also shows no present aggressive intentions toward Afghanistan, although the establishment of a "friendly" government there would seem a logical, albeit low priority, objective.

SOVIET POLICY IN THE FAR EAST

21. The basic Soviet objective in China, Korea, and Japan is to prevent their becoming potential bases of attack on the Soviet Far East. This requires

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that the U.S.S.R. exert with respect to each an influence at least equal to (and preferably greater than) that of any other power. Since in this region Soviet policy encounters that of the United States, it must be pursued with due circumspection.

22. Although the Soviet Union cannot hope to establish a predominant influence over the whole of China, at least for a long time to come, it could accomplish its basic objective through either the formation of a coalition government, with the Chinese Communist Party* as a major participant, or a division of the country, with the Chinese Communist Party in exclusive control of those areas adjacent to the Soviet Union. The U.S.S.R. should logically prefer the former solution as at once involving less danger of a collision with the United States and greater opportunity for the subsequent expansion of Soviet influence throughout China through political penetration by the Communist Party, and the course of its relations with the Chinese Government would seem to confirm that preference. The U.S.S.R., however, would not be willing to sacrifice the actual political and military independence of the Chinese Communists unless assured of their effective participation in the proposed coalition. If, therefore, efforts to establish such a coalition were to fail and unrestricted civil war were to ensue, the Soviet Union would probably support the Chinese Communists in their efforts to consolidate their effective control over Manchuria and North China.

23. In Korea the Soviets have shown that they will consent to the unification of the country only if assured of a "friendly" government. In default of unification on such terms, they are content to consolidate their control in the north and to bide their time, trusting that an eventual American withdrawal will permit them to extend their predominant influence over the whole country.

24. The Soviets have been extremely critical of American administration in Japan, which has afforded them no opportunity to establish the degree of influence they desire. Regardless of the prevailing influence, they probably desire to see Japan politically and militarily impotent. The greater Japan's political disorganization, the greater would be their opportunity to establish an equal and eventually predominant influence there.

SOVIET POLICY ELSEWHERE

25. Soviet policy in other areas will follow the general lines set forth in paragraph 3, seeking to undermine the unity and strength of national states, to foment colonial unrest, to stir up diversionary antagonisms between states,

* Despite a widespread impression to the contrary, the Chinese Communists are genuine Communists, differing from other foreign Communist Parties only in a certain local self-sufficiency derived from territorial control and the possession of an army, in consequence of which they exhibit unusual initiative and independence. In all essentials they are an unusually effective instrument of Soviet foreign policy.

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and to disrupt any system of international cooperation from which the U.S.S.R. is excluded. Activity along these lines is constant, though often inconspicuous. Its importance to the Soviet Union derives not from any prospect of direct gain, but from its effect in enhancing the relative power of the U.S.S.R. by diminishing that of potential antagonists.

26. Because of their position in world affairs, the United States and Great Britain will be the primary targets of such Soviet activities. In addition to domestic agitations, the effort will be made to distract and weaken them by attacks upon their interests in areas of special concern to them. In Latin America, in particular, Soviet and Communist influence will be exerted to the utmost to destroy the influence of the United States and to create antagonisms disruptive to the Pan American system.

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ENCLOSURE "B"

SOVIET MILITARY POLICY

1. Soviet military policy derives from that preoccupation with security which is the basis of Soviet foreign policy. (See Enclosure "A", paragraphs 3 and 4a.) On the premise that the peaceful coexistence of Communist and capitalist states is in the long run impossible, and that the U.S.S.R. is in constant peril so long as it remains within a "capitalist encirclement," it is the policy of the Soviet Union to maintain armed forces capable of assuring its security and supporting its foreign policy against any possible combination of foreign powers. The result is an army by far the largest in the world (except the Chinese).
2. Even the populous Soviet Union, however, cannot afford an unlimited diversion of manpower from productive civil pursuits, especially in view of manpower requirements for reconstruction and for the new Five Year Plan. Consequently it has had to adopt a demobilization program which is a compromise between the supposed requirements of security and those of the economy. By September the strength of the armed forces will have been reduced from 12,500,000 to 4,500,000 men.** Further reduction is unlikely.
3. The probable geographical distribution of the total strength indicated will be 1,100,000 in occupied Europe, 650,000 in the Far East, and 2,750,000 in the remainder of the U.S.S.R. The composition will be 3,200,000 (71%) in the ground forces and rear services, 500,000 (11%) in the air forces, 300,000 (7%) in the naval forces, and 500,000 (11%) in the MVD (political security forces). The post-war reorganization includes unification of command in a single Ministry of the Armed Forces having jurisdiction over all forces except the MVD troops, which remain under the Ministry of Internal Affairs.
4. In addition to its own forces, the Soviet Union is assisting and participating in the reconstitution of the armed forces of its satellites in such manner as to insure its effective control of them. While in this its object is primarily political, such forces supplement its own as locally useful auxiliaries.
5. Soviet experience during the war was limited almost exclusively to the employment of large masses of ground troops spearheaded by mobile tank-artillery-infantry teams. Air power was employed chiefly for close ground support. Naval operations were insignificant. The Soviets had only limited experience in amphibious operations, almost none in airborne operations, and none with carrier-based air operations.
6. It appears that for the time being the Soviet Union will continue to rely primarily on large masses of ground troops, but with emphasis on increased mechanization and further development of the tank-artillery-mobile infantry spearhead. The ground support capabilities of the air forces will be maintained.

* As compared with 562,000 in 1933 and 1,000,000 in 1935.

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At the same time, the Soviets may be expected to give increased attention to the strategic employment of air power, in view of demonstrated Anglo-American capabilities in that regard, and to develop both fighter defense and long range bomber forces.

7. Although there have been indications that the eventual development of a high seas fleet (or fleets) is a Soviet intention, its early accomplishment is prohibited by inexperience, lack of shipbuilding capacity, and the higher priority of other undertakings. Even were these hindrances overcome, geography handicaps the Soviet Union as a naval power, since naval forces on its several coasts would be incapable of mutual support. It is, however, within the capabilities of the Soviet Union to develop considerable submarine, light surface, and short-range amphibious forces.

8. The industrial development, which competes with the armed forces for manpower, is, of course, intended to enhance the overall Soviet war potential. Beyond that, intensive effort will be devoted to the development of special weapons, with particular reference to guided missiles and the atomic bomb. Some reports suggest that the Soviets may already have an atomic bomb of sorts, or at least the capability to produce a large atomic explosion. In any case, a maximum effort will be made to produce a practical bomb in quantity at the earliest possible date.

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16. Leahy to General [Hoyt S.] Vandenberg, 12 August 1946
(Photocopy)

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August 12, 1946

MEMORANDUM FOR

General Vandenberg:

August 12th Attorney General Clark sent Mr. Tamm of F.B.I. to see me in regard to providing reliefs for the F.B.I. intelligence agents now in Latin America. The Attorney General wishes that the provision of National Intelligence Agents be expedited as much as possible and the President wishes us to comply.

F.B.I. needs its agents for work here within the United States.

Positive objection was expressed to our having sent ex-F.B.I. men to discuss our common problems with F.B.I.

It would appear advantageous for the Director of C.I. himself to make all contacts with Mr. Hoover, and that ex-F.B.I. men now in the C.I. Group should certainly not be used for such contacts.

Granting that there will be a temporary reduction of efficiency by an early relief of F.B.I. agents in Latin America, it is my opinion that the reliefs can be accomplished at a much earlier date than as at present scheduled and that it should be done.

It is certain that we should not employ in the C.I.G. any persons now in F.B.I., and it is my opinion that to avoid offending Mr. Hoover we should not hereafter, without specific approval in each instance by the Authority, employ any persons who at any time separated themselves from F.B.I.

DECLASSIFIED
E.O. 11652, Sec. 5(a) and 5(b) or (c)
Authority AND 7600.58
By *[Signature]* HANS, Date 7/16/77

WILLIAM D. LEAHY

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21 August 1946

From: Admiral Leahy

To: The President

No: white #26

DECLASSIFIED
E.O. 11652, Sec. 1.4(a) and 1.4(b) or (6)
Authority: NND 760059
By: [Signature] NARS, Date: 9/6/77

The National Intelligence Authority today approved the following quoted directive to be issued by the Authority to General Vandenberg. General Groves approves.

Secretaries Patterson and Forrestal consider it very important that the directive be issued without delay. Secretary Acheson stated that your approval should be obtained.

The members of the Authority recommend your approval with an understanding that any action taken by the Authority will be without prejudice to future change that may be desired by the Atomic Energy Committee. I recommend approval.

"Pursuant to the President's letter of 23 January 1946, designating this Authority as responsible for planning, developing, and coordinating all Federal foreign intelligence activities so as to assure the most effective accomplishment of the intelligence mission related to the national security, the following policies and procedures relating to Federal intelligence activities in the field of foreign atomic energy developments and potentialities affecting the national security are announced:

1. The Director of Central Intelligence, subject to the direction and control of this Authority, is hereby authorized and directed to coordinate the collection by agencies subject to coordination by N.I.A. of all intelligence information related to foreign atomic energy developments and potentialities which may affect the national security, and to accomplish the correlation,

17. (Continued)

evaluation, and appropriate dissemination within the Government of the resulting intelligence. The Director of Central Intelligence is further authorized to arrange with other intelligence agencies of the Government to utilize their collection facilities in this field.

2. To accomplish the function assigned in paragraph 1, the Secretary of War and the Commanding General of the Manhattan Engineer District have authorized the transfer to the Central Intelligence Group of the personnel and working files of the Foreign Intelligence Branch operated by the Commanding General of the Manhattan Engineer District, effective at the earliest practicable date."

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18. Vandenberg, Memorandum for the President, 24 August 1946
(Photocopy)

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NATIONAL INTELLIGENCE AUTHORITY
NEW WAR DEPARTMENT BUILDING
21st and VIRGINIA AVENUE N. W.
WASHINGTON, D. C.

NLT (PSF-Intell.) 2

24 August 1946

OFFICE OF THE DIRECTOR
CENTRAL INTELLIGENCE

MEMORANDUM FOR THE PRESIDENT:

During the past two weeks there has been a series of developments which suggest that some consideration should be given to the possibility of near-term Soviet military action.

1. Soviet propaganda against the U.S. and U.K. has reached the highest pitch of violence since Stalin's February speech and follows a line which might be interpreted as preparing the Russian people for Soviet military action.

a. It states that "reactionary monopolistic cliques" and "military adventurers" are now directing U.S. policy toward "world domination" through "atomic" diplomacy. The U.S. has abandoned the Rooseveltian policy which gave hope of collaboration with the U.S.S.R. and the other "freedom-loving people" of the world.

b. It attacks the Anglo-American "bloc" as "dividing the field" throughout the world and gives a detailed account of Anglo-American "imperialistic" actions, including British troop movements to Basra and Palestine and U.S. military operations in China and attempts to secure outlying air bases.

c. Embassy Moscow interprets the attacks outlined in a above as notice to the Communist Party in the U.S.S.R. that there is no longer any hope of friendly relations between the U.S.S.R. and the Western Powers.

d. Tito, in his speech of 21 August on the international situation, raised the issue to a world-wide ideological plane when he stated categorically that there is no question today of two fronts: Western and Eastern. The question today is one of true democracy versus reactionaries throughout the world. In Soviet terminology this obviously means communism versus non-communism.

2. The Soviets have re-opened the Straits issue with a note to Turkey demanding exclusive control by the Black Sea Powers and joint Soviet-Turkish defense of the Straits.

3. Yugoslavia, after sending the U.S. a note protesting the violation of her sovereignty by daily flights over her territory of U.S. transport and military aircraft, has shot down two U.S. aircraft, and defended such action as justified.



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PROJECT NO 76-15

By ALM NARS, Date 3-4-79

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a. U.S. Military Attache Belgrade in commenting upon these incidents stated that while he had not previously believed that Russia and Yugoslavia were ready to fight, he regarded these incidents as indicating that they were willing to risk a "prompt start".

4. Molotov in his speech on the Italian treaty indicated clearly that the Soviets intended to exclude the Western Powers from Danubian trade and stated that if Italy respected the most-favored-nation principle she would lose her freedom to the monopolistic capitalism of the Western Powers.

As opposed to the above indications which suggest the possibility of aggressive Soviet intentions, it may be noted that:

1. We have as yet no information of any change in the Soviet demobilization program. In fact, the latest indications are that it has been slightly accelerated.

2. We have as yet no indications of any unusual troop concentrations, troop movements, or supply build-ups which would normally precede offensive military action.

3. We have had no indications of any warning to Soviet shipping throughout the world.

4. There appears to be no reason, from the purely economic point of view, to alter our previous estimate that because of the ravages of war, the Soviets have vital need for a long period of peace before embarking upon a major war.

5. There are no indications that the Soviets have an operational atom bomb.

In spite of the factors outlined immediately above, the Soviets might conceivably undertake a concerted offensive through Europe and Northern Asia on one or a combination of the following assumptions:

1. That a foreign war was necessary to maintain the present leadership in power, in the face of serious internal discontent.

a. There have been indications of discontent in the Ukraine and in the Murmansk and other areas. There have been a number of purges. The Soviet press, in appeals to the people for improvement, has revealed internal difficulties in many fields. The recent inauguration of a wide program of Marxist reindoctrination suggests a breakdown in discipline. However, we have no real basis for evaluating the extent and seriousness of such discontent or its potentialities for effective resistance to the present regime.

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b. Although the people of the USSR are tired of war and industrial production is down, the "Party" is probably still sufficiently powerful to secure, through propaganda, acceptance of further war.

2. That in view of the strength of the Soviet forces in Northern Asia and in Europe (as opposed to Allied forces) a sudden offensive might secure these areas without much difficulty, and place the USSR in an impregnable economic and political position.

3. That the U.S. was war-weary and would not hold out against a fait accompli in 2 above.

4. That a combination of militaristic marshals and ideologists might establish ascendancy over Stalin and the Politburo and decide upon a war of conquest.

a. Evidence to date, however, indicates that the "Party" dominates the military.

In weighing the various elements in this complex situation the most plausible conclusion would appear to be that, until there is some specific evidence that the Soviets are making the necessary military preparations and dispositions for offensive operations, the recent disturbing developments can be interpreted as constituting no more than an intensive war of nerves. The purpose may be to test U.S. determination to support its objectives at the peace conference and to sustain its commitments in European affairs. It may also be designed equally for internal consumption: to hold together a cracking economic and ideological structure by building up an atmosphere of international crisis. However, with the Soviet diplomatic offensive showing signs of bogging down, the possibility of direct Soviet military action or irresponsible action by Soviet satellites can not be disregarded.

Hoyt S. Vandenberg
HOYT S. VANDENBERG
Lieutenant General, USA

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19. Ludwell L. Montague, Memorandum for General Vandenberg,
"Procurement of Key Personnel for ORE," 24 September 1946
(Typed transcript)

Transcribed 15 July 1952
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"Souvenirs of JIC-CIG"

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24 September 1946

MEMORANDUM FOR GENERAL VANDENBERG

Subject: Procurement of Key Personnel for ORE

1. From the beginning the crucial problem in the development of an organization capable of producing high-level "strategic and national policy intelligence" has been the procurement of key personnel qualified by aptitude and experience to anticipate intelligence needs, to exercise critical judgment regarding the material at hand, and to discern emergent trends. Such persons are rare indeed and hard to come by, the recruitment of them is necessarily slow, but their procurement is essential to the accomplishment of our mission.

2. When CIG was set up the largest and strongest intelligence organization in Washington was the Military Intelligence Service. If, in the course of demobilization, we had had its full cooperation in recruitment, we might now be in a far better position to produce the sort of intelligence desired. We have, indeed, received from G-2 a considerable number of low-grade personnel which it was compelled to cull out through reductions in strength, but, in disappointing contrast to the attitudes of State and Navy, we have had no assistance and some obstruction from G-2 in the procurement of key personnel. In consequence the Intelligence Division, WDGS, which had most to contribute to ORE in this respect, has made the least contribution of any agency, and we have been compelled to use not-so-well qualified Naval officers in positions which could have been appropriately filled from G-2.

3. We have made repeated attempts to secure the cooperation of G-2 in this matter, without success. We have been unable to obtain either nominations on general requisition or the assignment of specified individuals. Two cases illustrate the attitude we have encountered.

a. We sought the assignment of Dr. Robert H. McDowell, reputedly the outstanding intelligence specialist on the Middle East, to Ore, where his capabilities would be available to the common benefit of the three Departments. After long evasion and, we understood, an eventual agreement to release him, G-2 refused to do so on the ground

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that he was too valuable to be spared. If every Department took that attitude, ORE could never be properly staffed. State and Navy have released at least some individuals whom they considered their best.

b. We sought the assignment of Lt. Col. David S. Crist, who was on duty, not in G-2, but in ACC Rumania. His reassignment, however, had to be arranged through G-2, which, on learning of his availability, grabbed him for itself. The G-2 attitude was that as long as he remained in the Army he must serve (against his will) in G-2. He could come to CIG only by exercising his option, as a Category IV officer, to leave the service. But when Crist actually reached Washington he was warned in G-2 that he had better not sign up with CIG, even as a civilian.

4. As long as this attitude persists CIG will not only be handicapped in recruiting properly qualified key personnel for ORE, but the Intelligence Division of the War Department General Staff will never be properly represented in ORE, to its disadvantage as well as our own.

LUDWELL L. MONTAGUE
Acting Deputy Asst. Director
Research and Evaluation

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20. Vandenberg, Memorandum for the Assistant Director for Special Operations [Donald Galloway], "Functions of the Office of Special Operations," 25 October 1946 (Signed draft)

Draft

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HISTORICAL DOCUMENT

This document is of historical interest. Post only with the consent of the Historical Staff.

MEMORANDUM FOR THE ASSISTANT DIRECTOR FOR SPECIAL OPERATIONS

SUBJECT: Functions of the Office of Special Operations

Name: *W. Galloway*
Date: *19 March 1965*

1. The Office of Special Operations will function in accordance with the following policies:
 - a. The mission of the Office of Special Operations is the conduct, under the direct supervision of the Director, of all organized Federal espionage and counterespionage operations outside the United States and its possessions for the collection of foreign intelligence information required for the national security. Such espionage and counterespionage operations may involve semi-overt and semi-covert activities for the full performance of the mission.
 - b. The Assistant Director for Special Operations will be directly responsible to the Director of Central Intelligence for carrying out the missions assigned him, for the security of operational material and methods and for the collection of secret foreign intelligence information required by the Office of Collection and Dissemination and other user departments and agencies.
 - c. The Office of Special Operations will coordinate its field collection activities with other agencies of the Central Intelligence Group charged with comparable functions.
 - d. All intelligence information collected by the Office of Special Operations will be put in usable form, graded as to source and reliability, and delivered as spot information to the Office of Research and Evaluation or to other departments and agencies when ^{appropriate} requested. The Office of Special Operations will carry out no research and evaluation functions other than those

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pertaining to counterespionage intelligence and to the grading of source and reliability.

e. In order to provide a basis for grading future intelligence information to be collected by the Office of Special Operations the information collected will be carefully screened by the Office of Research and Evaluation. The latter office will render a periodic report indicating the intelligence value of information obtained in each area of operations.

f. Ordinarily requests for specific information will come from the State, War, Navy and other departments and agencies through the Office of Collection and Dissemination, where it will be determined that the Office of Special Operations is the proper agency to collect the desired information. However, the Office of Special Operations is authorized to receive directly from user departments or agencies requests for a specific action or the collection of specific information when such requests are clearly within the sphere of activity of the Office of Special Operations and the particular type of desired information (or action) make such direct contact necessary for security reasons. Such direct contact will be made through the Office of Control, Special Operations, and corresponding offices in the various departments and agencies. The Office of Special Operations will maintain direct liaison with departments and agencies of the Federal Government on secret operational matters, knowledge of which must be restricted to the minimum number of persons.

g. The Office of Special Operations will be responsible for the collection, processing, and distribution of foreign counterespionage intelligence information and will be the repository for such information. Intelligence derived from the processing of foreign counterespionage intelligence information will be made available to the Office of Research and Evaluation.

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2. Major support services for the Office of Special Operations will be provided by the Special Projects Division, Personnel and Administrative Branch of the Executive Staff, Central Intelligence Group, under the operational direction of the Assistant Director for Special Operations.

3. In carrying out the policies stated above operational security requirements will be strictly observed by all concerned.

Hoyt S. Vandenberg
HOYT S. VANDENBERG
Lieutenant General, USA
Director of Central Intelligence

CONCUR:

Assistant Director for Special Operations:

[Signature]

Chief, ICAPS

[Signature]

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21. CIG Intelligence Report, 16 December 1946 (Ditto copy)

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CENTRAL INTELLIGENCE GROUP
INTELLIGENCE REPORT

FLD 80

COUNTRY Germany/Russian Zone

DATE:

INFO. 22 October 1946

SUBJECT Expected Result of the Land Reform

DIST. 16 December 1946

PAGES 1

ORIGIN Germany

~~CONFIDENTIAL~~ SUPPLEMENT

This document is hereby registered to ~~CONFIDENTIAL~~ in accordance with the provisions of the Espionage Laws of the United States.

EVALUATION OF SOURCE				EVALUATION OF CONTENT	
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	X	X			
DISTRIBUTION					
RES	X				
STATE	WAR	NAVY	JUSTICE	R & E	C & D

The following report follows a discussion of the land reform by a German engineer and a Russian colonel:

The Russian conceded that the land reform had shown no results and that agricultural production had sunk very greatly but stated that the creation of small farms was not the goal of the Russians. Rather, their aim was to institute a system of collective farming, which was expected to follow the breakdown of the small farms (an unavoidable consequence of the great shortage of agricultural implements). The plans for collective farming have already been made and are expected to be carried out after the end of the next harvest. Asked whether conversion to collective farming would not create a problem by freeing a large number of agricultural workers because of the greater use of machinery, the Russian answered that other possibilities could be found, since Russia is always in need of manpower.

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22. Donald Edgar, Memorandum for the Executive to the Director [Edwin K. Wright], "An Adequacy Survey of 'The Adequacy Survey of the CIG Daily and Weekly Summaries' as it was Prepared by OCD on 9 December 1946," 2 January 1947

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2 January 1947

MEMORANDUM FOR THE EXECUTIVE TO THE DIRECTOR:

Subject: An Adequacy Survey of the "The Adequacy Survey of the CIG Daily and Weekly Summaries" as it was Prepared by OCD on 9 December 1946.

1. A reading of the OCD document shows:
 - a. The daily was variously criticized for the selections, the fullness of detail, the lack of proper identification of persons mentioned, the lack of high-lighting, etc.
 - b. The weekly was variously criticized for the selections, its overlong items, lack of synopses, etc.
 - c. The CIG Special Reports were unanimously complimented. Despite a and b, the general tenor of the paper is that the situation is good.
2. The Aide to Admiral Leahy makes a very significant comment: "It appears that the concept of the summaries has changed somewhat since their beginning. Originally they were intended primarily to keep the President informed and secondarily for the information of the Secretaries of State, War and Navy. Now, in view of the dissemination given to the summaries, it seems they are designed as much for the information of planners as for the President."
3. I believe that what all those persons interviewed, or almost all, are trying to say, without in some instances knowing it themselves, is that CIG is making an unsuccessful attempt to meet with one series of intelligence papers the intelligence requirements of officials, ranking from the President of the United States of America down to minor officers on pertinent area desks in State, G-2, ONI, and A-2.
4. The art of writing to meet most successfully the requirements of a specific individual is exacting and demands an intimate knowledge of that person's reading habits, his interests, intellectual capacity and background, his activity in the field related to the manuscript, and his need for (1) operational data, and (2) informational or collateral data.
5. Obviously, it is impossible even for the competent drafters in CRE to meet these demands in one paper destined to so diversified a subscriber list.

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6. In his capacity as G-2 to the President, the Director of Central Intelligence should present current intelligence in a form to meet the President's personal requirements. It should be so succinct and vital that it is automatically and without hesitation placed before the President by his Aides as delivered by CIG. To insure this it must not be overwritten: only those abbreviations should be used which he will recognize instantly; only those proper names should be used which he will identify readily. The President cannot be expected to identify an unidentified "Heath" (see No. 236, item 3); or "Irgun Zuai Leumi responsibility" (see No. 237, item 5); or "ITO and PICAO" (see No. 238, item 4); or "Mamulsky" (see No. 239, item 4). (These are from the first four dailies I picked up.) Only when he is personally handling a subject should more than trends be reported. The exceptions, of course, are "fire alarm developments."

7. The President's own intelligence paper cannot be underwritten. The President's time for the reading of intelligence is too limited to expect him to wade through even one of the items of the several in any given weekly paper unless it is presented to him in the "must category" by the DCI. Presented in the present manner is, in my opinion, a guarantee that he will read none.

8. The same considerations are present in drafting intelligence for NIA members, IAB members, and all down the line. In the field of personal briefing sauce for the goose is not sauce for the gander. In fact, no epicure ever agreed to the adage even in the culinary field.

9. CIG, to justify its existence, must establish a reputation of doing outstanding work in at least one intelligence field. That field has been indicated by the NIA as the supplying of strategic and national policy intelligence to the President and the NIA members.

10. CIG should prepare a daily statement of current intelligence for the President, written for the President and for the President alone. It should contain the foreign intelligence he should have to meet his responsibilities as President of the United States of America. It should be written in a form to make it distinctly the President's and it should vary as the President's interests and activities vary. A careful analysis of the official and press reports of the White House and State Department press conferences will give good guidance for determining these interests and activities. If the President is personally active, such as he was in the Palestine problem, the daily summary should be heavily weighted in that subject and in all subjects bearing thereon. If there is a known disagreement between Cabinet officers and/or high ranking officers on a subject which may eventually require presidential solution, material related thereto should be included. Needless to say in these cases the greatest objectivity is vital.

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11. Nothing should be included which cannot be classified as "must reading" for the President personally.

12. It should always be remembered that any policy paper being submitted by one of the departments for presidential consideration is fully supported by written arguments setting forth the originating department's reasons for recommending the proposed action. CIG intelligence reports should, therefore, be designed, not to duplicate nor overlap this type of material, but to supply the President in advance with the broadest background so that he will not feel that he is approaching an unknown problem. To accomplish this, great selectivity is necessary. Great selectivity is dangerous, but the danger must be run.

13. In addition to his responsibilities to the President, the DCI has a responsibility to the Secretaries of State, War and Navy. In fulfilling this responsibility he should insure that all intelligence affecting the operations or development of policies by those Cabinet members is made available to them whether it comes from State, War or Navy sources or not. The same exacting standard of presentation, i.e., direct writing without overwriting and without underwriting should obtain at this the Cabinet level. And it is possible that eventually a special service for the directors of intelligence of the four agencies should also be developed. In addition, the directors should receive for their information what their Secretaries have received and the Secretaries should receive for their information what the President has received.

14. In view of the recently expressed determination by the War and Navy Departments that they must be free to develop their own evaluations in the production of their departmental or staff intelligence, CIG should insure the receipt by War and Navy of correlated intelligence information to facilitate their work. I believe that CIG could best serve in this field by discontinuing its present weekly paper which serves all men and therefore none, and substituting for it a weekly paper which is a correlation and summation of developments of the past week with a minimum of interpretation: a weekly history.

15. This might well be supplemented by periodic revision of situation reports on the various strategic areas of the world. If these were reviewed, corrected and brought up to date periodically, possibly monthly, and were supplied for reference purposes to the pertinent agencies a long felt need would be met. They could be as full as the requirements of the several agencies might indicate and would probably vary as the strategic importance of areas varied. This series might include situation reports on specialized subjects as well as areas. To develop some sort of production program in ORE which might overcome the complaints of the working levels there, each branch might be required to produce a situation report on its area or subject each month in the expectation that such reports would be read regularly only by specialists in the

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several departments but that they would be available to the higher levels for ready reference as and when required either to check against departmental intelligence or to supplant it. Special supplements should, of course, be written as required.

16. The above, in my opinion, covers the fields of current intelligence and what might be described as national policy intelligence, the former perhaps being also one form of national policy intelligence.

17. To complete its mission, CIG should maintain up-to-date fact books on all strategic areas of the world. A proposed program in this field (the development of national intelligence digests) has been discussed by the IAB and need not be treated in detail here. Our internal problem in meeting what will apparently be our responsibility is the development of an administrative program of approach which might be as follows step by step:

a. The development of an outline which will insure the meeting of the requirements of the several agencies.

b. The collection of all basic intelligence handbooks whether prepared by the American Government, by the British, the Germans, the Japs, or others.

c. The breaking down of these extant handbooks and the reallocation of the material thus obtained to the American outline.

d. The determination of those sections of the outline which are not thus flashed out and the preparation of collection requests to fill these blanks.

e. A constant review of newly acquired intelligence information to determine whether the handbook material should be revised, corrected, or brought up-to-date. This is a continuing process and no handbook should be considered as a finished product. Therefore, handbooks should have a loose leaf design permitting easy revision of small sections. This design also permits the easy creation and distribution of small operational handbooks on special subjects merely by assembling selected pages.

f. Upon determination by CIG of the need for revision, agreement should be reached with the pertinent agency as to whether revision will be made by CIG or by the agency.

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18. If properly selected personnel is available to do the above three primary tasks, i.e., (1) current intelligence; (2) situation reports, and; (3) basic intelligence, they should be sufficiently conversant with their specialized fields to be available for such specialized oral briefings as might be required from time to time for any and all purposes.

Donald Edgar's

DONALD EDGAR

~~Chief, Interdepartmental
Coordinating and Planning Staff~~

personal comment

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23. CIG, Office of Reports and Estimates, ORE 1/1, "Revised Soviet Tactics in International Affairs," 6 January 1947

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~~4580~~
Mr. Lay.
Pm

CENTRAL INTELLIGENCE GROUP

REVISED SOVIET TACTICS
IN INTERNATIONAL AFFAIRS

ORE 1/1

6 January 1947

COPY NO. 31

Document No. 001
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Date 21 Jul 92

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6 January 1947

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CENTRAL INTELLIGENCE GROUP

REVISED SOVIET TACTICS
IN INTERNATIONAL AFFAIRS

Indications of a Change in Soviet Tactics

1. The USSR has apparently decided that for the time being more subtle tactics should be employed in implementing its basic foreign and military policy (see ORE 1, dated 23 July 1946). Recent developments indicating this decision include:

- a. Soviet concessions on the Trieste issue.
- b. Soviet acceptance of the principle of free navigation on the Danube.
- c. Soviet agreement in principle to international inspection of armaments and to eliminate the veto in the work of the contemplated atomic and disarmament commissions.
- d. Indications of substantial reductions in Soviet occupation forces.
- e. Failure of the USSR to render effective support to Azerbaijan.
- f. Agreement of the Security Council to investigate responsibility for disorders on the Greek frontier.
- g. Relaxation from former extreme position of interpreting abstention as a veto to meaning not an expression of a veto.
- h. Agreement to have Foreign Ministers' Deputies meet in London before the forthcoming Moscow Conference to draw up draft treaty for Austria and Germany.

Considerations Conducive Toward a Change in Tactics

2. There are a number of considerations, both international and domestic, which appear to have convinced the Kremlin of the desirability of a temporary change of course:

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3. International considerations in estimated order of importance include:

a. The firm policy of the Western Powers, especially the US; the realization that a further expansion of Soviet control in Europe cannot be accomplished by force without risk of war; and the desire to placate the US and the UK in order to encourage a relaxation of Western vigilance, to strengthen the hand of Western advocates of a conciliatory policy toward the USSR, and to obtain economic aid from the West for sorely needed rehabilitation.

b. The benefits to the USSR from a reduction in its occupation forces. With effective control over Soviet-dominated areas in Europe established to the maximum extent possible at present, the USSR can afford to reduce its present excessive occupation forces, especially in view of the increased mechanization of the remaining troops. A reduction in occupation forces would have the following benefits:

(1) Release of additional manpower sorely needed for the Soviet internal economy.

(2) Reduction of antagonism throughout the world.

(3) Alleviation of a major cause of popular hostility toward the Communist Parties in occupied areas where local elements have been disillusioned and alienated by ruthless Soviet reparations policies, the conduct of Soviet troops and the burden of subsisting these troops.

(4) A basis for attempting to induce further reductions of occupation forces by the Western Powers. The USSR will undoubtedly use any drastic reduction in its occupation forces to support a campaign of diplomacy and propaganda to secure further reductions in the occupation forces of the Western Powers. Proportionate reductions by all of the Allied Powers would have the net effect of strengthening the Soviet Union's relative position on the Continent. Once the occupation forces of the US and the UK have been reduced, there is small chance that they could be readily increased again. The USSR, on the other hand, is in a position to move troops into and out of the areas under its control with relative ease and secrecy. It is likewise in a position to conceal the presence of its troops abroad by infiltrating them into satellite armies and police forces, and by settling them as "civilians" in occupied areas, ready for mobilization on short notice.

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g. The USSR's need of support at international gatherings from the smaller nations outside the Soviet bloc which have recently been aligning themselves with Anglo-American positions in opposition to arbitrary Soviet tactics.

d. Net advantages to the USSR of general disarmament among the major powers. The realization of a general disarmament program would result in a decided relative advantage to the Soviet Union. Whereas the Western Powers derive their military strength from extensive navies, strategic air forces and intricate modern weapons, that of the USSR is still essentially based on mass land armies. Once reduced, therefore, the war potential of the West would require years to restore, while that of the USSR would be substantially restored merely by the re-mobilizing of manpower.

4. Domestic factors which would have equal weight in producing a temporary change in Soviet tactics are:

g. Internal economic conditions. The condition of Soviet agriculture is undoubtedly serious, with critical shortages in some vital foods, while certain basic industries are failing to meet the quotas prescribed by the Fourth Five-Year Plan. As a result, the Kremlin may have been forced to revise its estimate of the proportions of the national economy which could be diverted to military purposes, because the immediate needs of the USSR, particularly the devastated areas, have exceeded what it was reasonable to plan for industry to produce.

b. Civilian morale. There are increasing signs of apathy, and even unrest, among the Soviet populace. Shortages in food, housing, and consumer goods have created widespread dissatisfaction. The vigorous campaign of "ideological cleansing" indicates the concern with which the Kremlin views the situation.

g. Morale among former occupation troops. The occupation has furnished a large number of Soviet citizens with their first opportunity to view the outside world. The "bourgeois fleshpots" of Germany, Austria, and the Balkans have produced disillusionment, a reluctance to return to the USSR, and a substantial number of desertions.* Demobilized occupation troops are spreading the infection throughout the USSR, which is probably an important element in current domestic dissatisfaction. The large-scale

* The Department of State considers this sentence too strong because it implies that these conditions are rather prevalent. C.I.G. and the War and Navy Departments, however, consider that these conditions are indeed prevalent.

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occupation has thus constituted a breach in the barriers which guard the Soviet people from foreign ideology and information, and which are so essential to the maintenance of the Kremlin's control.

Probable Future Tactics

5. In view of the foregoing considerations, Soviet leaders must have decided upon a temporary breathing space for the purpose of economic and ideological rehabilitation at home and the consolidation of positions abroad. We believe, however, that the Kremlin has not abandoned any of its long-range objectives described in ORE 1, but that these objectives will now be pursued where expedient by methods more subtle than those of recent months. Such methods will include:

a. Continued efforts to gain political and economic control of Germany, Austria, Hungary, Czechoslovakia, and Korea, by certain characteristically Soviet techniques, which would not necessitate the presence of large Soviet military forces. Such techniques consist of the "popular front", or coalition, political strategy, under which relatively weak Communist parties merge with and gain control of leftist and liberal organizations; infiltration, by Moscow agents or local Communists, into key government positions, especially police, judicial, military, propaganda, and educational agencies; the "liquidation" by local Communist parties of all native elements which might be expected to oppose the Soviet program; and the stripping or expropriation of key industrial plants and the establishment of elaborate cartel systems, giving the USSR control of vital industry.

b. Intensification of militant Communist activity in European areas outside of the present Soviet sphere, aimed at producing Communist or Communist-controlled governments by legal or revolutionary means in such countries as France, Italy, Spain, and Greece.

c. Political and economic penetration in the Middle East, Far East, and Latin America.

d. Elaborate campaigns of propaganda and diplomacy designed to convince the world of the USSR's peaceful intentions, and to promote disarmament and pacifism abroad.

e. An intensive long-range program to develop the war potential of the USSR, concentrating especially on the expansion of basic industries, on the secret development of new weapons, on the acquisition of information on secret military developments in other countries, and on reducing the vulnerability of Soviet industry to attack by atom bombs, rockets, etc.

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f. Promotion of discord and unrest in the capitalist countries, especially by seizing any opportunities offered by periodic economic crises and unemployment, which the Soviets confidently predict for the near future.

Conclusions

6. Recent developments have confirmed previous estimates that the USSR did not intend and was not in a position to engage in immediate military conquests. Its ultimate action will depend upon future developments in the Soviet Union and in the outside world. Meanwhile, the USSR is seeking to consolidate its positions abroad and to improve its economic and psychological position at home, while encouraging disarmament and pacifism in the rest of the world.

7. Soviet tactics, however, will remain flexible and opportunistic. The Kremlin has never relied exclusively on any single line of action. Rather, its tactics are based on the inter-play of two apparently conflicting courses, international collaboration and unilateral aggression, and on its ability suddenly to shift from one to the other. This technique seeks to achieve maximum surprise for each new move, and to promote such confusion and uncertainty among the opposition as to prevent the development of any long-range counter-strategy. Thus, in view of the considerations described in the preceding pages, new tactics of compromise and conciliation have been adopted merely as a matter of expediency. They will be employed only in those situations where they are deemed to further Soviet foreign and military policy as described in CRE 1.

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24. Walter L. Pforzheimer, Memorandum for the Record,
"Proposed Legislation for C.I.G.," 28 January 1947
(Typed transcript)

Transcribed 3 July 1952
by mawh for [initials]

file CIG: Proposed Legislation for
MERGER BILL (National
Security Act of 1947)

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MEMORANDUM FOR THE RECORD

23 January 1947
Cited in Darling II/12(2)
(copy under C.I.G. Proposed Legislation)
Subject: Proposed Legislation for C.I.G.

Sometime shortly after 1600 hours on 22 January 1947, a copy of the proposed National Defense Act of 1947 was delivered to the Director of Central Intelligence for comment on those sections applicable to him. Immediate review of the intelligence sections indicated that they had been lifted virtually verbatim from S-2044, the Merger Bill introduced into the 79th Congress by Senator Thomas. These provisions are considered unsatisfactory to C.I.G. in many respects. The salient features of disagreement are included in the Memorandum from the undersigned to the Director of Central Intelligence, dated 23 January 1947, subject: Proposed Bill for National Defense Act of 1947.

A conference with the Director established the policy that an attempt should not be made to remove from the Defense Act all but a bare mention of the Central Intelligence Agency, and introduce a separate CIG Bill. The Director also indicated his desire to have included a provision that he would serve as the advisor to the Council on National Defense on matters pertaining to intelligence, and that in this capacity he would attend all meetings of the Council. It was agreed that the Director should take no part in the decisions of the Council as this was a policy making body, and it had long been agreed that Central Intelligence should not be involved in policy making.

At 1000 hours, 23 January 1947, a conference was held in the office of Mr. Charles S. Murphy, Administrative Assistant to the President, at which General Vandenberg, Vice Admiral Forrest Sherman, Major General Lauris Norstad, the undersigned, and Mr. Houston were present. Mr. Murphy stated that the subject was new to him, as he had first entered the picture on 20 January 1947 and was charged with the over-all drafting of the White House version of the National Defense Act. He stated that he did not know that a proposed CIG enabling Act had been submitted to Mr. Clifford's office. He suggested (concurring in by all present) that the draft of the proposed CIG enabling act be substituted for the intelligence sections of the proposed National Defense Act as an initial working basis.

In connection with paragraph 1 (a) of the memorandum for the Director from the undersigned, dated 23 January 1947, it was pointed out that no mention of a CIA had been made in the title of the proposed bill. This was due to the fact that a considerable number of boards and councils were created by this bill and none of them were being named in the title. Therefore, it would not seem appropriate to mention CIA in the title. In this General Vandenberg concurred. ~~This document has been~~

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the Central Intelligence Agency.

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In connection with paragraph 1 (b) of reference memorandum, it was agreed to make some mention of centralized intelligence in the declaration of policy in the proposed bill. This suggestion had strong support from Admiral Sherman, although it was initially thought by the others present that it might prove cumbersome.

In connection with paragraph 1 (c) of reference memorandum, it was felt that this suggestion was non-controversial and that the appropriate definitions would be acceptable.

In connection with paragraph 1 (d) of reference memorandum, General Vandenberg stated that he was strongly opposed to the Central Intelligence Agency or its director participating in policy decisions on any matter. However, he felt that he should be present at meetings of the Council. To this General Norstad voiced serious exceptions, as he felt that the Council was already too big. He thought that the Director should not even be present as an observer, as this had proven to be cumbersome and unworkable at meetings of the Joint Chiefs of Staff. Admiral Sherman suggested, however, that the Director should normally be present at meetings of the Council, in its discretion. General Vandenberg concurred in this, as did General Norstad, and it was accepted with the additional proviso that the Joint Chiefs of Staff would also attend meetings at the discretion of the Council.

General Vandenberg indicated the difficulties which he had had in having to go to the N.I.A. on so many problems. He felt that the difficulties of his position would be multiplied, as he would have to ask policy guidance and direction from the Council on National Defense, which consists of many more members than the N.I.A. He was assured that the intent of the act was that the CIA would operate independently and come under the Council only on such specific measures as the Council may, from time to time desire to direct. It would not be necessary for the agency to ask continual approval from the Council. With this interpretation, General Vandenberg withdrew the opposition voiced in the last sentence of paragraph 1 (e) of reference memorandum.

The Director pointed out the difficulties of operation of clandestine methods in the absence of detailed legislation, empowering him to operate on unvouchered funds, select certain types of personnel, and discharge employees for any question of possible disloyalty. It was agreed that these provisions would be included in the proposed draft from CIG. It was requested further that this draft be submitted by evening of the 23 January 1947, in order to meet necessary deadlines.

It was the final sense of the meeting that the Director of Central Intelligence should report to the Council on National Defense. As General Vandenberg indicated that it would be necessary to report somewhere; that neither the President nor he was anxious to have another agency "free wheeling" around the government. However, it was thought that the agency should have sufficient power to perform its own functions without it being necessary to have specific approval from the Council on each action.

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The proposed draft of the National Defense Act of 1947 was modified by the undersigned, with the assistance of Mr. Houston, to include the changes discussed at the meeting, and to incorporate the necessary provisions of the proposed CIG enabling act. Copies of the revised act were personally handed to Admiral Sherman and General Norstad by Lt. Botsford shortly after 1700, 23 January 1947. A copy was also handed to Mr. Murphy by the undersigned at 1715. A copy of NIA Directive #5 was shown to Mr. Murphy. It was not left with him, due to the absence of any security in his office. Mr. Murphy suggested the addition of a paragraph providing for the dissolution of NIA and CIG, and the transfer of its personnel, property, and records to the Agency. This was concurred in on 24 January 1947 by the undersigned, after one or two minor changes.

On 25 January, the undersigned talked with Mr. Murphy, and was informed that all but the barest mention of CIA would be omitted, as the drafting committee thought that the material submitted by CIG was too controversial and might hinder the passage of the merger legislation.

It had been felt by the drafting committee that the substantive portions of the proposed CIG draft were too controversial and subject to attack by other agencies. It was further felt that the General Authorities were rather controversial from a Congressional point of view, but that CIG might justify them in their own bill if they had the time to present them adequately. It was further felt that if detailed intelligence legislation was included in the merger bill, CIG might not have time to present their picture to the Congress in detail in the course of the hearings.

The undersigned asked Mr. Murphy whether the elimination of CIA from merger legislation constituted permission to submit our own enabling act as a companion measure. He stated that he could not comment on this, as he was authorized (with his drafting committee) only to draft the merger bill, and could not approve or pass on other matters. Authority to draft and introduce a CIA Enabling Act would have to come from other sources.

The above information was transmitted to the Deputy Director (Colonel Wright), who cabled General Vandenberg of the developments.

Colonel Wright spoke with Admiral Leahy, to request information as to whether Murphy's position granted us a green light on our own legislation. The Admiral was inclined to agree. He felt that we should delete from the draft the phrase "Subject to existing law" (Sec. 302 (b)), as it would only serve to complicate things. We further felt that we should then let the draft go through.

It was determined to request that the position of Deputy Director be included in the draft, the phrase mentioned in the preceding paragraph be deleted, and an attempt made to include a clause which would designate the Director as the Intelligence Advisor to the Council.

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On 27 January 1947, the undersigned drafted a letter, for the Deputy Director's signature, to Mr. Charles Murphy. This letter set forth the views of the Central Intelligence Group on the draft of the proposed section on central intelligence, submitted by the White House on 25 January 1947. After studying the memorandum of 27 January 1947, Mr. Murphy called the undersigned and requested a concurrence on eliminating paragraph 302 (b) of his draft of 25 January 1947, on the ground that in view of our objections (as expressed in paragraph 2 of our memorandum of 27 January 1947), nothing would be lost by the total elimination of this paragraph. After consultation with Colonel Wright, this concurrence was given by the undersigned. Concurrence was also given to the lowering of the proposed salary for the Deputy Director, as set forth in paragraph 1 of our memorandum of 27 January 1947, from \$14,000 per annum to \$12,000 per annum, as the \$14,000 figure was greatly in excess of the figure received by the Assistant Secretaries of the various departments. In addition, Mr. Murphy agreed to urge strongly a point raised by paragraph 3 of our memorandum of 27 January 1947 designating the Director of Central Intelligence as the Intelligence Advisor of the Council of National Defense (to be renamed the National Security Council) and allowing the Director to sit as a non-voting member thereof.

On 28 January 1947, Mr. Murphy requested the undersigned to come to his office, and there handed him the Third Draft (dated 27 January 1947) of the proposed National Security Act of 1947. Mr. Murphy indicated that most of our requests had not been complied with, and that the Army and Navy had seen fit to overrule his recommendations in that connection. The salary of the Director was lowered from \$15,000 to \$14,000 on the basis that, in all probability, the incumbent would be a military or naval officer whose salary should not be greatly in excess of that of the Chief of Staff of the Army or Chief of Naval Operations; that the figure had been set on the basis of the same salary being paid to the Director of Military Applications of the Atomic Energy Commission; that the Army-Navy conferees did not want the salary merely a "juicy plum" for some officer for whom a berth was being sought.

The paragraph establishing the position of Deputy Director, which Mr. Murphy had urged, was eliminated as being too controversial, as was the paragraph regarding the position of the Director as the Intelligence Advisor of the Council. The Army-Navy conferees felt that the position of the Director as the Intelligence Advisor was inherent in the position itself, and that it would not be proper to provide by law that the head of an agency under the Council should sit on the Council.

Mr. Murphy stated that his role was simply that of a consultant on drafting in the Army and Navy. He further stated that the Drafting Committee would present their final version to Mr. Clark M. Clifford, Special Counsel to the President, at a meeting on the afternoon of 29 January 1947. He further stated that any comments which we might care to make to the White

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24. (Continued)

House on the proposed draft would be acceptable to him, and that his feelings would not be hurt.

After examination of the proposed Third Draft by Colonel Wright and the undersigned, it was determined that same was not satisfactory to C.I.G. Therefore, a memorandum was dispatched (under date of 28 January 1947) to Mr. Clifford, setting forth C.I.G.'s comments on the proposed draft.

WALTER L. PFORZHEIMER
Chief, Legislative Liaison Division

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**CENTRAL INTELLIGENCE GROUP
INTELLIGENCE REPORT**

COUNTRY Palestine **DATE:**
SUBJECT Stand of Jewish Agency Regarding Terrorism;
Strength of Irgun Zvai Leumi **INFO.** 8 February 1947
DIST. 11 February 1947
ORIGIN [REDACTED] **PAGES**
SUPPLEMENT

EVALUATION OF SOURCE					EVALUATION OF CONTENT					
1	2	3	4	5	6	7	8	9	10	
COMPLETELY RELIABLE	USUALLY RELIABLE	SOMETIMES RELIABLE	NOT USUALLY RELIABLE	NOT RELIABLE	UNDEVELOPED SOURCE	POSSIBLY TRUE	POSSIBLY TRUE	UNRELIABLE	PROBABLY FALSE	SHOULD BE CHECKED
	X	X		X*	X	3				
DISTRIBUTION										
STATE	WAR	NAVY	JUSTICE	R & E	S & D	IO				

SOURCE [REDACTED]

1. It is reported that the Jewish Agency takes the view that the government's ultimatum demanding the Agency's cooperation in suppressing terrorism came at an extremely bad psychological moment, inasmuch as any indication of acquiescence would tend to incite terrorists to action.
2. The Jewish Agency believes that Dov Gruner's execution will result in serious terrorist reprisals, and it appears that the terrorists have indicated that fifty Britishers will pay with their lives for the life of Gruner.
3. The Jewish Agency believes that the only basis on which terrorism can be checked is a reasonably satisfactory solution of the Palestine problem, in which case the Agency feels that cessation of terrorism could be demanded under threat of civil war; the terrorists would probably accede, although under protest.
4. In all circles (police, government, military and Jewish) it is felt that Irgun Zvai Leumi has gained stature, prestige and strength in the last few months, and that it is no longer a gang but a political movement having considerable influence, backing and an increasing following. Newest estimates indicate that it has a strength of 10,000 men.

This document is hereby reported to CONFIDENTIAL in accordance with the letter of 13 October 1947 from the Director of Central Intelligence to the Archivist of the United States.
Next Review Date: 1950

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CONTROL		FBI		FBI		SCD	OTEB		
PLANS	X	FBP		SPDA		TBE	X		

26. National Intelligence Authority, minutes of the NIA's
9th Meeting, 12 February 1947

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N.I.A. 9th Meeting

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NO. 21
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NATIONAL INTELLIGENCE AUTHORITY

Minutes of Meeting held in Room 214,
Department of State Building,
on Wednesday, 12 February 1947, at 11:00 a.m.

MEMBERS PRESENT

Secretary of State George O. Marshall, in the Chair
Secretary of War Robert P. Patterson
Secretary of the Navy James Forrestal
Fleet Admiral William D. Leahy,
Personal Representative of the President
General Hoyt S. Vandenberg,
Director of Central Intelligence

ALSO PRESENT

Assistant Secretary of War Howard C. Petersen
Mr. William A. Eddy, Special Assistant to the
Secretary of State for Research and Intelligence
Mr. H. Freeman Matthews, Department of State
Captain Robert L. Dennison, USN
Mr. James S. Loy, Jr., Central Intelligence Group

SECRETARIAT

Mr. J. S. Forman, Acting Secretary

Document No.	11
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Date: 15/1/79	By: DAF/TA

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NIA 9th Meeting

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COORDINATION OF INTELLIGENCE ACTIVITIES RELATING
TO FOREIGN ATOMIC ENERGY INTELLIGENCE DEVELOPMENTS
AND POTENTIALITIES
(N.I.A. 6)

SECRETARY PATTERSON gave a brief report on the present status of N.I.A. 6. He stated that the Atomic Energy Commission desired to retain three people to go over information contained in the files to be transferred to the Central Intelligence Group. He said that these three people were to search these files for information pertaining to uranium deposits and such information was to be retained by the Commission. Secretary Patterson suggested that C.I.G. take up the matter of the transfer of the personnel with Mr. Lillienthal.

After some discussion, THE NATIONAL INTELLIGENCE AUTHORITY:

THE NATIONAL INTELLIGENCE AUTHORITY:

Agreed to the transfer of the personnel mentioned in N.I.A. 6 and directed the Director of Central Intelligence to work out the details with Mr. Lillienthal.

(Transfer subsequently completed on 18 February 1947)

REPORT BY THE DIRECTOR OF CENTRAL INTELLIGENCE

At Secretary Marshall's request, GENERAL VANDENBERG stated that his last report was rather comprehensive in pointing out the accomplishments of C.I.G. since its inception. However, this time he wished to report some of the difficulties encountered by C.I.G. He said that before taking up these difficulties he wished to point out a few accomplishments recently effected by C.I.G.

GENERAL VANDENBERG said that when it was first agreed that the C.I.G. take over the activities of the Federal Bureau of Investigation in the South American field, there was some doubt as to whether C.I.G. could ably accomplish this assignment. He mentioned that he had received a letter from Ambassador Pauley which commended the smooth transfer of these activities accomplished by the C.I.G. representative attached to his staff. General Vandenberg also mentioned that Mr. Dawson of the State Department had also stated that the

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N.I. 9th Meeting

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C.I.G.'s representatives who had replaced the F.B.I. personnel were of a particularly high type. General Vandenberg brought out the point that C.I.G. had a roving mission to check these newly assigned personnel in South America and their reports indicated that they were carrying out their functions in an exemplary manner.

GENERAL VANDENBERG then gave a brief report on C.I.G.'s monitoring of foreign broadcasts and stated C.I.G. was now preparing to negotiate a new agreement with the British Broadcasting Corporation for better exchange of material and the future transfer of C.I.G.'s Cairo Monitoring Station covering the Middle East from Cairo to Cyprus.



GENERAL VANDENBERG pointed out that C.I.G. was coordinating the exploitation of documents collected in the Far East and that plans are now being completed for similar exploitation of documents from Europe.

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GENERAL VANDENBERG stated he would now like to mention some of the principal difficulties being encountered by C.I.G. in its operations. He said that what he believed to be essential coordination to reduce duplication had been retarded by an uncertainty as to the directive authority of the Director of Central Intelligence. He said that the President specified that the Director of Central Intelligence shall "plan for the coordination of such of the activities of the intelligence agencies of the departments as relate to the national security and recommend to the National Intelligence Authority the establishment of such overall policies and objectives as will assure the most effective accomplishment of the national intelligence mission." (Paragraph 3 of President's letter of 22 January 1946, emphasis added)

GENERAL VANDENBERG further stated that the National Intelligence Authority specified that; "Recommendations approved by this Authority will where practicable govern the intelligence activities of the separate departments represented herein. The members of the Intelligence Advisory Board will each be responsible for insuring that approved recommendations are executed within their respective departments." (NIA Directive No. 1, par. 4)

GENERAL VANDENBERG said that the National Intelligence Authority specified that: "The Director of Central Intelligence is hereby authorized and directed to act for this Authority in coordinating all federal foreign activities related to the national security to insure that the overall policies and objectives established by this Authority are properly implemented and executed." (NIA Directive No. 5, par. 3, emphasis added)

GENERAL VANDENBERG pointed out that it was the feeling of the agencies (Intelligence Advisory Board) that the current interpretation of coordination was "by mutual agreement." This placed the Director of Central Intelligence only in the position of an executive secretary to the I.A.B. and that he did not believe this was what was contemplated by the N.I.A. General Vandenberg then pointed out that in some instances it

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had taken six to eight months to get agreement on a paper. He stated that in order to rectify this he recommended that the Director of Central Intelligence be considered as having authority similar to that given to the Joint Research and Development Board - "The Joint Research and Development Board shall operate within its jurisdiction as an agency of the Secretaries of War and Navy and the necessary authority is hereby delegated by the Secretaries of War and Navy to the Board so that its decisions, orders and directives shall be considered as emanating from them and shall have full force and effect as such." (JRDB 1/1, 6 June 1946, as amended 3 July 1946)

GENERAL VANDENBERG suggested that as an alternative to the above recommendation that C.I.G. forward its implementing directives to the N.I.A. members for subsequent issuance from their offices. However, such a practice would be cumbersome and involve a great loss of time on the part of all concerned.

GENERAL VANDENBERG stated that the production of strategic and national policy intelligence had been hindered further by an uncertainty among the agencies as to its definition. In order to clarify this situation, C.I.G. had developed the following definition, which he requested the N.I.A. approve:- "Strategic and national policy intelligence is that composite intelligence, interdepartmental in character, which is required by the President and other high officers and staffs to assist them in determining policies with respect to national planning and security in peace and in war and for the advancement of broad national policy. It is in that political-economic-military area of concern to more than one agency, must be objective, and must transcend the exclusive competence of any one department."

GENERAL VANDENBERG stated it was his understanding that those persons who developed the plan for the creation of a Central Intelligence Group had in mind that the C.I.G. would replace the Joint Intelligence Committee. This, so far, had not taken place, nor had any working relationship been achieved;

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further, that J.I.C. continues to have responsibilities paralleling those of C.I.G., and until this is resolved, complete coordination, effectiveness, and efficiency in the national intelligence mission can not be attained. General Vandenberg recommended that J.I.C. be abolished, and that C.I.G. provide the necessary intelligence to the Joint Chiefs of Staff. He said, however, he believed that some members of the J.C.S. had stated that if this were done, it would lower the original concept of a Central Intelligence Group. General Vandenberg said it was difficult for him, in appearing before appropriation committees, to defend C.I.G.'s request for funds since he was constantly confronted with the question as to the amount of overlap in intelligence. It was his understanding that one of the principal tasks expected of the Director of Central Intelligence was the reduction of such overlap to an absolute minimum.

GENERAL VANDENBERG stated he would also like to point out that when C.I.G. went to the intelligence agencies of the War and Navy Departments for information, there was constant friction as to whether J.I.C. or C.I.G. should have priority. In short, two agencies were asking for the same type of intelligence but requested in a slightly different manner. This duplication was unnecessary and occupied the time of personnel which should be engaged in more productive intelligence activities.

SECRETARY FORRESTAL then asked whether the question of dissolution of the J.I.C. and the assignment of its duties to C.I.G. had been taken up with the Joint Chiefs of Staff.

GENERAL VANDENBERG answered that he believed it had through the I.A.B. members.

MR. EDDY stated that he thought that it was important now to abolish J.I.C. and to have all interdepartmental intelligence under the C.I.G.

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After some discussion,

THE NATIONAL INTELLIGENCE AUTHORITY:

a. Agreed that while they believed that the J.I.C. should be abolished and its functions assumed by C.I.G., they desired to withhold decision until such time as it had been discussed with the Joint Chiefs of Staff.

b. Noted that Admiral Leahy would take up this matter with the Joint Chiefs of Staff.

At Secretary Marshall's request, GENERAL VANDENBERG then recited his first recommendation.

SECRETARY PATTERSON stated that he saw no alternative to the N.I.A. approving this recommendation. He added, however, that a proviso should be inserted in the recommendation to allow any aggrieved agency to appeal to the N.I.A. through that agency's respective Secretary.

GENERAL VANDENBERG said it was realized that each agency has the inherent right to appeal through its respective Secretary any objection to a specific directive.

ADMIRAL LEAHY stated that he recommended approval, but that he was in agreement with Secretary Patterson's proviso.

SECRETARY PATTERSON raised the question as to whether General Vandenberg's recommendation would involve C.I.G. entering into the field of operational intelligence of the agencies.

GENERAL VANDENBERG stated that this was not the intent.

MR. EDDY asked, if authority was delegated by the N.I.A. to the Director of Central Intelligence that his directives shall be considered as emanating from them, would such authority be interpreted to allow the Director of Central Intelligence to draft personnel from other agencies to perform specific jobs.

GENERAL VANDENBERG stated that C.I.G. had no intention of interpreting this authority as indicated by Mr. Eddy.

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SECRETARY PATTERSON asked if C.I.G. was contemplating recommending that some of the intelligence manuals now published by the intelligence agencies of the State, War and Navy Departments be discontinued.

GENERAL VANDENBERG stated he would like to have an opportunity to look over these publications before answering this question.

SECRETARY FORRESTAL stated he believed that the proviso to be added to General Vandenberg's recommendation under discussion should read along the following lines: "Provided in cases of objection to specific actions, any aggrieved agency may have access to that agency's Secretary and through him to the N.I.A."

MR. EDDY stated he assumed that any directives, before being issued by C.I.G., would normally have had prior discussion by the Intelligence Advisory Board.

GENERAL VANDENBERG concurred.

THE NATIONAL INTELLIGENCE AUTHORITY:

Approved the recommendation that "The Director of Central Intelligence shall operate within his jurisdiction as an agent of the Secretaries of State, War and the Navy, and the necessary authority is hereby delegated by the Secretaries of State, War and the Navy to the Director of Central Intelligence so that his decisions, orders and directives shall be considered as emanating from them and shall have full force and effect as such, provided any aggrieved agency may have access to that agency's Secretary and through him to the N.I.A."

At Secretary Marshall's request, GENERAL VANDENBERG then repeated his recommended definition of "Strategic and national policy intelligence."

After some discussion, in which General Vandenberg pointed out the reason why an approved definition of this term

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was needed.

THE NATIONAL INTELLIGENCE AUTHORITY:

Approved the following definition: "Strategic and national policy intelligence is that composite intelligence, interdepartmental in character, which is required by the President and other high officers and staffs to assist them in determining policies with respect to national planning and security in peace and in war and for the advancement of broad national policy. It is in that political-economic-military area of concern to more than one agency, must be objective, and must transcend the exclusive competence of any one department."

SECRETARY MARSHALL stated that in a recent conversation Congressman Taber was concerned from a security standpoint with reference to appropriations for intelligence activities. Secretary Marshall further stated that Mr. Taber had said that it appeared to him that too many people had to be consulted in considering such appropriations. Secretary Marshall went on to state that he believed the best way to maintain proper security was for the President or the Secretary of State to control these funds, and that a request should be made for a flat appropriation.

GENERAL VANDENBERG stated he had appeared recently before a joint committee, which he was told before appearance would consist of four or five people. However, upon arrival he found there were actually twenty-two people present. He went on to state a subsequent meeting had been called and he would continue to be careful of the information presented. However, he agreed that security of intelligence operations could best be protected by funds which should be conceded and appropriated in a lump sum controlled by one person.

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27. Montague, Memorandum for the Assistant Director, R & E
[J. Klahr Huddle], "Conversation with Admiral Foskett regard-
ing the C.I.G. Daily and Weekly Summaries," 26 February 1947

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26 February 1947

MEMORANDUM FOR THE ASSISTANT DIRECTOR, R & E

Subject: Conversation with Admiral Foskett regarding the C.I.G.
Daily and Weekly Summaries

Reference: Memo. by Dr. VanSlyok, 19 February 1947

1. In discussion with me today Admiral Foskett confirmed and amplified the comments reported in Dr. VanSlyok's memorandum.
2. Adm. Foskett delivers the Daily Summary to the President during the afternoon. Usually the President takes it with him on leaving his office and reads it during the evening. It serves as the basis of his discussion of foreign problems with Adm. Leahy the following morning.
3. The President considers that he personally originated the Daily, that it is prepared in accordance with his own specifications, that it is well done, and that in its present form it satisfies his requirements.
4. The President does not normally see any telegraphic material which anticipates or duplicates the coverage in the Daily. Adm. Foskett takes selected telegrams to him with the Daily in the afternoon and Adm. Leahy brings others in the morning, but these telegrams normally refer to matters not treated in the Daily (e.g., operational information).
5. The President reads the Daily, as marked by Adm. Foskett, before seeing Adm. Leahy. Although Adm. Foskett marks certain items as of particular interest, this is not intended to direct the President's attention exclusively to them. The President normally reads every item in the Daily with interest.
6. The marks seen on Adm. Leahy's copies are not for the President's guidance, but for the Admiral's own convenience in locating items to which he wishes to refer. Adm. Leahy seldom refers to reports indicating the development of situations previously discussed. (This would explain a tendency we have noted to mark marginal items instead of those reporting developments in apparently more important situations.) Nevertheless, the President desires to be kept informed of developments in important continuing situations.

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7. Adm. Foskett considers that the Daily should not be too closely screened; within reasonable limitations of space, it is better to err on the side of being too inclusive than too exclusive. In addition to considerations which we have discussed, he points out that he and Adm. Leahy, both in immediate daily attendance on the President, normally differ in their selection of items to call to his particular attention, each with reason. (If such well-placed authorities differ, how shall we make an exactly perfect selection.) Reiterating that in neither case are their selections meant to be exclusive, he considers that we should provide them with a broad initial selection, provided that each item should be of potential interest to the President and that all together should not be so numerous as to overburden him.

8. Adm. Foskett was less definite with respect to the Weekly, although he complimented its new format. After delivering it to the President, he normally does not see or hear more of it, although he has heard some comment on particular items in it indicating that the President does actually read it. (By the marks on Adm. Leahy's copies we know that the Admiral has discussed certain Weekly articles with the President.) It appears that the Weekly in its present form is acceptable at the White House and is used to an undetermined extent without exciting comment indicative of a desire for any particular change. When I described the alternative under consideration, Adm. Foskett was unable to say that it would be preferable. He undertook, however, to inquire further into the subject.

Ludwell L. Montague

LUDWELL L. MONTAGUE
Chief, Intelligence Staff, ORE

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CENTRAL INTELLIGENCE GROUP
INTELLIGENCE REPORT

COUNTRY China

DATE:

INFO. 18 December 1946

SUBJECT Economic Information: Opium Smuggling to the United States via Manila

DIST. 27 February 1947

PAGES 1

ORIGIN [Redacted]

SUPPLEMENT

EVALUATION OF SOURCE (Field evaluation)

EVALUATION OF CONTENT

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
COMPLETELY RELIABLE	USUALLY RELIABLE	FAIRLY RELIABLE	NOT USUALLY RELIABLE	NOT RELIABLE	CANNOT BE JUDGED	CONFIDENTIAL OTHER AGENCY	PROBABLY TRUE	POTENTIALLY TRUE	DOUBTFUL	PROBABLY FALSE	CANNOT BE JUDGED				
X	X	X													
STATE	WAR	NAVY	JUSTICE	R & E	C & P	MAIL									

SOURCE [Redacted]

- Raw opium from Bangkok and India, after being prepared for consumption in Macao by a special "cooking" process, is of the best quality and brings a high price.
- A Chinese, BUTT Liu-kin, head of the Macao Opium Combine, has been associated with it since 1925. He was "chief opium mixer" when opium trade was a government monopoly in Macao. When the Portuguese Government broke up the monopoly, BUTT succeeded in purchasing all the special equipment needed for processing. He then went into business for himself with a partner, P. J. Lobo, now Hongkong agent for Cathay-Pacific Airways.
- The Manila Opium Combine is composed largely of important political figures in the Philippine Government. Contact man for the Manila Combine in Macao, Bangkok, and Hongkong is said to be a former resident of those three cities, Anthony Botbalo, a British subject of Portuguese extraction.
- The transporting of opium from Macao to Manila takes the following course, according to present information. Small shipments are made regularly from Macao to Hongkong. There the opium is put up in small containers, the smallest being approximately the size of an American nickel, but twice as thick, and holding five cooked pills. These are deposited in a certain dress shop. Portuguese and Filipino women, flying in from Manila via Cathay-Pacific Airways, pick up the containers from the dress shop and fly back to Manila.
- Once it has reached Manila, the opium is further camouflaged before it continues the journey to the United States. Firecrackers are purchased in Macao and shipped to Manila via Hongkong. In Hongkong, the firecrackers, being quite legal, are cleared by the American Consulate. Upon arrival in Manila, the firecrackers have opium containers inserted into them. Because of the Hongkong clearance, Manila authorities give clearance with little or no inspection, and the firecrackers are shipped on to America.

This document is hereby regarded as confidential in accordance with the letter of 10 October 1942 from the Director of Central Intelligence to the Archivist of the United States.
 Next Review Date: 2009

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29. Elsey to Clifford, "Central Intelligence Group," 14 March 1947
(Photocopy)

CIB

14 March 1947

MEMORANDUM FOR:

Mr. Clifford.

Subject: Central Intelligence Group.

1. C.I.G. is up to its old tricks again. It has submitted "informally" the draft of a proposed bill to be submitted to Congress very similar to the two previous drafts which Vandenberg has sent to you in recent months and which you filed without further action.
2. Mr. George Schwarzwald of Donald Stoen's group, called to request advice and information on what Budget should tell C.I.G. I suggested that C.I.G. be informed that there was no necessity for such legislation in view of the sections concerning Intelligence which are included in the Unification Bill.
3. The Budget concurs in that position and will inform C.I.G. that it is inappropriate to propose legislation at this time in view of the President's support of the Unification Bill.

Respectfully,



GEORGE M. ELSEY