

Part III
The CIA under DCI Hillenkoetter

Part II: The CIA under DCI Hillenkoetter

The documents in Part II cover the period from the enactment of the National Security Act in July 1947 to the opening months of the Korean war in 1950.

RAdm. Roscoe Hillenkoetter succeeded General Vandenberg in May 1947 and served for three years as the Cold War mounted in intensity. Soviet expansionism in eastern Europe and Mao Tse-tung's victory in China increased demands for CIA intelligence analysis and prompted the administration to assign CIA a covert action mission. The formation of the Office of Policy Coordination (OPC) for covert operations was a watershed event, which completed the reassembly in CIA of the authority and responsibilities of the wartime OSS. Admiral Hillenkoetter, however, had little control over the new OPC, and CIA drifted. By mid-1949 two men, both OSS veterans, had gained substantial influence over CIA: Frank Wisner, the aggressive chief of the well-funded and quasi-autonomous OPC, and Allen Dulles. Although Dulles did not yet work for CIA, his survey of the Agency for the new National Security Council (NSC) sharply criticized Hillenkoetter and persuaded the NSC to press the Director to carry out significant reforms. Hillenkoetter knew his time was up, but the Truman administration took months to choose his successor.

Eightieth Congress of the United States of America
At the First Session

Begun and held at the City of Washington on Friday, the third
day of January, one thousand nine hundred and forty-seven

AN ACT

To promote the national security by providing for a Secretary of
Defense; for a National Military Establishment; for a Department
of the Army, a Department of the Navy, and a Department of the
Air Force; and for the coordination of the activities of the National
Military Establishment with other departments and agencies of the
Government concerned with the national security.

*Be it enacted by the Senate and House of Representatives of the
United States of America in Congress assembled,*

SHORT TITLE

That this Act may be cited as the "National Security Act of 1947".

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(b) In addition to performing such other functions as the President may direct, for the purpose of more effectively coordinating the policies and functions of the departments and agencies of the Government relating to the national security, it shall, subject to the direction of the President, be the duty of the Council—

(1) to assess and appraise the objectives, commitments, and risks of the United States in relation to our actual and potential military power in the interest of national security, for the purpose of making recommendations to the President in connection therewith; and

(2) to examine the various matters of common interest to the departments and agencies of the Government concerned with the national security, and to make recommendations to the President in connection therewith.

(c) The Council shall have a staff to be headed by a civilian executive secretary who shall be appointed by the President, and who shall receive compensation at the rate of \$70,000 a year. The executive secretary, subject to the direction of the Council, may be authorized, subject to the civil service laws and the Classification Act of 1952, as amended, to appoint and fix the compensation of such personnel as may be necessary to perform such duties as may be prescribed by the Council in connection with the performance of its functions.

(d) The Council shall from time to time make such recommendations, and such other reports to the President as it deems appropriate or as the President may require.

CENTRAL INTELLIGENCE AGENCY

Sec. 102. (a) There is hereby established under the National Security Council a Central Intelligence Agency with a Director of Central Intelligence, who shall be the head thereof. The Director shall be appointed by the President, by and with the advice and consent of the Senate, from among the members and officers of the armed services or from among individuals in civilian life. The Director shall receive compensation at the rate of \$14,000 a year.

(b) (1) If a commissioned officer of the armed services is appointed as Director then—

(A) in the performance of his duties as Director, he shall be subject to no superior, control, restriction, or prohibition (military or otherwise) other than would be operative with respect to him if he were a civilian in no way connected with the Department of the Army, the Department of the Navy, the Department of the Air Force, or the armed services or any component thereof; and

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(B) he shall not possess or exercise any supervision, control, powers, or functions (other than such as he possesses or is authorized or directed to exercise as Director) with respect to the armed services or any component thereof, the Department of the Army, the Department of the Navy, or the Department of the Air Force, or any branch, bureau, unit, or division thereof, or with respect to any of the personnel (military or civilian) of any of the foregoing.

(9) Except as provided in paragraph (1), the appointment to the office of Director of a commissioned officer of the armed services, and his acceptance of and service in such office, shall in no way affect any status, office, rank, or grade he may occupy or hold in the armed services or any component, personnel, right, privilege, or benefit incident to or arising out of any such status, office, rank, or grade. Any such commissioned officer, while serving in the office of Director, receives the military pay and allowances (active or retired, as the case may be) payable to a commissioned officer of the grade and length of service and shall be paid from any funds available to defray the expenses of the Agency, annual compensation at a rate equal to the amount by which \$14,000 exceeds the amount of his annual military pay and allowances.

(c) Notwithstanding the provisions of section 6 of the Act of August 24, 1912 (37 Stat. 535), or the provisions of any other law, the Director of Central Intelligence may, in his discretion, terminate the employment of any officer or employee of the Agency whenever he shall deem such termination necessary or advisable in the interests of the United States, but such termination shall not affect the right of such officer or employee to seek or accept employment in any other department or agency of the Government if declared eligible for such employment by the United States Civil Service Commission.

(d) For the purpose of coordinating the intelligence activities of the several Government departments and agencies in the interest of national security, it shall be the duty of the Agency, under the direction of the National Security Council—

(1) to advise the National Security Council in matters concerning such intelligence activities of the Government departments and agencies as relate to national security;

(2) to make recommendations to the National Security Council for the coordination of such intelligence activities of the departments and agencies of the Government as relate to the national security;

(3) to correlate and evaluate intelligence relating to the national security, and provide for the appropriate dissemination of such intelligence within the Government using where appro-

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appropriate existing agencies and facilities: *Provided*, That the Agency shall have no police, subpoena, law-enforcement powers, or internal-security functions: *Provided further*, That the departments and other agencies of the Government shall continue to collect, evaluate, correlate, and disseminate departmental intelligence: *And provided further*, That the Director of Central Intelligence shall be responsible for protecting intelligence sources and methods from unauthorized disclosure:

(4) to perform, for the benefit of the existing intelligence agencies, such additional services of common concern as the National Security Council determines can be more efficiently accomplished centrally;

(5) to perform such other functions and duties related to intelligence affecting the national security as the National Security Council may from time to time direct.

(c) To the extent recommended by the National Security Council and approved by the President, such intelligence of the departments and agencies of the Government, except as hereinafter provided, relating to the national security shall be open to the inspection of the Director of Central Intelligence, and such intelligence as relates to the national security and is possessed by such departments and other agencies of the Government, except as hereinafter provided, shall be made available to the Director of Central Intelligence for correlation, evaluation, and dissemination: *Provided, however*, That upon the written request of the Director of Central Intelligence, the Director of the Federal Bureau of Investigation shall make available to the Director of Central Intelligence such information for correlation, evaluation, and dissemination as may be essential to the national security.

(f) Effective when the Director first appointed under subsection (a) has taken office—

(1) the National Intelligence Authority (11 Fed. Reg. 1537, 1339, February 5, 1946), shall cease to exist; and

(2) the personnel, property, and records of the Central Intelligence Group are transferred to the Central Intelligence Agency, and such Group shall cease to exist. Any unexpended balances of appropriations, allocations, or other funds available or authorized to be made available for such Group shall be available and shall be authorized to be made available in like manner for expenditure by the Agency.

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EFFECTIVE DATE

Sec. 310. (a) The first sentence of section 302 (a) and sections 1, 2, 307, 308, 309, and 310 shall take effect immediately upon the enactment of this Act.

(b) Except as provided in subsection (a), the provisions of this Act shall take effect on whichever of the following days is the earlier: The day after the day upon which the Secretary of Defense first appointed takes office, or the sixtieth day after the date of the enactment of this Act.

SUCCESSOR TO THE PRESIDENCY

Sec. 311. Paragraph (1) of subsection (d) of section 1 of the Act entitled "An Act to provide for the performance of the duties of the office of President in case of the removal, resignation, death, or inability both of the President and Vice President", approved July 18, 1947, is amended by striking out "Secretary of War" and inserting in lieu thereof "Secretary of Defense", and by striking out "Secretary of the Navy."

Jesse W. Martin Jr.
Speaker of the House of Representatives

Arthur Vandenberg
President of the Senate pro tempore

Approved July 26 1947

Harry Truman

31. R. H. Hillenkoetter to the National Intelligence Authority,
"National Security Act of 1947," 11 September 1947
(Attachment not included)

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CENTRAL INTELLIGENCE GROUP

2430 E STREET NW.
WASHINGTON 25, D. C.

11 September 1947

MEMORANDUM FOR THE SECRETARY OF STATE
SECRETARY OF WAR
✓ SECRETARY OF THE NAVY
✓ PERSONAL REPRESENTATIVE OF THE PRESIDENT ON NIA

Subject: National Security Act of 1947

1. Upon the coming into effect of the National Security Act of 1947, the National Intelligence Authority automatically ceases to exist and the Central Intelligence Agency comes under the National Security Council. Inasmuch as no date has been set for a meeting of the National Security Council to carry on the work of the National Intelligence Authority, the following suggestions and recommendations are made:

a. At the first meeting of the National Security Council, it is recommended that all directives of the National Intelligence Authority and the Central Intelligence Group be continued in full force and effect until the National Security Council has had an opportunity to study the problem and to make amendments and changes that they may consider desirable.

b. In order that the National Security Council make an early approach to this problem, it is recommended that the Director of the Central Intelligence Agency be directed to submit, within sixty days, his proposal for National Security Council directives to bring former directives of the National Intelligence Authority and the Central Intelligence Group into line with the National Security Act of 1947.

c. In consideration of the size of the National Security Council, as compared to the National Intelligence Authority, it is recommended that a subcommittee be established to act similarly to the National Intelligence Authority to furnish the active direction of the Central Intelligence Agency. This subcommittee should be composed of a minimum number of members and, as a suggestion, could be either the Secretary of State and the Secretary of National Defense, or the Secretary of State, Secretary of National Defense, and the three Secretaries of Army, Navy and Air Force. Personally, I believe the first suggestion is better since the Secretary of State has equal representation with the military. If the second suggestion is followed, there may be some complaints from State that the military is overshadowing them.

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2. The Director of the Central Intelligence Group sat as a non-voting member of the National Intelligence Authority, and, while I believe it presumptuous and awkward on my part to suggest that he so sit with the National Security Council, still it would be of utmost assistance if he could attend all meetings of the National Security Council in some capacity, either as observer, counsel or advisor, in order to keep informed of what the thoughts of the National Security Council may be. In addition, by being present, the Director of the Central Intelligence Agency would also be available for such direct questions as may be propounded.

3. If you will indicate your approval or disapproval of the suggestions and recommendations above, I shall go ahead and have formal statements prepared to be furnished to the National Security Council at its first meeting.


R. H. HILLENKOETTER
Rear Admiral, USN
Director of Central Intelligence

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32. Central Intelligence Agency, Office of Reports and Estimates,
CIA 1, "Review of the World Situation as it Relates to the
Security of the United States," 26 September 1947

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CENTRAL INTELLIGENCE AGENCY

**Review of the World Situation
as it Relates to the Security
of the United States**

CIA 1

26 September 1947

Copy No. 45

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~~WARNING~~

~~THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF THE ESPIONAGE ACT, 50 U.S.C., 31 AND 32, AS AMENDED. ITS TRANSMISSION OR THE REVELATION OF ITS CONTENTS IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW.~~

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REVIEW OF THE WORLD SITUATION AS IT RELATES TO THE SECURITY OF THE UNITED STATES

26 September 1947

S U M M A R Y

1. Among foreign powers, only the U.S.S.R. is capable of threatening the security of the United States.

2. The U.S.S.R. is presently incapable of military aggression outside of Europe and Asia, but is capable of overrunning most of continental Europe, the Near East, northern China, and Korea.

3. The U.S.S.R. is unlikely to resort to open military aggression in present circumstances. Its policy is to avoid war, to build up its war potential, and to extend its influence and control by political, economic, and psychological methods. In this it is deliberately conducting political, economic, and psychological warfare against the United States.

4. The greatest danger to the security of the United States is the possibility of economic collapse in Western Europe and the consequent accession to power of Communist elements.

5. Stabilization and recovery in Europe and Asia would tend to redress the balance of power and thereby to restrain the U.S.S.R.

6. From the point of view of containing the U.S.S.R. and eventually redressing the balance of power the order of priority among the major regions of Europe and Asia is:

a. Western Europe.

b. The Near and Middle East (but within the region the situation in Greece is of great importance and the utmost urgency, while the situation with respect to Palestine is extremely dangerous).

c. The Far East (but within the region Japan is important as the only area capable of relatively early development as a power center counterbalancing the Soviet Far East).

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REVIEW OF THE WORLD SITUATION AS IT RELATES TO THE
SECURITY OF THE UNITED STATES

1. Among foreign powers, only the U.S.S.R. is capable of threatening the security of the United States. Even the U.S.S.R., lacking the requisite naval and air forces, is incapable of direct attack upon the United States * or of major military operations anywhere outside of Europe and Asia. The preponderance of readily available Soviet ground strength is such, however, that the U.S.S.R., at will, could speedily overrun most of continental Europe, the Near East, northern China, and Korea. If the U.S.S.R. were to exercise this capability, the ultimate danger to the United States would be even greater than that threatened by Germany and Japan, to avert which the United States incurred the risk of war.

2. Soviet predominance in Eurasia is, for the present, less a matter of absolute strength than of relative immediately available strength. The Soviet industrial war potential is considered to be approximately equal to that of 1939; it is almost certainly no greater. Since 1939, however, the power of Germany and of Japan has been obliterated, that of France and of Italy severely curtailed, and that of Great Britain seriously impaired. China also, no great power in 1937, is even more weak and disorganized in 1947. Thus the balance of power which restrained the U.S.S.R. from 1921 to 1941 has ceased to exist. The only effective counterpoise to the power of the Soviet Union is that of the United States, which is both latent and remote. Consequently the U.S.S.R., despite its present weaknesses, enjoys an overwhelming preponderance of power at every point within logistical reach of its land forces.

3. Despite this initial advantage, the U.S.S.R. is unlikely to resort to overt military aggression in present circumstances, primarily for the following reasons:

a. Forcible occupation of extensive additional territory, particularly in Western Europe, would impose upon the U.S.S.R. the additional burden of holding in subjection large hostile populations, a task vastly greater than that assumed in the satellite states of Eastern Europe and one likely to overtax the attenuated resources of the Soviet Union.

b. Open aggression would entail risk of a war with the United States ultimately disastrous for the U.S.S.R. Unable to strike directly at the United States, the U.S.S.R. would be exposed to early long range air bombardment with conventional and atomic bombs and to eventual amphibious attack. Moreover, Soviet industrial

* The U.S.S.R. is capable of a considerable number of one-way bomber sorties against targets in the U.S. Such attacks, using conventional bombs, could be no more than harassing in effect, but, with atomic bombs, would be extremely dangerous. Whether the U.S.S.R. now possesses a usable atomic bomb can be neither proved nor disproved, but it is considered improbable that the U.S.S.R. has such a bomb or that it can develop one before 1950.

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capabilities for the support of large scale, highly developed warfare are and must long remain greatly inferior to those of the United States. The U.S.S.R. would be unable to win a quick decision in such a conflict and could not support a protracted struggle with a determined and resourceful antagonist far beyond its own frontiers.

c. Open military aggression would forego favorable prospects for the further extension of Soviet hegemony by political and economic means. By indoctrination, experience, and personal interest the rulers of the U.S.S.R. are predisposed toward the pursuit of their objectives by conspiratorial rather than by military methods. In the economic dislocation, social unrest, political instability, and military weakness prevailing generally in Europe and Asia they have an unprecedented opportunity to extend the Soviet sphere by politico-revolutionary action at less risk than that entailed by military aggression, and with greater prospect of enduring success.

4. Thus the greatest present danger to U.S. security lies, not in the military strength of the U.S.S.R. and the possibility of Soviet armed aggression, but in the possibility of the economic collapse of Western Europe and of the consequent accession to power of elements subservient to the Kremlin. The economic weakness of Western Europe is the result of the simultaneous impact of extensive physical destruction, a breakdown in pre-war economic relationships (supplanted in many countries by rampant illegal or black-market practices), a deterioration in the will and capacity to work and in other driving forces of a virile economy, and a probably irreparable loss of large pre-war claims for goods and services derived from overseas investments and from a dominant position in colonial territories. As a result of these conditions and until indigenous production can be increased considerably beyond the pre-war level, Western Europe is confronted (in the absence of outside aid) with a prolonged period of low standards of living, widespread dissatisfaction, social unrest, and political instability. There are indications that the Kremlin is clearly conscious of this opportunity and that its present plans for the extension of its power are premised upon the assumption of continuing economic crisis in Western Europe and an eventual depression in the United States.

5. The policy of the U.S.S.R. in the foregoing circumstances appears to be:

a. To avoid war with the United States, relying upon the disinclination of the United States to resort to war on its own initiative. (In the actual state of acute tension an accidental outbreak of hostilities is a distinct possibility, but it is probable that the U.S.S.R. would not intend its provocations to lead to armed conflict with the U.S. and will avoid that result insofar as its intelligence provides adequate guidance.)

b. To build up its own strength, in anticipation of eventual war, by:

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(1) An intensive program of reconstruction and industrial expansion with particular reference to war industries.

(2) An intensive program of research and development with particular reference to an atomic bomb, guided missiles, and bacteriological warfare.

(3) The development of naval and strategic air forces.

c. To preserve its existing relative predominance in Eurasia by maintaining overwhelmingly preponderant ground strength and by consolidating control of satellite states and occupied areas.

d. To extend its own power and influence and to undermine those of the United States so far as is possible by political, economic, and psychological means, including action to:

(1) Prevent or retard recovery and stabilization in non-Soviet areas.

(2) Fasten on the United States responsibility for continuing dissatisfactions and distress; identify the United States with political reaction, economic imperialism, and military aggression; and identify the Soviet Union as democratic, anti-imperialistic, and peace-loving.

(3) Exploit the weakness, instability, and confusion prevalent in neighboring countries to bring to power therein Communist or Communist-controlled governments.

6. Although the conditions presently prevailing in European and Asiatic countries surrounding the Soviet sphere constitute a danger to U.S. security, stabilization and recovery in those countries would tend to redress the balance of power, thereby curbing Soviet aggressiveness and stabilizing the international situation.

7. From the point of view of redressing the balance of power the major regions of Europe and Asia, outside the Soviet sphere, are not of equal importance. Western Europe merits first consideration for reasons of both urgency and potential value. The most highly developed of these regions, it is at once the most vulnerable to disorganization and the most favorable for the early development of potential power. It is also most accessible from the center of Soviet power, and conversely, best located for the eventual exertion of restraining pressure upon the Soviet Union. In Western Europe a severe and possibly decisive economic and political crisis now impends. Within the general area the most critical situations exist in the United Kingdom, France, Italy, and Germany.

8. The United Kingdom, supported by the British Commonwealth and Empire, was formerly a major stabilizing influence in world economy and the balance of power, but its capabilities in these respects are now greatly reduced. In view of its critical economic position, it must curtail drastically its overseas commitments, with a consequent reduction of its power and influence abroad. Existing British overseas com-

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mitments are so extensive and important that their precipitate liquidation would create conditions prejudicial to security interests of the United States.

9. The immediate French economic situation is even more critical than that of the United Kingdom and the French are less able to cope with it, in large measure because of the instability of the internal political situation. The ineffectiveness of coalition governments increasingly encourages resort to political extremes. The Communists are already the strongest single party in France; a swift economic collapse might well lead to their accession to power. A more gradual decline would probably favor a trend toward an authoritarian solution under the leadership of De Gaulle. It is unlikely that either extreme could establish its authority so effectively as to preclude the outbreak of civil war on its accession to power.

10. The Italian economic situation is desperate and the political situation unstable, for reasons similar to those obtaining in France, with an even greater possibility of Communist accession to power in the event of economic and political collapse. Moreover, the proximity of Yugoslavia makes possible the development of a situation in Italy similar to that in Greece.

11. In Germany acute economic distress has been aggravated by continued partition and by uncertainties regarding the future status of the country and of its industrial establishments. Despite these conditions, Western Germany has shown itself to be more resistant to Communist penetration than France and Italy have been. There are indications that even in the Soviet Zone the political situation is unsatisfactory from the Soviet point of view. The economic rehabilitation of Germany, particularly of the Ruhr, is essential to general European recovery as well as to local stability. Effective steps toward industrial rehabilitation will tend to stabilize the situation in Western Germany, but will require convincing assurances to France against a recurrence of German aggression.

12. Of important concern in relation to Western European recovery is the existing instability in colonial (or former colonial) areas upon the resources of which several European powers (the United Kingdom, France, and the Netherlands) have hitherto been accustomed to depend. From Morocco to Indonesia the situation is disturbed by resurgent native nationalism and communal strife. Armed conflict exists between natives and Europeans in Indonesia, Indochina, and Madagascar, and between native communities in India and Pakistan. Armed communal strife is incipient in Palestine. Between Britain and Egypt the matter is one of international dispute. Unrest is widespread in French North Africa. None of these situations gives promise of early stabilization. The continuance of unsettled conditions hinders economic recovery and causes a diversion of European strength into efforts to maintain or reimpose control by force. In these circumstances the traditional liberal policies of the United States and its interest in early stabilization are in apparent conflict with its interest in supporting

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friendly European governments. There is a consistent tendency to bring these matters before the United Nations, where their effect is to divide the non-Soviet powers. Although the U.S.S.R. is in no position to intervene by force in these situations, it is actively exploiting them to create dissension, to undermine the economic and political stability of European states, and to discredit them and the United States.

13. As a region, the Near and Middle East is of second priority from the point of view of containing the U.S.S.R. and eventually redressing the balance of power—but within the general area the situation in Greece is of great importance and the utmost urgency, while the situation with respect to Palestine is extremely dangerous. The region differs from both Western Europe and the Far East in that (except in India) its human and material resources are inadequate for the development of a significant power potential. Its great importance, second only to that of Western Europe, lies in its strategic location as a barrier to further Soviet expansion, as an essential link in communications between the West and East, and as a potential base from which power developed elsewhere could be brought to bear on the sources of Soviet power, and in the vital importance of the oil of the Persian Gulf states to the Western powers.

14. In Greece the U.S.S.R., acting indirectly through Communist-led guerrillas supported by the Balkan satellite states, is in actual process of taking over a major portion of the country by force of arms. The Greek Government is unable to cope with this threat without active aid. At any time U.S. armed intervention may be required to prevent its collapse and to restore the situation. The loss of Greece would not only impair the strategic position in the Eastern Mediterranean, but would also have profound psychological repercussions throughout Western Europe and the Near and Middle East.

15. The Soviet effort to penetrate Iran is still being conducted by political and economic means. Iranian refusal of an oil concession to the USSR, which is still probable, would provoke a strong Soviet reaction, including a renewal of subversive activity, though probably not an overt Soviet intervention. If Iran should grant the concession, Soviet penetration would be facilitated.

16. In contrast to Greece and Iran, Turkey is not susceptible to Soviet penetration. Turkey may be expected to resist Soviet domination in any circumstances, but could not be expected to withstand for long a full-scale attack.

17. The situation with respect to Palestine is fraught with peculiar difficulties and dangers. Zionist leadership, exploiting widespread humanitarian sympathy with the surviving Jews of Europe, has pursued its objectives without regard for the consequences. The Arab reaction is bitter and potentially violent, endangering not only the Jews in Palestine but also the strategic interests of the Western powers in the Near and Middle East, since the Arabs now identify the United States and the United

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Kingdom with Zionism. The partition of Palestine, as proposed to the United Nations, satisfies minimum Zionist demands, but will be bitterly resisted by the Arabs. Its adoption and implementation would precipitate Arab armed resistance possibly assuming the proportions of a Holy War against Europeans and Americans as well as Jews. The Arab governments could not control this popular reaction; they would be coerced by it, or would be supplanted by governments responsive to the popular will. Their principal means of retaliation against the United States and the United Kingdom would be the cancellation of British and American oil concessions. Since the Arabs could not operate the oil properties themselves, and since, in these circumstances, they would be in desperate need of powerful support, it is probable that they would eventually transfer these concessions to the Soviet Union. Soviet control of Arabian oil would be disastrous to Western interests. This course of events, of which there is real and grave danger, would not only wreck the strategic position of the Western powers in the Near and Middle East, but would also have a fatal effect upon the economic recovery of Western Europe and would seriously impair the war potential of the Western powers.

18. Although the situation is critical in both China and Korea, the Far East is of only third priority from the point of view of containing the U.S.S.R. and eventually redressing the balance of power. The proximity of Eastern Siberia to the present perimeter of Soviet and Chinese Communist control in Korea, Manchuria, and North China, the remoteness of the United States, and the weakness of the Chinese National Government, would render any U.S. attempt at containment by directly opposing force to force a most unequal contest. The restraints upon Soviet aggression are political: the undesirability of an open conflict with the United States and the possibility of further penetration of China and Korea by political means. Moreover, the region is vast; an effort extensive in space and time would be required before the U.S.S.R. could gain effective control of objectives strategically important to the United States. From the point of view of power potential, the human and material resources of the region are great, but, with the exception of Japan and of certain areas in Manchuria and North China, they are generally undeveloped and incapable of development, by either the U.S. or the U.S.S.R., within any period of present concern. Moreover, in comparison with Western Europe and the Middle East, the accessible Far East is too remote from the vital areas of the Soviet Union to permit the exertion of effective influence therefrom upon Soviet policy. Whatever the course of events in continental Asia, maintenance of effective U.S. control of the Pacific would afford a sufficient safeguard.

19. Despite the low priority accorded to the Far East, as a region, in this reckoning, Japan is important as the only area within the region capable of relatively early development as a power center. Under SCAP control, the political situation in Japan is stable, despite economic difficulties. The Japanese economy is dependent upon

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the availability of foodstuffs and industrial raw materials from overseas. The removal of U.S. control, particularly if the economic problem remains unsolved, would open the way to vigorous Soviet penetration. The rehabilitation of Japan under Soviet influence or control (with provision of essential imports from continental Asia) would jeopardize the U.S. strategic position in the Pacific, as well as any U.S. position in China. The rehabilitation of Japan under U.S. influence or control (with provision of essential imports from Southeastern Asia), while it would tend to alienate China, would create a power tending to counterbalance the Soviet Far East and so to stabilize the regional situation.

20. The stalemate in Korea can be broken only by U.S. acceptance of terms which would in effect surrender that country to the U.S.S.R. as a satellite. United States efforts to make the best of the status quo must be conducted in the face of persistent Soviet subversive activity and propaganda pressure.

21. There is no prospect of an early solution of the political and economic problems of China. The Communists will accept no political solution which does not render their existing territorial control secure while affording them opportunities for further penetration by political means. Such a solution has been the consistent objective of the U.S.S.R. The Kuomintang has been adamant in refusing to consider such terms so long as it has had hope of United States support. Losing such hope, it might reconsider its attitude with a view to salvaging what it could of its position. Consequently, in the absence of large-scale U.S. aid, the prospect in China is for either continuing conflict, with further political and economic disintegration and an expansion of the area of Communist territorial control, or the eventual formation of a coalition government through Soviet mediation and on Communist terms, with a gradual penetration of Communist influence throughout the national administration. In either case acute political and economic disorganization would prevail in China for many years, preventing an effective consolidation of Soviet control.

22. In Latin America local Communists, isolated from direct Soviet support and operating within the power orbit of the United States, cannot seize and hold political control. The U.S.S.R. therefore pursues limited objectives in that area, its major purpose being to attenuate Latin America's capacity and willingness to give aid to the United States in the event of war. This policy has already succeeded to such an extent that the U.S.S.R. can probably count on its undercover organizations and upon Communist-controlled key labor unions to cut off U.S. access to some of Latin America's strategic materials whenever the U.S.S.R. considers such action desirable. The recently concluded defense pact opens the way to marked improvements in cooperative military defense, but does not affect the scope and direction of these Communist activities and purposes.

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33. ORE 55, "The Consequences of the Partition of Palestine,"
28 November 1947

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CENTRAL INTELLIGENCE AGENCY

THE CONSEQUENCES OF THE
PARTITION OF PALESTINE

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~~THE CONSEQUENCES OF THE~~ PARTITION OF PALESTINE

SUMMARY

Armed hostilities between Jews and Arabs will break out if the UN General Assembly accepts the plan to partition Palestine into Jewish and Arab States as recommended by the UN Special Committee on Palestine (UNSCOP).

Inflamed by nationalism and religious fervor, Arabs in Syria, Lebanon, Iraq, Transjordan, Egypt, and Saudi Arabia as well as Palestine are determined to fight against any force, or combination of forces, which attempts to set up a Jewish state in Palestine. While the governments of the Arab states are not expected to make official declarations of war, they will not attempt to keep their people (especially fanatical tribesmen) from joining the battle; they may even encourage such action and furnish clandestine assistance as well.

In composition, the Arab forces will vary from relatively well controlled quasi-military bands to the loose tribal organization of the nomads. The largest number actively engaged against the Jews at any one time will probably be between 100,000 and 200,000. The Arabs are good guerrilla fighters, and they will be well supplied with small arms and will also undoubtedly obtain some planes and tanks.

The Zionists, for their part, are determined to have a state in Palestine or, in the view of extreme elements, all of Palestine and Transjordan as well. Whatever the UN recommends, they will attempt to establish a Jewish state after the British withdrawal (now set by the British for August 1948). The Jews are expected to be able to mobilize some 200,000 fighters in Palestine, supplemented to a limited extent by volunteers and recruits from abroad. The Jewish armed groups in Palestine are well equipped and well trained in commando tactics. Initially, they will achieve marked success over the Arabs because of superior organization and equipment. As the war of attrition develops, however, the Jewish economy (severely strained by mobilization) will break down; furthermore, the Jews will be unable continuously to protect their extended supply lines and isolated settlements or to plant and cultivate their fields in the face of constant harassing, "hit and run" Arab attacks. Without substantial outside aid in terms of manpower and material, they will be able to hold out no longer than two years.

The US, by supporting partition, has already lost much of its prestige in the Near East. In the event that partition is imposed on Palestine, the resulting conflict will seriously disturb the social, economic, and political stability of the Arab world, and US commercial and strategic interests will be dangerously jeopardized. While irresponsible tribesmen and fanatic Moslems are haphazardly blowing up parts of the oil pipelines and attacking occasional Americans, it is possible that the responsible governments will refuse to sign pipeline conventions, oil concessions, civil air agreements, and trade pacts. The various projects which are necessary to raise the standard

Note: This paper has been coordinated with the intelligence organizations of the Departments of State, Army, Navy, and Air Forces.

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of living cannot be carried through without US assistance and guidance. With the US committed to partition, such developments will be shelved indefinitely. The poverty, unrest, and hopelessness upon which Communist propaganda thrives will increase throughout the Arab world, and Soviet agents (some of whom have already been smuggled into Palestine as Jewish DP's) will scatter into the other Arab states and there attempt to organize so-called "democratic movements" such as the one existing today in Greece.

If the UN recommends partition, it will be morally bound to take steps to enforce partition, with the major powers acting as the instruments of enforcement. The dangerous potentialities of such a development to US-Arab and US-USSR relations need no emphasis.

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THE CONSEQUENCES OF THE PARTITION OF PALESTINE

1. INTRODUCTION.

On 1 September 1947 the United Nations Special Committee on Palestine (UNSCOP) completed its report, and a majority of its members recommended partition as the best solution of the Palestine problem. In spite of violent opposition from the Arab states and the possibility that partition would not receive the necessary two-thirds majority in the UNGA, there is no doubt that this type of solution of the Palestine problem has been more seriously studied and more generally accepted than any other. It is important, therefore, to attempt to determine what the consequences of partition will be.

The General Assembly Ad Hoc Committee on Palestine has presented to the GA a partition plan based on the majority report of UNSCOP. Although no final decisions have yet been reached on implementing and enforcing the eventual UN recommendation, certain basic assumptions can be made. If the UNGA (now debating the partition scheme) accepts by a two-thirds majority partition for Palestine, the following situation will result:

- a. A sovereign Jewish state, comprising a substantial part of the area of Palestine, will be established.
- b. A substantial number of immigrants will be permitted to enter this Jewish state.
- c. The Arabs, not only of Palestine but of all the Near East, will strongly oppose both a and b above, and armed hostilities between Jews and Arabs will take place.
- d. Assistance in the form of men, arms, and supplies will be afforded both the Jews and the Arabs from outside Palestine.
- e. The United Nations will not immediately organize an international police force to keep the peace in Palestine.

On the basis of these assumptions, three questions must be answered:

- a. How will the Arab-Jewish conflict develop, and with what results?
- b. How will the stability of the Middle East be affected?
- c. How will US strategic and commercial interests be affected?

In order to answer these questions, an examination of the political situation resulting from partition and the military developments which may arise from that situation follows.

2. POLITICAL CONSEQUENCES.

a. *Internal Pressures on Arab Governments.*

(1) *Nationalist Pressure.*

Arab nationalism is the strongest political force in the Arab world. It grew up in secret societies under Ottoman rule, came out into the open in the Arab Revolt of World War I, and has been the major factor in the independence movement in the Arab world ever since. The independence of all the Arab states in the Near East throws into high relief the continuing mandatory status of Palestine. Because of the strong ties between the various Arab states, political developments in any one country are of vital concern to Arabs everywhere. Palestinian independence is, consequently,

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the major aim not only of the Palestinian Arabs but also of Syrians, Lebanese, Iraqis, Transjordanians, Egyptians, and Saudi Arabians. It would be political suicide for any Arab government to ignore this situation.

The signing of the Arab League Pact in March 1945 was a victory for the Arab nationalists in that it hastened the day when they could form their own bloc in relation to the other great powers of the world.

The Arab nationalist movement in Palestine has been as active as in any other Arab country. The uprisings of 1929 and 1936 demonstrated the strength of this movement. A stamp commemorating the signing of the Arab League Pact in 1945 appeared in Egypt showing a cluster of flags of country members, one of which was a white flag inscribed "Palestine." Palestine has been represented at meetings of the Arab League, first by independent individuals and then by the representatives of the new Arab Higher Committee, formed in 1945. At the conference of the Political Committee of the Arab League in October 1947 it is significant that the Mufti, as Chairman of the Arab Higher Committee, played a leading role. Although the Arab Higher Committee and the Arab League have differed as to the advisability of testifying before UNSCOP, the members of the League are in complete accord over the injustice of partition to the Palestinian Arabs.

The ultimate aim of Arab nationalism is to preserve and enrich the Arab heritage, while the political aims are the independence of all Arab lands and the establishment of some degree of unity among them. The nationalists regard Palestine as the chief stumbling block to the achievement of their political aims. Despite the fact that Arabs and Jews have lived peaceably side by side, determination to make Palestine an independent Arab country is strong in all of the Arab states, from the more educated and ambitious classes down to the poorest and most politically naive peasants. Arab national fervor is so explosive and pervasive a force that Arab government officials who recognize the political implications involved in flouting a UN decision will nevertheless have to oppose any decision for partition or run the risk of losing office.

(2) *Religious Pressure.*

The Arab governments are probably as greatly influenced by religious pressures as they are by nationalist pressures. The Arabs are capable of a religious fanaticism which when coupled with political aspirations is an extremely powerful force. Whether or not the Arab governments are capable of guiding this force is difficult to judge. It is very possible that certain religious organizations will take the initiative in organizing Arab resistance in Palestine.

The Ikhwan al Muslimin (Moslem Brotherhood), with headquarters in Egypt, is an organization of young Moslems founded for the purpose of orienting Arab society in accordance with Islamic ideologies. Branches of the Ikhwan have been formed in Syria and Lebanon, and one of the most active branches is in Palestine. The Ikhwan regards Westernization as a dangerous threat to Islam and would oppose any political encroachment of Zionism on Palestine with religious fanaticism. Should a "Jihad," or Holy War, be declared, the Ikhwan would be the spearhead of any "crusade." The Grand Mufti, as head of the Moslem Supreme Council, can count on the unanimous

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support of all members of the Ikhwan, who are assured of entrance into Paradise if they die on the field of battle.

(3) *Tribal Pressure.*

The tribes of the Arab countries are a powerful element in the political and military pattern of the Middle East. The tribe is a group of related families under the leadership of a chief (sheikh) which may be joined in a confederacy with other tribes under a paramount sheikh. The economic basis of tribal life is pastoral nomadism involving periodic migrations to seek pasturage for camels, sheep, and horses. The nomad (Beduin) population of Iraq, Syria, Transjordan, and Saudi Arabia has been estimated at 2,500,000.

The conditions of Beduin life have developed a hardy type of fighting man, not only imbued with a warlike tradition (combining religious fanaticism with an enthusiastic devotion to looting, plundering, and raiding) but also trained in the use of small arms and the methods of desert warfare.

Large stipends have been paid annually to the tribes of the Near East by whatever power wished to have their support, whether that power was British, French, or the local Arab government. Since the Arab governments now pay the stipends, they could rely on the tribes within their regions. The tribes would doubtless join the crusade, not only for reasons of Arab patriotism but also for plunder, the assurance of additional stipends, and the thrill of battle. The Syrian Defense Minister stated on 9 October that as the Arabs marched into Palestine they "would be buttressed by 100,000 loot-seeking Beduin described as 'mine fodder'."

The dramatic meeting of 500 Kurdish and Arab tribal sheikhs at Hilla in Iraq in October passed a resolution for a Holy War to defend Palestine. Although Prime Minister Saleh Jabr took the initiative in organizing this meeting, it is significant that the Arab and Kurdish leaders (many of whom are hostile to each other) consented to meet and to agree to a common program.

b. *Probable Attitudes of Arab Governments.*

(1) *Toward a Jewish State.*

The Arabs violently oppose the establishment of a Jewish state in Palestine because they believe that Palestine is an integral part of the Arab world. In addition, they fear that the Jews will consolidate their position through unlimited immigration and that they will attempt to expand until they become a threat to the newly won independence of each of the other Arab countries. They believe that not only politically but also culturally the Jewish state threatens the continued development of the Islamic-Arab civilization. For these reasons, the Arab governments will not consider any compromise, and they categorically reject any scheme which would set up a Jewish state in Palestine. The meetings of the Political Committee of the Arab League in Lebanon crystallized this feeling of unanimity. In a note, which represents the views of all the Arab states, the Committee stated, "The Arab governments, themselves, shall not be able to restrain the feelings of their nationals revolting against the oppression falling on them, nor shall they stand with folded arms before a danger threatening all the Arab countries, but rather will they be compelled to take every decisive action which will guarantee resistance to the aggression and the restora-

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tion of justice." In addition, leaders in all the Arab states have stated their determination to resist.

(2) *Toward the UN.*

The Arab governments are embittered by the UNSCOP majority report, which they feel was not arrived at impartially. Speeches made before Zionist groups by the Guatemalan member of UNSCOP, following the return of the committee, have convinced the Arabs that certain members of UNSCOP had made up their minds on the question before the committee undertook its task.

However, the Arab governments are reluctant to break with the UN. At the meeting of the Political Committee of the Arab League in Cairo following the formation of UNSCOP, the Arab states were not willing to follow the lead of the Arab Higher Committee in boycotting the hearings. The Arab governments supported the Mufti in refusing to give testimony within the frontiers of Palestine, but they all presented testimony to UNSCOP subsequently in Beirut.

The Arab governments realize the debt they owe to the UN. The raising of the question of the evacuation of foreign troops from Syria and Lebanon in the UN led to a speedy and satisfactory settlement among the French, British, and Levant States. Egypt has had an opportunity to air its views on the evacuation of British troops from Egypt and its claims to the Sudan. The UN has provided a medium for the immediate recognition and participation in world affairs of the young Arab states. Although the Arab states are adamant in their determination to make Palestine an Arab state, they will probably avoid a complete rupture with the UN should partition be imposed.

(3) *Toward the US and UK.*

Since the Balfour Declaration the British have been the target of Arab political feeling in Palestine. The recommendation for the partition of Palestine as contained in the Peel Report of 1937 resulted in serious anti-British demonstrations by the Arabs. After the dissolution of the first Arab Higher Committee in 1937, the arrest of Arab political leaders, and the escape of the Mufti and others across the border, the Arabs were convinced that Britain was crushing all hopes of Arab political independence in Palestine. Although the Arabs welcomed the White Paper of 1939, they have continued to criticize the British for permitting Jewish immigration on a limited scale and for refusing to disarm the Jewish underground. As a result, however, of the UK's announced decision to terminate the mandate and to withdraw both its troops and administration from Palestine and its refusal to implement by force any settlement not acceptable to both the Arabs and the Jews, British prestige in the Arab world has definitely improved.

US prestige, on the other hand, has steadily decreased with each new indication that the US supports the Zionists. The good will enjoyed by the US at the time of the Roosevelt-Ibn Saud Conference and following US backing of Lebanese and Syrian claims for independence was short lived as a result of President Truman's support of Jewish immigration to Palestine and the Anglo-American Committee report. After the publication of the Anglo-American Committee report, Arab popular feeling expressed itself in the bombing of the US Legation at Beirut and in the attempt to burn

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the USIS office in that city. The Arab governments' official attitudes were made known at the Bludan Conference, in which the US bore the brunt of the attacks. British-sponsored newspapers in the Levant States placed the responsibility for the Anglo-American Committee's findings on the US, indicating that the UK members of the Committee could only follow the recommendations of the US members. Gradually, within the last two years, the blame for the Palestine situation has passed from the UK to the US.

Because of long-standing cultural ties between the US and the Arab world, the friendly role that the US played in the achievement of Syrian and Lebanese independence, the partial dependence of certain Arab states on oil royalties from US companies, and the promise of increased royalties in the future, the Arab states would like to maintain friendly relations with the US. The Arab governments realize that without US financial aid and technical assistance, they will be unable to carry through the extensive projects that are needed if the standard of living is to be raised above its present subsistence level. Little of this development will be possible, however, if the US supports a Jewish state in Palestine.

c. Probable Actions of Arab Governments.

(1) *Against Palestine.*

In the event of the partition of Palestine, it is unlikely that the Arab governments will openly proclaim war against the Jews. Pressure from the Arab people for an open declaration of war will be strong, but the governments doubtless realize that such a step in defiance of a decision passed by the UN would seriously jeopardize the Arab position in the UN. However, it is probable that large numbers of Arabs from the surrounding countries will join the Arabs residing within Palestine for the war against Zionism. These Arabs will be loosely organized under national leaders and tribal sheikhs. Volunteers will leave the armies, and ammunition and military equipment will find their way from the Arab armies to the resistance movement. The Arab governments, though not officially endorsing such action, will doubtless allow it to continue.

(2) *Against Jews in Arab Lands.*

Before the enunciation of the Balfour Declaration in 1917, the Jews in the Near East fared as well as other minority groups throughout the world. Since 1917, however, they have had to bear the brunt of Arab antagonism to the development of political Zionism in Palestine. In the event of partition, the lives of the million Jews throughout the Arab world (including Palestine) will be imperiled. The lower element in the population would look forward to attacks on Jewish quarters because of the excellent opportunity for looting—as illustrated at the time of the Baghdad revolt in 1941 when the Jewish quarter was attacked. A representative of the Jewish Agency has stated that in the event of partition the 400,000 Jews in the Arab states outside Palestine may have to be sacrificed in the interest of the Jewish community as a whole.

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~~SECRET~~(3) *Against the US and UK.*

The Bludan Conference of 1946 established a course of procedure* to be followed by the Arab states in the event that the recommendations of the Anglo-American Committee should be implemented. Following the publication of the UNSCOP report and the speech of Secretary Marshall before UNGA, the Arab League Political Committee met and decided in general terms to apply the Bludan recommendations if partition were voted by the UN. However, in the discussions on the manner in which these recommendations should be applied, there was considerable disagreement in the Political Committee. Some of the Arab governments refused to consider a break in diplomatic relations with the Western powers, and others refused to cancel oil concessions. Nevertheless, there is complete unanimity among the Arab states as regards aim. They are all unalterably opposed to the establishment of a Jewish state in Palestine. Whether or not they now agree on retaliatory measures against the US is beside the point; in time US interests will be seriously affected, if not by the decisions of the Arab governments, certainly by the instability and hostility which will inevitably be aroused in the Arab world.

The bombing of the American Consulate General in Jerusalem on 13 October is evidence of the Arab resentment against US support of the majority plan. This action was reported to have been taken by the newly formed Arab terrorist group which calls itself "the Jihad." Whatever the official position of the Arab governments may be, attacks on US property, installations, and personnel by irresponsible groups or individuals can be expected.

d. Aims of Jewish State.(1) *Consolidation.*

In spite of increasing tension and hostilities between various factions in the Jewish community, it can be expected that all Jewish groups in Palestine will join forces against the Arabs in defense of the newly formed Jewish state. The chief aims of the Jewish government will be organization of defense and increased immigration.

(2) *Territorial Ambitions.*

In the long run no Zionists in Palestine will be satisfied with the territorial arrangements of the partition settlement. Even the more conservative Zionists will hope to obtain the whole of the Negeb, Western Galilee, the city of Jerusalem, and eventually all of Palestine. The extremists demand not only all of Palestine but Transjordan as well. They have stated that they will refuse to recognize the validity of any Jewish government which will settle for anything less, and will probably undertake aggressive action to achieve their ends.

(3) *Soliciting of Foreign Aid.*

The Zionists will continue to wage a strong propaganda campaign in the US and in Europe. The "injustice" of the proposed Jewish boundaries will be exag-

* The "secret" procedure decided on is reported to include the following provisions:

1. Not to give the US and UK or their local communities any new concessions, economic or otherwise.
2. Not to support US and UK special interests in any educational institution.
3. To institute a "moral boycott" against the US and UK.
4. To consider cancellation of any concession in the Arab world.
5. To make a strong case of the Arab cause before the UN.

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gerated, and the demand for more territory will be made as Jewish immigration floods the Jewish sector. In the chaos which will follow the implementation of partition, atrocities will undoubtedly be committed by Arab fanatics; such actions will be given wide publicity and will even be exaggerated by Jewish propaganda. The Arabs will be accused of aggression, whatever the actual circumstances may be. This propaganda campaign will doubtless continue to influence the US public, and the US Government may, consequently, be forced into actions which will further complicate and embitter its relations with the entire Arab world.

e. Attitude of the USSR.

The USSR's aims in Palestine are: (1) to end the British mandate and bring about the removal of British troops from the area; (2) to keep the situation unsettled; and (3) to take an active part in "maintaining order" in the country. The USSR has been highly successful in carrying out the first two aims—without any effort on its part. The accomplishment of the third aim would give the USSR a base in the heart of the Near East from which to disseminate propaganda, carry on subversive activities, and attempt to organize "democratic movements" in the Arab states.

By first recommending a bi-national state in Palestine, the USSR has made at least a gesture toward the Arabs. By supporting partition, the USSR has set itself up as the champion of minorities and has posed as a power attempting to find the "just solution" for Palestine. The USSR could now logically claim that Kurdistan should be set up as a Kurdish state and that Kars Province of Turkey should be joined to Soviet Armenia.

Meanwhile, the USSR has been actively but secretly assisting the Jews. In addition to reports that the USSR is assisting Jewish underground agents in Europe, large ships filled with illegal immigrants have been leaving the Rumanian port of Constanza. The British have watched with suspicion Soviet "lumber ships" leaving the Black Sea for Palestine which, the British claim, are carrying arms below decks to both the Jews and Arabs in Palestine.

In the event of Arab-Jewish hostilities, the USSR will continue to support the Jews and will probably also attempt covertly to aid the Arabs.

f. Effect on US Economic Interests in Near East.

(1) *Oil.*

If partition is to be implemented in Palestine, it appears unlikely that the Arab governments will initially cancel existing oil concessions. Such action would have the combined effect of alienating the US and cutting off future oil royalties. The subject of cancellation of oil contracts was discussed at the meeting of the Arab League Political Committee in Aley, Lebanon, in October 1947. The Saudi Arabian delegate, stating that the oil companies were private corporations and did not represent the US Government, opposed the Iraqi delegate's stand that the contracts should be cancelled.

However, all oil installations and oil pipelines in the Near East would be endangered. Desert pipelines are vulnerable to attack by small Arab bands, which could cut the lines and disappear before they could be arrested. The Arab governments probably would not support such irresponsible action, but they would not be able to

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stop it. Operations outside the actual oil centers, such as Kirkuk and Dhahran, would be greatly hampered, and the oil companies would be forced to restrict production.

Although existing oil contracts will probably not be cancelled, it is possible that the Arab governments will refuse to enter into any new oil contracts with the US. The Syrian Government, for example, has already postponed ratification of the pipeline agreement with the Trans-Arabian Pipeline Company. Whatever their individual desires may be, pressure from the people as well as from the Arab League as a whole may prevent them from entering into any new concessions.

(2) *Commerce.*

In the event of partition US trade and commercial relations with the Arab world will be seriously affected. The establishment of an Arab boycott, even though only partially effective, would act as a brake on the slowly but steadily improving commercial relations between the US and the Arab states. Such a boycott would also serve as a bar to American participation in projects for the improvement of living standards, increased production, and expanded irrigation programs, many of which would otherwise include the employment of considerable American materials and technical skills. Even more important, perhaps, would be the general instability in the area. Such instability could be expected to reduce the size of US investments in the area as well as the returns from present or contemplated investments, thereby impairing the dollar-earning capacity of the area and its ability to purchase from the US.

It is unlikely that existing air agreements will be cancelled, but the negotiation of new ones may well be delayed throughout the area. Other countries will be quick to take advantage of the inevitable deterioration of relations between the US and the Arab states.

3. **MILITARY CONSEQUENCES.**

a. *The Arab Forces.*

(1) *Character.*

The bulk of the Arab forces fighting the Zionists will be semitrained guerrilla groups and loosely organized tribesmen. There are three main sources from which the Arabs can raise men to fight in Palestine: (1) Arab quasi-military organizations led by ex-army officers, which will form the core of the guerrillas; (2) soldiers volunteering from the official armies of the Arab states to participate in action against the Jews; and (3) tribesmen, who will probably be the largest source.

(2) *Strength.*

It is estimated that the largest number of Arabs actively engaged against the Zionists at any one time will be between 100,000 and 200,000, including Palestine Arabs, volunteers, Beduin, and quasi-military organizations from the other Arab states. The armed strength of the Arabs in Palestine itself is estimated at 33,000, most of whom are members of such quasi-military organizations as the Futuwwa, the Najjada, the Arab Youth Organization, and the Ikhwan (Moslem Brotherhood). Moreover, the Ikhwan will send contingents from its Egyptian and Syrian branches, which number 15,000 and 10,000, respectively.

The largest Arab group of potential fighting men is the tribesmen (Beduin) of whom some 30,000 are in the area immediately adjacent to Palestine.

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They are expected to come to the aid of the Palestinian Arabs as soon as hostilities break out, and additional men may be expected to swell the total Arab force as time goes on. Their service will probably be sporadic; but other tribesmen will replace any who drop out of the fighting so that the total Arab strength will undoubtedly be maintained.

The ground forces of the Arab League states (Egypt, Iraq, Lebanon, Saudi Arabia, Syria, Transjordan, and Yemen) total about 223,000 men, including gendarmes, security troops, and police forces. Besides these ground forces, Egypt has a small navy, and several of the states have infant air forces and commercial planes. Although the Arab armies are not expected to be officially committed to the fighting, they will supply leadership to the fighters. These armies may also be asked by the new Arab state to enter Arab Palestine to maintain order.

(3) *Matériel.*

The Arab governments may be expected covertly to furnish arms and ammunition as well as trained military leadership to the guerrillas. Even before World War II, the Arab states had adequate supplies of weapons suitable for guerrilla fighting. These have been supplemented with arms taken from both Axis and Anglo-American dumps following the campaigns in the Near East and North Africa, and with purchase of matériel and equipment from US and UK surplus stocks. Negotiations for the purchase of Czech arms have been reported. The Arabs will, for the most part, rely on small arms rather than the elaborate matériel of modern warfare, though they may be expected to make use of armored trucks and tractors for attacking Jewish settlements. It is also probable that some light tanks and a few planes which can be used for strafing and bombing will find their way into Arab hands.

Supply constitutes no serious problem for the Arabs. Each fighter will carry his own equipment and will be supplied with funds for buying food from sympathetic villagers. The tribesmen, in particular, are hardy and well accustomed to bare subsistence rations and life in the open. Since they will be moving toward Palestine through Arab territory, they will have no difficulty gaining access to the water holes.

(4) *Incentive.*

The chief incentive to many of the leaders of this struggle will be opportunism, coupled with nationalist aspirations and religious fervor. The leaders, in turn, will appeal to the newly awakened nationalism as a strong incentive to many Arabs, particularly the better educated townsmen. Volunteers deserting from the armies of the Arab states probably will not incur the disfavor of their governments, and many will even receive secret encouragement from them. The proclamation of a Jihad will also be employed to secure volunteers although such a proclamation is not expected to kindle a mass uprising. The current drought in the northeastern Arabian desert will make the tribesmen restless, and the promise of loot from Jewish settlements will be attractive to many.

(5) *Organization.*

The Arab forces are expected to vary from relatively well-controlled quasi-military bands to the loose tribal organization of the Beduin, led by their sheikhs. Singleness of purpose will be the main unifying force. Extensive guerrilla warfare in Palestine will give great power to opportunistic, aggressive, extreme nationalist leaders,

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who (in some instances) may even take over the governments of their countries. It has recently been reported that a unified command for all Arab guerrilla forces has been established.

(6) *Course of Action.*

Arab action will be directed not only against the Jews but also against any police force attempting to maintain order in Palestine. Guerrilla action is not anticipated until the final UN decision is made known. The manner and timing of the British withdrawal will be an important factor in the fighting, which is expected to increase steadily in intensity after the British withdrawal, eventually taking the form of an undeclared war of attrition against the Jews.

The Arab is a good guerrilla fighter while relatively few Jewish soldiers have had experience in guerrilla tactics. Furthermore, the terrain of Palestine is well suited to the Arab's traditional method of fighting. The quasi-military groups, composed of ex-army men and townspeople, will specialize in direct assaults on Zionist colonies, demolition of bridges and railroads, and other sabotage. The tribesmen will engage in activities not requiring technical training or extensive coordination such as attacks on isolated villages, assassination, continual sniping to prevent cultivation of the fields, and attacks on transportation, communications, and supply lines. Persistent harassing attacks can be expected in time to wear the Zionist economy to the breaking point.

The Arab intelligence system has always been quick and accurate. The traditional "grapevine" can be supplemented by telecommunications and some aerial reconnaissance. Positions in the highlands will provide good observation posts. Also, since nearly half the population of the Jewish state proposed by UNSCOP will be Arab, the Arabs will have a ready-made "Fifth Column" in enemy territory.

(7) *Sources of Support.*

The bulk of support for the Arab cause will come from the member states of the Arab League. Responsibility for financial support for the Arab cause will devolve primarily upon Egypt, and to a lesser extent upon the states receiving oil royalties, particularly Saudi Arabia. Support in the form of arms and men will come from all the Arab countries, but its extent will be conditioned by availability of transportation, particularly from such countries as Yemen and the more distant parts of Saudi Arabia. Aid from other Moslem areas, such as Pakistan and North Africa, is expected to be limited in quantity and to consist chiefly of money and moral support. Although the USSR has advocated the adoption of the majority report of UNSCOP with certain modifications, the Soviets will probably give covert aid to the Arabs as well as to the Jews in an effort to create chaos in the Near East. The Arabs will, of course, appeal to world opinion, but more for non-interference or for diplomatic support than for armed assistance.

b. *The Jewish Forces.*

(1) *Character and Composition.*

Although it has been estimated that Jewish and Arab forces will be almost equal numerically, the Arabs will have large numbers of replacements while

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the Jews will have no reinforcements unless they can facilitate additional emigration from Europe or obtain volunteers from the United States. The Jews will be well equipped, but it is doubtful whether the amount of ammunition they have on hand will be sufficient for a long campaign.

The Jewish forces in Palestine are composed of three organizations: (1) Hagana, the Zionist army; (2) Irgun Zvai Leumi (IZL); and (3) the Stern Gang. The three groups differ in their tactics and in the degree of ruthlessness employed in their operations, Hagana being the most sensitive to world opinion. IZL and the Stern Gang are illegal terrorist groups engaging in sabotage and assassination.

Hagana is sponsored by the Jewish Agency. The original and largest group, it is left of center in political sympathy. Because of its defensive work, its restraint, and its non-extremist intentions, Hagana is supported by a majority of the Jewish community of Palestine and by most Zionists. It has become primarily an instrument for the advancement of Zionism and would be a ready-made army for a Jewish state in Palestine.

It is estimated that in the event of hostilities Hagana could mobilize about 200,000 men and women with some combat or supply experience. At present Hagana is believed to have approximately 70,000 to 90,000 members organized into territorial commands under a central headquarters and consisting of three branches: (1) the static force; (2) the field army; and (3) the Palmach or storm trooper unit. The static force consists of settlers and townspeople based at Jewish settlements as a sort of home guard. The field army consists of about 18,000 troops trained in mobile operations. The Palmach is composed of approximately 5,000 permanently mobilized troops trained in commando tactics and supplied with their own transportation. It includes a smaller group known as Palyam or Palteck, a kind of coast guard trained especially to assist illegal immigrants arriving by ship.

Social and economic pressure has, in effect, made it compulsory for all able-bodied Jewish men and women in Palestine to serve one year in some armed organization. Thus, a year's term of enlistment is prerequisite to enrollment in Hebrew University. Hagana is well financed by a semilegal tax imposed upon the settlements by the Jewish Agency, by subscriptions, and by contributions from Jews in other countries. The organization also has European branches.

It has been estimated that enough modern weapons are available to arm up to 200,000 members of Hagana. There are also sufficient automatic weapons for each squad of Palmach, as well as some mortars. Hagana has been procuring arms over a period of years, many from the residue of the campaigns in the Near East and others smuggled in from abroad.

The effectiveness and timing of Hagana's diversionary attacks designed to aid illegal immigration are proof that it possesses an excellent intelligence system and that it maintains a high standard of security. "The Voice of Israel," a clandestine radio, is one of its chief mediums for disseminating propaganda.

The Irgun Zvai Leumi is estimated to have a strength of from 6,000 to 8,000 members. It is organized on a regional basis similar to that of Hagana but is cellular in character. It employs sabotage and terrorism as the "only effective" means of attaining its ultimate objective of an independent state in Palestine and Transjordan.

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IZL is rightist in political sympathy. It has foreign branches and increases its Palestinian membership with illegal immigrants, apparently being more interested in securing new recruits with military abilities than in finding a home for less fortunate "displaced" Jews. IZL members are well armed and trained in sabotage, particularly in the use of explosives. It has been reported, but not confirmed, that IZL and the Stern Gang have sufficient armor plate for transforming 500 to 600 tractors into improvised light tanks and for converting an unestimated number of automobiles into armored cars. IZL is believed to cooperate closely with the Stern Gang, and the two organizations are known to have conducted operations jointly. The infrequency of tactical errors in IZL's operations indicates that the organization has an excellent intelligence system with very tight security. It has its own clandestine radio station known as the "Voice of Fighting Zion."

The Stern Gang consists of from 400 to 500 extreme fanatics. They do not hesitate to assassinate government officials and police officers or to obtain funds by acts of violence against Jews as well as others. Like IZL, they are well supplied with small arms, and the security of the group is excellent as its organization is limited to cells of three.

The founders of the Stern Gang were formerly members of IZL. However, when IZL restrained its activities against the British during the early days of World War II, the most extreme section of its membership formed a more terroristic body called FFI (Fighters for the Freedom of Israel) but more commonly known as the Stern Gang. The political connections of the organization are paradoxical and appear to be the result of opportunism born of necessity. Recent reports confirm the fact that the Stern Gang has connections with the USSR, which is furnishing it with money. The organization has stated that it considers a turn towards Soviet Russia necessary because of the present world situation. It explains that the USSR and the Stern Gang both desire the creation of a "strong and independent Palestine" which would constitute a rampart against British "imperialist designs" but would "not be hostile" to the Soviet Union.

(2) *Course of Action.*

In the face of an Arab attack, the three Jewish armed groups will be forced to unite. Members of IZL and the Stern Gang will probably be assimilated into Hagana, which is already established along military lines and could readily absorb the other two groups into its commando units. Initially, the Jews will gain marked success over the Arabs because of superior organization and equipment, but the Jews will be unable to stand up under the long war of attrition which will develop.

The Jewish sections of a Palestine partitioned in accordance with the UNSCOP majority report will be vulnerable to attack by the Arabs. The northeast sector is entirely surrounded by Arabs: Palestinian on the south and west, Lebanese and Syrian on the north, and Transjordanian on the east. The central Jewish sector is flanked on the east by the central Arab sector, while the southern Jewish sector is surrounded by Palestinian Arabs on the west and north, Transjordanian on the east, and Egyptian on the south. The Arab sectors contain the strategic highlands of Galilee and those surrounding the proposed international zone of Jerusalem.

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Two major difficulties facing the Jews will be the large numbers of Arabs within Jewish territory (in the northeast Jewish sector, for instance, there are some 72,700 Arabs as opposed to 44,700 Jews) and the extreme vulnerability of outlying Jewish settlements and supply routes to Arab attack. The Jews will be forced to expend a large proportion of their forces in static defense of isolated villages and colonies, or organize many mobile units in key locations so that settlements under attack can be aided quickly. Furthermore, many units will have to be used to convoy supply caravans. The establishment of strong defensive positions, within which normal economic life can be maintained, and the protection of transportation routes will be the main strategy of the Jewish forces. The Zionist colonies are estimated to have sufficient stores of food for a month's supply. Owing to the fact that many agricultural laborers will be engaged in combat and that Arab attacks will prevent cultivation of the fields, the Jews will have difficulty in producing food. Moreover, mobilization over a long period of time will so strain the manpower of the Jewish community that its economy will collapse unless large numbers of immigrants and substantial material assistance are supplied from abroad.

The Jews may be expected to employ small-scale, commando-type offensive operations against Arab concentrations if they are able to locate them, or attempts may be made to pursue retreating Arab raiders. Large-scale Jewish efforts to penetrate territory adjoining the contemplated Jewish state are unlikely because such actions would necessitate over-extending the already vulnerable supply lines and would entail the risk of combined rear, frontal, and flanking attacks by Arabs.

It is a distinct strategic advantage to the Jews that the important port of Haifa and the smaller port of Tel Aviv are included in the Jewish sectors, since any assistance to the Jews in the event of open conflict will come from the west.* It is expected, however, that all cities will be centers of heavy fighting.

c. European Support for Jewish Forces.

There is already in existence a well organized system for transporting Jewish DP's from Eastern Europe southward, particularly through the Balkans, to Palestine. In the event of an Arab-Jewish conflict, this system would be employed to furnish manpower to the Jewish forces in Palestine.

Jewish immigrants from Poland, the Soviet Zone of Germany, Hungary, and the Balkans are gathered together in Austria, Italy, and Germany for transportation to Palestine. It has been estimated that about 1,800 Jews cross into Austria every month. In Italy, Hagana is reportedly operating a secret immigration service for the estimated 30,000 Jewish refugees registered there. Both the Rumanian and Bulgarian Governments are helping Jews reach Black Sea ports in order to board ships which attempt to run the blockade into Palestine.

There has been some evidence that European agents of IZL and the Stern Gang have been trained and are assisted by the USSR. The Jews will doubtless continue to solicit aid from the USSR, but in the event of a Jewish-Arab war, it is unlikely that either side would receive overt material aid from the USSR or its satellites, with the

* The predominantly Arab port of Jaffa, although allocated to the Arab state by UNSCOP, is cut off from the Arab hinterland and thus will not be immediately useful to the Arab forces in the event of war.

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exception of Czechoslovakia. France and Belgium, as well as Czechoslovakia, are thought to be likely sources of arms and ammunition for the Jewish forces. There have been unconfirmed reports of smuggling from France, Belgium, and Luxembourg for Jewish terrorist groups in Palestine. The Czechs are reported willing to sell arms to the Arabs; they would also be willing to supply arms to the Jews if the transaction were financially advantageous. No estimate can be made of the amount and types of weapons which would be supplied.

d. Support Obtainable in the US.

No information is available upon which to base an estimate of the specific number of volunteers or the amount of funds and supplies to be made available to Jewish armed forces from US sources.

The Zionist movement is very strong in the US, but every organization claiming to represent all American Jewry does not in fact do so, and many Zionist organizations, while supporting the objectives of a National Home for Jews, do not advocate an independent Jewish nation in Palestine. The American Jewish Conference, the Jewish Congress, the New Zionist Organization, and the American League for a Free Palestine are among the leading groups interested in the political aspects of Zionism which may be expected to support Jewish forces. The principal non-Jewish bodies espousing the Zionist cause are the American Palestine Committee, headed by Senator Robert F. Wagner of New York, the Christian Council on Palestine, and the Political Action Committee for Palestine, Inc. The last-named organization has recently expended approximately \$80,000 for purely military supplies. Because it is illegal to supply arms from the US to Jewish groups in Palestine, figures are difficult to obtain, although part of most Zionist funds collected is probably allotted to the purchase of military supplies.

While no authentic figures are available, it is estimated that support of Jewish armed forces by US private organizations will be on the order of, or somewhat greater than, similar support by US citizens of Government forces in the Spanish Civil War.

4. CONCLUSIONS.

If the UNGA accepts partition as the best solution of the Palestine problem, it is almost certain that armed hostilities will result in Palestine; that the social, economic, and political stability of the Arab world will be seriously disturbed; and that US commercial and strategic interests in the Near East will be dangerously jeopardized. Although the UNGA Ad Hoc Committee on Palestine is now considering establishing a Commission responsible to the Security Council to oversee the implementation of partition, it is unlikely that any sizable international police force will initially be available to the Commission. It is highly probable, therefore, that Jewish and Arab forces will clash over the attempt of the Jews to establish a Jewish state.

Into this struggle between the Jews and Arabs of Palestine, the people of the Arab states will inevitably be drawn. Although most of the Arab governments will be reluctant to act in opposition to a UNGA decision and against the wishes of the major powers, nationalist, religious, and tribal pressures will compel them to support unofficially the Palestine Arabs. Inevitably the extremists, the chauvinists, will increase their influence at the expense of those statesmen in the Arab world who believe that the development of their countries depends on the maintenance of close ties with the

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US and the UK. While irresponsible tribesmen and fanatic Moslems are haphazardly blowing up parts of the pipelines and attacking occasional Americans, it is possible that the responsible governments will refuse to sign pipeline conventions, oil concessions, civil air agreements, and trade pacts. The various projects which are necessary to raise the standard of living cannot be carried through without US assistance and guidance. With the US committed to partition, such developments will be shelved indefinitely. The poverty, unrest, and hopelessness upon which Communist propaganda thrives will increase throughout the Arab world, and Soviet agents (already being smuggled into Palestine as Jewish DP's) will scatter into the other Arab states and there attempt to organize so-called "democratic movements" such as the one existing today in Greece.

In the meantime, the war in Palestine, barring international armed intervention, will increase in intensity. The Jewish forces will initially have the advantage. However, as the Arabs gradually coordinate their war effort, the Jews will be forced to withdraw from isolated positions, and having been drawn into a war of attrition, will gradually be defeated. Unless they are able to obtain significant outside aid in terms of manpower and matériel, the Jews will be able to hold out no longer than two years.

The UN, having recommended partition, would have to consider the serious threat to the peace resulting from the recommendation. It would, in effect, be compelled to take steps to enforce partition, with the major powers acting as the instruments of enforcement. The dangerous potentialities of such a development to US-Arab and US-USSR relations need no emphasis.

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NATIONAL SECURITY COUNCIL INTELLIGENCE DIRECTIVE NO. 1

DUTIES AND RESPONSIBILITIES

Pursuant to the provisions of Section 102 of the National Security Act of 1947, and for the purposes enunciated in paragraphs (d) and (e) thereof, the National Security Council hereby authorizes and directs that:

1. To maintain the relationship essential to coordination between the Central Intelligence Agency and the intelligence organizations, an Intelligence Advisory Committee consisting of the respective intelligence chiefs from the Departments of State, Army, Navy, and Air Force, and from the Joint Staff (JCS), and the Atomic Energy Commission, or their representatives, shall be established to advise the Director of Central Intelligence. The Director of Central Intelligence will invite the chief, or his representative, of any other intelligence Agency having functions related to the national security to sit with the Intelligence Advisory Committee whenever matters within the purview of his Agency are to be discussed.

2. To the extent authorized by Section 102 (e) of the National Security Act of 1947, the Director of Central Intelligence, or representatives designated by him, by arrangement with the head of the department or agency concerned, shall make such surveys and inspections of departmental intelligence material of the various Federal Departments and Agencies relating to the national security as he may deem necessary in connection with his duty to advise the NSC and to make recommendations for the coordination of intelligence activities.

3. Coordination of intelligence activities should be designed primarily to strengthen the overall governmental intelligence structure. Primary departmental requirements shall be recognized and shall receive the cooperation and support of the Central Intelligence Agency.

a. The Director of Central Intelligence shall, in making recommendations or giving advice to the National Security Council pertaining to the intelligence activities of the various Departments and Agencies, transmit therewith a statement indicating the concurrence or non-concurrence of the members of the Intelli-

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gence Advisory Committee; provided that, when unanimity is not obtained among the Department heads of the National Military Establishment, the Director of Central Intelligence shall refer the problem to the Secretary of Defense before presenting it to the National Security Council.

b. Recommendations of the Director of Central Intelligence shall, when approved by the National Security Council, issue as Council Directives to the Director of Central Intelligence. The respective intelligence chiefs shall be responsible for insuring that such orders or directives, when applicable, are implemented within their intelligence organizations.

DCI
c. The Director of Central Intelligence shall act for the National Security Council to insure full and proper implementation of Council directives by issuing such supplementary DCI directives as may be required. Such implementing directives in which the Intelligence Advisory Committee concurs unanimously shall be issued by the Director of Central Intelligence, and shall be implemented within the Departments and Agencies as provided in paragraph b. Where disagreement arises between the Director of Central Intelligence and one or more members of the Intelligence Advisory Committee over such directives, the proposed directive, together with statements of non-concurrence, shall be forwarded to the NSC for decision as provided in paragraph a.

4. The Director of Central Intelligence shall produce intelligence relating to the national security, hereafter referred to as national intelligence. In so far as practicable, he shall not duplicate the intelligence activities and research of the various Departments and Agencies but shall make use of existing intelligence facilities and shall utilize departmental intelligence for such production purposes. For definitions see NSCID No. 3.

5. The Director of Central Intelligence shall disseminate National Intelligence to the President, to members of the National Security Council, to the Intelligence Chiefs of the IAC Agencies, and to such Governmental Departments and Agencies as the National Security Council from time to time may designate. Intelligence so disseminated shall be officially concurred in by the Intelligence Agencies or shall carry an agreed statement of substantial dissent.

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6. When Security Regulations of the originating Agency permit, the Director of Central Intelligence shall disseminate to the Federal Bureau of Investigation and other Departments or Agencies intelligence or intelligence information which he may possess when he deems such dissemination appropriate to their functions relating to the national security.

7. The Director of Central Intelligence shall perform for the benefit of the existing intelligence Agencies such services of common concern to these Agencies as the National Security Council determines can be more efficiently accomplished centrally.

8. The intelligence organizations in each of the Departments and Agencies shall maintain with the Central Intelligence Agency and with each other, as appropriate to their respective responsibilities, a continuing interchange of intelligence information and intelligence available to them.

9. The intelligence files in each intelligence organization, including the CIA, shall be made available under security regulations of the Department or Agency concerned to the others for consultation.

10. The intelligence organizations within the limits of their capabilities shall provide, or procure, such intelligence as may be requested by the Director of Central Intelligence or by one of the other Departments or Agencies.

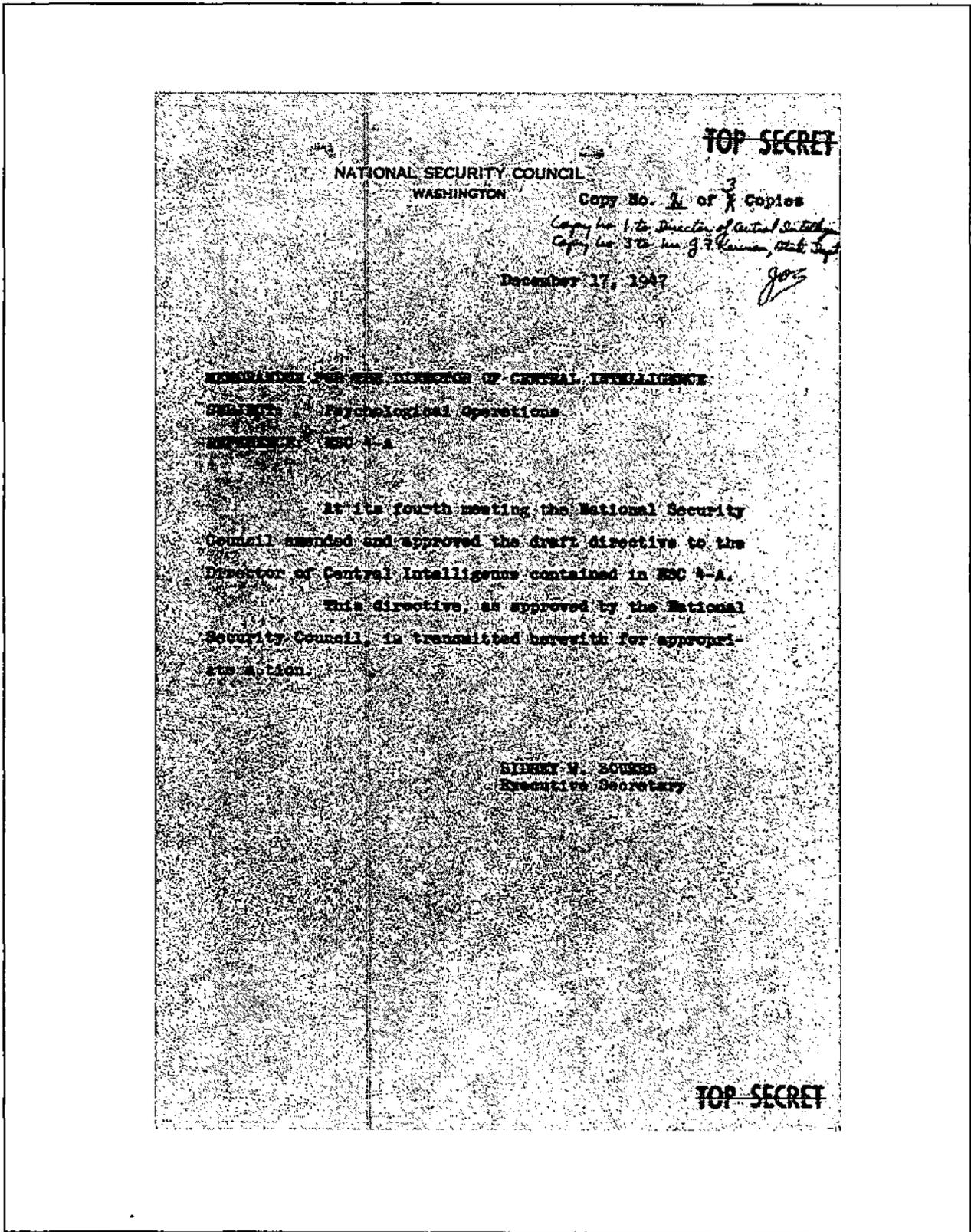
11. The Director of Central Intelligence shall make arrangements with the respective Departments and Agencies to assign to the Central Intelligence Agency such experienced and qualified officers and members as may be of advantage for advisory, operational, or other purposes, in addition to such personnel as the Director of Central Intelligence may directly employ. In each case, such departmental personnel will be subject to the necessary personnel procedures of each Department.

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December 17, 1947

Copy No. ³ 2 of 7 CopiesNATIONAL SECURITY COUNCIL DIRECTIVE

TO THE

DIRECTOR OF CENTRAL INTELLIGENCE

1. The National Security Council, taking cognizance of the vicious psychological efforts of the USSR, its satellite countries and Communist groups to discredit and defeat the aims and activities of the United States and other Western powers, has determined that, in the interests of world peace and U. S. national security, the foreign information activities of the U. S. Government must be supplemented by covert psychological operations.

2. The similarity of operational methods involved in covert psychological and intelligence activities and the need to ensure their secrecy and obviate costly duplication renders the Central Intelligence Agency the logical agency to conduct such operations. Hence, under authority of Section 102(d)(5) of the National Security Act of 1947, the National Security Council directs the Director of Central Intelligence to initiate and conduct, within the limit of available funds, covert psychological operations designed to counteract Soviet and Soviet-inspired activities which constitute a threat to world peace and security or are designed to discredit and defeat the United States in its endeavors to promote world peace and security.

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3. The Director of Central Intelligence is charged with ensuring that such psychological operations are consistent with U. S. foreign policy and overt foreign information activities, and that appropriate agencies of the U. S. Government, both at home and abroad (including diplomatic and military representatives in each area), are kept informed of such operations which will directly affect them.

4. Nothing contained herein shall be construed to require the Central Intelligence Agency to disclose operational details concerning its secret techniques, sources or contacts.

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12 February 1948

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NATIONAL SECURITY COUNCIL INTELLIGENCE DIRECTIVE NO. 7

DOMESTIC EXPLOITATION

Pursuant to the provisions of Section 102 of the National Security Act of 1947, and for the purpose enunciated in paragraphs (d) and (e) thereof, the National Security Council hereby authorizes and directs that:

1. The Central Intelligence Agency shall be responsible for the exploitation on a highly selective basis, within the United States of business concerns, other non-governmental organizations and individuals as sources of foreign intelligence information.

2. To implement this undertaking, the Central Intelligence Agency shall:

a. Determine the foreign intelligence potential of sources so that the best available may be selected expeditiously for exploitation upon the receipt of collection requests from the intelligence agencies. For this purpose, CIA will maintain a central index of non-governmental sources in the United States.

b. Establish uniform procedures and standards for security clearance of all contacts in this field, and arrange such clearances.

c. Establish uniform procedures to insure that the interests of organizations and individuals contacted will not be jeopardized.

d. Collect through the establishment of field offices within the United States, foreign intelligence information required in the interests of the national security or by the individual intelligence agencies.

e. Arrange for direct contact between intelligence agency representatives and non-governmental sources within the United States whenever conditions require such action or upon the request of a member agency to secure technical or other foreign intelligence information.

f. Obtain the agreement of responsible policy-making officials of American organizations having a foreign intelligence potential before establishing and maintaining contacts within that organization.

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g. Inform the intelligence agencies of the prospective departure or return to the United States of selected American citizens having a high foreign intelligence potential, so that the agencies may furnish requirements or provide specialists for briefing or interrogation.

h. Disseminate to the appropriate agencies all foreign intelligence information obtained through this program. Reports produced by the agencies shall be identified as such, unless the originating agency stipulates to the contrary.

3. Further to implement this undertaking the intelligence agencies shall:

a. Assign to duty in the Central Intelligence Agency field offices, if they do desire and within their capabilities, representatives to serve their interests under the direction of the CIA managers. Member agencies may, at their discretion, establish active working liaison between their Regional Offices and CIA Field Offices.

b. Send directly to the Central Intelligence Agency for collection all their requests for foreign intelligence information to be obtained from non-governmental sources within the United States.

c. Transmit to the Central Intelligence Agency for appropriate dissemination full information and reports resulting from approved direct contacts by agency representatives with non-governmental sources, identifying such sources by CIA code number.

d. Obtain, to the maximum extent possible, from their departments and agencies the foreign intelligence information which the departments and agencies have received as a by-product of the normal relationship with business concerns and other non-governmental organizations and individuals in the United States in connection with non-intelligence activities, and transmit to the maximum extent possible, the information to the Central Intelligence Agency for editing for source security and for appropriate dissemination.

e. Obtain, in so far as is practicable, and within existing security regulations, from their departments and agencies information concerning business concerns and other non-governmental organizations and individuals in the United States having foreign intelligence potential, which the department or agency possesses or subsequently acquires, and make the information available to the Central Intelligence Agency.

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f. Nominate representatives to serve on a committee under the chairmanship of the Central Intelligence Agency, to meet periodically to consider mutual problems and interests in connection with this program.

4. Further the implement this undertaking, the National Security Resources Board and the components of the Military Establishment, other than the components represented on the IAC, shall furnish directly to the CIA, to the maximum extent possible all foreign intelligence information which is received as a by-product of their normal relationship with business concerns and other non-governmental organizations and individuals in the United States, in connection with non-intelligence activities.

5. Nothing in this program shall be interpreted to affect the established relationship of the Departments and Agencies with business concerns, other non-governmental organizations, and individuals in the United States for purposes other than the procurement of foreign intelligence information. Nor shall it affect the normal interchange of documents between libraries of the departments and other libraries, or the development of research projects with individuals or non-governmental institutions.

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CENTRAL INTELLIGENCE AGENCY

THE CURRENT SITUATION IN ITALY

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

Date 21 Jul 92

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*for the
Assistant Director for Operations*

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THE CURRENT SITUATION IN ITALY

SUMMARY

Because of its position on the edge of the Soviet sphere, Italy is important in terms of US security. The present Italian Government, composed of centrist Christian Democrats and a few representatives of the moderate Left, is anti-Communist and Western-oriented. Mainly because of Vatican support and popular association with US aid, Premier De Gasperi's Christian Democratic Party stands out as the strongest opponent of Italian Communism. Certain members of the Moderate Left, however, are also attempting to form an electoral combination to combat the Communist-led *People's Bloc* in the spring elections. Rightist factions in Italy have no leader comparable to De Gaulle but are unanimous in their opposition to Communism and, therefore, find it expedient to support a Western orientation.

The present Government will continue without radical change until the national elections in April, the outcome of which will be influenced by the results of US interim aid and the prospect for the ERP. It appears that neither the Communist-led bloc nor the Christian Democrats will gain a clear-cut majority and that the moderate Left will probably do poorly. As a result, the rightist parties will hold the balance of power.

Having failed to win dominance through the elections, the Communists are expected to launch a campaign of general strikes, or even to attempt armed insurrection should the Kremlin find such extreme measures necessary.

In the event of a Communist uprising, the Italian Government's armed forces would be capable of maintaining internal security provided: (1) the current reorganization had achieved an integrated defense system; (2) additional modern equipment had been secured; and (3) the Communists had not received appreciable outside aid. The armed forces are incapable of offensive and could fight only a limited defensive war.

The Communists are believed to possess the military capacity of gaining temporary control of North Italy. If they receive material assistance from Yugoslavia and/or France, the Government will require foreign aid to regain control of the area.

Although US interim aid totaling some 200 million dollars will provide food and fuel to prevent extreme hardship until 31 March 1948, most Italians are still enduring privations and are dissatisfied with their working and living conditions. The cessation of essential imports from abroad would lead to a politically explosive situation.

Current foreign policy is basically influenced by problems of economic rehabilitation. The country looks to the US for necessary economic aid and protection against Soviet and Yugoslav demands. Because Yugoslavia continues its attempts to gain complete control of the Free Territory of Trieste, the US and UK are determined to postpone appointment of a governor indefinitely.

Note: The information in this report is as of 26 January 1948, at which time the report was submitted to the member agencies of the Interdepartmental Advisory Council for coordination.

The intelligence organizations of the Departments of State, Army, Navy, and Air Force have concurred in this report.

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THE CURRENT SITUATION IN ITALY

1. IMPORTANCE OF ITALY.

It is of vital strategic importance to prevent Italy from falling under Communist control. Such a development would have demoralizing effect throughout Western Europe, the Mediterranean, and the Middle East. In particular, it would greatly facilitate Communist penetration in France, Spain, and North Africa. Militarily, the availability to the USSR of bases in Sicily and southern Italy would pose a direct threat to the security of communications through the Mediterranean. Italy, however, is of relatively little direct value to the United States. The present and prospective political, economic, and military weakness of the country is such as to render it a strategic liability rather than an asset, except insofar as its territory constitutes a potential base of operations.

Currently, the importance of Italy in terms of US security is in its position on the edge of the Soviet sphere and in the non-Communist and Western orientation of its Government. Furthermore, the successful implementation of the European Recovery Program (ERP) depends to some extent upon the effective participation of Italy's industries and surplus workers.

2. POLITICAL SITUATION.

The present Government consists of a coalition of the centrist Christian Democrats (the majority party) and the moderate Left (the Republicans and the Saragat — right-wing — Socialists) plus a few independents. Because of its substantial parliamentary majority, the parliamentary position of the Government is secure until the April elections. Furthermore, its prestige has been relatively improved in recent weeks by evidence of US aid and interest in Italy's recovery and independence. The Government has also increased its prestige and its popular following by its firmness during the recent wave of strikes and agitation.

The Christian Democratic Party, led by Premier Alcide De Gasperi, stands out as the principal opponent of the strong leftist bloc. Its political assets are essentially the following: its possession of necessary US friendship and of promises of aid for Italy's recovery, its calm and firm insistence on law and order against Communist violence, its centrist position, and its support by the Church. Furthermore, in recent months the Party through Premier De Gasperi has cooperated with progressive elements in inaugurating several essential economic reforms and in granting concessions to workers. The Party, however, suffers from the onus of responsibility for a huge government deficit and failure to close the gap between wages and the cost of living despite some progress in its anti-inflationary program. Its prospects in the national elections are good, mainly because of Church support and the popular association of the Party with US aid.

The leftist block is led by the Communists and includes the Nenni (left-wing) Socialists, the Labor Democrats, and remnants of the Action Party. Their combined popular strength is believed approximately equal to that of the Christian Democrats. The

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Communists are using the same political device so successful in other countries, namely the People's Front—recently called the Popular Democratic Front for Liberty, Peace, and Work—to gather all “the forces of democracy” in the campaign against “the forces of reaction.” To this end they have also organized a strong “labor-management” movement among industrial and agricultural workers, and a “League of Communes,” an association of towns and villages which have Communist or Socialist Mayors and Councilmen. The Communists are energetically promoting the expansion of women's and youths' organizations.

Between the two major opponents are the Saragat (right-wing) Socialists, and the Republicans. These two left-of-center parties, which joined the Government in mid-December, have not been in a position to assert themselves or impress the public either with a specific attractive program or with direct tangible results of their governmental participation. At present, both parties have proposed to join in a “Democratic League” as a counter-weapon to the Communist “Popular Democratic Front.” Unless this Republican-Socialist bloc should attract many dissident elements from Left and Right, these moderate parties are expected to secure not more than 5 to 10% of the national vote.

To the right of the Christian Democrats is a recently formed “National Bloc” under the leadership of aged ex-Premier Nitti, who has temporarily, at least, brought together followers of his National Reconstruction Union, the Liberal Party, Giannini's much reduced following in the Common Man Front, and some splinter rightist groups. On the extreme right are two neo-Fascist organizations, the Italian Social Movement and the Nationalist Movement for Social Democracy. It is quite apparent that as yet no leader comparable to De Gaulle in France has appeared to unite the various rightist factions. All, however, are unanimous in their opposition to Communism and, therefore, find it expedient to support a Western orientation.

Despite the variety of political parties and views, the position of the present Government is secure at least until April because US interim aid has assured enough food and fuel to alleviate the hardships of the winter months. Basic adverse economic conditions and widespread unemployment continue to stimulate popular discontent which the Government can allay only by holding out the hope of the ERP.

3. ECONOMIC SITUATION.

The Italian economy, normally dependent upon imports, currently requires substantial imports of foodstuffs, fuel, and certain raw materials from the US in order to maintain minimum food rations and enable production to attain a higher level of recovery. US interim aid totaling about 200 million dollars will provide food and fuel to prevent extreme hardship until 31 March 1948, but the Government may be confronted with the politically disastrous necessity of reducing bread rations before the forthcoming elections.

In recent months the Italian Government has taken several steps to put the Italian economy on a sounder basis. Tight restrictions have been placed upon bank credit; exchange controls have been improved for the marshaling and allocation of

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foreign exchange, and the exchange rate of the lira has been adjusted to realistic levels. Considerable success has been achieved, through tight credit controls, in checking rising prices, particularly of raw material and semiprocessed goods prices, and the cost-of-living rise has been slowed. Although the anti-inflationary measures have caused some increase in business failures, this result undoubtedly is more than offset by the benefits of the program.

The strikes and demonstrations of November and December 1947, while disruptive, were not of sufficient duration to set back appreciably industrial production which, during 1947, increased approximately 35% over that of 1946. Concessions to strikers and unemployed, however, are placing an increased burden on the budget which is still running a substantial deficit.

Most Italians are still enduring severe privations and are dissatisfied with their working and living conditions. More than a million workers are completely without work and many others are only partly employed. Lack of adequate wheat supplies have already caused the suspension of the pasta ration and the substitution of rice.

The general economic situation, therefore, is still conducive to agitation and unrest. The cessation of essential imports from abroad, particularly from the US, would lead to a politically explosive situation highly favorable to the Communist cause, especially with national elections impending.

4. MILITARY SITUATION.

The Italian armed forces are limited by treaty to an over-all strength of 300,000 men. For economic reasons, their actual strength is only 286,000, including a recent increase in the Carabinieri (internal security troops) from 65,000 to 75,000. The armed forces are loyal to the Government and generally anti-Communist in sentiment. Training is fundamentally good, and morale is improving.

The Italian Government, fearful of a Communist uprising, has recently increased the size of the Pubblica Sicurezza (security police), which is expected to reach 80,000 by the end of February 1948. The Government has also appealed to the US for additional equipment to supplement obsolescent and insufficient material, and negotiations are in progress. Provided Italy is able to secure additional equipment and to achieve an integrated defense system (organization of which is now in progress), and provided the Communists do not receive appreciable aid, the armed forces are capable of maintaining internal security. They are incapable of waging offensive war. If attacked by a relatively well armed power such as Yugoslavia, for example, Italy could at best fight a brief delaying action.

5. FOREIGN POLICY.

Italy's post-war policy is basically influenced by its immediate problems of economic rehabilitation. It looks primarily to the US for aid in regaining its prewar international position and resisting any future Yugoslav and Soviet demands and threats. When reparations payments begin in 1949, Italian economy will be brought inevitably into closer relationship with the USSR. More immediately the USSR can use part of its present wheat surplus to bolster the position of the Italian Communists before the

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national elections this spring. Hence, eventual Eastern orientation through economic necessity cannot be entirely discounted.

Italy has already resumed diplomatic relations with all the major and many of the minor powers of the world and has concluded commercial and/or emigration agreements with numerous countries. With active US sponsorship, Italy has applied for membership in the UN. Italy is particularly desirous of working legally for a revision of "punitive" peace terms.

As illustrations of Italy's willingness to contribute to world cooperation: the new Italian Constitution contains a clause which permits limitations on the national sovereignty; Foreign Minister Sforza is an outstanding exponent of the idea of a United States of Europe; and Italy has already taken steps toward a Franco-Italian customs union looking ultimately to a European economic union.

6. PROBABLE DEVELOPMENTS.

The present Government will continue without radical change until the national elections in April.

The Communists and Nenni Socialists will strive, as they did during 1947, to discredit the Government and interfere with Italian economic recovery under the ERP. Hunger and inflation will continue to afford many opportunities for valid strikes. Such strikes, if concluded advantageously for the workers, will enhance the prestige of the Communist leaders of the Italian General Confederation of Labor. These strikes will also financially embarrass the Italian Government whose budget needs all available revenue. The Communists will continue to devote considerable money and all their organizational energies to activities and maneuvers which may be concomitantly preparations for a general strike, for a possible insurrection, or for a campaign to improve Communist prospects in the national elections.

The outcome of these elections will be influenced by the results of US interim aid and the prospects for successful implementation of the proposed European Recovery Program. Favorable developments in this connection would operate to the decided advantage of the present Government, led by the Christian Democratic Party.

Despite the granting of US aid and other evidence of US support, the leftist bloc has not lost strength and the Christian Democrats (and their allies) have not gained any considerable political following. Hence, it appears that neither will gain a clear-cut majority in the April elections; the leftist bloc and the Centrists will each probably receive approximately 30 to 40% of the vote. The balance of power will thus be held by the rightist parties with approximately 15 to 25%. Hence, the next Government would probably be headed by the Christian Democrats with rightist support. Because such a coalition would be bound together largely by common opposition to Communism, it would suffer from clashing policies and programs.

Following the failure of the Communists to win power at the elections and conceivably before the elections are held, the Communists are expected to launch a campaign of general strikes. Should the Kremlin decide an insurrection in Italy necessary

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to the fulfillment of its primary objective—wrecking the ERP—an armed uprising might be ordered.

The Communists are believed to possess the military capacity of gaining temporary control of North Italy. If the Italian Communists receive material assistance from Yugoslavia and/or France, the Italian Government will require foreign aid to regain control of the area.

7. SITUATION IN TRIESTE.

Yugoslavia's efforts to gain complete control of the Free Territory of Trieste have not diminished in recent months, and consequently the area remains a potential source of Great Power conflict. Since the Yugoslav Army's unsuccessful attempt to penetrate the US-UK Zone on 15 September 1947, the Yugoslav-directed Communist Party in Trieste has continued its intensive campaign to undermine the authority of the Allied Military Government (AMG) and to lay the groundwork for Communist control of the area after the appointment of a governor by the Security Council.

The Communist effort has been directed primarily against Trieste's precarious economic condition. Trieste's economic recovery has been retarded by the general economic depression in Europe and by the reluctance of Italians and others to risk investment in Trieste business in view of the Territory's uncertain future. The Communists have exploited this situation through continuing pressure on labor to strike for higher wages, the purchase of business establishments in the city, and the diversion of traffic to the rival Yugoslav port of Fiume. AMG's ability to combat this Yugoslav pressure is dependent on its ability to finance an adequate public works program and to develop the city as a transit port. This in turn is dependent upon the continued willingness of the Italian Government to supply Trieste's currency needs and finance its balance-of-payments deficit. Although Italy is reluctant to assume this obligation, failure to do so would tend to undermine AMG's authority, make later UN control impossible, and assure eventual Yugoslav domination.

Politically, the Communists are actively preparing for the general elections that must be held after the appointment of a governor. In addition to attempting to make political capital of the economic depression, the Communists have conducted a violent and unrelenting propaganda campaign against the US and UK. Because the Communist Party in Trieste is now so openly associated with Yugoslavia, however, the pro-Italian non-Communists have strengthened their political organization, probably with some clandestine aid from within Italy, and are in a better position to combat the Communists in any future elections.

The Yugoslav Government, meanwhile, realizing that the presence of US-UK troops in Trieste not only thwarts its aims in that city, but acts as a strong stabilizing influence on Communist intentions in North Italy, is now pressing vigorously for early appointment of a governor by the Security Council. Although the US and UK are prepared if necessary to postpone appointment of a governor indefinitely, the USSR and Yugoslavia may agree to a US candidate in the hope that even a strong governor would not be as great a deterrent to Yugoslav designs on the Territory as continued US-UK military control.

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38. Hillenkoetter, Memorandum for the Assistant Director for Special Operations [Galloway], "Additional functions of Office of Special Operations," 22 March 1948 (Excerpted carbon copy)

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ER 366

22 MAR 1948

DOCUMENT NO. _____
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MEMORANDUM FOR ASSISTANT DIRECTOR FOR SPECIAL OPERATIONS

SUBJECT : Additional functions of Office of Special Operations

REFERENCE: Memorandum from Director, CIA, dated 25 October 1946, entitled "Functions of the Office of Special Operations."

1. In addition to the functions prescribed in reference memorandum, the Assistant Director for Special Operations will establish a group within the Office of Special Operations, to be known as "Special Procedures," for the performance of covert psychological operations outside of the United States and its possessions.
2. Covert psychological operations may include all measures of information and persuasion short of physical. The originating role of the United States Government will always be kept concealed.
3. Covert psychological operations will be conducted in accordance with instructions from the Director of Central Intelligence and applicable standards and requirements established within the Office of Special Operations for covert foreign activities. Such operations will be kept entirely distinct from the non-covert and open foreign informational measures of other United States Governmental agencies in which the sponsorship of the United States is openly acknowledged.
4. The primary objectives of such operations will be: (1) to undermine the strength of foreign instrumentalities, whether governments, organizations or individuals, which are engaged in activities inimical to the United States; and, (2) to support U. S. foreign policy by influencing foreign public opinion in a direction favorable to the attainment of U. S. objectives.
5. No covert psychological operations will be undertaken unless they are fully consistent with the foreign policy and objectives of the United States Government.
6. In establishing the function of Special Procedures in accordance with the foregoing, the Assistant Director for Special Operations will:
 - a. Utilize such facilities, channels and resources of the Office of Special Operations as he may deem necessary.

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b. Establish, with the proper Government agency or authority, such liaison as may be required to insure that covert psychological operations are consistent with the foreign policy and objectives of the United States.

c. Take appropriate action to insure that covert psychological operations do not conflict with, or overlap, the open foreign informational activities of the United States.

d. Within policy and security limitations, establish with other CIA Offices and with outside governmental and private sources in the United States, any necessary liaison for the procurement of information, expert or technical advice, or other services, for use in connection with covert psychological operations overseas.

e. Insure proper policy and program coordination in the foreign field.

a/
E. M. HILLENKOTTER
Rear Admiral, USN
Director of Central Intelligence

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CHIEF OF SPECIAL PROCEDURES

In accordance with directives and policies of the Assistant Director for Special Operations, the Chief of Special Procedures shall exercise direction over all covert psychological operations outside the United States and its possessions. In carrying out this responsibility, he will:

- (a) Act as adviser to the Assistant Director relative to covert psychological operations and submit to him, for approval, specific directives on covert psychological operations for field implementation through the facilities of the Chief of Operations.
- (b) As directed by the Assistant Director, make recommendations for the final approval of all proposed covert psychological operations from the standpoint of their conformity to U. S. foreign policy, suitability of general program content and objectives, and the commitment of funds.
- (c) Exercise direct control and supervision over all personnel and functions of the Washington office of Special Procedures.
- (d) Exercise general program and technical direction over all field representatives engaged in covert psychological operations, coordinating closely with the Chief of Operations who will exercise operational field control over such representatives.
- (e) Maintain close planning and operational liaison with the Chief of Operations in connection with plans, directives, and other matters relating to covert psychological operations which require implementation through the facilities and resources of the Chief of Operations.
- (f) Provide for the development of program plans to implement policies and directives applicable to the activities of Special Procedures.
- (g) Provide for all necessary operational action, including the preparation of detailed operational directives, required for the execution of approved program plans and projects developed by or delegated to Special Procedures.
- (h) Establish a project control over all field operations involving covert psychological operations.
- (i) Maintain, as directed by the Assistant Director, such liaison with the Department of State, or other authority charged with formulation

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of foreign policy, as may be necessary to obtain guidance on U. S. foreign policy and objectives, as they affect the operations of Special Procedures.

(j) Issue, with the approval of the Assistant Director, directives defining the editorial and political policies to be followed in conducting covert psychological operations in the field.

(k) Establish, for approval of the Assistant Director and on the basis of United States foreign policy and aims, the basic program objectives and targets for covert psychological operations.

(l) In accordance with liaison requirements and procedures of Budget and Liaison Control, establish and control authorized liaison of Special Procedures with other elements of OSO, Offices of the Central Intelligence Agency and other U. S. Departments and Agencies which provide for direct liaison on secret operational matters.

(m) Develop and maintain, as directed by the Assistant Director, such liaison with private individuals, organizations or institutions in the United States as may be necessary to the effective conduct of covert psychological operations abroad, keeping Budget and Liaison Control generally informed of such liaison.

(n) Insure that operations of Special Procedures do not conflict with or overlap the open foreign informational activities of the State Department, and, to that end, effect such liaison and coordination with the Department of State as may be directed by the Assistant Director.

(o) Coordinate with the Chief of Administrative Services to insure full support of operations of Special Procedures by OSO administrative and supporting services.

(p) Insure adequate training for all personnel engaged in covert psychological operations, using for such purpose the facilities of the Training Staff, of OSO and, with practical limits, making available to the Training Staff, for lecture and other instruction in covert psychological operations, experienced personnel of Special Procedures.

(q) Provide for the conduct of inspections of local activities of his office and, when directed by the Assistant Director, of overseas operational activities involving covert psychological operations, effecting the necessary coordination with the Chief of Operations.

(r) For the purpose of insuring proper policy and program coordination in the field, take appropriate measures in coordination with the Chief of Operations and through his field facilities, for keeping the chief diplomatic representative in an area or the Chief U. S. Commanding Officer in an occupied zone generally informed of covert psychological operations.

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The following addition to S. O. Directive No. 18 is published for the information and guidance of all concerned:

SECTION 6.

AUTHORIZATION

In accordance with the authorization contained in the memorandum for the Assistant Director for Special Operations from the Director of Central Intelligence, dated _____, Subject _____, the function of covert psychological operations, to be known as "Special Procedures," is activated within the Office of Special Operations, effective _____.

FUNCTIONS

The basic function of Special Procedures will be to engage in covert psychological operations outside the United States and its possessions, for the purpose of (1) undermining the strength of foreign instrumentalities, whether government, organizations, or individuals, which are engaged in activities inimical to the United States, and (2) to support U. S. foreign policy by influencing public opinion abroad in a direction favorable to the attainment of United States objectives.

DEFINITION OF COVERT PSYCHOLOGICAL OPERATIONS

As used herein and as conducted within the Office of Special Operations, covert psychological operations may include all measures of information and persuasion short of physical in which the originating role of the United States Government will always be kept concealed.

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Box 510
Washington, D.C.
6 May 1948

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

Mr. Arthur H. Schwartz
1450 Broadway
New York, New York

Date 7 Jun 91

HRP 87-2

Dear Arthur:

After the lull of the last few weeks, I had thought that Governor Dewey was laying off the intelligence picture, but this morning's paper seems to indicate that he is at it again. The New York Herald-Tribune quotes him as stating that the recent Bogota uprising was a demonstration of "the pitiful failure of our intelligence service." Just to keep the record straight between us, I thought I might set down a few points for your personal interest in this connection. These remarks were a continuation of the Governor's broadcast to Nebraska of 12 April, in which he pointed out that had we had adequate intelligence service we would have known about the Bogota outbreak. As a result of such charges, a Congressional subcommittee, headed by Rep. Clarence Brown of Ohio, and including Rep. Clare Hoffman of Michigan and John McCormack of Massachusetts, met in Executive Session with the Director of Central Intelligence and myself, and reviewed the whole intelligence picture with regard to Bogota. You have doubtless seen the newspaper stories subsequent to the Director's appearance, which indicated that Central Intelligence Agency did know of the probabilities of trouble in Bogota and had so informed the State Department. However, the following quotation from Clarence Brown's statement after the hearings may be of interest. He stated, "Our Central Intelligence Agency obviously was in close touch with Communist operations, not only in Colombia but in several other countries of South and Central America. In all but one instance, the U. S. Intelligence reports from Bogota were transmitted promptly to the State Department."

The Wilmington, Delaware News-Journal pointed out editorially on 16 April, "The fear that the United States Intelligence Service had fallen down on the job was effectively, and happily, dissipated yesterday in the testimony given a House subcommittee by Admiral Hillenkoetter, chief of the Central Intelligence Agency. . . . Anyway, all Americans will be glad to learn that the nation's intelligence service was fully on the alert."

Congressman Clare Hoffman, Chairman of the House Committee on Expenditures and a member of the committee which

- 2 -

investigated the Bogota incident had this to state on 17 April in a formal release -- "Our Central Intelligence Agency had agents on the ground in Bogota. It performed its duty. It learned what was happening days before the rioting and bloodshed in Bogota."

The Washington Post, which had been somewhat critical editorially on 13 April questioning whether we had been caught napping, stated editorially on 17 April that, "The questions we raised last Monday -- whether the intelligence agency had been caught napping in Bogota or whether it had been ignored -- are now answered. Admiral Hillenkoetter has acquitted the Central Intelligence Agency of ignorance of Communist plans to scuttle the Inter-American Conference. Evidently the State Department was at fault in cold-shouldering the warnings and in at least one case in preventing their dispatch to Washington."

Newsweek on 26 April 1948, in talking of this investigation, stated, "Examining Hillenkoetter's documents, the subcommittee was impressed by the CIA's efficiency."

I have gone to this seeming length with you so that it may not appear that my remarks are merely self-serving declarations on behalf of the Agency, but are rather the general consensus of opinion. It remains a continual source of amazement to me that the Governor should continue his attacks. It can only mean that he is being very ill advised in this matter.

They are the same attacks which were hurled at us prior to the passage of the Unification Act in the spring of 1947. For instance, in his final Nebraska broadcast, the New York Times on 13 April 1948 quotes the Governor as stating that, "The work of our intelligence unit should be the most secret thing in our Government. And yet, left-wing newspapers in Paris actually printed the name of the new head of the service before he knew it himself and six weeks before it was announced to the American press." The story of the particular article in the Paris newspaper France-Soir was read into the Congressional hearings last spring by Congressman Busbey of Illinois and questions were raised also by Senator Bridges. General Hoyt S. Vandenberg, who was then our Director, sent them a letter pointing out that much of the information contained in the French article was inaccurate and that much of it could be obtained from the President's Executive Order of 22 January 1948 which was a public document. Senator Bridges raised some questions with the Director in connection with this article at the hearing last spring and upon the Director's answers expressed himself as quite satisfied, and subsequently

- 3 -

voted for his confirmation as Director. It was pointed out that the Admiral was transferred from the Office of Naval Attache in Paris to the Office of the Secretary of the Navy for duty as Director of Central Intelligence on orders which were unrestricted. There is no secret as to whom the Director is, and these orders were brought to the attention of the French Naval Attache in Washington who cabled Paris in order that the French might have an opportunity to congratulate the Admiral in his new assignment.

I shall not bore you with further details about this Paris article on which the Governor relied, other than that it states that, "Admiral Hillenkoetter shall be directly responsible to the President only," when in effect he was responsible to the National Intelligence Authority. The article further stated that the Admiral "shall be responsible for the security of the United States in case of sudden attack by arms or atomic means," the obvious inaccuracies of which are clear.

As I said above, I do not want to burden you with these details other than to indicate to you the inaccuracy of the information the Governor appears to be receiving on this subject. Furthermore, I want to be able to back up for you any assertions that I make to you as a matter of our personal friendship. I hope you do not mind my having gone on at this great length.

My best regards to you and all of the boys, particularly those two rapidly aging and deceaying individuals, Herbert and Everett.

Sincerely yours,

Walter L. Pforzheimer

40. Hillenkoetter, Memorandum for the Executive Secretary
[Souers], "Psychological Operations," 11 May 1948
(Typed transcript)

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AGENCY

ER 470

Date 26 DEC 1990

11 May 1948

HRP 89-2

MEMORANDUM FOR: The Executive Secretary
The National Security Council

Subject: Psychological Operations

1. Reference is made to the proposed NSC Directive, as drafted 7 May 1948, pertaining to covert (psychological) operations. This Agency has several times, during the discussion phases of this proposed directive, placed itself on record as opposed to the plan on which the proposed directive is based. The proposed directive, if enacted, will establish a staff function providing for AUTHORITY in a delicate field of operation--without the RESPONSIBILITY.

2. This Agency again strongly urges that the provision of NSC 4-A, as written, be continued without change. If the National Security Council and the Joint Chiefs of Staff feel the need for emergency and wartime planning in the covert psychological warfare field, then we again suggest that advance planning be made the responsibility of the facility currently in operation.

3. However, if the National Security Council approves this proposed draft of 10 May 1948, the Central Intelligence Agency, of course, will cooperate to the best of its ability in an endeavor to make a going concern of the proposed Special Studies organization.

s/ RHH - to Mr. Childs for hand delivery
5/11/48

R. H. HILLENKÖETTER
Rear Admiral, USN
Director of Central Intelligence

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41. Hillenkoetter to J. S. Lay, 9 June 1948 (Typed transcript)

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9 June 1948

Mr. J. S. Lay
Assistant Executive Secretary
National Security Council
Washington, D. C.

Dear Jimmy:

The attached represents our general thinking about the new draft. I should like to suggest that, since State evidently will not go along with CIA operating this political warfare thing in any sane or sound manner, we go back to the original concept that State proposed. Let State run it and let it have no connection at all with us. It seems to me that this is the only thing that will satisfy State in any way and rather than try to keep a makeshift in running order, subject to countless restrictions which can only lead to continued bickering and argument, I think maybe the best idea is to go back and make the OSP work for State alone.

I am sending this letter for your own information and, of course, for Admiral Souers and have made it separate in order that it need not be forwarded with our comments on the last draft.

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

Date 26 DEC 1990

HRP 89-2

D

Distribution:
Director
Deputy Director
Addressee
Maj Gen W. E. Todd, JIC/JS

Sincerely,

Signed RHH - Disp by hand RAR 6/9/48

R. H. Hillenkoetter
Rear Admiral, USN
Director of Central Intelligence

Note for Record: Two copies of Draft Directive of 8 June 48 (CIA #22672) made by CIA; Cy #1 to Gen Todd; Cy #2 to DD.

HS/HC-807
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9 June 1948

MEMORANDUM FOR: Mr. J. S. Lay
 Assistant Executive Secretary
 National Security Council

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

Subject: Proposed NSC Directive

Date _____

HRP _____

1. The draft directive of 8 June 1948 is considered much weaker and less satisfactory than that of last Friday, 4 June. Further, the latest draft is much more inconsistent and much less organizationally sound than the 4 June paper.

2. For example, in para. 2 of the draft of 8 June, reasons are stated why the new office should be placed under the Central Intelligence Agency--then along in para. 3g are stated a number of restrictions on what can and cannot be done, all of such restrictions leading to confusion and chaos. Suppose the Director of Central Intelligence is out of town, then does the work of the Special Projects stop, does it "free wheel", or does it work with the Acting Director of Central Intelligence? All of this remains in doubt by the statement "the head of the Office of Special Projects shall report directly to the Director of Central Intelligence." In the present set-up of the Central Intelligence Agency, the head of any branch can see the Director of Central Intelligence any time desired--the door is always open. It would seem that a new branch should come in, in a similar manner. The need for special measures, security or otherwise, exists as much for our present Office of Special Operations as it would for the new Office of Special Projects, and the present set-up does not seem to hamper the Office of Special Operations, nor can I see why a similar set-up should hamper the Office of Special Projects.

3. Also, what is meant by "to the maximum degree consistent with efficiency, the Office of Special Projects shall operate independently of other components of Central Intelligence Agency"? Does this mean that the Office of Special Projects will have its own administrative staff, its own budget staff, its own communications net, its own services, etc. and etc? And, who is to decide what is the "maximum degree consistent with efficiency"--the Director of Central Intelligence, The Chief of Office of Special Projects, the National Security Council, or who? This paragraph cannot be accepted as is. I should much prefer the wording of the corresponding paragraph (3b) in the draft of 4 June.

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4. It would seem that either the National Security Council has confidence in the operation of the Office of Special Projects by the Central Intelligence Agency or it has not. If such confidence exists, then the Central Intelligence Agency should be directed to operate the new office subject to a general declaration of policy by the National Security Council. If such confidence does not exist, then the Central Intelligence Agency should not be expected or directed to operate the Office of Special Operations in any manner.

Signed RHH - Disp by hand RAR 6/9/48

R. H. HILLENKOTTER
Rear Admiral, USN
Director of Central Intelligence

D
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Director
Deputy Director
Addressee - orig & 1 cc
Maj Gen W. E. Todd, JIC/JS

Note for Record: Two copies of Draft
Directive of 8 June 48 (CIA #22672)
made by CIA; Cy #1 to Gen Todd;
Cy #2 to DD.

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1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes that this is crucial for ensuring transparency and accountability in the organization's operations.

2. The second part of the document outlines the various methods and tools used to collect and analyze data. It highlights the need for a systematic approach to data collection and the importance of using reliable and valid measurement instruments.

3. The third part of the document discusses the ethical considerations that must be taken into account when conducting research. It emphasizes the need to protect the privacy and confidentiality of participants and to obtain their informed consent before any data collection begins.

4. The fourth part of the document discusses the importance of data analysis and interpretation. It highlights the need to use appropriate statistical methods to analyze the data and to draw meaningful conclusions from the results.

5. The fifth part of the document discusses the importance of reporting the results of the research. It emphasizes the need to present the findings in a clear and concise manner and to provide a detailed explanation of the methods and procedures used in the study.

6. The sixth part of the document discusses the importance of maintaining the integrity of the research process. It emphasizes the need to avoid bias and to ensure that the results are based on objective and unbiased data.

7. The seventh part of the document discusses the importance of sharing the results of the research with the wider community. It emphasizes the need to make the findings available to other researchers and to the public in order to advance the field of study.

8. The eighth part of the document discusses the importance of ongoing evaluation and improvement of the research process. It emphasizes the need to regularly assess the effectiveness of the methods and procedures used and to make adjustments as needed to ensure the highest quality of research.

42. ORE 41-48, "Effect of Soviet Restrictions on the US Position in Berlin," 14 June 1948

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CENTRAL INTELLIGENCE AGENCY

EFFECT OF SOVIET RESTRICTIONS ON THE US POSITION IN BERLIN

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ORE 41-48

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EFFECT OF SOVIET RESTRICTIONS ON THE US POSITION IN BERLIN

SUMMARY

Contrary to many published reports, the chief detrimental effect on the US of the Soviet restrictive measures imposed in Berlin, since the walkout of the USSR from the Allied Control Council, has not been interference with transportation and supply but curtailment of certain US activities having to do for the most part with intelligence, propaganda, and operations of the quadripartite Kommandatura.

Concurrently with attempted inspection of US military rail traffic, the Soviets both tightened their "security" measures and manifested greater intransigence in all city affairs. As a result: (a) the general usefulness of Berlin as center of an intelligence network has been impaired, while in particular, access to Soviet deserters and anti-Communist Germans has been made more difficult; (b) since friendly Germans cannot move freely to and from the Soviet Zone or within the city, the US cannot as before, support anti-Communism within the Soviet Zone; (c) US propaganda cannot be freely disseminated except by radio; (d) commodities manufactured in Berlin cannot be shipped to the Western zones; and (e) the ACC and the Kommandatura have, at least temporarily, lost their usefulness in keeping up German hope of unity, revealing coming Soviet moves, and easing US-Soviet tension below the governmental level.

Note: The information in this report is as of 1 June 1948.

The intelligence organizations of the Departments of State, Army, and the Navy have concurred in this report; the Air Intelligence Division, Air Intelligence Directorate, Department of the Air Force, concurs with those portions which pertain to air intelligence.

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EFFECT OF SOVIET RESTRICTIONS ON THE US POSITION IN BERLIN

Imperative as it is for the US to remain in Berlin, its mere physical presence there does not insure continuance of all the strategic benefits that might be derived therefrom, and this strategic position has, in fact, been undermined already by unpublicized Soviet action, taken for the most part in general security and local political matters. The hindrances imposed by the USSR during the past several weeks on transportation to and from Berlin have not seriously interfered with the logistic position of the US but rather with its strategic position.

Continued US occupation of Berlin requires supply from the west of food and such other necessities as coal for both the US personnel and the German population of the US sector of the city. Incoming barge transport, carrying the bulk of food for the western sectors of the city, reportedly is unchanged and continues adequate, notwithstanding stoppages of short duration on British transport through the Soviet Zone. Inbound military and civilian rail freight, hauling the necessary coal and other supplies, continues to move as before, except that the civilian freight routes have been somewhat restricted.

The present transport situation is the result of Soviet efforts to extend the right of civilian rail traffic inspection, which the USSR has always exercised, to Western Power military traffic. Civilian passenger traffic apparently continues unchanged, but military passenger traffic does not function because of Western Power refusal to accede to Soviet demands for the right of personal inspection. Incoming road transport continues normal except for slight difficulties in routing; as yet, the USSR has not attempted seriously to restrict Western Power air transportation. The transportation situation, as outlined above, indicates that the necessities for the German population and for the US personnel in Berlin are still being supplied.

The US strategic position in Berlin, as contrasted with its logistic position, has been impaired both by the Soviet transportation restrictions and, more particularly, by other Soviet measures taken concurrently with the imposition of logistic hindrances. These comparatively unpublicized measures, which soon followed the walkout of the USSR from the Allied Control Council, have involved: general tightening of Soviet "security" measures throughout the Soviet Zone; greatly increased police controls in and around Berlin; and Soviet efforts to block the operations of both the Allied Kommandatura and the non-Communist city government. As a result the following material benefits to the US arising from the presence of US officials and troops in Berlin have been reduced or eliminated:

- (1) The value of Berlin as a center of an intelligence net covering the city itself, the Soviet Zone of Germany, the eastern satellites, and the USSR has been threatened.
- (2) The value of Berlin as a sanctuary and transfer point for anti-Communist refugees or Soviet Army deserters has been reduced, in that: (a) heightened Soviet security precautions make access to the western sectors of Berlin from the adjacent

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Soviet Zone increasingly difficult; (b) Soviet travel restrictions on westbound passenger rail traffic have curtailed the means of evacuation of refugees and deserters, who must now be limited to relatively high-level personnel warranting air transport.

(3) Except for the capacity of the Berlin radio of the US sector, the value of Berlin as point for the dissemination of Western propaganda through the Soviet Zone has been, and despite new Soviet assurances is expected to be, curtailed by Soviet interference with the dissemination of Western publications and impediments to the issuance of any German pro-Western material in the Soviet Zone.

(4) The security and transport regulations have limited the value of Berlin as a base from which the US can support anti-Communism in the Soviet Zone. Western Zone Germans can no longer easily enter or leave the Soviet Zone, while tightened police controls have reduced the capabilities and the freedom of movement of anti-Communist elements already within the Zone.

(5) The Soviet-imposed demands for inspection of all westbound freight have prevented the shipment of Berlin manufactures that contribute to the finished production of the Western Zones and eliminated almost all commerce between Berlin and the west.

(6) Although the Allied Control Council remains in the city to embarrass the USSR as a symbol of quadripartite agreement in Germany, its functional impotence and failure to meet since the USSR abruptly terminated the 20 March session has: (a) diminished remaining German hope of implementing the Potsdam method of unifying Germany politically and economically; (b) eliminated a sounding board for the revelation of future Soviet moves; and (c) eliminated a useful safety valve for easing US-USSR tension below the governmental level.

The USSR still has at its disposal further means for harassing the US and making the latter's position in Berlin more difficult. These means include: imposition of unilateral traffic regulations on inbound food and freight shipments, attempted enforcement of unilateral regulations on the flight of Western Power aircraft over the Soviet Zone, complete repudiation of quadripartite Kommandatura jurisdiction over the Soviet sector of the city and the incorporation of that sector into the Soviet Zone, and, finally, increased efforts to create unrest among the civil population of the Western sectors of the city.

Strategic losses such as the damage to US propaganda machinery, to intelligence operations and to the use of the US sector as a sanctuary for refugees from the Soviet system, cannot be completely retrieved except by the removal of all the Soviet-imposed restrictions and impediments referred to above. Though the US could recapture a degree of the strategic initiative by intensified clandestine intelligence operations, such action could do nothing to remedy the unfortunate situation in which recent Soviet hindrances have placed the anti-Communist Berlin city government or to relieve the tension brought by increased Soviet intransigence in the quadripartite Kommandatura.

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NSC 10/2

June 18, 1948

NOTE BY THE EXECUTIVE SECRETARY

to the

NATIONAL SECURITY COUNCIL

on

OFFICE OF SPECIAL PROJECTS

Reference: NSC 10/1

At its 13th Meeting the National Security Council approved the Directive in NSC 10/1 subject to deletion of paragraph 3-d and amendments to paragraphs 3-a and e and 4.

The revised Directive, as approved, is circulated herewith to the Council for information and to the Director of Central Intelligence for appropriate action.

Special security precautions are being taken in the handling of this report. For this reason it is suggested that each member of the Council may wish to return his copy for filing in the office of the Executive Secretary, where it will be held available upon request.

SIDNEY W. SOUERS
Executive Secretary

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NATIONAL SECURITY COUNCIL DIRECTIVE

on

OFFICE OF SPECIAL PROJECTS

1. The National Security Council, taking cognizance of the vicious covert activities of the USSR, its satellite countries and Communist groups to discredit and defeat the aims and activities of the United States and other Western powers, has determined that, in the interests of world peace and US national security, the overt foreign activities of the US Government must be supplemented by covert operations.
2. The Central Intelligence Agency is charged by the National Security Council with conducting espionage and counter-espionage operations abroad. It therefore seems desirable, for operational reasons, not to create a new agency for covert operations, but in time of peace to place the responsibility for them within the structure of the Central Intelligence Agency and correlate them with espionage and counter-espionage operations under the over-all control of the Director of Central Intelligence.
3. Therefore, under the authority of Section 102(d)(5) of the National Security Act of 1947, the National Security Council hereby directs that in time of peace:
 - a. A new office of Special Projects shall be created within the Central Intelligence Agency to plan and conduct covert operations; and in coordination with the Joint Chiefs of Staff to plan and prepare for the conduct of such operations in wartime.
 - b. A highly qualified person, nominated by the Secretary of State, acceptable to the Director of Central Intelligence and approved by the National Security Council, shall be appointed as Chief of the Office of Special Projects.
 - c. The Chief of the Office of Special Projects shall report directly to the Director of Central Intelligence. For purposes of security and of flexibility of operations, and to the maximum degree consistent with efficiency, the Office of Special Projects shall operate independently of other components of Central Intelligence Agency.

NSC 10/2

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d. The Director of Central Intelligence shall be responsible for:

(1) Ensuring, through designated representatives of the Secretary of State and of the Secretary of Defense, that covert operations are planned and conducted in a manner consistent with US foreign and military policies and with overt activities. In disagreements arising between the Director of Central Intelligence and the representative of the Secretary of State or the Secretary of Defense over such plans, the matter shall be referred to the National Security Council for decision.

(2) Ensuring that plans for wartime covert operations are also drawn up with the assistance of a representative of the Joint Chiefs of Staff and are accepted by the latter as being consistent with and complementary to approved plans for wartime military operations.

(3) Informing, through appropriate channels, agencies of the US Government, both at home and abroad (including diplomatic and military representatives in each area), of such operations as will affect them.

e. Covert operations pertaining to economic warfare will be conducted by the Office of Special Projects under the guidance of the departments and agencies responsible for the planning of economic warfare.

f. Supplemental funds for the conduct of the proposed operations for fiscal year 1949 shall be immediately requested. Thereafter operational funds for these purposes shall be included in normal Central Intelligence Agency Budget requests.

4. In time of war, or when the President directs, all plans for covert operations shall be coordinated with the Joint Chiefs of Staff. In active theaters of war where American forces are engaged, covert operations will be conducted under the direct command of the American Theater Commander and orders therefor will be transmitted through the Joint Chiefs of Staff unless otherwise directed by the President.

5. As used in this directive, "covert operations" are understood to be "all activities (except as noted herein) which are conducted or sponsored by this Government against hostile foreign states or groups or in support of friendly foreign states or groups but which are so planned and executed that any US Government responsibility for them is not evident to unauthorized persons and that if uncovered the US Government can

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plausibly disclaim any responsibility for them. Specifically, such operations shall include any covert activities related to: propaganda; economic warfare; preventive direct action, including sabotage, anti-sabotage, demolition and evacuation measures; subversion against hostile states, including assistance to underground resistance movements, guerrillas and refugee liberations groups, and support of indigenous anti-communist elements in threatened countries of the free world. Such operations shall not include armed conflict by recognized military forces, espionage, counter-espionage, and cover and deception for military operations.

6. This Directive supersedes the directive contained in NSC 4-A, which is hereby cancelled.

NSC 10/2

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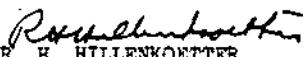
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4 August 1948

MEMORANDUM FOR THE RECORD:

1. About noon today Mr. Frank G. Wisner of the State Department called me on the telephone and informed me that the State Department, at the present time, disapproved of the idea of using meteorologic balloons to carry propaganda from the Occupied Zone in Germany to the Satellite States and to Russia. Mr. Wisner said that he had discussed this with Mr. George Kennan, and that the State Department's view was that the time was not propitious.

2. As regards the project for the clandestine radio transmitter, the State Department approved the idea in principle, but, before they could give a definite approval to it, they desired to know the details of the transmitter-- who (the nationality) was to operate the transmitter, to whom the transmissions would be directed, and who would set up the raw material to be transmitted.


R. H. HILLENKOEETTER
Rear Admiral, USN
Director of Central
Intelligence

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2. The second part of the document outlines the various methods and tools used to collect and analyze data. It highlights the need for consistent and reliable data collection processes to support effective decision-making.

3. The third part of the document focuses on the role of technology in data management and analysis. It discusses how modern software solutions can streamline data collection, storage, and reporting, thereby improving efficiency and accuracy.

4. The fourth part of the document addresses the challenges associated with data management, such as data quality, security, and privacy. It provides strategies to mitigate these risks and ensure that data is used responsibly and ethically.

5. The fifth part of the document concludes by summarizing the key findings and recommendations. It stresses the importance of ongoing monitoring and evaluation to ensure that data management practices remain effective and aligned with the organization's goals.

6. The sixth part of the document provides a detailed overview of the data collection process, including the identification of data sources, the design of data collection instruments, and the implementation of data collection procedures.

7. The seventh part of the document discusses the importance of data quality and the steps taken to ensure that the data collected is accurate, complete, and reliable. It includes a discussion on data cleaning and validation techniques.

8. The eighth part of the document focuses on data storage and security, detailing the measures taken to protect sensitive information and ensure that data is stored securely and accessibly.

9. The ninth part of the document describes the data analysis process, including the selection of appropriate statistical methods and the interpretation of results. It emphasizes the need for clear and concise reporting of findings.

10. The tenth part of the document discusses the ethical considerations surrounding data management and analysis, including the need for informed consent and the protection of individual privacy.

11. The eleventh part of the document provides a summary of the overall data management strategy and the role of each department in ensuring its successful implementation.

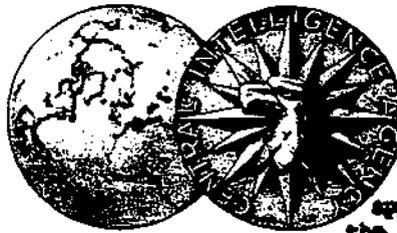
12. The twelfth part of the document concludes with a final statement on the importance of data management in achieving organizational success and the commitment to continuous improvement in this area.

45. ORE 25-48, "The Break-up of the Colonial Empires and its Implications for US Security," 3 September 1948

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COPY NO. 86
FOR THE ASSISTANT DIRECTOR
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THE BREAK-UP OF THE COLONIAL EMPIRES AND ITS IMPLICATIONS FOR US SECURITY



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Date 21 Jul 92

HRP 92-1

ORE 25-48

Published 3 September 1948

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**THE BREAK-UP OF THE COLONIAL EMPIRES AND
ITS IMPLICATIONS FOR US SECURITY**

SUMMARY

The growth of nationalism in colonial areas, which has already succeeded in breaking up a large part of the European colonial systems and in creating a series of new, nationalistic states in the Near and Far East, has major implications for US security, particularly in terms of possible world conflict with the USSR.¹ This shift of the dependent areas from the orbit of the colonial powers not only weakens the probable European allies of the US but deprives the US itself of assured access to vital bases and raw materials in these areas in event of war. Should the recently liberated and currently emergent states become oriented toward the USSR, US military and economic security would be seriously threatened.

World War II gave a tremendous impetus to the colonial independence movement. The UK withdrew from India-Pakistan and Burma, while the Dutch and French, exhausted by war, appear unable to suppress the Indonesian and Indochinese nationalists by force, or, despite any temporary compromise solutions, to be able to arrest their eventual achievement of genuine independence. Growing nationalism in French North Africa threatens French hegemony. While the colonial issue in most remaining dependencies is not yet acute, native nationalism in many of these areas too will exert increasing pressure for autonomy or independence.

This marked postwar development of the colonial independence movement has resulted from: (1) the release of bottled-up nationalist activities in the Far East as a result of Japan's defeat of the colonial powers in World War II and its encouragement of local nationalism in occupied areas; (2) the postwar military and economic weakness of the colonial powers, which has made them less able to resist nationalist demands and led them to grant concessions or even independence to their dependencies; (3) the increasing tendency of liberal-socialist elements in the colonial powers to favor voluntary liquidation of restive colonial possessions; (4) widespread support of colonial independence movements by a large group of recently liberated and other sympathetic states, particularly the USSR; and (5) creation of the United Nations, which has provided a forum for agitating the colonial issue and a mechanism for its liquidation.

Because of these factors, further disintegration of the remaining colonial empires appears inevitable. Related concessions by the colonial powers, at least on the limited

Note: The information in this report is as of 9 August 1948.

The intelligence organizations of the Departments of State, Army, and the Navy have concurred in this report; the Air Intelligence Division, Air Intelligence Directorate, Department of the Air Force, had no comment.

¹In this paper the term "colonial" is used in a broad sense to denote the relationships between the metropolitan powers and their dependent and semi-dependent areas, whether these be colonies, mandates, protectorates, or treaty relationships. Similarly the phrase "colonial issue" is meant to encompass all differences between the colonial powers and their dependent areas arising from the development of local nationalism.

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scale presently contemplated, do not meet the basic nationalist demand for independence and are unlikely to be more than temporarily effective, except in more backward areas. The colonial powers appear unwilling for the most part to recognize fully the force of nationalism in their remaining dependencies and to take the leadership in guiding these toward genuine independence or self-government.

As a result of the rapid breaking-up of the colonial systems, a new power situation is developing in the former colonial world. No longer can the Western Powers rely on large areas of Asia and Africa as assured sources of raw materials, markets, and military bases. In contrast to the ever closer integration of the Satellites into the Soviet system, there is an increasing fragmentation of the non-Soviet world. This process is already largely completed, with many of the most important colonial and semi-colonial areas, like India, Burma, the Arab states, and the Philippines already independent, and Indonesia and Indochina well on the road. These new states will be free to choose their future alignments, which will be largely conditioned by the attitudes of the Soviet and Western Power blocs toward the colonial issue and their economic demands.

The colonial independence movement, therefore, is no longer purely a domestic issue between the European colonial powers and their dependencies. It has been injected into the larger arena of world politics and has become an element in the broader problems of relations between Orient and Occident, between industrialized and "underdeveloped" nations, and between the Western Powers and the USSR. The newly independent and older nations of the Near and Far East strongly sympathize with the aspirations of still dependent areas, to which they are bound by racial and religious ties. These nations are further bound together in varying degree by two other issues which tend to set them off against the colonial powers and the US: namely, the growing economic nationalism of the "underdeveloped" areas and the underlying racial antagonism between white and native peoples. All intensely nationalistic, the Near and Far Eastern nations tend to unite in opposition to the Western European powers on the colonial issue and to US economic dominance. As a result there has been a tendency toward the formation in the UN and affiliated bodies of a so-called "colonial bloc," whose members have already brought colonial disputes into the UN and will likely take the lead in attempting in this manner to hasten the liberation of further colonial areas. The colonial issue and economic nationalism, therefore, will continue to be a source of friction between the colonial powers and the US on the one hand, and the states of the Near and Far East on the other. The gravest danger to the US is that friction engendered by these issues may drive the so-called colonial bloc into alignment with the USSR.

The USSR is effectively exploiting the colonial issue and the economic nationalism of the underdeveloped areas as a means of dividing the non-Soviet world, weakening the Western Powers, and gaining the good will of colonial and former colonial areas. Ever since World War I the USSR has sought to infiltrate the nationalist parties in dependent areas and, more recently, to play up the colonial issue and the so-called economic imperialism of the Western Powers in the UN. The poverty and underprivileged

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position of the population in these areas, their latent hostility toward the occupying powers—past or present—and the existence of leftist elements within them, make them peculiarly susceptible to Soviet penetration.

Consequently, the good will of the recently liberated and emergent independent nations becomes a vital factor in the future strategic position of the US in the Near and Far East. In addition, the restoration of the economic contribution of their colonies is important to the economic stability of the Western European powers, which the US is endeavoring to create. Short-sighted colonial policies, however, will in the long run cause the colonial powers to lose the very economic and strategic advantages in their dependencies which they are anxious to retain. Unless, therefore, the European colonial powers can be induced to recognize the necessity for satisfying the aspirations of their dependent areas and can devise formulae that will retain their good will as emergent or independent states, both these powers and the US will be placed at a serious disadvantage in the new power situation in the Near and the Far East. Moreover, unless the US itself adopts a more positive and sympathetic attitude toward the national aspirations of these areas and at least partially meets their demands for economic assistance, it will risk their becoming actively antagonistic toward the US.

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**THE BREAK-UP OF THE COLONIAL EMPIRES AND
ITS IMPLICATIONS FOR US SECURITY**

1. DEVELOPMENT OF THE COLONIAL INDEPENDENCE MOVEMENT.

A major trend in the twentieth century world power situation is the development of a strong colonial independence movement which is in process of breaking up the colonial systems and creating a series of new, nationalistic states. The primary cause of the break-up of the European colonial empires is the growth of native nationalism in these areas, simultaneously with the decline in power and prestige of the colonial powers. This striking growth of local nationalism is primarily the result of: (a) the rising level of political, economic, and social development in dependent areas, with resultant growing sensitivity to inequality of treatment; (b) the short-sighted policies of the colonial powers, whose discriminatory treatment of subject populations and exploitation of colonial resources without attendant benefits to these populations have aroused strong resentment; (c) a deep-seated racial hostility of native populations toward their white overlords, due largely to these policies, which has taken the form of a reaction against "white superiority"; (d) the exposure of colonial areas to Western ideas of nationalism and the right to self-determination, which has made them increasingly conscious of their dependent status; and (e) the meteoric rise of Japan, whose defeats of the European powers in the Russo-Japanese War and especially World War II punctured the myth of white superiority. The colonial powers, while exposing their dependencies to the technological advances and democratic ideals of the West, failed to reckon with their aspirations to achieve the same type of national self-expression which the West exemplified.

While nationalism in dependent and quasi-dependent areas first reached significant proportions in the early twentieth century, it was given its greatest impetus by World Wars I and II. These conflicts, particularly the last, greatly weakened the colonial powers, thereby reducing their ability to control their colonial holding by force. At the same time, reliance of these powers on colonial resources and manpower forced them to grant concessions which greatly advanced the nationalist cause. In World War I Great Britain also fanned Arab national aspirations in order to hasten the downfall of the Turks. President Wilson's insistence upon the self-determination of peoples and the creation of the League of Nations gave a powerful stimulus to colonial aspirations for independence.

The period between wars saw further development of nationalism in dependent areas, particularly in the Near East and India. The repercussions of the world depression of the 1930's, which forced the colonial powers to retrench in colonial development, and shattered the world raw material price structure, increased colonial resentment and led to pressure for self-government and a larger share of the proceeds of economic exploitation. Indigenous nationalists, resentful of political, economic, and social discrimination against them, tended to attribute the depressed state of colonial

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economies to the ineptitude of the great powers. States like Iraq and Egypt, which had been under British tutelage, tended to assume a more independent course in their affairs. The US groomed the Philippines for independence, while Britain was forced to make some concessions to the growing pressure of Indian nationalism. The aggressive policies of Japan, whose propaganda stressed the racist doctrine of "Asia for the Asiatics," greatly stimulated the racial hostility of East toward West.

World War II delivered another blow to the declining colonial empires. When the colonial powers proved unable to defend their Southeast Asian possessions against the Japanese onslaught, Japan, capitalizing on local feelings, set itself up as liberator of the Asiatic peoples from white oppression. Although the Japanese actually kept a tight rein on Southeast Asia, they granted a shadowy "independence" to Burma, the Philippines, Indochina, and Indonesia which further stimulated their national ambitions. At the end of the war most Allied Far Eastern dependencies were wholly unwilling to revert to their former status, and the exhausted Allies have been unable to re-establish the *status quo ante*. The UK labor government, no longer willing or able to hold off the violent demands of the Indian nationalists, granted independence to India, Pakistan, and Burma and dominion status to Ceylon. A weakened France was forced to recognize the independence of its Levant mandates, Syria and Lebanon. The US fulfilled its promise of freedom to the Philippines. Korea was freed from Japanese bondage. France and the Netherlands, unwilling to relinquish their rich Southeast Asian possessions to the native nationalists, became embroiled in an uneasy struggle with indigenous regimes established in these areas.

2. CURRENT STATUS OF THE COLONIAL INDEPENDENCE MOVEMENT.

As a result of the stimulation of native nationalism in the chaotic war and postwar periods, the remaining colonial world is in a ferment of nationalist activity. This movement is in varying stages of growth in different areas, depending largely upon the level of local political, economic, and social development, but in most of them the eventual goal is independence. In the more backward areas of Asia and Africa, which are at a relatively early stage of political and economic growth, nationalism is still inchoate. On the other hand, in relatively highly developed areas like Indonesia, Indochina, and French North Africa, it has reached an advanced stage.

The two most critical colonial issues are in Indonesia and Indochina, where the Dutch and French, exhausted by war, have been unable to suppress the local nationalists by force and, despite temporary compromises which may be worked out, are unlikely to be able to arrest the eventual achievement of native independence. The Dutch and the Indonesian Republic are attempting to negotiate a settlement designed to bring the Republic within a Netherlands-dominated United States of Indonesia while allowing it a large degree of autonomy in all but foreign affairs and defense. In Indochina the French have been unable either to suppress the nationalist Viet-Minh Party or to reach mutually acceptable agreement with it. In view of the protracted strain of pacification expenditures on the unstable French economy, it is likely that France eventually will have to make sweeping concessions to the Nationalists. These will constitute but another step along the road to independence.

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While nationalism in French North Africa has not yet reached the fighting stage, the development of militant native independence movements in Algeria, Morocco, and Tunisia is a growing threat to French hegemony. In Tunisia and Morocco, both protectorates, the nationalists have concentrated on restoration of national sovereignty under the existing dynasties. A bureau has been established at Cairo where exiled North African leaders like Abd-el-Krim coordinate the nationalist program. French North African nationalism is stimulated by common Moslem ties with the chauvinistic Arab League, which, while as yet giving little overt support to North African nationalism, may be expected to step up its activity as soon as the more pressing Palestine problem is settled. Mounting nationalism in Libya, particularly among the Cyrenaican Senusi tribes, is complicating the disposal of this former Italian colony.

Although nationalism in other dependent areas has not yet attained critical proportions, there exist well defined movements in several regions which foreshadow similar problems. In most of these areas the demand at present is not so much for immediate independence as for a greater measure of self-government. In Malaya the heterogeneity of the population and the relatively enlightened British colonial administration so far have retarded rapid growth of nationalism, but the success of neighboring areas in achieving self-determination cannot help but stimulate it to some extent. France's suppression of the 1947 rebellion in Madagascar has set back the Malagasy nationalist movement several years, but tension will recur. In the relatively backward Central African colonies the low stage of development has limited the growth of nationalism, and will do so for a long period. The Zik movement in Nigeria and the United Gold Coast Convention, though neither very strong, are examples of rising nationalist movements in this area.

3. THE COLONIAL ISSUE IN WORLD POLITICS.

The colonial independence movement is no longer purely a domestic issue between the individual European colonial powers and their dependencies. It has been injected into the larger arena of world politics and has become an element in the broader problems of the relations between the Orient and Occident, between industrialized and "underdeveloped" nations, and between the Western Powers and the USSR.

a. *External Support of Colonial Independence Movements.*

The newly liberated and older nations of the Near and Far East strongly sympathize with the aspirations of still dependent areas, to which they are bound by racial and religious ties. All intensely nationalistic, these countries resent the political and economic domination of adjacent areas by European powers. States like India and Egypt have already brought colonial issues into the UN and may be expected increasingly to take the leadership in attempting to hasten in this and other ways the liberation of remaining colonial areas. Moreover, many of these states are exploiting the colonial issue in their own self-interest, with a view to supplanting the Western Powers in certain areas. India and China both have ambitions to dominate Southeast Asia, and the latter also aspires to replace Japan as the major power in the Far

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East. Some of the Eastern states covet portions of the moribund colonial empires: Egypt—the Sudan and Cyrenaica; Ethiopia—the adjacent former Italian colonies; and China—Hong Kong.

The colonial issue, therefore, will be a major source of friction between the Western European powers and the rising nations of the Near and Far East. To the extent that the US supports the European powers on this issue, it too will incur the ill-will of these new, nationalistic states.

b. Economic Nationalism and the Colonial Issue.

The nations supporting the colonial independence movement are bound together by another major issue, closely related to the struggle for political independence, which also tends to build up antagonism toward the Western European powers and the US. This is the development, more pronounced since World War II, of economic nationalism in the "underdeveloped" countries. These countries, most of them with a colonial background, find that though they have achieved political independence, their undeveloped economies, producing mostly raw materials and agricultural products, are still tied to those of the industrialized Western nations which provide markets for their goods. They are in essence still semi-colonial areas, for their economic dependence upon the metropolitan economies tends to vitiate their political independence. Therefore native nationalists have not been wholly satisfied by the achievement of political independence; they demand economic independence as well.

The aim of this economic nationalism is to attain greater economic self-sufficiency through development of a diversified economy, usually by industrialization. It has led the underdeveloped countries to favor tariffs, import restrictions, and other trade barriers to protect their infant industries. This attitude has characterized not only the recently liberated countries but many long since independent, like the Latin American nations, which still have semi-colonial economies. It was most clearly displayed at the recent Havana Trade Conference, where the underdeveloped countries strongly opposed multilateral free trade and charged that the US and other industrialized nations were stunting their economic development in order to keep them permanently dependent.

With the largest segments of the colonial systems either already liberated or in the last stages of liberation, this aspect of the colonial problem becomes increasingly important. The economic nationalism of the underdeveloped nations conflicts sharply with US trade objectives and these countries tend to resent US economic dominance. On the other hand, they urgently need external assistance in their economic development, and the US is at present the only nation able to supply it. The desire for US loans and private investment will have some effect in tempering the antagonism of these states toward US policies. However, the underdeveloped countries display an increasing tendency to demand US aid as a natural right, irrespective of any concessions on their part, and to feel that the US will be forced to invest abroad because of insufficient internal demand for its existing capital resources.

c. The Colonial Issue in the UN.

Colonial problems have been brought increasingly into the UN, which native nationalists and their supporters have found an ideal forum for agitating the colonial

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issue. There is a pronounced tendency toward the formation in the UN of a colonial "bloc" consisting of formerly dependent states like India and the Arab nations, others like China and Iran with strong racial and religious sympathies toward colonial peoples (also characteristic of the first group), and yet a third group like many Latin American republics and Australia, which sympathize on liberal, humanitarian, and economic grounds. The colonial bloc has consistently sought to broaden the UN trusteeship system. China, India, the USSR, the Philippines, and the Arab states contend that Article 73 of the UN charter, which binds members to promote the progressive development of self-government in their dependencies, implies that the UN should have broad supervisory powers over these dependencies. Critical colonial situations like the Indonesian question and Egypt's demand that Great Britain withdraw her troops have been brought before the Security Council as potential threats to world peace. The underdeveloped countries have insisted on emphasizing their own economic problems in UN economic bodies. Thus, through the UN, the colonial issue has been placed squarely on the world stage and local colonial problems have become matters of global concern. The colonial "bloc" and the USSR may be expected to bring more and more of such problems before the UN and to attempt to use it as a mechanism for liquidating the colonial empires.

d. Soviet Exploitation of the Colonial Issue.

The USSR is effectively exploiting the colonial issue and the allied issues of economic nationalism and racial antagonism in an effort to divide the non-Soviet world, weaken the European allies of the US, and gain the good will of the colonial "bloc." In pursuit of these objectives, the USSR is: (1) giving active support through agitators, propaganda, and local Communist parties to the nationalist movements throughout the colonial world; and (2) consistently injecting colonial and Allied problems into UN and affiliated activities.

The Soviet regime has always looked upon the so-called "depressed areas" as a fertile field for penetration, and since 1918 the Comintern has stressed the importance of stirring up discontent in these areas. As a non-colonial power, the USSR is in the fortunate position of being able to champion the colonial cause unreservedly and thereby bid for the good will of colonial and former colonial areas. Its condemnation of racial discrimination pleases native nationalists and tends to exclude the USSR from the racial animosity of East toward West. The Communists have sought to infiltrate the nationalist parties in dependent and formerly dependent areas and have been, as in Burma, Indonesia, and Indochina, among the most vocal agitators for independence. The Soviet Union has found the World Federation of Trade Unions an effective weapon for penetrating the growing labor movements in Asia and Africa and for turning them against the colonial powers.

At the San Francisco Conference in which the UN Charter was framed the USSR fought for a provision categorically demanding eventual independence for all colonies. Since that time, it has frequently injected the colonial issue into UN discussions and has strenuously supported the colonial "bloc" on all colonial and allied questions brought into the UN. Persistent Soviet support of the colonial "bloc" on

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purely colonial issues may win adherents from the colonial "bloc" for the USSR on other major issues between the USSR and the Western Powers in the UN. Thus the Soviet Union clearly recognizes the potential of the colonial issue for weakening its opponents and has made of it an important element in the power struggle between the Western Powers and the USSR.

4. INEVITABILITY OF FURTHER COLONIAL DISINTEGRATION.

Under these circumstances, some further disintegration of the remaining colonial empires appears inevitable. Native nationalism in these dependencies will increase as the inhabitants, spurred on by the example of the already liberated nations, seek to emulate them. Indonesia and Indochina are apparently already in the final stage before full independence, and crises will arise in other colonial areas as local nationalists clamor increasingly for self-government. The USSR and the colonial "bloc" will lend external support to these groups and utilize the UN as a means of assisting them. The weakened colonial powers, stricken by war and economic crisis, will find it difficult to cope with these insistent nationalist pressures.

The colonial powers, belatedly aware of the threat to their empires, have shown some willingness to liquidate the most troublesome of their possessions and to make concessions in others. The Western European socialist parties, now a major influence in many governments, appear more willing than their conservative predecessors to adopt colonial reforms although their colonial policies to date have shown little change. Some of the colonial powers have adopted more progressive colonial policies, offering concessions to their dependencies in an effort to stave off the demand for independence. The UK in particular, after recognizing that independence for India and Burma was inevitable, is cautiously promoting greater self-government in its remaining colonies and has earmarked large sums for their economic development (although Britain's present economic weakness has prevented full development of these schemes). The Netherlands has granted substantial concessions in Indonesia, although clearly determined to make every effort to keep this rich area under her control. France, too, while making minimal reforms in critical areas, seeks to draw her dependencies closer to the mother country in a French Union.

These concessions, however, at least on the limited scale presently contemplated, appear unlikely to do more than temporarily placate local nationalism and at most delay the demand for liberation. Differences in race, language, and religion, intensified by a strong East-West antagonism, make Dutch and French plans for integration of their colonies into French and Netherlands Unions unlikely to succeed in areas like Indochina, Indonesia, and French North Africa where native nationalism is already well advanced. Moreover, stimulation of colonial economic and social development and granting of greater political autonomy may well promote local nationalism rather than weaken it. As the colonies become more highly developed, they will become more conscious of their dependent status and more insistent upon independence. They also will be better able to create viable economies and to function as independent states. Under these circumstances limited concessions are likely to be effective, in

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the long run, only in relatively small or backward areas which would in any case be likely to remain under a protecting power.

5. EMERGENCE OF A NEW POWER SITUATION IN THE FORMER COLONIAL WORLD.

As the result of the gradual disintegration of the colonial systems and the emergence of young, nationalistic states, a new power situation is in the making in the former colonial world. No longer will the western colonial powers control large areas of Asia and North Africa which are sources of manpower and raw materials and provide assured military bases. The economic and political policies formerly imposed by the colonial powers on their colonies will give way to a welter of conflicting national policies. This process is already largely completed, with many of the most important dependent and semi-dependent areas, such as India, Burma, the Arab states, and the Philippines already independent, and Indonesia and Indochina well on the road. These new and emergent states will be free to determine their own economic policies and future alignments.

For a long period, however, these new states will find it difficult to stand alone. Though actively promoting their own political and economic development, they will remain for some time semi-dependent areas, forced to rely on the great powers for protection and assistance. Their relatively backward stage of political, economic, and social evolution, their lack of developed resources, and the absence of technical skills and education among the mass of their peoples make them dependent upon outside help in their development. Militarily, they will be unable to withstand any major power. Economically, they will still be undeveloped countries, tied to the larger metropolitan economies. The effect, therefore, of the disintegration of the colonial systems and the withdrawal of the colonial powers is the creation of a power vacuum in the Near and Far East.

There is danger that unless the Western European nations, and with them the US, can secure the good will of these newly liberated and as yet dependent areas, they may become aligned with the USSR. Several factors: friction over the colonial issue, economic nationalism, and the racial antagonism between East and West, may tend to orient these areas away from the US and the Western Powers. The newly liberated states will entertain some hostility toward the former colonial powers, and as these powers belong to the Western bloc supported by the US, this hostility will extend in some degree toward the US also. US support of the colonial powers in the UN also has tended to make the dependent peoples and their supporters suspicious of US motives. In the economic sphere, the new and undeveloped countries tend to resent US economic dominance and to fear that the US and other industrialized nations intend to keep them economically dependent. The USSR, pursuing an assimilative racial policy and able to represent itself to colonial peoples as largely Asiatic, escapes much of the resentment of colored toward white peoples; while US treatment of its Negroes, powerfully played up by Soviet propaganda, embarrasses the US on this issue. Racial restrictions in areas like South Africa and Australia also arouse colonial resentment. Moreover, the poverty and backwardness of the colonial and former colonial world, combined with the restrictive policies of the colonial powers, has en-

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hanced the appeal of radical political philosophies and tended to place leadership of indigenous nationalist groups in the hands of extremists. This tendency is evident in the existence of active pro-Communist parties in such areas as China, Indochina, Burma, and Indonesia. Thus the basic backwardness of these areas, their resentment toward the past or present dominating powers, and the existence of strong leftist elements within them, make them peculiarly susceptible to Soviet penetration. Should the USSR in turn, however, become in the eyes of these areas a threat to their independence, they would actively oppose Soviet domination too.

6. IMPLICATIONS FOR US SECURITY.

The break-up of the colonial systems and the creation of a series of new nationalistic states may adversely affect the present power balance of the US and Western Europe versus the USSR, particularly if these new states become friendly toward the USSR and hostile toward the US and its allies.

a. The loss of their dependencies weakens the colonial powers, which are the chief prospective US allies. These nations rely upon their colonies as sources of raw materials, military manpower, and revenue, and as strategic military bases. France, for example, draws heavily upon its North and West African empire in most of the above respects; and the breaking away of these areas, especially North Africa, would seriously weaken its strategic position. UK withdrawal from India and Burma already has substantially affected its strategic capabilities in the Middle and Far East. The Netherlands would be weakened economically by the defection of its rich Indonesian possessions.

b. The drift of the dependent areas away from the orbit of the colonial powers deprives the US itself of an assured access to bases and raw materials in many of these areas, an increasingly serious loss in view of global US strategic needs and growing dependence on foreign mineral resources. Bases in French North Africa and the Middle East, for example, would be strategically vital in event of conflict. The growing US list of strategic and critical materials—many of which like tin and rubber are available largely in colonial and former colonial areas—illustrates the dependence of the US upon these areas. The US has heretofore been able to count upon the availability of such bases and materials in the colonial dependencies of friendly powers; but the new nations arising in these areas, jealous of their sovereignty, may well be reluctant to lend such assistance to the US.

c. Possible Soviet domination of certain former dependent areas or their orientation toward the USSR would create a major threat to US security. Such a possibility is strongest in Asiatic peripheral areas around the USSR, where the danger of Soviet penetration is acute. Soviet control of areas like Iran, Burma, Indochina, Indonesia, or Korea, whether through occupation, alliance or friendly neutrality, would help complete Soviet control of the Asiatic continent, make the USSR more invulnerable to external attack, assure its access to vital materials like oil, tin, and rubber, and place it astride strategic sea lanes.

d. Colonial antagonism toward the US would hamper the US in its relations with colonial areas should their metropolitan powers fall within the Soviet orbit in event of

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war. While governments-in-exile probably would be formed, they might prove unable to control their dependencies, which might seize this opportunity to further their own nationalist aims by revolt. Were the US forced to occupy these territories for strategic reasons, its task would be much more difficult if they were hostile.

e. The colonial issue also tends to create recurring crises which promote world unrest. Increasing resort to the UN to deal with the swelling chorus of colonial grievances and the pressure in behalf of dependent peoples by a large bloc of sympathetic states tends to magnify these grievances out of all proportion to their local significance. The USSR, seeking to promote any unrest in colonial areas, will quickly exploit its disruptive possibilities.

Consequently, the good will of the recently liberated and emergent independent states becomes a vital factor in the future position of the US in the Near and Far East. The breaking up of the colonial systems and the gradual withdrawing of the colonial powers from these areas has faced the US itself with the problem of filling the gap left by their withdrawal. The US stand on the colonial issue and economic nationalism will have a major effect on the attitudes of these colonial and former colonial areas. Yet the US is currently in an unfortunate position vis-à-vis the USSR with respect to such issues. On the one hand, the US has historically sympathized with the aspirations of dependent peoples for self-government and has pledged itself to this end in the Atlantic Charter and in the United Nations. As a result, the dependent and semi-dependent areas have come to expect and demand US backing in their struggle for independence. To the extent that the US acquiesces in or supports restrictive colonial policies on the part of the Western European nations, it will jeopardize its position in these areas. Such a policy will lay the US open to charges of inconsistency and imperialism and may lead to loss of the voting support of the colonial bloc in the UN. It will allow the USSR, in particular, to pose as champion of the colonial cause and thus gain the good will of the dependent and former dependent areas.

On the other hand, the European colonial powers are the chief prospective US allies in its power struggle with the USSR and it is difficult for the US to oppose these powers on colonial issues. These nations are anxious to retain as much of a hold as possible on their dependencies, partly for economic and strategic reasons, but also for prestige. Should these countries lose the benefits of their colonial empires, it would hamper their economic recovery and possibly threaten the stability of governments friendly to the US.

If, however, the colonial powers do not basically modify their present colonial policies, they will in the long run lose the very strategic and economic advantages in their dependencies and former dependencies that they are seeking to retain. Such restrictive policies will not arrest the development of local nationalism but may in fact so aggravate it as to alienate the local populations and minimize the possibility of retaining any benefits whatsoever. Moreover, attempts at forcible retention of critical colonial areas in the face of growing nationalist pressure may actually weaken rather than strengthen the colonial powers. French and Dutch efforts to suppress local nationalism by force in Indonesia and Indochina, for example, are a drain on funds

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urgently needed for reconstruction and may create such antagonism that no profitable economic development will be feasible for an extended period.

The colonial powers must fully recognize the irresistible force of nationalism in their dependencies and take leadership in guiding these dependencies gradually toward eventual self-government or independence, if they are to retain their favored position in these areas. A policy of far-reaching colonial reforms, designed to foster colonial political, economic, and social development, would do much to neutralize the more violent aspects of native nationalism and to substitute orderly evolution toward the inevitable goal of independence for the violent upheavals characteristic of the present situation. Only through such a new cooperative relationship can the colonial powers in the long run hope to retain their close ties with these areas and the maximum of political and economic advantage. Unless the colonial powers can be induced to recognize this necessity for satisfying the aspirations of their dependencies and can devise formulae which will retain their good will as emergent independent states, both these powers and the US will be placed at a serious disadvantage in the new power situation in the Near and Far East.

In the economic sphere, since the US plays a dominant role in world trade and is the nation currently most capable of supplying the capital needs of the "underdeveloped" countries, the attitude of the US itself toward the efforts of these areas to achieve greater economic self-sufficiency will have a great effect on their goodwill. US failure to adopt a more sympathetic attitude toward the economic nationalism of the underdeveloped countries or at least partially to meet their demands for capital assistance will stimulate the charges, already heard, of US economic imperialism and seriously affect US relations with these areas.

The US, therefore, is faced with a serious dilemma. On the one hand US encouragement of colonial self-determination and economic development may itself incur the charge of US imperialism and run the risk of alienating the colonial powers. On the other hand, the US may be unable to afford to let its policy on colonial issues be swayed by the colonial powers if such support of its allies tends to alienate the dependent peoples and other non-European countries, lay the groundwork for future disruption, and in the long run weaken the power balance of both the US and the Western European nations vis-à-vis the USSR.

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46. Lawrence R. Houston, Memorandum for the Director,
"Responsibility and Control for OPC," 19 October 1948

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19 October 1948

MEMORANDUM FOR: The Director

SUBJECT: Responsibility and Control for OPC

REFERENCES: a. NSC 10/2
b. Memorandum of Conversation and Under-
standing, dated 12 August 1948.
c. Memorandum for the Acting Director of
Central Intelligence, dated 11 October 1948,
from the Executive Secretary of the National
Security Council.

(As used herein, the phrase "covert operations" refers only
to the operations of OPC.)

I. ANALYSIS OF NSC 10/2.

A. Paragraph 2 contains the basic decision of the
National Security Council in the following words:

"It therefore seems desirable, for operational
reasons, not to create a new agency for covert
operations, but in time of peace to place the res-
ponsibility for them within the structure of the
Central Intelligence Agency and correlate them
with espionage and counterespionage operations
under the over-all control of the Director of
Central Intelligence." (Emphasis added.)

B. In paragraph 3, the National Security Council
directs the creation of the Office of Special Projects within
CIA to "plan and conduct" covert operations. The Chief of
this Office is nominated by State and approved by the NSC
but must be acceptable to the DCI, and he shall report directly
to the DCI. But OPC shall operate independently of other
components of CIA.

C. The Director of Central Intelligence is made
specifically responsible for insuring, through representatives
of the Secretaries of State and Defense, that covert operations
are "planned and conducted" in a manner consistent with U. S.
foreign and military policies. He is also responsible for
insuring the planning for wartime covert operations in con-
junction with the Joint Chiefs of Staff. The funds for support
of these operations are to be CIA funds, earmarked for OPC.

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D. As set forth in NSC 10/2 therefore, the intent of the Council is to look to the Director for the proper functioning of covert operations. He is specifically held responsible for their control, which presupposes the right to initiate and to veto projects, subject only to NSC rulings in the event of dispute. As the funds involved are to be CIA funds, unvouchered expenditures will, by law, be the Director's personal responsibility. To carry this out, he must have power to set controls for all such expenditures and provide means, by audit or otherwise, to insure that the funds are properly expended under regulations laid down by him. It therefore appears that the Council intended no limitation of the Director's operational control outside of that which may be exercised by the NSC in case of dispute. But there is a limitation from a policy point of view in that the Director must meet the policy requirements of the Department of State in connection with foreign affairs and of the Joint Chiefs' military planning. But he is to be guided by them, not controlled.

II. ANALYSIS OF THE MEMORANDUM OF CONVERSATION AND UNDERSTANDING ON THE IMPLEMENTATION OF NSC 10/2, DATED 12 AUGUST 1948.

A. In the discussion of NSC 10/2, Mr. Kennan of the State Department asserted the principle that covert operations, as an instrument of foreign policy, must function "to the fullest extent possible" as a direct instrumentality of State and the National Military Establishment. He recognized that, since OPC was placed in CIA, regard must be given to the "organizational requirements of CIA". It follows, according to State, that OPC "must" take its policy direction and guidance from State and the National Military Establishment and that the Chief of OPC must have the fullest and freest access to the proper representatives of those departments.

B. Mr. Souers stated specifically that the NSC had intended in 10/2 to recognize the principle that State and the National Military Establishment are responsible for the "conduct" of the activities of OPC. Mr. Souers expressed the view that this principle is manifest in the document. The analysis made under Section I above indicates to the contrary -- that responsibility for "conduct" of OPC activities was specifically placed in the Director of Central Intelligence.

C. The Director stated that OPC should and could be given all the necessary freedom and flexibility within CIA and that State had responsibility for political decisions, making such decisions in regard to individual projects. Mr.

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Kennan agreed that this was necessary and that he, as State's representative, would be accountable for providing such decisions. This political, as apart from operational, responsibility seems to be in accord with the analysis of NSC 10/2, set forth under Section I above.

D. The Chief, OPC stated that he should have continuing and direct access to the appropriate departments without going through the CIA administrative hierarchy but that the Director should be kept informed in regard to all important projects and decisions. NSC 10/2 recognizes the special relationship between OPC and the Department of State and the National Military Establishment. But since the Chief of OPC is directed to report directly to the Director of Central Intelligence and responsibility for the conduct of OPC's activities was placed in the Director, the apparent intent of NSC 10/2 is that the Director have actual control of all projects and decisions, subject to NSC rulings on disputed items, rather than that he be merely kept informed on important projects and decisions.

E. In the letter, dated 11 October, to the Acting Director of Central Intelligence, Mr. Souers elaborates on his interpretation of the NSC action taken in 10/2. He states, in connection with the question whether the NSC should tell the Director of CIA how his organization would function, that whereas the intelligence organization of CIA was created by statute under the Director's control, OPC, which is not a truly intelligence operation, was created by NSC itself to operate independently of other components of CIA to the maximum degree consistent with efficiency. The authority cited by the NSC in establishing OPC is section 102(d)(5) of the National Security Act, which authorizes NSC to direct CIA to perform functions and duties related to intelligence affecting the national security. 10/2 specifically says that the new Office shall be created within CIA. By any normal interpretation therefore, OPC's covert operations are functions of CIA and, as such, are the legal and actual responsibility of the Director. Furthermore, even the NSC has no authority to create a completely new and separate operating entity.

III. ANALYSIS OF THE PRESENT SITUATION.

A. NSC 10/2 is the official mandate to which the Director must look to ascertain his responsibilities. As set forth in Section I above, this mandate on its face places full administrative and operational control and responsibility on the Director. As it is presently worded, it is to him alone that the Council will look for results. It is for him to obtain the necessary policy guidance, and only such guidance is outside his control.

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B. Mr. Souers states that it was the intent of the Council to make State and JCS responsible for the conduct of OPC activities. The State Department representative and the Chief, OPC do not assert flatly that responsibility is in State and JCS but, by inference, shift the emphasis so that decisions are apparently to be made by the outside agencies, and the Director is merely to be kept informed. Such transfer of the basic responsibility and control is incompatible with the responsibilities of the Director under law and under NSC 10/2 as presently worded. He would be supporting a portion of the CIA budget over which he would have no supervision or control. He would be responsible for personnel and procurement, although he would only be informed by outside agencies of what his responsibilities were. He would be giving his personal certification as to the propriety of unvouchered expenditures, without any right to control or approve the expenditures in advance or to ascertain the actual propriety.

IV. RECOMMENDATION.

A. In view of the divergence in views apparent in Section III above, it is recommended that steps be taken to make a final clarification on responsibility and control for OPC covert operations in the following manner.

1. If NSC 10/2 was intended to carry the meaning its present wording appears to bear, there should be specific and detailed acknowledgment that the Director, in carrying out his mandate to conduct and be responsible for covert operations, has full administrative control of personnel and supplies, final authority over the expenditures of funds, and the right to initiate or veto projects. In time of war, of course, control would be transferred to the Joint Chiefs, as provided in 10/2.

2. If it was the intent of the Council, as stated by Mr. Souers, that responsibility be in the Department of State and the Joint Chiefs, it is felt that NSC 10/2 should be carefully amended to make the respective duties and responsibilities quite clear. This is particularly desirable in view of the possibility of a change of regime, bringing in a whole new Security Council, which might find itself faced with a hopelessly confused situation. In the event that control and responsibility are to be placed outside of CIA, it is recommended that the Director's responsibility be clearly limited to that of affording administrative support only. It should be made clear by the NSC, itself, that the Director has no administrative control, that he has no authority to veto projects, and that he has no control over unvouchered

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expenditures. If this decision is made, it is felt that at least two basic principles, believed to be generally accepted, would be involved: -- (1) that all covert activities should be subject to a single coordination and control, and (2) that there is no means by which the Director can divest himself of, or be separated from, his personal responsibility for the expenditure of unvouchered funds. Certainly the problems raised by such an arrangement would be many and difficult, whereas the organization apparently intended by 10/2 seems not only practicable but also efficient.


LAWRENCE R. HOUSTON

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29 October 1948

MEMORANDUM FOR: DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT: OPC Projects

Reference: (a) National Security Directive 10/2.
 (b) Memorandum of 25 October 1948 from the Director to ANPC re: Fiscal Year 1949 Budget.

1. During your absence, OPC has been holding a series of meetings of an Advisory Council which consists of high-level, security-cleared representatives of Army, Navy, Air Force, JCS and State. These representatives were nominated by the respective Secretaries to assist in formulating and coordinating policies for OPC in accordance with the charter outlined in reference (a). Although this preliminary planning has not yet been completed, the overall program is beginning to take shape along the following general lines of clandestine activity:

Functional Group I - Psychological Warfare

- Program A - Press (periodical and non-periodical)
- Program B - Radio
- Program C - Miscellaneous (direct mail, poison pen, rumors, etc.)

Functional Group II - Political Warfare

- Program A - Support of Resistance (Underground)
- Program B - Support of DP's and Refugees
- Program C - Support of anti-Communists in Free Countries
- Program D - Encouragement of Defections

Functional Group III - Economic Warfare

- Program A - Commodity operations ([REDACTED])
- Program B - Fiscal operations ([REDACTED])

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Functional Group IV - Preventive Direct Action

- Program A - Support of Guerrillas
- Program B - Sabotage, Countersabotage and Demolition
- Program C - Evacuation
- Program D - Stay-behind

Functional Group V - Miscellaneous

- Program A - Front Organizations
- Program B - War Plans
- Program C - Administration
- Program D - Miscellaneous

2. Until the overall plans and policies were formulated, it was obviously impossible to present an accurate or realistic outline for budgetary allocations as set forth in reference (b). However, the senior staff officers of OPC are currently working on such specific plans which I shall be in a position to review with you in the very near future.

3. In the meantime, we have had no alternative but to accept certain sub-projects which have been literally thrust upon us, such as the old [redacted] Project which was inherited from SRG, and [redacted] Czech Refugee Group. You may be sure that we have done everything possible to hold such emergency assignments to a minimum. In those instances where we had no alternative, we have limited our commitments and have set up ear-marked funds to control expenditures.

Frank G. Winner
FRANK G. WINNER
Assistant Director for
Policy Coordination

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Copy No. 1 of 4

48. [Gustav Hilger], "Observations on the Communist 'Peace Offensive,'" 21 January 1949 (Ditto copy)

G.H. No. 7

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21 January 1949

OBSERVATIONS ON THE COMMUNIST "PEACE OFFENSIVE"

In judging the political aims of the Soviet Government, we repeatedly stressed the fact that present Soviet policy pivots on the following central ideas:

1. The principal aim of the extensive Soviet propaganda is to convince the Soviet people and world public of its peaceful intentions. Simultaneously, that propaganda describes the Western Powers, particularly the United States, as warmongers pursuing imperialistic aims of world domination. The Soviet Government seems to believe that such propaganda is an appropriate means for creating in the world a mood which, in case of war, would serve the Soviet cause.

2. For the time being, the Soviet Government is not interested in unleashing a war against the Western Powers, since it is conscious of the technical superiority of the United States in its possession of the atomic bomb. The Soviet Government knows that it would not win the war even if it succeeded in overrunning the major part of Europe within a relatively short time after the outbreak of hostilities.

3. The Soviet Government knows that the United States also wants to avoid war. Therefore, the Soviet Government ventures to extend its spheres of influence all over the world in order to obtain as many strategic jumping-off positions as possible for an armed conflict with the Western Powers. But, at the same time, the Soviet Government is anxious not to overstrain the bow and proceeds with its provocations only as long as they remain tolerable to the United States. From experience with Soviet policy one can draw the conclusion that, at a given moment, the Soviet Government will be able to prevent the cold war's getting too hot for her.

4. The Soviet Union considers the determination of the Western Powers to go ahead with the North Atlantic Security Pact a great inconvenience. Therefore, it tries to lull the European states invited to join the pact into a false feeling of security (Italy); on the other hand, it leaves them without doubt that an anti-Soviet attitude would involve great dangers for their political and economic situation (Sweden).

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The latest political maneuver performed by the Soviet Government seems to confirm the above views. If any doubts had existed as to whether the latest announcements of Marcel Cachin, veteran French Communist, and Palmiro Togliatti, the head of the Italian Communist Party, were inspired by Moscow, those doubts were dispelled by the contents of an article which recently appeared in the Soviet Information Bulletin in Washington.

All these announcements aim at one common goal, namely, to persuade the world public that the maintenance of world peace depends solely on the further attitude of the Western Powers because the Soviet Union had sufficiently proved that it wants peace and considers mutual understanding possible.

Although at present the Soviet Union wants peace, it does not want it for the sake of peace itself. It wants a peace of convenient duration because it needs a breathing space now and is convinced that, in the long run, time is working in its favor. The Soviet Government believes that, by words and deeds, it will succeed in wrecking the European Recovery Program and thus strengthen the world Communist movement.

The reverberations in the American press from the speeches of Marcel Cachin and Palmiro Togliatti, as well as the article in the Soviet Bulletin, prove that neither the American public nor official circles of the United States are prone to be taken in by these Soviet machinations, which represent only a tactical maneuver of the Kremlin and not a change of political strategy.

Therefore, the United States should make the Soviet Government clearly understand that its intentions are evident. Moreover, the United States should persuade the rest of the world that the United States is always ready to reach an agreement with the Soviet Union, provided that such an agreement rests on conditions corresponding with the interests not only of the Soviet Union but of the non-Communist states as well.

The fact that Moscow newspapers have recently displayed an appeal by Henry Wallace's Progressive Party for a meeting between President Truman and Prime Minister Stalin throws an additional significant light on the aim pursued by the Soviet Government through the alleged "peace offensive". Since pronouncements of the Soviet press never happen spontaneously but only when the Kremlin wants them to happen, the mentioning of the suggested meeting must be considered as a "trial balloon" floated by Moscow to test the reaction of the Western Powers and to interpret it, at a given moment, in relation to the political aims of the Soviet Union.

These aims could be summarized as follows:

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1. Above all, the Soviet Government wants to gain time for developing, perfecting and completing the arming of the Soviet Union.

2. The Soviet Union is anxious to establish in China a situation which, if the Soviet Union were to suffer a decisive defeat, would enable the Soviet Government to withdraw into China and to continue the war from there. Therefore, using the time before the outbreak of the war, the Soviet Union will do her best to reconstruct the armament industry previously built up in Manchuria by the Japanese.

3. The Soviet Government will urge the commencement of negotiations for peace treaties with Austria and Germany. In these negotiations the Soviet will try to induce the Western Powers to consent to a withdrawal of their forces from Europe because it is interested in pushing the Western Powers, especially the United States, out of all positions in Central Europe. Should the Western Powers refuse, the Soviet Government will try to put the blame for the continuation of the occupation regime on the Western Powers and, thus, to compromise them in the eyes of the Austrian and German people.

To achieve the aforementioned goals, the Soviet Union might even be ready to lift the Berlin blockade or, at least, to mitigate it to such a degree that it would be difficult for the Western Powers to reject a Soviet proposal to meet the USSR at a conference table without putting themselves in the wrong before the world public.

Thwarting of these plans of the Soviet Government will require both a firm and prudent policy on the part of the Western Powers in the forthcoming months.

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49. Wisner, Memorandum for the Director of Central Intelligence,
 "Observations upon the report of the Dulles-Jackson-Correa
 report to the National Security Council," 14 February 1949
 (Typed transcript)

Transcribed for ASD by cam.
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14 February 1949

MEMORANDUM FOR THE DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT: Observations upon the report of the Dulles-Jackson-Correa report to the National Security Council

1. I return to you herewith copy #17 of the report of the Dulles-Jackson-Correa committee to the National Security Council, dated 1 January 1949. Pursuant to your request, I am submitting to you in this memorandum my comments upon those portions of the report which pertain specifically to the Office of Policy Coordination, its activities and its relationships to various of the other offices of the Central Intelligence Agency. I understand that you have likewise solicited the comments of the chiefs of other offices and divisions of the Agency which are applicable to their respective areas of responsibility and I trust that my rather limited observations may be of some assistance to you in your overall consideration of this matter.

2. The most important feature of the report having direct application to OPC is the recommendation that the Office of Policy Coordination, the Office of Special Operations and the Contact Branch of the Office of Operations be integrated under a single overall direction in a new "Operations Division". I agree with this recommendation and with the reasoning which supports it and I further agree that any such new office should be established and should operate as a distinctly separate entity, having a considerable degree of autonomy within the Agency. The considerations which are marshalled in support of this conclusion and recommendation appear at pp. 94, 96, 97, 99, 100 and 131 through 134 in the report. It was my original conviction that a very close degree of coordination between the three activities mentioned was essential and inevitable and I believe that our experience to date has furnished many proofs of this basic premise.

The report itself takes cognizance of a technical difficulty in this regard which arises from the anomalous setup of the Office of Policy Coordination within the Central Intelligence Agency. This arrangement, which was originally ordained by the National Security Council, could doubtless be revised as a part of the very important readjustment which is the substance of this recommendation.

3. Of particular

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3. Of particular importance to the effective and secure operation of OPC—or of OSO or the proposed new "Operations Division", is the recommendation that these covert operations have their own administrative support services. The arguments which support this recommendation are, I believe, conclusive and are set forth at pp. 10, 32, 115 and 136. The gist of these contentions is as follows.

The general administrative problems of these covert operating offices are unique because of their secrecy and consequent security requirements. They differ importantly from that part of the work of CIA which is concerned with the coordination of activities and the more or less overt work of research and analysis. The security of covert operations is inevitably prejudiced when overt and covert administrative units are placed together. Of equal importance is the fact that the unique character of secret operations renders inapplicable most ordinary rules of administration. One of the results of the moving of the administrative support from the direct authority of the officials responsible for secret operations is that administrative considerations are bound to guide and even control intelligence and operational policy. Any gains in overall efficiency which may appear to result from the centralization of all administrative services are much more than offset by the resultant losses in the efficiency, effectiveness and security of operations—and it is submitted that the latter should be the paramount consideration.

4. Although the comment at p. 37 in regard to the serious results of delay in obtaining security clearance is obvious, it is nevertheless of sufficient importance to warrant mention in this memorandum. While recognizing the essentiality of care and thoroughness in personnel investigations, it is imperative that a degree of flexibility be retained in the system of security clearance if the agency is to fulfill its responsibilities. In a limited number of cases, it will be necessary to request waivers on persons who have long and well known records of loyalty and responsibility in the public service. The seven way name check is no doubt desirable in all cases but the full investigation in cases of the kind mentioned should be allowed to go on after the individuals have entered upon their duties. Moreover, there must be a balancing of interests as between absolute security on the one hand and the necessity of obtaining talent, imagination, initiative and knowledge in certain fields.

5. A relatively small but nevertheless important point which I should like to raise for the record is that the report appears to suggest that the role of OPC is subordinate to that of OSO in the field of encouraging the defection of strategically placed personnel in the Soviet and satellite government services. It is our interpretation of our

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charter (NSC 10/2) that OPC is given this responsibility, but we fully recognize the special interests of both OSO and the Contact Branch of OO. You will recall the memorandum which was prepared by my office and concurred in by the other two branches, which outlined a proposed method of coordinated activity both within and without the Central Intelligence Agency in this increasingly important field. I hope that you will be able to reconsider your adverse decision in this matter in the interest of enabling the three interested branches to discharge their respective responsibilities in a coordinated and effective manner. (See recommendation #3 at p. 129)

6. I should also like to make a comment for the record upon the observations of the committee at p. 123 about the insecurity of the present physical setup of the Washington Headquarters of OSO (and OPC). I agree that it is very prejudicial to the security of the personnel and contacts of these secret operations offices to be isolated in a conspicuously identifiable building, and that it would be vastly preferable for them to be covered in a large establishment having no previous OSS and CIA taint and having so many services and visitors that the identification of the staff members and their visitors would be rendered most difficult. I fully recognize that because of the drastic shortage of government housing space in Washington, this criticism is easier to make than to remedy, but I nevertheless believe that it should be made the subject of serious and continued consideration by all concerned. The problem is aggravated by the inability to date of the Services Branch to provide sufficient space for present OPC staff personnel even in Temporary L Building.

7. The observations of the committee at pp. 148 and 149 of the report concerning the repute of intelligence as a career within the armed services has an important bearing upon the work of the Central Intelligence Agency and OPC. Because of the important use which CIA should always make of military intelligence personnel, as well as the many relationships which CIA must have with the armed services in order to be an effective and useful agency, it would be to the interest of all concerned if steps could be taken to improve the lost and prospects of service intelligence personnel.

8. My final comment is made in connection with the recommendation of the committee that a so-called "Intelligence Officer" within the Department of State be created to serve as the principal liaison between that Department and the Central Intelligence Agency, including the Office of Policy Coordination. My reaction to this proposal would

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depend very largely upon the identity of the individual selected for this new position and the level at which he is placed in the hierarchy of the State Department. Unless this Intelligence Officer is situated at a very high policy level within the Department of State, the result would be very detrimental. Under no circumstances should the liaison between OPC and the Department of State be tied in with the research and intelligence staff of the Department.

FRANK G. WISNER
Assistant Director of
Policy Coordination

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50. ORE 41-49, "Effects of a U.S. Foreign Military Aid Program," 24 February 1949

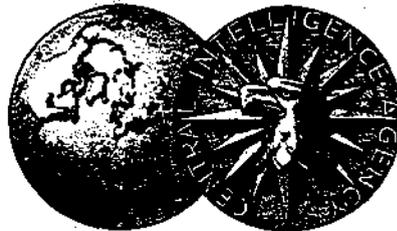
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EFFECTS OF A U.S. FOREIGN MILITARY AID PROGRAM



ORE 41-49

Published 24 February 1949

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EFFECTS OF A U.S. FOREIGN MILITARY AID PROGRAM

THE PROBLEM

1. For the purposes of this problem it is assumed that:
 - a. A North Atlantic Pact providing for a system of collective security embracing the United States, Canada, and the Brussels Pact Powers, and perhaps also Norway, Denmark, Iceland, Ireland, Portugal, and Italy, will be consummated during 1949.
 - b. During FY 1950 limited US military aid will be provided to the European signatories of the Pact, and also to Austria, Greece, Turkey, Iran, Korea, and the Philippines, the amount and type of aid being governed, in each case, by limitations upon available US resources and the absorptive capacity of the recipient.
 - c. The foreign military aid program thus initiated could not be expected to create, in Western Europe, sufficient military strength to oppose and delay materially a Soviet military invasion until sometime during the period 1952-1955.
 - d. The ECA program will continue without serious interference by the rearmament program.
2. By direction, we estimate herein:
 - a. The effect of the US foreign military aid program assumed above on:
 - (1) The will of the recipients to resist aggression by the USSR or its satellites.
 - (2) The ability of the recipients to maintain their internal security and political integrity.
 - (3) The intentions and future action of the USSR.
 - b. Conversely, the effect of a US failure to provide such aid during FY 1950.

DISCUSSION

3. General considerations affecting the psychological response of the recipients to the assumed military aid program are discussed in Appendix "A," the effect on particular recipients in Appendix "B," and the probable Soviet reaction in Appendix "C."

CONCLUSIONS

4. The US military aid program and, more importantly, the Atlantic Pact, will encourage resistance to Soviet aggression insofar as they are recognized as a basis of hope for the eventual achievement of real peace and security. Inasmuch as they

Note: This report has been concurred in by the intelligence organizations of the Departments of State, the Army, the Navy, and the Air Force. It is based on information available to CIA on 10 February 1949.

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afford no immediate assurance of security, this effect will be in some degree offset by widespread popular apprehension that they involve grave risk of unnecessary involvement in a war between the United States and the USSR. In any case, the will to resist is unlikely to outrun the visible means of resistance.

5. In general, the prospective recipients of US military aid are less interested in the amount of direct aid to themselves than in the over-all strength of the combination achieved through the rearmament of its principal members and particularly in assurance of prompt and effective US military intervention in their defense if need be.

6. If, however, US military aid were to be withheld, this default would be regarded as a breach of faith and would tend to undermine confidence in any assurances of US support explicit or implicit in the Pact. This disillusionment would affect adversely the will to resist Soviet aggression.

7. US military aid is essential to the maintenance of internal security and political integrity in Austria, Greece, and Korea. Elsewhere it is not essential for that purpose, although it would be of appreciable benefit in France, Italy, and Iran.

8. The Pact and military aid program will neither convince the USSR of the futility of its present tactics nor provoke preventive war. The immediate Soviet reaction will probably be an intensification of Soviet and Communist effort in forms currently familiar with the purpose of preventing the accomplishment of their intended effect.

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APPENDIX "A"

GENERAL CONSIDERATIONS

1. The effect of the assumed military assistance program would be primarily psychological. By the terms of the assumptions the material effect would not be appreciable except with respect to internal security in some countries. Inasmuch as the program itself would not guarantee the security of the recipient states, the psychological effect would depend on whether it and the Atlantic Pact were regarded as an essential step toward the achievement of peace and security or merely as preparation for a new war.
2. None of the assumed recipients of US military aid would willingly submit to Soviet domination and all realize that their existing individual and collective weakness invites Soviet political, and possibly military, aggression. On this account, all would have reason to welcome US aid in rearmament and, more importantly, the assurance of active US military support explicit and implicit in a collective security pact. In thoughtful opinion it would be realized that, while the Pact and program afforded no immediate guarantee against invasion and hostile occupation, they would constitute an essential first step toward the development of an effective system of collective defense which might deter Soviet aggression and that only by this means was there any apparent hope for the ultimate achievement of peace and security.
3. It would also be realized, however, that this first step could not be taken without incurring Soviet displeasure and the risk of involvement in war, especially in the interim before hopes and promises could be transformed into actual strength. Most of the countries concerned have had bitter experience of war and hostile occupation. The result is a popular dread of involvement in war. This sense of insecurity cannot be overcome by paper plans for future security or implicit promises of eventual liberation if war and hostile occupation should come first. This psychological obstacle inhibits response to anything less than a convincing guarantee of immediate security.
4. One consequence of this psychosis is a disposition to "let George do it." A state such as Denmark or Iceland, helpless in any case, can avoid the risks of participation in a scheme of collective security and still receive its fundamental benefits insofar as the participation of others serves to stabilize the general situation. In Greece it can be felt that the struggle is essentially between the United States and the USSR, with Greece a bystander caught in the crossfire. In general application this idea provides an excuse for apathy in the supposition that the United States, the only possessor of real power in the non-Communist world, should bear the responsibility for curbing the USSR and the attendant risks.
5. Even where governments, more farsighted in this matter, accept responsibility to contribute to the common cause, they will do so with a high sense of having accepted grave risks. In consequence they will not regard US military aid as a gratuity, but

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rather as well deserved quid pro quo. If the aid received should fall short of their expectations, there would be not only disappointment, but a tendency to doubt the validity of their reliance on US support and to consider whether Sweden had not chosen the better course.

6. France, in particular, has peculiar psychological reasons, derived from a sense of former power and present helplessness, for demanding special consideration and deference and the reassurance of the actual possession of renewed military strength. But most of the European recipients are small states long accustomed to depending for security on the protection of greater powers or committed in principle to hope for the eventual achievement of an effective system of collective security. These states are less interested in direct military aid to themselves (given some token amount) than in the over-all strength of the combination achieved through the rearmament of its principal members. In particular, they would probably derive more reassurance from the existence of US military strength capable of prompt intervention in Europe than from military aid to themselves. They would be reassured by the existence of such strength, not merely in the expectation of its intervention in their defense if need be, but in the hope that its existence would prevent the need for its intervention from arising.

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APPENDIX "B"

EFFECTS ON PARTICULAR RECIPIENTS

1. THE UNITED KINGDOM.

A British determination to resist Soviet aggression already exists, but British thought on this subject assumes the support of the United States as well as that of the Commonwealth. British ability to resist is dependent on US support: in particular, British resources cannot be further diverted to rearmament without prejudice to economic recovery. Moreover, the United Kingdom is concerned to promote the defensive organization and rearmament of Western Europe as a means of enhancing British security. For these reasons the United Kingdom, whatever its independent determination to resist, would be greatly encouraged by the consummation of an Atlantic Pact and the initiation of a US foreign military aid program, not only because of direct benefits, but also because of the general strengthening of Western Europe and above all because of implicit as well as explicit assurances of continuing US support.

Conversely, US failure to adopt a foreign military assistance program, for whatever reason, would have a discouraging effect on the United Kingdom and might lead to a reconsideration of British policy.

The maintenance of British internal security and political integrity is not in doubt.

2. FRANCE.

The consummation of an Atlantic Pact and the receipt of US military aid would encourage French resistance to Soviet aggression. The will to resist, however, would not outrun the visible means of resistance. The French would oppose political pressure, but would not accept serious risk of war while incapable of preventing the invasion of France, whatever the assurance of eventual liberation.

The French armed forces are presently capable of suppressing a Communist insurrection, but only after considerable damage had been done. To the extent that US military aid made possible the prompter accomplishment of this task it would reduce the damage and perhaps prevent resort to violence. Accordingly the receipt of such aid would tend to render the government's attitude more firm, to relieve popular apprehension, and to stimulate economic recovery.

If US military aid were to be withheld or were to fall short of expectations, the French would be disappointed and discouraged, and would become correspondingly reluctant to antagonize the USSR. The French would still resist actual attack on Western Union countries, but in these circumstances their resistance would be affected by low morale as well as material shortages.

3. BENELUX.

These states are already disposed to resist Soviet aggression, but must depend on the support of greater powers. Insofar as the Atlantic Pact and US military aid pro-

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gram gave promise of an eventually effective system of collective security, they would be encouraged.

The internal security and political integrity of these countries is not seriously threatened. As in France, US military aid would serve to render the situation more secure, with beneficial effects.

These states are as much interested in US military aid to Great Britain and France as they are in direct aid to themselves. If such aid were to be withheld, they would be deeply discouraged, but would still tend to follow the British lead.

4. NORWAY.

Norway is disposed to resist Soviet aggression in any case. Insofar as the Atlantic Pact and military aid program gave assurance of prompt and effective support, this disposition would be encouraged. Norway would be reluctant, however, to risk provoking the USSR without greater assurance in these respects than is apparent in the assumptions.

US military aid is not required for the maintenance of Norwegian internal security and political integrity, although such aid would, of course, render the situation more secure.

Norway would be little influenced by a denial of US aid as a consequence of its own failure to adhere to the Atlantic Pact, but would be greatly discouraged by a denial of aid to the actual signatories. If, having signed the Pact at the risk of provoking the USSR, Norway were denied appreciable aid, the political repercussions within that country would be severe.

5. DENMARK.

Denmark's will to resist Soviet aggression is qualified by a sense of the futility of armed resistance in the event of war. The Pact and program would encourage Denmark to the extent that they served to stabilize the situation, but would not be likely to alter the Danish appreciation of the prospects for a successful defense of Denmark in the event of attack.

US military aid is not required for the maintenance of Danish internal security and military integrity. The Danes, however, expect it in return for their complaisance respecting Greenland, regardless of their position with respect to the Atlantic Pact. They would be greatly discouraged by denial of aid to the major signatories of the Atlantic Pact.

6. ICELAND.

Iceland's will to resist Soviet aggression is irrelevant in the total absence of any capability of doing so. The existence of an Atlantic Pact with Scandinavian participation, however, would facilitate Icelandic cooperation with respect to US determination to resist Soviet aggression against Iceland.

Iceland has no effective security forces. There is no serious internal threat to Icelandic security and political integrity, but the country is vulnerable to a clandestine

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expedition. Some military aid might improve this situation, but not greatly in the absence of effective organization for utilizing it. Denial of aid would not alter the status quo.

7. IRELAND.

The Irish will to resist Soviet aggression is beyond question and requires no encouragement. The Irish position would be rendered more secure by the Pact and program, with or without Irish participation. No US military aid is required for the maintenance of Irish internal security and political integrity. Denial of such aid to Ireland would be without appreciable effect. Denial of aid to the major signatories of the Atlantic Pact, however, would give Ireland reason for some concern.

8. PORTUGAL.

The Portuguese will to resist Soviet aggression and ability to maintain internal security are not dependent on US military aid, but would be strengthened by it. Denial of aid would not materially affect the situation in these respects.

9. ITALY.

The will of the Italian people to resist Soviet aggression is compromised by their fear of involvement in another war, particularly in the absence of effective means of self-defense. The Pact and program would encourage Italian resistance to Soviet political pressure and Communist subversion, but the Italians would remain unlikely to fight with a will in any war unless rearmed, convincingly assured of prompt and decisive US support, and directly attacked.

As in France (para. 2), the Italian armed forces are capable of suppressing a Communist insurrection, but only after severe damage had been done. To the extent that US military aid enhanced their capabilities in this respect, its results would be beneficial.

Denial of US military aid to Italy or to the major signatories of the Atlantic Pact would be extremely discouraging to non-Communist Italians and would influence them toward adopting a noncommittal attitude.

10. AUSTRIA.

Austrian will to resist Soviet aggression is meaningless in the absence of effective means. Even for the maintenance of internal security and political integrity Austria is dependent on the presence of Western occupation forces or on sufficient US military aid to permit the establishment of an effective security force. Denial of aid in one form or the other would probably result in the eventual Soviet domination of Austria despite the anti-Communism of the Austrian people.

11. GREECE.

The Greeks are now resisting a form of Soviet aggression. Their morale is adversely affected by the absence of decisive results, but, with US support as at present, their

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resistance may be expected to continue. Any reduction of US aid might have disastrous effect. Some increase may be required to maintain the status quo.

12. TURKEY.

The Turkish will to resist Soviet aggression and ability to maintain internal security are not dependent on US military aid, but have been strengthened by it. The implications of the Atlantic Pact and the development of a systematic program of military aid would afford further encouragement to the Turks provided they were assured that there would be no consequent diminution of US support for Turkey. Conversely, a reduction or denial of US aid would be discouraging in effect. If the entire aid program were rejected, or if essential aid were denied to Greece and Iran, so that Turkey became isolated, that country might be compelled eventually to submit to some form of accommodation with the USSR.

13. IRAN.

The will of Iran to resist Soviet aggression is more dependent on confidence in US political and military support than on the receipt of any specific amount of military aid. Such aid would strengthen Iran's ability to maintain internal security and tend to reassure Iran with respect to a continuation of US support in the broader sense. Conversely, denial of aid would have adverse effect in both respects and, insofar as it undermined Iranian confidence in US support, might cause Iran to hedge in its relations with the United States and the USSR.

14. KOREA.

US military aid is essential to the maintenance of internal security and political integrity in South Korea and the will to resist North Korean invasion or infiltration. More than this is not to be expected. Denial of such aid would probably result in eventual Soviet control of all Korea.

15. THE PHILIPPINES.

The Philippines depend on the United States for protection from Soviet aggression. Some further military aid would facilitate the maintenance of internal security. Such aid is expected, and its denial would have unfavorable political repercussions.

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APPENDIX "C"

SOVIET REACTION TO THE ASSUMED PROGRAM

1. The members of the Politburo ("the Kremlin") are at once the directors of an international revolutionary movement and the rulers of the USSR. Their ultimate objective is a Communist world order under their own domination. To achieve this goal they can employ with equal facility the apparatus of international Communism or the power of the Soviet state, whichever is better suited to the need of the moment, each with the implicit support of the other.
2. In Stalinist doctrine, the function of militant Communism is to hasten a dissolution of capitalist society expected, with "scientific" certitude, as the inevitable consequence of that society's inherent contradictions, and the role of the USSR is to provide, during the interim, a secure base and powerful support for international Communism. In this concept the Kremlin's primary instrument of aggression is the international Communist movement, to which the war-making power of the Soviet state is essentially auxiliary.
3. The Kremlin, however, pursues its ends in a world in which power politics is the prevailing mode of international relations. It expects capitalistic states to resort to war rather than submit to subversion or dissolution. Consequently, in its conduct of political and subversive operations, the Kremlin must keep constantly in view the strategic position of the USSR in relation to a constant possibility of armed attack and must view the conduct of non-Communist states in the same light.
4. It is estimated that, in present circumstances, the Kremlin is content to pursue its ends by normal Communist techniques and is unlikely to resort to open military aggression. It has at present no compelling reason to resort to war. It has reason to avoid war in the still vastly superior war-making potential of the non-Communist world and in exclusive US possession of the atomic bomb. The consideration most likely to cause the Kremlin deliberately to resort to war would be conviction that an attack on the USSR was actually in preparation and impossible to prevent by other means. The problem is whether consummation of an Atlantic Pact and adoption of a related US foreign military aid program on the scale envisaged would convince the Kremlin of the futility of its present tactics, leading to a detente in international relations, or convince the Kremlin that an attack on the USSR was actually in preparation, leading to a preventive war on Soviet initiative, or confirm the Kremlin's adherence to its present policy and cause an intensification of its current efforts.
5. In the eyes of the Kremlin the Pact and program would appear to confirm the validity of Communist doctrine regarding the conduct to be expected of a capitalistic society in its imperialistic stage. The military aid program would be taken, like ERP,

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to reflect the imperative necessity of such a society (the United States) to sustain its economy through exports. Regardless of the defensive terms employed, the Pact and program together would be interpreted as essentially hostile toward the USSR.

6. The Kremlin would seriously consider whether the Pact and program constituted specific preparation for eventual attack on the USSR. If their implementation were to include such specific actions as, for example, the construction of heavy bomber bases in Norway, the Kremlin might conceivably consider its apprehensions confirmed and deem it vital to prevent such developments, by force if they could not be prevented by other means. If, however, no more definite threat developed, the Kremlin would probably regard the danger as still potential rather than immediate in view of the time and effort required to make the Atlantic Powers capable of a decisive attack on the Soviet Union, and the possibilities for counteraction during the interval. Soviet counteraction on the basis of this appreciation would be political, psychological, and subversive in character. If (in Communist reckoning) this policy served only to delay, rather than to prevent, inevitable conflict, the delay would be advantageous in permitting the further development of Soviet power and the further undermining of that of the enemy. Except as attack may appear imminent and unavoidable, the Kremlin has no reason to abandon a strategy successful hitherto, and conceived to be scientifically certain of ultimate success, to accept the doubtful arbitrament of war.

7. The consummation of an Atlantic Pact and adoption of a US foreign military aid program, then, will neither convince the USSR of the futility of its present tactics nor provoke it to immediate preventive war. The immediate effect will be an intensification of Communist effort in forms already familiar with the purpose of nullifying and defeating the Pact and program. These efforts would include:

a. Intensification of the "peace offensive" with a view to exploiting the universal desire for peace and confusing Western opinion by identifying the USSR as a "peace-loving" nation and the United States as an "imperialistic warmonger." This effort would also seek to undermine support for the program in the United States and to curtail appropriations.

b. Direct attack on the Pact intended to persuade European participants that it was a device of US imperialism designed to impair their national sovereignty and to involve them in a new war for US benefit.

c. Pressure on peripheral states (e.g., Norway, Italy, Iran) to prevent their adherence to the Pact or acceptance of US aid. (The pressure might involve risk of war if the USSR were to miscalculate Western determination to resist.)

d. Propaganda intended to arouse mutual jealousy and distrust among the participants, especially with reference to the apportionment of military aid under the program.

e. Further consolidation of Soviet control in Eastern Europe, including the possible announcement of a corresponding defense pact.

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8. If these efforts failed to prevent the successful implementation of the Pact and program, the Kremlin would still not be obliged either to abandon its basic purposes or to resort to preventive war. It could still continue its efforts to obstruct and retard Western European stabilization and recovery. Whenever convinced that these tactics had become unprofitable, it could seek a detente in Europe on terms intended to facilitate the long-term development of Soviet strength. Accustomed to the idea of an ebb and flow in the tide of revolutionary opportunity, the Kremlin would regard such a stabilization of the European situation as merely temporary and preliminary to a new crisis of capitalism opening the way to new revolutionary advances supported by an ever more powerful USSR.

9. If the assumed US military aid were to be withheld from the prospective recipients, the USSR would take advantage of the ensuing disillusionment in its efforts to extend its hegemony by all political, psychological, and subversive means.

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51. ORE 3-49, "Consequences of US Troop Withdrawal From Korea in Spring, 1949," 28 February 1949

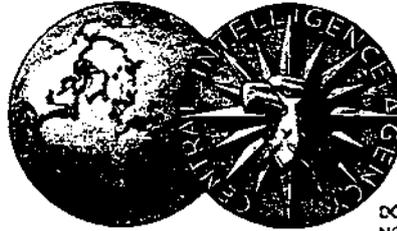
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CONSEQUENCES OF US TROOP WITHDRAWAL FROM KOREA IN SPRING, 1949



ORE 3-49

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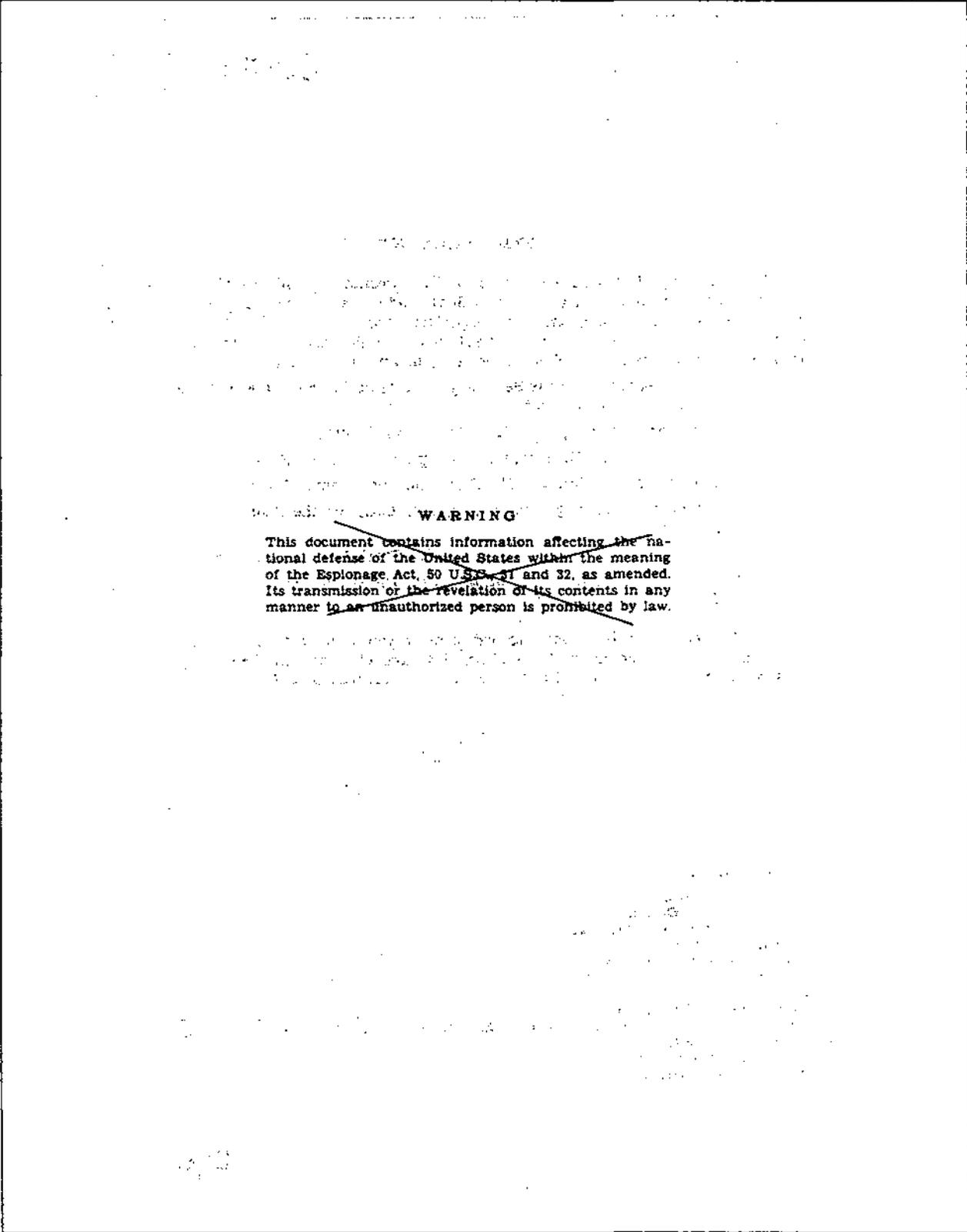
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CONSEQUENCES OF US TROOP WITHDRAWAL FROM KOREA IN SPRING, 1949

SUMMARY

Withdrawal of US forces from Korea in the spring of 1949 would probably in time be followed by an invasion, timed to coincide with Communist-led South Korean revolts, by the North Korean People's Army possibly assisted by small battle-trained units from Communist Manchuria. Although it can be presumed that South Korean security forces will eventually develop sufficient strength to resist such an invasion, they will not have achieved that capability by the spring of 1949. It is unlikely that such strength will be achieved before January 1950. Assuming that Korean Communists would make aggressive use of the opportunity presented them, US troop withdrawal would probably result in a collapse of the US-supported Republic of Korea, an event which would seriously diminish US prestige and adversely affect US security interests in the Far East.

In contrast, continued presence in Korea of a moderate US force, would not only discourage the threatened invasion but would assist in sustaining the will and ability of the Koreans themselves to resist any future invasion once they had the military force to do so and, by sustaining the new Republic, maintain US prestige in the Far East.

Note: The intelligence organizations of the Departments of State, Navy, and the Air Force have concurred in this report. For a dissent by the Intelligence Division, Department of the Army, see Enclosure A, p. 7. The information herein is as of 24 February 1949.

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CONSEQUENCES OF US TROOP WITHDRAWAL FROM KOREA IN SPRING, 1949

Assumptions:

1. Final US troop withdrawal would begin before June 1949;
2. Economic and military aid, to the extent presently projected would continue;
3. Continued antagonism between northern and southern Koreans to a degree presenting a constant danger of open hostilities.

Despite the real progress toward stability that has been achieved by the Republic of Korea in both political and military fields, it is doubtful if the Republic could survive a withdrawal of US troops in the immediate future. While Korean security forces now have the capability of maintaining internal security in the face of opposition from strong and efficient underground Communist forces in South Korea (see ORE 32-48), they are neither sufficiently trained nor sufficiently experienced to undertake actions requiring coordination on regimental and brigade levels. Such coordinated action would be necessary against the large-scale border penetrations and simultaneous countrywide internal disorders which would undoubtedly follow the withdrawal of US troops. In the face of combined invasion and uprising, in which local Communists and the North Koreans People's Army might have the assistance of battle-trained Communist units from Manchuria, as well as Soviet aid and advice, the maximum capability of Korean security forces would be control of certain isolated urban and rural areas. Despite a large turnover of personnel resulting from the recently instituted screening system calculated to rid the ranks of infiltrating Communists, the Army has added a considerable number of recruits in the past few months and has now reached a strength of 65,000. The present schedule calls for completion of all basic, battalion, and regimental training by 1 June 1949. It is estimated that an additional six months, at least, will be necessary to develop proficiency with organic equipment in large-scale field operations. Additional training in countering guerrilla techniques would enable the security forces to deal more effectively with large-scale Communist infiltrations. Completion of such additional training would be necessary before any appreciable ability to resist invasion could be guaranteed.

If US troops are withdrawn before the security forces of the Republic of Korea achieve such capabilities, they will not inspire confidence among their people, and until the people possess this confidence, a spirit of defeatism will grow; popular support of the government will diminish, and its will to resist Communist encroachment will be undermined. Although Soviet propaganda has been able to exploit the inherent Korean sentiment against foreign interference, the majority of thinking Koreans in the South have come to accept the continued presence of US troops as a condition necessary to free survival.

The presence of the American Mission in Korea (AMIK)¹ and the United Nations Commission on Korea (UNCOK), after the withdrawal of US troops, would mitigate

¹AMIK includes the Diplomatic Mission, the ECA Mission, and the Provisional Military Advisory Group (PMAG). AMIK is generally responsible for supply and training of the Korean security force.

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the adverse effects of the withdrawal on the will of the southern Koreans to resist Communist revolts and invasions. Their presence probably would not, however, prevent the disintegration of the Republic of Korea and eventual Communist domination if US troops are withdrawn before the Korean security forces are capable of resisting a combination of external and internal attacks.

1. EFFECTS IN JAPAN AND SOUTHEAST ASIA.

a. *Political and Psychological.*

The political and psychological consequences of US troop withdrawal from Korea would be felt most acutely in Japan. Although many Japanese may anticipate eventual Communist domination of all Korea as a logical development, the impact of actuality would be considerable. Japanese fear of Communist power would increase along with doubts of US willingness or ability to defend Japan.* The Japan Communist Party would be strengthened by easier communication with Communist forces across the Tsushima straits and by the adherence of opportunistic converts. Similar political and psychological effects would follow to a lesser degree in other Far Eastern countries. Groups who have received or hoped for US support might question the sincerity of US intentions to oppose Communism and might feel forced to collaborate with heartened native Communists and assume a more moderate attitude toward the USSR.

b. *Military.*

Assuming that US troop withdrawal meant consolidation of Communist control over all Korea, the USSR would be able to develop bases in the South from which they could launch air, airborne, or amphibious attacks on Japan, Formosa, and the Ryukyus, or submarine forays against shipping in Japanese waters.

c. *Economic.*

Economic consequences, as such, would be unimportant. Japan would lose a potential small market for industrial goods and a potential producer of rice. The USSR would gain an additional source of unskilled labor for projects in the Soviet Far East. The potential contribution of consumer goods, particularly textiles, might also enhance the total productive effort of an integrated Korean-Manchurian-Soviet Far East economy.

d. *Propaganda.*

US troop withdrawal would, of course, enhance the US position by weakening Soviet propaganda on the issue of imperialism and aggression, but it would subject Koreans to inevitable terror propaganda that would play upon their isolated position in the Far East. Furthermore, it must be realized that the probable subsequent collapse of the Republic of Korea would be a news item of such magnitude as to offset any favorable propaganda effects that had been achieved either in Korea or in the Far East generally.

*The deep concern aroused in Japan over the recent newspaper reports that the US might withdraw troops from Japan is a sample of the reaction that would follow US troop withdrawal from Korea. The concern over a withdrawal from Korea, of course, would not be as great as that over a US withdrawal from Japan.

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2. EFFECTS ON US SECURITY.

Withdrawal of US troops stationed in South Korea would permit consolidation of US Far Eastern troop strength in the home islands of Japan and also eliminate the danger of having some forces in an untenable position in the event of hostilities with the USSR. Against this gain, however, must be weighed the fact that such withdrawal would allow immediate exploitation of South Korea by the USSR. Bases built there before the outbreak of hostilities would greatly assist Soviet forces in their war task of interdicting US positions in Japan, the Ryukyus, and the Philippines. In other Far Eastern countries, US withdrawal could and probably would be interpreted as weakness, and might further contribute to the fundamental realignment of forces in the Far East in favor of the Soviet Union for "practical reasons."

(For a discussion of Korean strategic and economic problems and of the contribution of US tactical troops to South Korean stability, see Appendix.)

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APPENDIX

KOREA'S STRATEGIC VALUE

a. Geographic Considerations.

A major military power holding Korea would be in a favorable position to dominate the Sea of Japan, the Yellow Sea, and the Gulf of Chihli, to threaten the Soviet Maritime Province and southern Manchuria by ground attack; to threaten Japan and adjacent mainland areas by air, airborne, and amphibious attack, and to threaten targets deep within the USSR and China by long-range air attack. The Soviet Union, by means of interior lines of communication and relative proximity to sources of supply could maintain a military position in Korea at much less cost and effort than could the US.

b. Military Importance.

Southern Korea's strategic importance to the US rests principally on the fact that its denial to the USSR prior to an outbreak of general hostilities would prevent the development of advanced bases from which Soviet forces could threaten or neutralize US operational bases in Japan and the Ryukyus immediately upon any outbreak of hostilities. Such value as southern Korea would have as a defensive or offensive US base after the start of war with the USSR would, however, tend to be negated to the US by the scope of military operations required to hold and maintain a position there. Unless the US strategic plan permitted employment of the major forces necessary to maintain a base there, any US force present in southern Korea at the outbreak of hostilities would have to be written off or evacuated.

The present function of US troops in South Korea is purely psychological but no less important for that reason. Aside from the entirely unlikely event that the USSR would be willing to risk war over the issue of Korea, it is most improbable, so long as US forces are present, that Soviet troops would participate in an invasion of South Korea. It is similarly less likely that the North Koreans themselves, with or without other Communist aid, would make war on the South. It is obvious, however, that should an invasion take place despite their presence, US forces would either have to furnish active assistance to the South Korean Republic or be withdrawn, with serious loss of US prestige.

In the absence of US troops, it is highly probable that northern Koreans alone, or northern Koreans assisted by other Communists, would invade southern Korea and subsequently call upon the USSR for assistance. Soviet control or occupation of southern Korea would be the result.

The armed forces of southern Korea, although completely dependent on the US for training and logistic support, are of considerable strategic significance to the US insofar as they enhance the security of Japan. If fully developed, the Korean Army could, by itself, deny southern Korea's exploitation as a Communist offensive

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base in the period prior to an open attack by either major units of the Chinese Communist forces or by the USSR. The security of US bases in Japan would thus be enhanced while the strain on US manpower involved in occupying southern Korea would be decreased. Furthermore, if the Korean Army were specially trained in guerrilla warfare techniques, it might continue to serve US strategic interests by carrying on guerrilla warfare against a Soviet occupation.

c. *Economic Importance.*

Southern Korea, as a separate entity apart from northern Korea, has a deficit economy and is a liability to the US. The area can supply no strategic raw materials other than small amounts of tungsten and graphite. Only the intensive application of imported chemical fertilizers can bring about the surplus rice production which would increase Korean economic and political stability as well as contribute to the feeding of US-occupied Japan. Industrial production, presently insufficient for domestic requirements, is confined mainly to consumer goods. It is not of strategic value to the US except to the degree that rehabilitation and development may reduce the economic strain on the US involved in sustaining the economy.

Southern Korea is of some potential economic significance to the US in that integration of the economy of the Republic of Korea with economies of Japan, Formosa, and the Philippine Islands could result in a greater degree of economic stability in all the countries concerned.

d. *Political Importance.*

Survival of the Republic of Korea in the southern zone is strategically important to the US. The Republic not only serves as a deterrent to physical infiltration of Communist agents into Japan but, more important, represents for the Japanese and other nationals in the Far East, a symbol of US determination to resist further encroachments of Communist forces in eastern Asia. The Republic of Korea is one concrete evidence that the US is sincere in its professions of support for the struggle of the Far Eastern world against Communism. The continued survival of the Republic of Korea would be proof to the peoples of the Far East that Communist domination is not inevitable and would lessen the psychological impact of the fall of China.

US tactical forces in Korea now number approximately 8,000 as opposed to the original force of over 40,000. Their task has been reduced or has been turned over to indigenous institutions as the latter developed strength and efficiency. US troops today are only concerned with serving as a limited reserve which might be used to assist Korean security forces in maintaining internal order and stability; * as a deterrent to, but not an absolute guarantee against, an overt invasion by northern Korean forces; and, most important, as concrete and visible evidence to the Korean Army and to the Korean people generally that the US continues to support their government against threatened Communist domination.

* Present Army forces in Korea are not charged, except indirectly, with assisting Korean security forces in maintaining internal order. United States troops, according to their present instructions, may intervene to maintain internal order in Korea only if attacked or if required to protect US nationals or property.

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ENCLOSURE "A"

DISSENT BY THE INTELLIGENCE DIVISION, DEPARTMENT OF THE ARMY

1. The Intelligence Division, Department of the Army, dissents from ORE 3-49, Consequences of US Troop Withdrawal from Korea in Spring, 1949. The Intelligence Division does not believe that US troop withdrawal would be the major factor in the collapse of the Republic of Korea. Neither does the Intelligence Division believe that "such withdrawal would allow immediate exploitation of South Korea by the USSR."

2. The Intelligence Division believes that an invasion of South Korea by the North Korean People's Army is a possibility at present, and recognizes that the likelihood of such an invasion will increase somewhat, following the departure of United States troops. However, the Intelligence Division considers that an invasion is a possibility, rather than a probability, for the following reasons:

a. Action short of invasion might bring about the result desired by North Korean and, presumably, Soviet authorities, without incurring the risks involved in a military operation. Such action could include the instigation of Communist-led disturbances in South Korea, the infiltration into the south of armed and trained agents and guerrillas, and continuation of border incidents on the 38th parallel.

b. The People's Army still is a relatively small, although well trained and efficient, military force. At present it does not have, of itself, the preponderance of strength over South Korean military forces which would be required to insure victory in an armed struggle. The People's Army, as a force in being, may well be considered by North Korean authorities to have greater value as a constant threat than if it were committed to a military adventure which conceivably could result in its defeat or in expenditure of its strength without proportionate returns.

3. The Intelligence Division concludes, for the reasons cited above, that an invasion of South Korea by North Korean forces is a possibility rather than a probability at the present time; and further, that this state will continue until such time as South Korean military forces are reduced to such a state as to render them incapable of resisting significant North Korean military action.

4. Further, it is the belief of the Intelligence Division that political and economic factors other than the presence or absence of United States troops will have a decisive influence on the future course of events in Korea, and that the continued maintenance of a small United States Army force in South Korea would be only a relatively minor psychological contribution to the stability of the Republic of Korea. If continued economic and military aid to the Republic of Korea, to the extent presently projected, plus the presence of a United Nations Commission, are not sufficient to sustain South Korean morale and will to resist Communist expansion, it appears doubtful that the presence of a small United States combat force would do so.

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52. ORE 29-49, "Prospects for Soviet Control of a Communist China," 15 April 1949

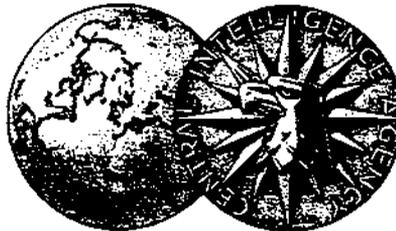
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PROSPECTS FOR SOVIET CONTROL OF A COMMUNIST CHINA *

SUMMARY

It is the intention of the Soviet Union to advance toward its goal of eventual world domination by adding to the Soviet orbit the enormous territory and population of China, and by employing China to facilitate Soviet expansion into other Far Eastern areas.

A coalition government formed by the Chinese Communists, while representing a temporary tactical maneuver, will contain no elements capable of offering real opposition to the Communists.

A moderate Chinese Communist policy toward small business proprietors, land-owners, and peasants will help to gain popular support, at least until the government feels strong enough to launch into the more vigorous phases of communization.

The Communist timetable in China will be flexible and will be influenced by internal conditions in China generally, as well as by the international situation. The complexities of ruling a country like China will, undoubtedly, retard the consolidation of Communist control, but these complexities in themselves probably cannot, in the long run, prevent it.

The Chinese Communists will support Soviet foreign policy by diplomatic moves calculated to embarrass the Western Powers, by blatant anti-Western propaganda, and by assistance to the Communist parties and nationalist movements of Asia.

Foreign loans which involve no political commitments will be negotiated by the Chinese Communists wherever possible, and foreign trade (under state supervision) will undoubtedly be continued with non-Communist countries. This policy does not imply permanent benevolence toward foreign business interests in China.

The Soviet Union will attempt to use the CCP as its chief instrument to consolidate control over China as it has successfully used the various national Communist parties of Eastern Europe. The strong influence exerted by the Soviet Union over the Chinese Party has been variously revealed and provides ample indication that the present leadership of the Chinese Communists identifies itself solidly with international Communism as promulgated by Moscow. The Kremlin will endeavor to prevent possible cleavages in the Party leadership from jeopardizing eventual Soviet control over China.

The present Sino-Soviet Treaty can be directed at the US and its allies, and other agreements may provide for a high degree of economic and military integration between the USSR and China. At the same time, in accordance with its strategy of creating on its borders easily dominated political entities, the Soviet Government will probably press for political autonomy in all present Chinese border areas adjacent to the USSR.

Note: The intelligence organizations of the Departments of State, Army, Navy, and the Air Force have concurred in this report. The information herein is as of 12 April 1949.

* This paper discusses a pattern of developments which should become apparent prior to 1951.

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It must be emphasized that the process of consolidation of Soviet control over China will unquestionably encounter considerable difficulty, in view of the many potential points of conflict between the USSR and the Chinese Communists, e.g., the issues of US aid, control of peripheral areas, control of assistance to Communist movements in other Far Eastern areas, and the subservience which Moscow will undoubtedly demand of the CCP. While some opposition to Moscow control probably exists in the CCP, for such opposition to be effective the dissident groups must wrest the control apparatus from the pro-Moscow leadership, or that leadership itself must change its policy toward Moscow. Until evidence is available that an effective opposition is developing, it is concluded that the CCP will remain loyal to Moscow.

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SECRET**PROSPECTS FOR SOVIET CONTROL OF A COMMUNIST CHINA****1. SOVIET INTENTIONS IN CHINA.**

Present Soviet policy is aimed at eventual world domination, to be achieved through the establishment of national Communist regimes controlled and directed from Moscow.

Soviet intentions in China are twofold. The first involves adding to the Soviet orbit the enormous territory and population of China (thereby bringing under Soviet control three-fourths of the Eurasian land mass) and, conversely, denying China to the West as a potential base of operations against the USSR. The second embraces use of China as an advance base to facilitate Soviet penetration of Southeast Asia, including Indonesia and the Philippines; the outflanking of India-Pakistan and the strategically important areas of the Middle and Near East; and eventually control of the entire Asiatic continent and the Western Pacific.

2. PROSPECTS FOR CHINESE COMMUNIST CONTROL OF CHINA.*a. Communist-Controlled "Coalition."*

The Communists have announced that they will form a coalition government upon coming to power in China. By their own definition, such a coalition government will be one "led by the Chinese Communist Party, the various democratic parties and the representatives of the various people's associations which truly represent the Chinese people," and will exclude all "reactionary elements." The coalition will enable the CCP to claim establishment of a truly representative government for all China. The coalition will be Communist-controlled from the outset, which from a Marxist point of view, will be a "revolutionary" phase beyond that seen in those Eastern European governments in which the Communist minority parties entered legally and later wrested control from the others. Thus the coalition will avoid what is usually a difficult and dangerous step on the road to Communist dictatorship, but the CCP will still be faced with the problem of gaining the support of the people it claims to represent.

b. Chinese Communist Internal Policy.

The internal policies of the Communist-controlled government will be determined, not by the policies currently in force in the USSR, but by the present stage of development of the Chinese revolution according to orthodox Communist theory. This stage, at the moment of Communist victory in the Chinese civil war, would correspond roughly to that represented in the Bolshevik Revolution, when in 1920 the Bolsheviks had defeated their enemies inside Russia. The NEP (New Economic Policy), a temporary tactical retreat, was aimed at conciliating the hostile elements in the Russian population and thereby hastening the economic reconstruction of the country. Mao Tse-tung's concept of "interim capitalism," the first stage of revolution in a "colonial" area, has much the same ends in view.

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The moderate CCP policy toward small business proprietors and landowners, as well as the peasant class, will probably gain wide support for the Communist regime. While the basis for future development of Chinese industry will, in all likelihood, be established by the nationalization of large-scale industrial and commercial enterprises, the toleration of small business by the regime at this time should win the favor of a large segment of the population. Limited agricultural reforms, on the other hand, such as reduction of land rents and interest rates, and land distribution, will be welcomed by the peasants. Agricultural cooperatives are also likely to be a goal of the Communist Government. Collectivization on the Soviet model, however, will probably not be attempted on a large scale for many years to come, both because of the opposition it would arouse among the peasants and because it is at the present time technically impracticable in southern China's rice-growing areas.

A government-sponsored movement to increase the size of fields under cultivation would, nevertheless, help to create the physical conditions necessary for the development of collective farms. Through preferential taxes, subsidies for cooperative farmers, and a system of machine-tractor stations for use of the cooperatives' alone, a strong trend in the direction of collectivized agriculture could be established.

The Communist Government can be expected eventually to incorporate these economic aspirations in a Three- or Five-Year Plan which will lay down the blueprint for development in the immediate future.

At the outset, the Communists will devote their energy toward establishing complete control over the central government. (The strength of this government may, however, be reduced by Soviet territorial annexations in Sinkiang and Inner Mongolia, and by the maintenance of a special Soviet position in Manchuria.) As control of this central government is consolidated in the various areas, local governments, theoretically exercising complete autonomy within their own territories, will be created along the lines of the Soviet political structure, and eventually the form, if not the name of a "Union of Democratic Republics" of China will be utilized.

In addition, a constitution modeled on that of the Soviet Union will be drafted to provide, on paper, for freedom of speech, worship, and assembly, while guaranteeing local and racial autonomy, and the right to use their own languages in schools, courts, and other official institutions to China's minority groups. The constitution may also provide for the limited nationalization of industry envisaged by Chinese Communist leaders as applicable in the present stage of revolution.

The Communists, in "reorganizing" the armed forces, will eliminate those elements which have already proved unreliable, and devise means to detect others as they appear.

The Communists also will not neglect to integrate existing Communist police organizations into the present Nationalist police force, attempting to improve, perhaps with the aid of Russian specialists, the secret police which they have formed on the Soviet model.

c. Obstacles to Communist Consolidation of Power.

In implementing the measures outlined above, the Communist timetable will be flexible and will be influenced by internal conditions in China generally, as well as by

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the international situation. The underdeveloped and often non-existent communications in this vast country render most difficult any effective centralized control. Other formidable obstacles to Communist consolidation of power in China are: (1) The problems inherent in collectivizing a small-scale agrarian economy; (2) the difficulties involved in superimposing state control on the present decentralized financial structure; and (3) the cultural conservatism of the Chinese people and their stubborn resistance to encroachment on their innate sense of property rights. The complexities of ruling a country like China will, undoubtedly, retard the consolidation of Communist control, but these complexities in themselves probably cannot, in the long run, prevent it.

3. CHINESE COMMUNIST FOREIGN POLICY.

a. *Pro-Soviet and Anti-Western.*

In accordance with the frequently expressed belief of Communist spokesmen that "the world is divided into two camps," Chinese Communist leaders may be expected to give aggressive support to the diplomacy of the "progressive-democratic countries." This will involve Chinese diplomatic measures calculated to advance the ends of Soviet foreign policy and to embarrass the Western Powers; blatant anti-Western propaganda; and assistance to the Communist parties and nationalist movements of Asia.

The new government will continue to explain its actions against the Western Powers in terms of protecting Asia against Western (particularly US) "imperialism," and of safeguarding China's territorial integrity and national sovereignty. The Communist government will probably bring pressure to bear upon the US to withdraw its military forces from Tsingtao or from any future bases established on Taiwan; and, in time, upon Great Britain to give up Hongkong. China will continue to assert its claim to Taiwan, and perhaps, to the Ryukyu Archipelago, which is presently under US occupation.

b. *Foreign Trade and Assistance.*

It seems likely that foreign loans which involve no political commitments will be negotiated wherever possible, and foreign trade (under state supervision) will undoubtedly be continued. Trade agreements with non-Communist countries will for the most part be calculated to procure for China petroleum, machinery, steel, manufactured goods, and other products which cannot be readily supplied by the Soviet Union. The USSR will seek to obtain, by means of a trade agreement with the new government, required amounts of such Chinese products useful to it as tin, antimony, and tungsten, supplying (or promising to supply) in return Soviet manufactured goods and possibly agricultural products. In addition to these direct economic advantages for itself, the USSR will endeavor to make use of Chinese trade and the resources of Manchuria to exert political pressure upon Japan and the countries of Southeast Asia.

The Communists have given some indication that they would like foreigners to continue "business as usual." This seems to be a move calculated to win easier recognition for their government and minimize foreign opposition to the change of regime. Such a policy recognizes the transitional contribution that foreign interests

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can make to economic and social stability; it does not imply permanent benevolence toward foreign business interests in China.

4. SOVIET RELATIONS WITH THE CHINESE COMMUNISTS.

a. *The CCP as a Soviet Instrument.*

The Soviet Union will attempt to use the CCP as the chief instrument to extend its control over China as it has successfully used various national Communist parties of Eastern Europe. While the basic techniques for the extension of Soviet control will be drawn from the experience gained in Eastern Europe, these techniques will be adapted to the peculiarities of China: its vast size as compared with the countries of Eastern Europe, the absence of Soviet military occupation except in parts of Manchuria, and the lack of ethnic and cultural bonds with the Soviet Union. In addition, Stalin will be mindful of the unfortunate results of Moscow's attempt to direct developments in China during the 1920's.

b. *Solidarity of Chinese Communists with Moscow.*

Coming at a time when it would appear to the advantage of the Chinese Communists to profess some degree of independence, the constant profession by the leaders of the Chinese Communist Party of their place in the world Communist movement and reiteration of the absolute primacy of the Soviet Union in this movement, is ample indication that the present leadership of the Chinese Communists identifies itself solidly with international Communism as promulgated by Moscow.

The Chinese Communists have not deviated in any way from the Soviet line on international affairs, as was strikingly demonstrated, for example, in their endorsement of the Cominform condemnation of Tito. Whether this action was the result of Soviet pressure or of the ideological affinity of the CCP to the world Communist cause, it revealed the powerful influence exerted by the Soviet Union over the Chinese Party. By this action, furthermore, the CCP Central Committee was condemning a tendency toward national independence which many of its members might previously have thought compatible with the international Communist movement and certainly applicable to their own country.

Later, Mao Tse-tung, in commemorating the 31st anniversary of the Bolshevik revolution, called on the "revolutionary forces" throughout the world to unite behind the Soviet Union against "American imperialism." A more recent revelation of the strong pro-Soviet orientation of the Chinese Communists was the series of articles by Liu Shao-chi, Deputy Chairman of the CCP Politburo, reconciling nationalism and "proletarian internationalism." The author clearly announced that the Chinese Communist Party is committed to a positive pro-Soviet line. "Neutrality," he said, "is impossible. If you do not stand in the imperialist camp helping American imperialism and its stooges to enslave the world and your own nation, you must stand in the anti-imperialist camp. . . ."

c. *Soviet Liaison with CCP.*

The Soviet Union in its relations with the Chinese Communists has, in the past, been most circumspect. It may be assumed that Soviet-CCP liaison exists, and

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it has been frequently claimed by the Chinese Nationalist Government and others that military and political advice is given to the Chinese Communist leaders by Russians. However, there is no positive evidence to substantiate these claims. The proximity to the USSR of Chinese Communists in North China and Manchuria would make liaison easy and concealment of such liaison effective. Furthermore, it is a basic practice of the Kremlin carefully to hide its connections with foreign Communists until their accession to power.

The consolidation of Communist control in China during the first phase will probably be influenced by Soviet representatives operating unobtrusively under the cover of diplomatic, technical, commercial, or military missions. Undoubtedly, additional Russian diplomatic and consular officers, as well as cultural and newspaper representatives, will be sent to China soon after the Communist accession to power. These people will be charged with keeping a watchful eye on the activities of the Chinese Communists. As a recent *Pravda* article pointed out: "The experience of the Communist Party of the Soviet Union is basically, fundamentally, and essentially acceptable to, and compulsory for, the Communist parties of all lands that are fighting for a socialist revolution or have launched upon the building of socialism."

d. *Chinese Communist Leadership.*

Almost half of the present members of the CCP Central Committee and the Political Bureau have had training in Moscow, and many other members have received indoctrination through the French Communist Party. Although training in Moscow or Paris is no guarantee of fidelity, such training is regarded by the Kremlin as one of the most important factors in developing the loyalty and discipline of non-Soviet Communists.

e. *Soviet Methods to Effect Compliance of CCP.*

The Soviet Union and those Communist leaders whose loyalty to the Kremlin is unquestioned are well aware of the danger of cleavages in the Party leadership and will endeavor to prevent the development of any movement which might jeopardize the Soviet effort to establish control over China.

A tested tactic employed by the USSR in maintaining control over local parties is the establishment of a system of checks and balances within the party leadership through pitting one personality against another. Although it has been claimed that the relationship between Mao Tse-tung and Li Li-san might lend itself to such a technique, at present evidence is lacking either that Li's standing in the Party, or his actual power in Manchuria, is sufficient to be an effective check on Mao. It is likely that the principle of checks and balances is operating within the CCP, but its application to specific figures is unknown.

f. *Soviet-Chinese Mutual Assistance Pacts.*

The Soviet Union will continue to include China in its existing system of mutual assistance pacts with countries bordering on the Soviet Union. The Sino-Soviet Treaty of Friendship and Alliance, signed in August 1945, provides that both the USSR and China will "undertake . . . jointly all measures in their power to render

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impossible a repetition of aggression . . . by Japan." Thus, the Treaty can be aimed at the US and its allies, while ostensibly intended for a former enemy. Additional agreements will probably call for "close collaboration in the interests of peace" and the "strengthening of economic and cultural ties," and may provide for a high degree of economic and military integration between the two countries, including the dispatch of military and technical "advisers" to China, the construction, reconstruction, and equipping of airfields in Chinese territory, and the formation of Soviet-Chinese stock companies for the development of industrial and mineral resources, especially those which contribute directly to the Soviet military potential.

Similar pacts have been concluded by the Soviet Union with the "Mongolian People's Republic" and the "Democratic People's Republic" of Northern Korea. An interlocking series of bilateral agreements among the Far Eastern "republics" may also be negotiated.

g. Political Control of Peripheral Areas.

The Soviet Government will probably press for political autonomy of all present Chinese border areas adjacent to the USSR. Such an arrangement might open the way for eventual Soviet annexation of these areas. In any event the policy would be in accordance with the Kremlin's strategy of creating easily dominated political entities on the Soviet borders.

In line with guaranteeing Soviet economic interests in Manchuria, the USSR will probably retain some special rights in Dairen and in the Port Arthur naval base area. This is possible under the 1945 Sino-Soviet Treaty of Friendship and Alliance, which provides for the special Soviet position in Manchuria.

The Soviet Government, while attempting to establish in Manchuria the virtual autonomy of an absolutely reliable wing of the Chinese Communist Party, will not necessarily attempt to deprive the Chinese Communist Government of a nominal sovereignty over Manchuria, but will certainly seek to preserve hegemony in that area. In this manner, the USSR could better insure its access to the raw materials of Manchuria, while at the same time creating a safeguard against possible political deviations on the part of Chinese Communist leaders.

In all likelihood, the USSR favors the formation of an autonomous territory of Sinkiang, possibly with a view to creating a new Soviet Union Republic at some time in the future.

The Soviet Union might also induce a Chinese Communist Government to relinquish its claim to sections of Inner Mongolia, in favor of the Mongolian People's Republic.

5. POTENTIAL POINTS OF CONFLICT BETWEEN THE USSR AND CHINESE COMMUNISTS.

a. The Issue of US Aid.

The USSR, intent upon the elimination of US influence from China, would almost certainly disapprove a Communist effort to obtain US aid under ECA. Although it is most unlikely that the issue of US aid could in itself effect a change in the orientation of a Communist-dominated government, it is possible that this issue, especially

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if the USSR were unable or unwilling to supply the aid itself, would strengthen the influence of those groups within the CCP that seek to avoid Soviet domination.

b. The Issue of the Border Areas.

The issue of control of peripheral areas will probably prove to be one of the most important testing grounds of Sino-Soviet relations. The objective of the USSR in seeking control of these areas is primarily to strengthen its basic strategic position in the Far East. If, however, it appears to the Chinese Communists, as it may, that the USSR is attempting to weaken the Communist Government of China by depriving it (whether actually or in effect) of control over the border regions, the possibility of a schism within the CCP or between the CCP and Moscow will be increased. While the Communist Government of China would probably not risk open rebellion against the USSR over the issue of border areas, aggressive and clumsy maneuvers by the USSR in those areas would probably result in the disaffection and insubordination of a significant section of the party.

c. The Issue of Communist Movements in the Far East.

The USSR will of course welcome the assistance of the CCP in promoting the growth of Communism in the Far East, but the USSR must prevent the CCP from exercising independently a major influence over these movements. The USSR will attempt to control this assistance through existing Soviet channels for liaison and direction. This will be one of the most important areas of potential conflict between the USSR and the Chinese Communists.

d. The Issue of Subservience to Moscow.

As extension of Soviet control over the CCP becomes more obvious, it can be expected that some cleavages in the Communist high command will occur, possibly resulting in the defection of certain leaders. Adding to the potential dangers facing the Soviet Union in its consolidation of power is the large number of present members of the Chinese Communist Party who are not convinced Stalinists, and hence not altogether reliable as Communists. Those leaders who wish to oppose Moscow control are potential rallying points for the lukewarm elements in the party and the population. For such opposition to be effective, however, the dissident groups must wrest the control apparatus (i.e., party organization, secret police, army) from the pro-Moscow leadership, or that leadership itself must change its policy toward Moscow. Until evidence is available that an effective opposition is developing, it follows that the Chinese Communists will remain allies of Moscow.

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Eighty-first Congress of the United States of America
At the First Session

Begin and held at the City of Washington on Monday, the third
day of January, one thousand nine hundred and forty-nine

AN ACT

To provide for the administration of the Central Intelligence Agency,
established pursuant to section 102, National Security Act of 1947,
and for other purposes.

*Be it enacted by the Senate and House of Representatives of the
United States of America in Congress assembled.*

DEFINITIONS

SECTION 1. That when used in this Act, the term—

- (a) "Agency" means the Central Intelligence Agency;
- (b) "Director" means the Director of Central Intelligence;
- (c) "Government agency" means any executive department, commission, council, independent establishment, corporation wholly or partly owned by the United States which is an instrumentality of the United States, board, bureau, division, service, office, officer, authority, administration, or other establishment, in the executive branch of the Government; and
- (d) "Continental United States" means the States and the District of Columbia.

SEAL OF OFFICE

SEC. 2. The Director of Central Intelligence shall cause a seal of office to be made for the Central Intelligence Agency of such design as the President shall approve, and judicial notice shall be taken thereof.

PROCUREMENT AUTHORITIES

SEC. 3. (a) In the performance of its functions the Central Intelligence Agency is authorized to exercise the authorities contained in sections 2 (c) (1), (2), (3), (4), (5), (6), (10), (12), (13), (17), and sections 3, 4, 5, 6, and 10 of the Armed Services Procurement Act of 1947 (Public Law 413, Eightieth Congress, second session).

(b) In the exercise of the authorities granted in subsection (a) of this section, the term "Agency head" shall mean the Director, the Deputy Director, or the Executive of the Agency.

(c) The determinations and decisions provided in subsection (a) of this section to be made by the Agency head may be made with respect to individual purchases and contracts or with respect to classes of purchases or contracts, and shall be final. Except as provided in

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subsection (d) of this section, the Agency head is authorized to delegate his powers provided in this section, including the making of such determinations and decisions, in his discretion and subject to his direction, to any other officer or officers or officials of the Agency.

(d) The power of the Agency head to make the determinations or decisions specified in paragraphs (12) and (15) of section 2 (c) and section 5 (a) of the Armed Services Procurement Act of 1947 shall not be delegable. Each determination or decision required by paragraphs (12) and (15) of section 2 (c) by section 4 or by section 5 (a) of the Armed Services Procurement Act of 1947 shall be based upon written findings made by the official making such determinations, which findings shall be final and shall be available within the Agency for a period of at least six years following the date of the determination.

EDUCATION AND TRAINING

Sec. 4. (a) Any officer or employee of the Agency may be assigned or detailed for special instruction, research, or training, at or with domestic or foreign public or private institutions, trade, labor, agricultural, or scientific associations; courses or training programs under the National Military Establishment; or commercial firms.

(b) The Agency shall, under such regulations as the Director may prescribe, pay the tuition and other expenses of officers and employees of the Agency assigned or detailed in accordance with provisions of subsection (a) of this section, in addition to the pay and allowances to which such officers and employees may be otherwise entitled.

TRAVEL, ALLOWANCES, AND RELATED EXPENSES

Sec. 5. (a) Under such regulations as the Director may prescribe, the Agency, with respect to its officers and employees assigned to permanent-duty stations outside the continental United States, its territories, and possessions, shall—

(1) (A) pay the travel expenses of officers and employees of the Agency including expenses incurred while traveling pursuant to orders issued by the Director in accordance with the provisions of section 5 (a) (3) with regard to the granting of home leave;

(B) pay the travel expenses of members of the family of an officer or employee of the Agency when proceeding to or returning from his post of duty; accompanying him on authorized home leave, or otherwise traveling in accordance with authority granted pursuant to the terms of this or any other Act;

(C) pay the cost of transporting the furniture and household and personal effects of an officer or employee of the Agency to his successive posts of duty and, on the termination of his services,

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to his residence at time of appointment or to a point not more distant, or, upon retirement, to the place where he will reside;

(D) pay the cost of storing the furniture and household and personal effects of an officer or employee of the Agency who is absent under orders from his usual post of duty, or who is assigned to a post to which, because of emergency conditions, he cannot take or at which he is unable to use, his furniture and household and personal effects;

(E) pay the cost of storing the furniture and household and personal effects of an officer or employee of the Agency on first arrival at a post for a period not in excess of three months after such first arrival at such post or until the establishment of residence quarters, whichever shall be shorter;

(F) pay the travel expenses and transportation costs incident to the removal of the members of the family of an officer or employee of the Agency and his furniture and household and personal effects, including automobiles, from a post at which, because of the prevalence of disturbed conditions, there is imminent danger to life and property, and the return of such persons, furniture, and effects to such post upon the cessation of such conditions, or to such other post as may in the meantime have become the post to which such officer or employee has been assigned.

(2) Charge expenses in connection with travel of personnel, their dependents, and transportation of their household goods and personal effects, involving a change of permanent station, to the appropriation for the fiscal year current when any part of either the travel or transportation pertaining to the transfer begins pursuant to previously issued travel and transfer orders, notwithstanding the fact that such travel or transportation may not all be effected during such fiscal year, or the travel and transfer orders may have been issued during the prior fiscal year.

(3) (A) Order to the United States or its Territories and possessions on leave provided for in 5 U. S. C. 30, 30a, 30b, or as such sections may hereafter be amended, every officer and employee of the agency who was a resident of the United States or its Territories and possessions at time of employment, upon completion of two years' continuous service abroad, or as soon as possible thereafter: *Provided*, That such officer or employee has accrued to his credit at the time of such order, annual leave sufficient to carry him in a pay status while in the United States for at least a thirty-day period.

(B) While in the continental United States on leave, the service of any officer or employee shall not be available for work or

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salaries except in the agency or for training or for reorientation for work; and the time of such work or duty shall not be counted as leave.

(C) Where an officer or employee on leave returns to the United States or its Territories and possessions, leave of absence granted shall be exclusive of the time actually and necessarily occupied in going to and from the United States or its Territories and possessions, and such time as may be necessarily occupied in awaiting transportation.

(4) Notwithstanding the provisions of any other law, transport for or on behalf of an officer or employee of the Agency, a privately owned automobile in any case where it shall be determined that water, rail, or air transportation of the automobile is necessary or expedient for any part or of all the distance between points of origin and destination, and pay the costs of such transportation.

(5) (A) In the event of illness or injury requiring the hospitalization of an officer or full time employee of the Agency, not the result of vicious habits, intemperance, or misconduct on his part, incurred while on assignment abroad, in a locality where there does not exist a suitable hospital or clinic, pay the travel expenses of such officer or employee by whatever means he shall deem appropriate and without regard to the Standardized Government Travel Regulations and section 10 of the Act of March 3, 1933 (47 Stat. 1516; 5 U. S. C. 73b), to the nearest locality where a suitable hospital or clinic exists and on his recovery pay for the travel expenses of his return to his post of duty. If the officer or employee is too ill to travel unattended, the Director may also pay the travel expenses of an attendant.

(B) Establish a first-aid station and provide for the services of a nurse at a post at which, in his opinion, sufficient personnel is employed to warrant such a station: *Provided*, That, in his opinion, it is not feasible to utilize an existing facility.

(C) In the event of illness or injury requiring hospitalization of an officer or full time employee of the Agency, not the result of vicious habits, intemperance, or misconduct on his part, incurred in the line of duty while such person is assigned abroad, pay for the cost of the treatment of such illness or injury at a suitable hospital or clinic.

(D) Provide for the periodic physical examination of officers and employees of the Agency and for the cost of administering inoculations or vaccinations to such officers or employees.

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(6) Pay the costs of preparing and transporting the remains of an officer or employee of the Agency or a member of his family who may die while in travel status or abroad, to his home or official station, or to such other place as the Director may determine to be the appropriate place of interment, provided that in no case shall the expense payable be greater than the amount which would have been payable had the destination been the home or official station.

(7) Pay the costs of travel of new appointees and their dependents, and the transportation of their household goods and personal effects, from places of actual residence in foreign countries at time of appointment to places of employment and return to their actual residences at the time of appointment or a point not more distant. *Provided*, That such appointees agree in writing to remain with the United States Government for a period of not less than twelve months from the time of appointment.

Violation of such agreement for personal convenience of an employee or because of separation for misconduct will bar such return payments and, if determined by the Director or his designee to be in the best interests of the United States, any money expended by the United States on account of such travel and transportation shall be considered as a debt due by the individual concerned to the United States.

(b) In accordance with such regulations as the President may prescribe and notwithstanding the provisions of section 1765 of the Revised Statutes (5 U. S. C. 70), the Director is authorized to grant to any officer or employee of the Agency allowances in accordance with the provisions of section 901 (1) and 901 (2) of the Foreign Service Act of 1946.

GENERAL AUTHORITIES

Sec. 6. In the performance of its functions, the Central Intelligence Agency is authorized to—

(a) Transfer to and receive from other Government agencies such sums as may be approved by the Bureau of the Budget, for the performance of any of the functions or activities authorized under sections 102 and 303 of the National Security Act of 1947 (Public Law 253, Eightieth Congress), and any other Government agency is authorized to transfer to or receive from the Agency such sums without regard to any provisions of law limiting or prohibiting transfers between appropriations. Sums transferred to the Agency in accordance with this paragraph may be expended for the purposes and under the authority of this Act without regard to limitations of appropriations from which transferred:

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(b) Exchange funds without regard to section 3651 Revised Statutes (31 U. S. C. 543).

(c) Reimburse other Government agencies for services of personnel assigned to the Agency, and such other Government agencies are hereby authorized, without regard to provisions of law to the contrary so to assign or detail any officer or employee for duty with the Agency.

(d) Authorize couriers and guards designated by the Director to carry firearms when engaged in transportation of confidential documents and materials affecting the national defense and security.

(e) Make alterations, improvements, and repairs on premises rented by the Agency, and pay rent therefor without regard to limitations on expenditures contained in the Act of June 30, 1932, as amended. *Provided*, That in each case the Director shall certify that exception from such limitations is necessary to the successful performance of the Agency's functions or to the security of its activities.

SEC. 7. In the interests of the security of the foreign intelligence activities of the United States and in order further to implement the proviso of section 102 (d) (3) of the National Security Act of 1947 (Public Law 253, Eightieth Congress, first session) that the Director of Central Intelligence shall be responsible for protecting intelligence sources and methods from unauthorized disclosure, the Agency shall be exempted from the provisions of sections 1 and 2, chapter 125 of the Act of August 28, 1935 (49 Stat. 956, 957; 5 U. S. C. 654), and the provisions of any other law which require the publication or disclosure of the organization, functions, names, official titles, salaries, or numbers of personnel employed by the Agency. *Provided*, That in furtherance of this section, the Director of the Bureau of the Budget shall make no reports to the Congress in connection with the Agency under section 607, title VI, chapter 212 of the Act of June 30, 1945, as amended (5 U. S. C. 947 (b)).

SEC. 8. Whenever the Director, the Attorney General, and the Commissioner of Immigration shall determine that the entry of a particular alien into the United States for permanent residence is in the interest of national security or essential to the furtherance of the national intelligence mission, such alien and his immediate family shall be given entry into the United States for permanent residence without regard to their inadmissibility under the immigration or any other laws and regulations, or to the failure to comply with such laws and regulations pertaining to admissibility. *Provided*, That the number of aliens and members of their immediate families entering the United States under the authority of this section shall in no case exceed one hundred persons in any one fiscal year.

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Sec. 9. The Director is authorized to establish and fix the compensation for not more than three positions in the professional and scientific field, within the Agency, each such position being established to effectuate those scientific intelligence functions relating to national security which require the services of specially qualified scientific or professional personnel: *Provided*: That the rates of compensation for positions established pursuant to the provisions of this section shall not be less than \$10,000 per annum nor more than \$15,000 per annum, and shall be subject to the approval of the Civil Service Commission.

APPROPRIATIONS

Sec. 10.(a) Notwithstanding any other provisions of law, sums made available to the Agency by appropriation or otherwise may be expended for purposes necessary to carry out its functions, including—

(1) personal services, including personal services without regard to limitations on types of persons to be employed, and rent at the seat of government and elsewhere; health service program as authorized by law (5 U. S. C. 150); rental of news reporting services; purchase or rental and operation of photographic, reproduction, cryptographic, duplication and printing machines, equipment and devices, and radio-receiving and radio-sending equipment and devices, including telegraph and teletype equipment; purchase, maintenance, operation, repair, and hire of passenger motor vehicles, and aircraft, and vessels of all kinds; subject to policies established by the Director, transportation of officers and employees of the Agency in Government-owned automotive equipment between their domiciles and places of employment, where such personnel are engaged in work which makes such transportation necessary, and transportation in such equipment to and from school, of children of Agency personnel who have quarters for themselves and their families at isolated stations outside the continental United States, where adequate public or private transportation is not available; printing and binding; purchase, maintenance, and cleaning of firearms, including purchase, storage, and maintenance of ammunition; subject to policies established by the Director, expenses of travel in connection with, and expenses incident to attendance at meetings of professional, technical, scientific, and other similar organizations when such attendance would be a benefit in the conduct of the work of the Agency; association and library dues; payment of premiums or costs of surety bonds for officers or employees, without regard to the provisions of 61 Stat. 646; 6 U. S. C. 14; payment of claims pursuant

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to 28 U. S. C.; acquisition of necessary land and the clearing of such land; construction of buildings and facilities without regard to 36 Stat. 699; 40 U. S. C. 239, 267; repair, rental, operation, and maintenance of buildings, utilities, facilities, and appurtenances; and

(2) supplies, equipment, and personnel and contractual services otherwise authorized by law and regulations, when approved by the Director.

(b) The sums made available to the Agency may be expended without regard to the provisions of law and regulations relating to the expenditure of Government funds; and for objects of a confidential, extraordinary, or emergency nature, such expenditures to be accounted for solely on the certificate of the Director and every such certificate shall be deemed a sufficient voucher for the amount therein certified.

SEPARABILITY OF PROVISIONS

Sec. 11. If any provision of this Act, or the application of such provision to any person or circumstances, is held invalid, the remainder of this Act or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

SHORT TITLE

Sec. 12. This Act may be cited as the "Central Intelligence Agency Act of 1949".

Speaker of the House of Representatives

Vice President of the United States and President of the Senate pro tempore

APPROVED

JUN 20 1949

Harry Truman

NSC Registry (Permanent File)

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NSC 50

COPY NO. 22

A REPORT
TO THE
NATIONAL SECURITY COUNCIL

by
THE SECRETARIES OF STATE AND DEFENSE

on
THE GENERAL INTELLIGENCE AGENCY
and
NATIONAL ORGANIZATION FOR INTELLIGENCE

July 1, 1949
WASHINGTON

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July 1, 1949

NOTE BY THE EXECUTIVE SECRETARY

to the

NATIONAL SECURITY COUNCIL

on

THE CENTRAL INTELLIGENCE AGENCY AND
NATIONAL ORGANIZATION FOR INTELLIGENCE

References: A. NSC Action No. 202
B. Memos for NSC from Executive Secretary, same subject, dated January 24, March 2, March 8, and April 4, 1949, respectively.

At its 37th meeting the National Security Council considered the report by the Dulles-Jackson-Correa Survey Group on the subject and comments with respect thereto (Reference B) and referred them to the Secretaries of State and Defense to prepare, in consultation with the Secretary of the Treasury and the Attorney General, and in the light of the discussion at that Council meeting, specific recommendations for Council action. (Reference A)

The enclosed report by the Secretaries of State and Defense on the subject prepared pursuant to NSC Action No. 202 in consultation with the Departments of the Treasury and Justice, is submitted herewith for consideration by the National Security Council at its next meeting of the recommendations contained therein.

The Attorney General is being invited to participate in the Council's consideration of this report.

The Secretary of Defense expressed the view that, upon approval, the recommendations should be put into effect at once and the Council should plan to have a suitable review of the progress made after a reasonable period of implementation.

It is requested that this report be handled with special security precautions.

Distribution:

The President
The Secretary of State
The Secretary of the Treasury
The Secretary of Defense
The Attorney General
The Secretary of the Army
The Secretary of the Navy
The Secretary of the Air Force
The Chairman, National Security Resources Board

SIDNEY W. SOUKRS
Executive Secretary

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C O P Y

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July 1, 1949

COMMENTS AND RECOMMENDATIONS TO THE NATIONAL SECURITY COUNCIL
ON THE REPORT OF THE DULLES-JACKSON-CORREA COMMITTEE PREPARED
BY THE SECRETARY OF STATE AND SECRETARY OF DEFENSE

The Report on "The Central Intelligence Agency and National Organization for Intelligence" includes 57 individual conclusions and recommendations which we have regrouped in order to facilitate Council consideration. Although some of the conclusions do not require Council action, we wish to bring them to the Council's attention with our comments. Other conclusions and recommendations call for concurrence or non-concurrence by the Council and appropriate implementing action.

1. LEGISLATIVE PROVISIONS GOVERNING CIA AND ITS POSITION
UNDER THE NATIONAL SECURITY COUNCIL.

a. Summary of the Report.

The Survey Group report concludes that:

(1) Section 102 of the National Security Act of 1947 which sets up CIA is sound and that no amendments are necessary at this time;

(2) CIA is properly placed under the National Security Council, but that its Director should establish closer liaison with the two members of the Council on whom the Agency chiefly depends, namely, the Secretaries of State and Defense.

b. Comments.

We concur in these conclusions and recommendations which do not require specific Council action or authorization. It

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should be noted, however, that the National Military Establishment and CIA are presently studying the wartime status and responsibilities of CIA and that recommendations may be presented at a later date on this subject. It may be determined that certain functions and responsibilities should be under the control of the military in time of war.

c. Recommended Action.

That the National Security Council concur in the Survey Group conclusions on this subject, with the understanding that study may determine that certain functions and responsibilities should be under the control of the military in time of war.

2. THE COORDINATION OF INTELLIGENCE ACTIVITIES.

a. Summary of the Report.

The Report concludes that:

(1) The responsibility of CIA with respect to the coordination of intelligence activities has not been fully discharged;

(2) The Intelligence Advisory Committee is soundly conceived as an advisory body, but should, under the forthright initiative and leadership of the Director of Central Intelligence, participate more actively in the continuing coordination of intelligence activities and in the discussion and approval of intelligence estimates.

b. Comments.

We concur in the observations and conclusions of the Report on this general subject. We believe that the objectives

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sought for can be achieved by the recognition and implementation of these principles and by the organizational and operational improvements recommended elsewhere in the Report.

In accordance with these principles and as partial implementation thereof, we recommend certain amendments to National Security Council Intelligence Directive No. 1, as indicated in Annex "A", appended hereto. These amendments would (1) define the status of the Director of Central Intelligence as a member of the Intelligence Advisory Committee and (2) clarify the procedure whereby dissents are included in coordinated intelligence estimates.

c. Recommended Action.

That the National Security Council (1) concur in the conclusions and recommendations stated under para. 2 a above as a statement of principles to be followed by the Director of Central Intelligence and the Intelligence Advisory Committee; (2) amend National Security Council Intelligence Directive No. 1 in accordance with the changes proposed in Annex "A" appended hereto.

3. MEMBERSHIP OF THE INTELLIGENCE ADVISORY COMMITTEE.

a. Summary of Report.

The Report recommends that the Federal Bureau of Investigation be added to the membership of the Intelligence Advisory Committee and that the Joint Staff (JCS) and Atomic Energy Commission be dropped from membership.

b. Comments.

We concur in the proposal that the Federal Bureau of Investigation be added to the membership of the Intelligence

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Advisory Committee, but do not agree that the Joint Staff (JCS) and Atomic Energy Commission be dropped from membership. A sufficient number of problems arise which are of joint concern to foreign intelligence and domestic security intelligence to warrant the membership on the IAC of the FBI in order that coordination and cooperation in the national interest may be achieved.

We also wish to point out that the Recommended Action under para. 2 c above would, if approved, have the effect of clarifying the status of the Director of Central Intelligence as a member of the Intelligence Advisory Committee.

c. Recommended Action.

That the National Security Council (1) invite the Attorney General to have the Federal Bureau of Investigation become a member of the Intelligence Advisory Committee; (2) if this invitation is accepted, amend National Security Council Directive No. 1 accordingly, as provided in Annex "A" appended hereto.

4. PARTICULAR INTELLIGENCE QUESTIONS REQUIRING COORDINATION OR ATTENTION.

a. Summary of the Report.

Throughout the Conclusions and Recommendations of the Survey Group Report, attention is drawn to a number of particular intelligence questions requiring special attention or coordination. These may be listed as follows:

- (1) Scientific Intelligence.
- (2) Domestic Intelligence and counter-intelligence insofar as they relate to the national security.

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(3) Provisions for prompt coordinated intelligence estimates in crisis situations.

(4) The proper allocation of responsibility for political summaries.

(5) The exploitation of intelligence from foreign nationality groups and foreign individuals in the United States.

(6) The coordination of covert intelligence activities in occupied areas.

(7) Coordination of the handling of defectors.

(8) Increased emphasis on the counter-espionage activities abroad of the Central Intelligence Agency and closer liaison for counter-espionage matters with the Federal Bureau of Investigation.

b. Comments.

We concur in these conclusions and comments as interpreted above and point out that recent progress has been made in some of these fields. For example, that of scientific intelligence through the creation of the Office of Scientific Intelligence, by an agreement on a procedure for providing prompt coordinated national intelligence estimates in crisis situations, and by an agreement under consideration by the IAC agencies and the FBI with respect to the exploitation of defectors and other aliens.

For the purpose of clarity and guidance:

Paragraph 4 a (2) is considered to refer to the coordination of foreign intelligence and foreign counterintelligence with

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domestic intelligence and domestic counterintelligence for the purpose of correlating and evaluating intelligence relating to national security.

Paragraph 4 a (3) is considered to refer to provision for prompt coordinated national intelligence estimates in crisis situations.

Paragraph 4 a (5) is considered to refer to the exploitation of foreign nationality groups and foreign individuals in the United States for the purposes of foreign intelligence.

We anticipate that the addition of the Federal Bureau of Investigation to the membership of the Intelligence Advisory Committee will contribute particularly to the objectives under points (2), (3), (5) and (7) above. With respect to paragraph 4 a (8) above, we believe the maintenance of close liaison for these purposes is essential.

c. Recommended Action.

That the National Security Council:

(1) Draw the particular attention of the Director of Central Intelligence and Intelligence Advisory Committee to the need for early and sustained action for more effective coordination in the fields listed under para. 4 a above as discussed in the Survey Group Report;

(2) Request the Director of Central Intelligence to submit to the Council within a period of six months a report on progress in these matters.

(3) Invite the Attorney General to have the

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Federal Bureau of Investigation become a member of the Intelligence Advisory Committee.

(4) If this invitation is accepted, amend National Security Council Directive No. 1 accordingly, as provided in Annex "A" appended hereto.

(5) Note that nothing contained in NSCID1, as amended, is intended to affect or change NSC 17/4, approved by the President on March 23, 1949 and the Director of the Federal Bureau of Investigation is a member of the Intelligence Advisory Committee for the purpose of coordinating domestic intelligence and related matters with foreign intelligence matters and his relations with the CIA shall be as provided in Section 102 of the National Security Act of 1947.

5. NATIONAL INTELLIGENCE ESTIMATES.

a. Summary of the Report.

The report concludes that in CIA there has been a confusion between the responsibility for producing coordinated national intelligence estimates and the responsibility for miscellaneous research and reporting. It finds further that the Council's Intelligence Directives on this subject are sound, but have not been effectively carried out. It recommends, aside from organizational changes described in the following section, that CIA should draw upon and review the specialized intelligence production of the agencies in order to prepare coordinated national intelligence estimates and that these estimates should be discussed and approved by the IAC, whose members should be collectively responsible. Such

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estimates should be recognized as the most authoritative available to policy makers.

b. Comments.

We concur in these conclusions except that we do not believe that the Director and the IAC should be bound by the concept of collective responsibility, because this would inevitably reduce coordinated national intelligence to the lowest common denominator among the agencies concerned. A procedure should be adopted which would permit the Director and the IAC to fulfill their respective responsibilities to the President and the NSC regardless of unanimous agreement, but providing for concurrent submissions of dissent. The CIA, however, should interpret and follow the NSC Intelligence Directives so as to refrain as far as possible from competitive intelligence activities in the production of research intelligence estimates.

c. Recommended Action.

That the National Security Council concur in the conclusions and recommendations stated above, as interpreted by our comments, as a statement of principles to be observed by the Director of Central Intelligence and the IAC.

6. ORGANIZATION OF THE CENTRAL INTELLIGENCE AGENCY.

a. Summary of the Report.

The Survey Group Report proposes a number of major changes in the internal organization of CIA with a view to supporting the objectives set forth in the Report. These changes are the following:

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(1) The operations of the Office of Special Operations, the Office of Policy Coordination and the Contact Branch of the Office of Operations should be integrated under single overall direction in an operations division, with its separate administration, within CIA.

(2) Out of the present Office of Reports and Estimates there should be created (a) a small estimates division which would draw upon and review the specialized intelligence product of the departmental agencies in order to prepare coordinated national intelligence estimates and (b) a research and reports division to accomplish central research in, and coordinated production of, intelligence in recognized fields of common interest.

(3) The Foreign Documents Branch of the present Office of Operations should be included in the proposed research and reports division.

(4) The Foreign Broadcast Information Branch should be included in the proposed operations division.

(5) The Interdepartmental Coordinating and Planning Staff should be reconstituted as a staff responsible only to the Director of Central Intelligence, with the task of developing plans for the coordination of intelligence activities. It would also perform the present tasks of the Office of Collection and Dissemination with respect to the coordination of collection requirements and requests and the dissemination of intelligence.

b. Comments.

We concur in these recommendations with the exception

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that we do not agree that the Foreign Broadcast Information Branch should be included in the proposed operations division. This division should include those activities (the present Office of Special Operations, Office of Policy Coordination and Contact Branch of the Office of Operations) which conduct covert or semi-covert field intelligence and related operations which are closely interdependent and have similar administrative and security problems.

With regard to the recommendations regarding the Office of Reports and Estimates, the Interdepartmental Coordinating and Planning Staff and the Office of Collection and Dissemination, we concur in them and in the concept of CIA upon which they are based. However, we recognize that there may be other methods of organization which will accomplish the same objectives.

c. Recommended Action.

That the National Security Council (1) approve the recommendations of the Survey Group Report on the reorganization of CIA as listed in para. 6 a above, subject to the exception and comments noted in para. 6 b; (2) direct the Director of Central Intelligence to carry out these recommendations, as approved by the Council, and report to the Council in ninety days on progress toward their implementation.

7. THE SECURITY OF INFORMATION AND THE AVOIDANCE OF PUBLICITY.

a. Summary of the Report.

The Report recommends that (1) the Director of Central Intelligence should, in cases where the disclosure of secret information is sought from him and he has doubt as to whether he should

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comply, refer the question to the National Security Council; (2) in the interest of security, the Central Intelligence Agency should increasingly emphasize its duties as the coordinator of intelligence rather than its secret intelligence activities in order to reverse the present unfortunate trend where it finds itself advertised almost exclusively as a secret service organization.

b. Comments.

We concur in these recommendations with the reservation that, in principle, all publicity is undesirable and that only where it is unavoidable should the procedure set forth in subparagraph 7 a (2) above be followed.

c. Recommended Action.

That the National Security Council (1) approve the recommendations of the Survey Group Report on the security of information and the avoidance of publicity, subject to the reservation noted in para. 7 b above; (2) instruct the Director of Central Intelligence to prepare appropriate National Security Council Intelligence Directives covering these points and submit them for approval within a period of thirty days.

8. CHAIRMANSHIP OF THE UNITED STATES COMMUNICATIONS INTELLIGENCE BOARD.

a. Summary of the Report.

The report recommends that the Director of Central Intelligence should be made permanent chairman of the United States Communications Intelligence Board.

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b. Comments.

We do not concur in this recommendation. This matter was considered when the U. S. Communications Intelligence Board was set up and the present arrangements decided on. These arrangements, which provide for a rotating chairmanship, are operating satisfactorily and it seems undesirable to make a change.

c. Recommended Action.

That the National Security Council not concur in the recommendation contained in the Report.

9. OPERATING PROBLEMS RELATING TO CLANDESTINE ACTIVITIES.

a. Summary of the Report.

The Report sets forth certain recommendations regarding individual operating problems of the clandestine activities of CIA. These are questions which, according to the Report, require particular emphasis or have been neglected in the past. The principal questions so indicated may be summarized as follows:

(1) ✓

(2) Relations with departmental agencies should be brought closer and the guidance which the Office of Special Operations receives from intelligence consumers should be strengthened. This might be achieved by including representatives of the Service agencies and the State Department in appropriate sections

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of the Office of Special Operations.

(3) The Director of Central Intelligence should assure himself that the operating services of CIA receive adequate guidance on the current and strategic intelligence and policy needs of the Government.

(4)

b. Comments.

We concur in these recommendations all of which point to significant operating problems relating to clandestine activities which require particular and constant emphasis.

c. Recommended Action.

That the National Security Council (1) approve the recommendation of the Report as listed in para. 9 a above; (2) direct the Director of Central Intelligence to carry them out with the assistance of the other departments and agencies concerned and report to the National Security Council on any difficulties encountered.

10. THE QUESTION OF CIVILIAN OR MILITARY PERSONNEL IN KEY CIA POSITIONS.

a. Summary of the Report.

The Report concludes that:

(1) The placing in key positions in CIA of a large percentage of military personnel, many of them on relatively

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short tour of duty assignment, tends to discourage competent civilian personnel from looking to employment in the Agency as a career.

(2) Continuity of service is essential for the successful carrying out of the duties of Director of Central Intelligence. The best hope for insuring this continuity and the greatest assurance of independence of action is for a civilian to be Director of Central Intelligence. A serviceman selected for the post should resign from active military duty.

b. Comments.

We do not wholly concur in these conclusions. It is most important that both civilian and military personnel be represented in the key positions in the Central Intelligence Agency although we do not believe it is desirable to attempt to fix any precise ratio for the two. This is a matter to be worked out by the Director in consultation with the Secretaries of State and Defense.

We agree that continuity of service is essential for the post of Director. The most qualified person available should be selected for the post. In order to insure continuity and independence of action, he should be either a civilian, or if a service man or a foreign service officer, he should be either retired or one whose service as Director will be his final tour of active duty.

c. Recommended Action.

That the National Security Council:

- (1) Concur in the above comments as an expression of its views on this question.
- (2) Inform the President of these views insofar

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as they concern the post of Director of Central Intelligence.

(3) Inform the Director of Central Intelligence of these views insofar as they concern the staffing of other key positions in CIA.

11. GENERAL APPRAISAL OF THE LEADERSHIP AND POLICIES OF THE CENTRAL INTELLIGENCE AGENCY.

a. Summary of the Report.

The Report concludes that:

(1) The directing staff of CIA has not demonstrated an adequate understanding of the mandate of the organization or the ability to discharge that mandate effectively.

(2) Administrative organization and policies tend to impede the carrying out of the essential intelligence functions of CIA under the Act.

b. Comments.

We do not wholly concur in these conclusions. While we recognize the existence of important defects in the organization and operation of CIA, we believe that these conclusions are too sweeping. Complicating factors in appraising CIA's efficiency have been the shortness of time during which to develop an effective organization and a lack of common understanding as to the respective missions of CIA and the departmental intelligence agencies. However, as indicated in the Report and concurred in by us, numerous and important improvements are necessary and need to be carried out promptly and effectively.

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c. Recommended Action.

That the National Security Council (1) note the Conclusions and Recommendations of the Report on this subject: (2) approve the above Comments thereon.

12. THE SERVICE INTELLIGENCE AGENCIES.

a. Comments.

The National Military Establishment concurs in the Conclusions and Recommendations of Chapter 11 of the Report except that it does not agree that the Service intelligence agencies should be staffed with personnel who concentrate in intelligence over the major portion of their careers. It is the policy of the Military Establishment to assign qualified personnel to intelligence duties even though they have not had previous intelligence experience. However, continued efforts are made to attract the highest type personnel to intelligence duty.

b. Recommended Action.

That the National Security Council note the above Comments by the National Military Establishment.

13. THE DEPARTMENT OF STATE.

a. Comments.

The Department of State concurs in the Conclusions and Recommendations of Chapter 12 of the Report and is undertaking to put them into effect as part of general plans for reorganization within the Department.

b. Recommended Action.

That the National Security Council note the above Comments by the Department of State.

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ANNEX "A"

1. To maintain the relationship essential to coordination between the Central Intelligence Agency and the intelligence organizations, an Intelligence Advisory Committee consisting of the Director of Central Intelligence, who shall be Chairman thereof, Director of Federal Bureau of Investigation, and the respective intelligence chiefs from the Departments of State, Army, Navy, and Air Force, and from the Joint Staff (JCS), and the Atomic Energy Commission, or their representatives, shall be established to advise the Director of Central Intelligence. The Director of Central Intelligence will invite the chief, or his representative, of any other intelligence Agency having functions related to the national security to sit with the Intelligence Advisory Committee whenever matters within the purview of his Agency are to be discussed.

5. The Director of Central Intelligence shall disseminate National Intelligence to the President, to members of the National Security Council, to the Intelligence Chiefs of the IAC Agencies, and to such Governmental Departments and Agencies as the National Security Council from time to time may designate. Intelligence so disseminated shall be officially concurred in by the Intelligence Agencies or shall carry an-agreed a statement of substantially dissent differing opinions.

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12 JUL 1949

MEMORANDUM FOR: Assistant Director, OCD
Assistant Director, OO
Assistant Director, ORE
Assistant Director, OSO
Assistant Director, OSI
Assistant Director, OPC
Chief, Inspection and Security
General Counsel
Chief, Advisory Council
Executive

SUBJECT: Approval by the NSC of Much of the Dulles Report

On July 7 the National Security Council met and approved of the recommendations in NSC 50, which was the State-Defense Report on the Dulles Report. NSC 50 recommended:

1. LEGISLATIVE PROVISIONS:

that the National Security Council concur in the Dulles survey group's conclusion that Section 102 of the National Security Act of 1947, which sets up CIA, is sound and that no amendments are necessary at this time; with the understanding that study may determine that certain functions and responsibilities should be under the control of the military in time of war.

2. COORDINATION:

that the National Security Council concur in the conclusions and recommendations; and confirm as a statement of principles to be followed by DCI and IAC:

a. that the responsibility of CIA with respect to the coordination of intelligence activities has not been fully discharged,

b. that the IAC is soundly conceived as an advisory body, but should, under the forthright initiative and leadership of the DCI, participate more actively in the continuing coordination of intelligence activities and in the discussion and approval of intelligence estimates.

3. MEMBERSHIP OF IAC:

that the NSC invite the Attorney General to have

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the FBI become a member of the IAC, and issue a revised NSCID No. 1 as proposed in this report. (Both of these steps have already been taken by the Executive Secretary of the NSC). The JIG and AEC remain members of the IAC, and added thereto are the DCI as member and chairman, and the FBI. The function of the IAC as an advisory group remains unchanged.

4. PARTICULAR QUESTIONS REQUIRING ATTENTION:

that particular attention of the DCI and IAC be drawn to the need for early and sustained action for more effective coordination in the following fields, discussed by the Dulles Report:

- Scientific intelligence;
- Domestic intelligence and counterintelligence in so far as they relate to the national security;
- Provisions for prompt coordinated intelligence estimates in crisis situations;
- The proper allocation of responsibility for political summaries;
- The exploitation of intelligence from foreign nationality groups and foreign individuals in the U. S.;
- Coordination of covert intelligence activities in occupied areas;

Increased emphasis on the counterespionage activities abroad of CIA, and closer liaison on counterespionage matters with the FBI,

and that the DCI submit to the NSC, within a period of six months, a report of progress in these matters.

5. NATIONAL INTELLIGENCE ESTIMATES:

that, as a statement of principles to be observed by the DCI and the IAC, the CIA should interpret and follow the NSCID's so as to refrain so far as possible from competitive intelligence activities in the production of research intelligence estimates; that CIA should draw upon and review the specialized intelligence production of the agencies in order to prepare coordinated national intelligence estimates; that a procedure should be adopted which would permit the Director and the IAC to fulfill their respective responsibilities to the President and the NSC regardless of unanimous agreement, but provide for concurrent submission of any dissent.

6. ORGANIZATION:

(1) that the NSC approve the recommendations of the Dulles Report to combine into one office the Office of Special Operations, the Office of Policy Coordination and Contact Branch

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(2) that further consideration will be given to establishing a separate administration for the new office indicated above after determination and further discussions of comparative costs.

(3) that the concept in the Dulles Report on the organizational matters indicated below be approved while recognizing that other methods of organization will accomplish the same objectives.

(a) Out of the present Office of Reports and Estimates there should be created (1) a small estimates division which would draw up and review the specialized intelligence production of departmental agencies in order to prepare coordinated National Intelligence Estimates, and (2) a Research and Reports Division to accomplish central research in, and coordinated production of, intelligence in recognized fields of common interest.

(b) The Foreign Documents Branch of the present Office of Operations should be included in the proposed Research and Reports Division.

(c) ICAPS should be reconstituted as a staff responsible only to the Director of Central Intelligence with the task of developing plans for the coordination of intelligence activities. It would also perform the present task of the Office of Collection and Dissemination with regard to the coordination of collection requirements and requests, and the dissemination of intelligence.

NOTE: The above recommendations are being studied by the Director and the Executive for later discussion with Assistant Directors prior to reporting to the Council "within 90 days."

7. SECURITY OF INFORMATION AND AVOIDANCE OF PUBLICITY:

that all publicity is undesirable, and that a NSCID should be issued to this effect within 30 days. (ICAPS is compiling the first draft of such a NSCID, to cover both security of information and avoidance of publicity, based on Section 102 (d) of the 1947 Act, and upon the recent discussions within CIA to protect security of sources so that dissemination will be made on the basis of only those who need to know rather than those who desire to know).

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8. CLANDESTINE ACTIVITIES:

that the DCI carry out certain recommendations about operating problems relating to clandestine activities with the assistance of the other Departments and Agencies concerned, and report to the NSC on any difficulties encountered. The principal questions are summarized as follows:

(1)



(2) Relations with departmental agencies should be closer.

(3) The DCI should assure himself that the operating agencies of CIA receive adequate guidance on the current and strategic intelligence and policy needs of the Government.

(4) The operating services of CIA should have access to communications intelligence to the full extent required for guidance in directing operations, and for the more effective conduct of counterespionage.

9. Other than as indicated above, no changes are contemplated by the Security Council in connection with the Dulles Report recommendations.

R. H. HILLENKOTTER
Rear Admiral, USN
Director of Central Intelligence

cc: TS Control
Return to ICAPS
Signer's Copy
File Copy ✓

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56. [ORE], Intelligence Memorandum 225, "Estimate of Status of Atomic Warfare in the USSR," 20 September 1949
(Excerpted photocopy)

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CENTRAL INTELLIGENCE AGENCY

20 September 1949

INTELLIGENCE MEMORANDUM NO. 225

SUBJECT: ESTIMATE OF STATUS OF ATOMIC WARFARE IN THE USSR
(Category No. 5)

Category as a whole:

The USSR has an atomic energy program which started in late 1945 and which is being vigorously pursued under a top priority. The current estimate of the Joint Nuclear Energy Intelligence Committee is that the earliest possible date by which the USSR might be expected to produce an atomic bomb is mid-1950 and the most probable date is mid-1953. (Secret)

ESTIMATE BY TECHNICAL OBJECTIVES

A-1.

No foreign country is known to be developing a large-scale uranium isotope-separation program, although a number of countries are planning to develop plutonium production facilities. It is believed, that excluding Britain, the USSR, and possibly Canada, no foreign country has the capability of producing sufficient fissionable material to make an atomic bomb within the next ten years. (Secret)

Present information indicates that a plutonium project for the production of fissionable materials is being developed. It is reasonable to suppose that the Soviets have had at least one low-energy pile (probably graphite) operating for a year or more although no incontrovertible evidence exists. It is probable that production piles are now in the

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Class. Changed to: TS S <u>(C)</u>
Next Review Date: <u>1991</u>
Auth: <u>HS 70-3</u>
Date: <u>8 Dec 81</u> By: <u>009256</u>

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process of design and/or construction, but their exact status is unknown. There is no evidence of a large-scale uranium isotope separation project. (Secret)

AK-2

There is no information indicating that any foreign country is engaged in a project dealing with radiological warfare agents. (Secret)

AK-3

As the production of radiological warfare agents requires operating production piles, it is apparent that no foreign country can have done very much in this field. (Secret)

AK-4

No information is available.

AK-5

Defensive measures against radiological warfare agents have not been apparent within the USSR. The single possible exception is a report that a large portion of the counters being manufactured by one German plant for the USSR is rumored to be for distribution to the Red Army down to the company level. Large production of field counters for the Soviets has been reported in Germany and elsewhere; but, as far as can be determined, these are primarily for use in the uranium mining operations. Although protective measures for the general public may be in the planning stage, it is difficult to believe that widespread education programs would escape detection. (Secret)

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57. Finance Division to Executive, OPC [Wisner], "CIA Responsibility and Accountability for ECA Counterpart Funds Expended by OPC," 17 October 1949

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MEMORANDUM

17 October 1949

TO : Executive, OPC
FROM : Finance Division
SUBJECT: CIA Responsibility and Accountability for ECA Counterpart Funds Expended by OPC

1. Background

- (a) Reference is made to the various general and specific agreements between ECA and CIA, wherein certain portions of the 5% Counterpart funds of ECA are made available to CIA for the purpose of furthering the Marshall Plan by [REDACTED] combatting Communist elements in participating countries.
- (b) It is our understanding that, originally, each grant of funds was made available for a specific purpose, such as the subsidization of a foreign labor or political group. Further, that in every instance the proposed activity had the mutual concurrence of the Administrator, ECA, the American Ambassador concerned and the Director, CIA. Lastly, we understand that the ADPC has been charged with the responsibility for directing the operational expenditures of these funds.
- (c) It is also understood that ECA prescribes no specific policies or regulations to govern the expenditure of these funds, but merely requires acknowledgement of receipt of the funds by CIA, a summary statement of funds expended and the return of any balances not expended for the approved purposes.
- (d) It was our original understanding that CIA assumed accountability and responsibility for these funds only as the agent of ECA; that CIA was merely the temporary custodian and transmitting agent of these funds for ECA.
- (e) Accordingly, the Finance Division has maintained a separate set of financial records for these funds, based upon reports received from their CIA custodians, showing monies received, disbursed, and balances on hand. The Finance Division has also confirmed these reports by examining receipts obtained from either the principals of subsidized groups or receipts from the operational principals disbursing the funds. Security factors presumably determined whether or not receipts of the first type were obtained. OPC, however, presumably has in its files detailed operational reports and/or financial accountings disclosing the purposes, approvals, and amounts of monies expended for each individual transaction.

DOCUMENT RECLASSIFIED
 NO CHANGE IN CLASS.
 PROFESSIONAL CLASSIFIED TO: TS 20-11
 CLASS. CHANGED TO: TS
 NEXT REVIEW DATE:
 AUTHORITY: 10-2
 DATE: 22 APR 1984 REVIEWER: 056567

2. Developments

- (a) Recent developments, however, indicate that our original concept

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that disbursements would be limited to lump sum subsidy grants to specific foreign labor, religious and political groups is no longer valid.

- (b) We are advised that disbursements have been made for specific purposes, such as the purchase of a newspaper for a labor group, the underwriting of a peace conference, direct propaganda and other miscellaneous activities. In addition, we are informed it is now proposed to use small portions of these funds for indirect expenses incurred exclusively in furthering the joint ECA-OPC activities. These initially would consist of entertainment and developmental expenses incurred in dealing with principals of foreign political and labor groups.
- (c) We have also just been advised that the GAO has approved the expenditure of these ECA funds by CIA for approved ECA purposes, with the assumption that CIA would expend and account for these funds in the same detail and in accordance with the same policies as it does its own funds.
- (d) Lastly, we have just been informed by the Budget Officer that the DCI wishes a monthly report on all subsidy expenditures. Since the bulk of the ECA fund activities of OPC are in the nature of subsidies, it is assumed that such a report should include these funds.

3. Recommendations

- (a) In view of these developments, it is recommended that the normal financial policies, practices and procedures of CIA for the handling of its confidential funds be extended to these ECA funds.
- (b) To the extent that some of these disbursements are subsidies as defined in the Confidential Funds Regulations, it is recommended that pertinent sub-projects be placed with the Covert Coordinating Committee for the establishment of adequate financial controls and reviews.
- (c) If you concur with these recommendations, it is requested that we be so advised in order that the OPC Certifying and Liaison Officer can make the necessary arrangements with the appropriate OPC operating officials.



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19
19 April 1950

MEMORANDUM FOR THE RECORD

SUBJECT: Policy Guidance

HISTORICAL DOCUMENT

1. At a meeting at Mr. Offie's house on 18 April, attended by Messrs. Joyce, Offie, Frank, Lindsay, Harrison and Hulick, Mr. Joyce stated that he had called this meeting in order to inform OPC that the National Security Council had just received for final consideration and action, NSC 68 which is a broad national program and which includes a number of paragraphs which, if approved, will have a material effect upon OPC planning and operations.

2. Mr. Joyce then read the attached paper and explained that the underlining was his own and was intended to indicate the significance of those paragraphs to OPC. He stated that it was the desire of the Department of State that OPC immediately consider the effect of the policy guidance provided in the attached paper in terms of increased activities and that the Department was anxious to obtain an estimate from OPC of additional funds which would be required to implement such a statement of policy.

3. A general discussion of the significance of the attached statement followed as well as its probable effect in terms of certain types of OPC operations. In connection with the question of OPC personnel strength, Mr. Joyce stated that it was the view of the Department of State that OPC operations should be conducted, insofar as possible, through the use of foreign agents and indigenous personnel rather than by the recruiting of any substantial number of American personnel. Mr. Joyce said that he was anxious to receive an estimate of additional funds which OPC would require to implement the proposed policy so that this figure and the breakdown thereof would be immediately available if the NSC approved the entire program and directed the Department of State to implement that portion involving OPC.

4. With reference to the OPC report of accomplishments which ADPC had provided for Mr. Joyce prior to his departure for Japan, Mr. Joyce said that he would prepare a critique of this report which would be given to Messrs. Webb, Kennan, Jozzy and Perkins, and that he would furnish OPC with a copy.

Att: +4167 (encl 6) State Dept paper
EAD/cvh/mac on NSC 68

C.V.H.

- 1. File
- 2. SAIG
- 3. CFP
- 4. COP
- 5. NS-IT
- 6. NSO
- 7. COS
- 8. OPC Reg.

HISTORICAL DOCUMENT
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APR 20 1950

OPC REGISTRY		
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126	61	3
DATE 19 April 50		

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59. C. Offie to ADPC [Wisner], "Conversation with Messrs.
[]—15, 16 April 1950," 24 April 1950 (Carbon copy)

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24 April 1950

MEMORANDUM FOR: ADPC

SUBJECT: Conversation with Messrs. []
[] — 15, 16 April 1950.

1. After my conversation on April 15 with Messrs. []
[], I saw these gentlemen again on Sunday morning, together
with Mr. []. There took place a conversation in connec-
tion with the possible organization of the various Russian groups
in exile both in the United States and abroad, which I will not take
the trouble to record here as no new ideas were brought forward,
except that even though their own League was strongly Marxist in
its philosophy, it was nevertheless Democratic in its objectives
and their group would be glad to cooperate with all other Russian
groups, except Russian Monarchists.

2. There developed, however, one point which I considered
most important. As our meeting was breaking up, [] stated
with a large smile "and when are we going to announce the organiza-
tion of an American-sponsored Ukrainian National Committee?" I told
him that I was not informed on the subject of Ukrainians. []
retorted, still with a knowing smile, that it was too bad that the
Americans were going so far in connection with Ukrainian underground
resistance movements and were not taking advantage of concurrent overt
political activities which would be very effective in the cold war
against the Soviet Union. I told [] that I was somewhat
perplexed as to just what he meant and he stated, "Don't you know that
even the Voice of America's broadcasts are being used to transmit
code messages to the Ukrainian underground?" I told him to stop
joking and we separated.

3. It so happened that Mr. Foy Kohler, of the Voice of America,
spent the night of April 17 at my house and in a general discussion
on a lot of subjects touching upon various national committees of
interest to us and his inquiry regarding the progress made thus far
relating to the formation of a Russian committee, he informed me about
a terrible honor made in connection with a proposed code message on
behalf of OSO in connection with the Ukrainian underground resistance.

4. In view of your instructions to John Baker to discuss with
Dick Helms the subject of Ukrainian underground resistance, I queried

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Baker

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Baker, who stated that he had not yet been able to obtain the information he desired on this subject. In view of ADSO's written request that OPC, and specifically myself, attempt to remove some of the heat from OSO brought upon them by [REDACTED]

I informed Dick Helms of my conversation with [REDACTED] on this subject as set forth in a previous memorandum to you. At the close of my conversation, I told Mr. Helms that I had picked up in New York the statement with regard to Ukrainian underground resistance and the use of the Voice of America for code message purposes, which information was apparently being gossiped about in New York. Helms expressed astonishment and his statements on this subject constituted a complete admission that OSO has been and is pretty far gone in connection with the Ukrainian underground the results of which thus far are unknown to me.

C. OFFIE
SADO

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" 2 - SADO
" 3 & 4 - Regy.

CO:ha

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60. ORE 32-50, "The Effect of the Soviet Possession of Atomic Bombs on the Security of the United States," 9 June 1950

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COPY NO. 11-
FOR THE ASSISTANT DIRECTOR
FOR REPORTS AND ESTIMATES

124145

THE EFFECT OF THE SOVIET POSSESSION OF ATOMIC BOMBS ON THE SECURITY OF THE UNITED STATES

Report by a Joint Ad Hoc Committee



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

ORE 32-50

Published 9 June 1950

Date 21 Jul 192

REF 92-4

Document No. 091
NO CHANGE in Class.
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Class. CHANGE TO: TS S C
DDA memo, 2 Apr 77
Auth: REG. 77/763
Date: 11/1/79 By: 011

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**THE EFFECT OF THE SOVIET POSSESSION OF ATOMIC BOMBS ON THE SECURITY
OF THE UNITED STATES**

Report by a Joint Ad Hoc Committee *

THE PROBLEM

1. The problem is to estimate the effect of the Soviet possession of atomic bombs upon the security of the United States.
2. The possibility of US or Soviet development of hydrogen bombs has not been considered.

DISCUSSION

3. See Enclosure A.

CONCLUSION

4. The Soviet possession of atomic weapons has increased the military and political-subversive capabilities of the USSR and the possibility of war. Accordingly the security of the United States is in increasing jeopardy.

* Pursuant to the undertaking in the Foreword of ORE 91-49, this estimate has been prepared by a joint ad hoc committee representing CIA and the intelligence agencies of the Departments of State, the Army, the Navy, and the Air Force. This estimate is limited in scope: it does not deal with all controversial aspects of ORE 91-49. Joint agreement existing with respect to this much of the subject, however, the committee (excepting the Navy representative) has recommended its publication without further delay pending further consideration of the broad aspects of the problem.

The intelligence agencies of the Departments of State, the Army, and the Air Force have concurred in this estimate. For the dissent of the Office of Naval Intelligence see Enclosure B. The date of the estimate is 28 May 1950.

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ENCLOSURE A

THE EFFECT OF SOVIET MILITARY CAPABILITIES

1. Soviet possession of atomic weapons has increased the military capacity of the USSR relative to that of the United States and its allies.

2. The success of an atomic attack depends upon four basic elements: (a) adequate stockpile of atomic bombs; (b) adequate means of transport; (c) sound selection of targets; and (d) effectiveness of delivery.

a. The USSR will be able to develop an increasing stockpile of atomic bombs. The growth of the Soviet stockpile is estimated tentatively as follows:

Mid-1950	10- 20
Mid-1951	25- 45
Mid-1952	45- 90
Mid-1953	70-135

Beyond 1953 a well-founded estimate cannot be made, and even for mid-1953 there is a large degree of uncertainty. For planning purposes, however, an estimate for mid-1954 of 120-200 bombs is suggested on the basis that plant capacity may be increased by approximately 50 percent after 1952.

b. The USSR has and will continue to have means of transport—air, maritime, clandestine—capable of carrying its entire stockpile of atomic bombs.

c. It must be presumed that the USSR is capable of compiling an effective target list.

d. Soviet achievement of the fourth element—effectiveness of delivery—will depend primarily upon the defensive capabilities of the United States and its allies.

3. The USSR could inflict critical damage on the United States through atomic attack.

a. A Soviet capability for direct attack on the continental United States has existed since the USSR acquired long-range aircraft and long-range submarines. Addition of atomic bombs to Soviet armament gives the

USSR the additional capability of inflicting concentrated destruction in a single attack and of denying areas within the United States.

b. The maximum threat to the United State of Soviet possession of atomic bombs is the possibility that the USSR in a single surprise attack on the United States and its foreign installations could seriously limit the offensive capabilities of the United States, possibly to a critical degree.

c. The preparation of a single Soviet attack of this scope would obviously face serious difficulties, primarily (1) production of a sufficient number of atomic bombs to cover selected vital targets and yet allow for delivery losses, faulty functioning, and inaccurate aiming; and, to a lesser degree, (2) production of sufficient means of transport to ensure coverage of those targets, and (3) determination of those targets the destruction of which would most seriously limit the offensive capabilities of the United States. Each of these three difficulties, however, can be resolved in time by the USSR.

d. Since the USSR will have an increasing capacity to deliver bombs on target, if not prevented, the extent of destruction that the USSR could inflict on the United States will depend primarily on the defensive capabilities of the United States.

4. The USSR could more readily inflict critical damage on the North Atlantic Treaty allies of the United States through atomic attack.

THE EFFECT ON SOVIET POLITICAL-SUBVERSIVE CAPABILITIES

5. Soviet possession of atomic weapons increases the possibility that the USSR will be able to weaken seriously the power position of the United States without resorting to direct military action.

a. Soviet possession of atomic weapons in itself does not increase the instruments already

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available to the USSR for the extension of its political control by means short of an all-out military conflict. But Soviet capabilities of extending political control will be enhanced to the extent that Soviet possession of atomic weapons weakens the will of non-Communists to take adequate and timely counter-measures, and strengthens the determination and self-confidence of the Soviet Union.

b. Soviet efforts to confuse and divide public opinion in non-Communist countries will benefit from Soviet possession of atomic weapons. Moscow's current campaign to prohibit the use of atomic weapons and to attach a moral and legal stigma to their use is enhanced by the fact that the USSR can pose as willing to accept the same restrictions that it demands of other countries. By exploiting the universal fear of war as a means of attracting foreign support for Soviet policy, the USSR may be able to influence popular opinion in some countries to induce the local government to adopt a position less favorable to the security interests of the United States.

c. Fear of a growing disparity between US and Soviet military power, and fear of atomic war in any case, may influence the present allies of the United States to refrain from joining this country in taking a more positive political position against the USSR.

d. Segments of American public opinion also may conceivably become less willing to support more positive US counter-measures against the USSR.

e. The USSR, accordingly, will be in a position to exploit non-Communist hesitation and reluctance to resort to strong counter-measures. These conditions would facilitate the piecemeal extension of Soviet political control over so much of Eurasia as virtually to isolate the United States without resort to direct military action.

EFFECT ON THE POSSIBILITY OF WAR

6. The possibility of direct military conflict between the Soviet Union and the United States is increased as a result of Soviet possession of atomic weapons.

a. The basic objective of Soviet policy is clearly the attainment of a Communist world

under Soviet domination. In pursuit of this objective the USSR regards the United States as its major opponent and will wage against it a relentless, unceasing struggle in which any weapon or tactic is admissible which promises success in terms of this over-all Soviet objective.

b. With the continued development of the Soviet atomic stockpile and Soviet defense capabilities against atomic attack, the United States superiority in total numbers of atomic bombs will no longer in itself be a strong deterrent to war.

c. With its doctrinaire concepts of capitalist behavior and its hypersensitivity over security, the USSR may interpret as potentially aggressive future steps which the United States and its allies may take to improve their defensive position against the threat inherent in Soviet military power. Similarly, Western efforts to increase military preparedness in response to Soviet moves in the "cold war" could create a situation in which the USSR might estimate that the Western Powers were determined to prevent any further spread of Communism by military action against the USSR. It is always possible, therefore, that the USSR would initiate war if it should estimate that a Western attack was impending.

d. As the Soviet military potential increases relative to that of the United States and its allies, the USSR will doubtless be willing to take greater risks than before in pursuit of its aims. Although the USSR undoubtedly calculates the capacity and determination of the non-Communist powers to take counter-measures, the Kremlin nevertheless may miscalculate the cumulative risk involved in its various aggressions. Accordingly it may undertake an action which in itself appears unlikely to lead to war, but which, when added to all previous Soviet aggressions, might become an issue out of proportion to its actual merits and thus precipitate war.

e. If, after Soviet attainment of a large atomic stockpile, US defensive and retaliatory capabilities were to remain so limited as to permit a Soviet belief that the USSR could make a decisive attack on the United States with relative impunity, there would be grave danger of such an attack.

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ENCLOSURE B

DISSENT BY THE OFFICE OF NAVAL INTELLIGENCE

1. ONI dissents from ORE 32-50 because it believes that this estimate is too narrow and limited in its approach to a problem which "... obviously involves considerations of extremely broad scope and implications, ..." and thus is subject to serious misinterpretation. ORE 32-50 purports to discuss Soviet possession of the atomic bomb in relation to its effect on Soviet political-subversive capabilities and military capabilities, and it concludes that there has been an increase in these capabilities, a consequent increase in the possibility of war and an increasing jeopardy to the security of the U.S. A discussion so narrow in scope and so limited with respect to the factors discussed does not, indeed cannot, indicate how much increase has occurred nor what basic situation existed from which the indeterminate increase can be measured. The reader is actually led to infer that the only factor under Soviet control which would influence a decision to attempt a surprise and crippling atomic attack on the U.S., is possession of what they estimate to be a requisite number of atomic bombs to accomplish the task. It is inconceivable that the Soviets could arrive at such a decision without regard to political or economic factors and all the other military factors, offensive and defensive.

2. The security of the U.S. is affected by Soviet objectives and intentions as well as ca-

* Quoted from CIA memorandum #29694 dated 29 September 1949 to IAC agencies requesting an ad hoc committee on recent atomic developments.

capabilities, since it is the combination of these factors that produces the end product, probable courses of action. Soviet objectives and intentions stem principally from political, ideological and economic factors, historical experience and aspirations. Only when weighed together in the light of objectives and intentions will total capabilities—political, subversive, economic and military—combine to produce the probable course of action which must be correctly estimated in order that proper steps may be taken to insure the security of the U.S. While many considerations affecting the Soviet objectives and intentions are "controversial", these considerations are, in this case, the vital issues in the problem. Their omission from the estimate is a fatal error.

3. ONI believes that our bases for estimating Soviet objectives and intentions are at least as well founded as our bases for estimating their capabilities. They are, therefore, entitled to a full consideration in the estimate, particularly in view of the uncertainty which must be expressed regarding quantities, dates of availability, and characteristics of Soviet atomic bombs.

4. The position set forth above is the one ONI has maintained throughout the committee's consideration of this problem. ONI disapproves of the publishing of this paper because it believes that the limited discussion, by avoiding the vital issues, does not adequately support the conclusion, does not answer the problem, and could be misleading.

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CENTRAL INTELLIGENCE AGENCY

16 September 1950

MEMORANDUM

SUBJECT: The Korean Situation

I. Military Situation

Document No. 015
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Class. CHANGED TO: TS S O
Auth: DDA Memo, 4 Apr 77
Auth: DDA REG. 77/1763
Date: 10/2/78 By: DLJ

Summary

Approximately 17,000 UN personnel are now ashore at Inchon. Elements of the US 1st Marine Division have advanced to positions three miles east of Inchon, astride the Seoul road. Along the front in southeast Korea, slight gains have been made by UN forces in attacks from Chindong to Yongchon. UN naval surface and carrier air units supported ground troops in the Inchon-Seoul area while surface units bombarded the east coast in support of ROK marines who landed on the east coast north of Pohang.

Ground

Inchon Area. The attack by the US Tenth Corps is gaining momentum. The city of Inchon has been secured, and ROK forces have been charged with the maintenance of internal security and the establishment of a government for Inchon. Meanwhile elements of the US 1st Marine Division have advanced three miles east of Inchon along the road to Seoul. Approximately 17,000 troops, with tanks and 155mm. howitzers, have been put ashore at Inchon. The local North Korean security forces were quickly overcome. Enemy units attempting to converge on Inchon with additional support have been attacked by UN naval aircraft which destroyed 200 vehicles and an undetermined number of tanks.

Southeast Korea. Along the 90-mile front from Chindong in the south to Yongchon in the north, UN forces took the offensive, and made slight overall gains against enemy resistance varying from light to heavy. UN forces made slight gains in the south sector from Chindong to Hyonpung, reached the east bank of the Naktong River below Waegwan, and entered Angang in the east. Patrols of the ROK 3rd Division, however, on the extreme east sector, were repulsed by withering small arms fire. ROK marines have landed on the east coast north of Pohang.

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Rear Areas. Air observers reported approximately 50 vehicles and 20 tanks moving south below Antung (near the northeast Korea-Manchurian border). In the Seoul area, UN naval air reconnaissance flights reported several thousand troops dressed in white moving in the direction of Inchon.

Navy

UN naval vessels supported ground troops on both coasts with artillery fire, while carrier air units struck at enemy forces attempting to converge on Inchon. The Command Post of the US Tenth Army Corps has been established afloat off Inchon.

Air Forces

Air forces made strikes against marshalling yards and storage facilities near the southeastern battle zone at Taejon, Andong, and Chonju. Other units assisted in neutralizing enemy resistance against the ROK marine landings on the east coast. Bad weather prevented planned strikes by heavy bombers in the Waegwan area, but other heavy bomber units struck secondary targets at Pyongyang and Wonsan, where marshalling yards and dock areas were hit with excellent results.

II. General Situation

No significant reports have been received during the past 24 hours.

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Office Memorandum • UNITED STATES GOVERNMENT

TO : AD/ORE

DATE: 21 September 1950

FROM : Chief, D/Pub

SUBJECT: Contents of the CIA Daily Summary.

Reference: My memorandum to AD/ORE, dated 7 February 1949, subject "The Dulles Report,"; my memorandum to AD/ORE, dated 5 April 1950, subject "Distribution of the CIA Daily Summary; my memorandum to AD/ORE, dated 20 April 1950, same subject; my memorandum to AD/ORE, 3 August 1950, same subject.

1. The CIA Daily Summary was set up in response to a request from the President for a brief daily digest of the most important cables and telegrams. This original request has always been the guiding concept for the Daily Summary, and any suggestion that the publication be broadened in scope, that it might become a sort of daily estimate rather than a daily digest of what cables came to hand, has been held contrary to the President's request. The limitation imposed by this concept means that on any given day the Daily Summary can contain only those items which have appeared in the cable traffic for the day (or the day before). The sporadic flow of cable traffic makes it highly likely that for a day or two at a time there will be no cables concerning a highly sensitive situation and that for this reason the Daily Summary will carry no item on the matter. At the same time, it is highly possible that cables concerning this situation have arrived in Washington but that CIA has either been excluded from distribution or has been given distribution and has been requested not to use the material in any publication.

2. The guiding concept that the CIA Daily Summary is published in response to a request from the President places a premium on sensitive cables, those which most deserve to be brought to the President's attention. These are the cables which are most jealously guarded by the several agencies. The record of the agencies in making these cables available to CIA is very uneven. The service agencies have always made a rigid distinction between operational and intelligence materials and have freely given CIA what they regard as intelligence materials but have refused to give CIA operational materials. Under this guise, they have withheld from CIA such sensitive materials as General MacArthur's reports from Tokyo, General Clay's reports from Berlin, Admiral Struble's reports from the Seventh Fleet, Admiral Badger's reports from Tsingtao, General Van Fleet's reports from Athens, etc. CIA does not receive reports made to the Joint Chiefs of Staff, many of which must, because of their origin and their subject, be worthy of the President's attention. On the other hand, the Department of State has steadily maintained a good record in making sensitive materials available to CIA, a fact which accounts to a fair degree for the predominance of State materials in the Daily Summary. During the past year, however, as State-Defense relations have deteriorated and as State has become increasingly aware that through the CIA Daily Summary the Department of Defense is receiving sensitive State materials without reciprocating, State has been more and more reluctant concerning its sensitive

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telegrams. Therefore, on a few occasions State has withheld from CIA certain telegrams, either temporarily or indefinitely. Much more frequently, State has distributed these telegrams but has enjoined CIA not to use them in any publication, an injunction which CIA has had to respect for both practical and ethical reasons. These factors have further reduced the supply of materials suitable for inclusion in a Daily Summary designed for the President.

3. Several solutions to remedy the sparseness and inadequacy of the CIA Daily Summary are available. They are:

- a. To change the nature of the publication, relieving it of the necessity to digest those cables which CIA has available and making it more in the nature of a daily estimate;
- b. To make urgent efforts on a high level, as I have repeatedly requested be done, to have the sensitive cables of the Defense Department made available to CIA, a development which would in turn ease the State Department's concern.

4. Recommendation: Under present circumstances, I recommend that the second of these courses be followed and that the DCI be urged to take the matter to a level higher than the IAC.

Comments.

A

Solutions 3 a) & b) are related and yet distinct and separate subjects. The recommendation that be followed affects all aspects of intelligence production.

B

This memorandum raises the whole broad question of not only the format and content of CIA's Daily but the much broader problem of what Daily Intelligence Digests now exist, where do they go, and what purpose do they serve? Maybe there is no need of a Daily Digest in the field of National Intelligence! Show me C