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Mr. Bernard M. Baruch, Jr.

Dear Mr. Baruch:

I was pleased to receive your recent letter on Soviet gold sales and appreciate your interest in this important matter. Unfortunately, it would be almost impossible to boycott the sale of Soviet gold to the Free World. Such a boycott was attempted in the early years of the Soviet regime but failed largely because of the willingness of one country, Sweden, to act as a middleman in the sale of Soviet gold.

You will appreciate that the only feature that distinguishes Soviet gold bars from other bars is the Soviet refinery stamp. This stamp may be removed at a cost of less than two cents per ounce of gold by remelting the bars in a Free World refinery. Most Soviet gold bars received in the Free World are in fact remelted by the nations receiving them.

The United States has not in recent years bought gold identified as of Soviet origin, but, nevertheless, has undoubtedly been the final recipient of large quantities of Soviet gold. Most Soviet gold is currently bought by dealers in the London gold market, who generally remelt the bars before selling them. Soviet gold sales have been an important factor in the recent strengthening of the pound sterling, and the English, accordingly, are most unlikely to undertake a boycott of Soviet gold. Even if they were to do so, a number of other countries would be in a position to handle Soviet gold sales.

Sincerely,

C. F. Cabell
Lieutenant General, USAF
Deputy Director

APPROVED:

[Redacted Signature]

Deputy Director/Intelligence

ORIGINAL NO. 23 5979
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EXTENSION None
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Mr. Bernard M. Baruch
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Dear Mr. Baruch:

As I told you on the telephone this morning, I have asked Mr. Jackson, who served as my deputy during the past year, to call on you in New York and to answer any questions you may have as to the functions of the Central Intelligence Agency in gathering information and evaluating it.

Our experience in World War II demonstrated the need for an integrated system of intelligence. To meet this need, the Central Intelligence Agency was established by Congress in Section 102 of the National Security Act of 1947. Under this Act, CIA was assigned three broad missions: (1) to advise the National Security Council regarding the intelligence activities of the Government and make recommendations for their coordination; (2) to provide for the central correlation, evaluation and dissemination of intelligence relating to the national security; and (3) to insure the performance, centrally, subject to National Security Council direction, of certain intelligence and related functions of common concern to various departments of the Government.

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Under the first mission, CIA is not merely another duplicative agency but is rather the coordinator of the intelligence activities of other agencies. For example, in performing its duty of advising on the coordination of intelligence activities, the Central Intelligence Agency may recommend to the National Security Council the means to be employed in the assembly of reports and estimates requisite for the performance by the Agency of its second duty, the correlation of national intelligence. As another example, the Central Intelligence Agency may recommend that a particular intelligence function be performed henceforth by the Agency itself under its third duty of providing services of common concern more efficiently accomplished centrally.

The second mission is the coordination of intelligence opinion which is expressed in the form of so-called National Intelligence Estimates. In performing this mission the CIA, to quote your own language, attempts "to bring together the jigsaw puzzle" of information bearing on the capabilities and intentions of potential enemies. In the process of fitting together this puzzle, contributions are received

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from the Army, the Navy, the Air Force, Department of State, etc., each furnishing intelligence information which lies within its competence. For example: information on enemy ground order of battle is supplied by G-2 Army. Initial discussions are held at the working level and final collaboration is achieved at the level of the chiefs of the various intelligence agencies under the chairmanship of the Director of Central Intelligence. An Estimate is then issued under the responsibility of the Director of Central Intelligence with concurrence or dissent, for stated reasons, by the heads of the various intelligence agencies. Thus under its second mission, the Agency has the responsibility of providing the central machinery for the examination and interpretation of intelligence and the coordination of the best intelligence opinion in the country based on all available information. The subject of a National Intelligence Estimate is necessarily broad in scope and its conclusions have a vital bearing on the national security. Such an Estimate is in effect the intelligence basis for the formation of high level Government policy and military plans.

The third mission of the CIA comprises services of common concern which in the judgment of the National Security Council are best performed centrally. These services can be divided between those of a research nature such as some aspects of economic or scientific intelligence and certain services of collection.

I hope this letter will supply you with the information that you require and I am sure that Mr. Jackson will be glad to supplement it in his discussion with you.

Faithfully,

Walter B. Smith

Walter B. Smith
Director

O/DCI JL:mlk

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official

BERNARD M. BARUCH



September 27, 1951.

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My dear General:

I have been asked to speak before a branch of the Naval Service on some form of Intelligence. You will note that I spelled it with a capital I.

What I would like to know is how (in the broadest terms) the Central Intelligence functions about gathering its information and evaluating it. I did know something about this.

Perhaps you will hesitate to tell me and if there is any doubt in your mind, just forget the whole thing.

As you know, I think there is a way of getting pretty close to what Russia is doing, by bringing together the jigsaw puzzle. It is on that basis that I am going to talk.

Sincerely yours,

B m B.

How be you?

General Walter B. Smith,
Director of Central Intelligence,
2430 E Street,
Washington, D.C.

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