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3 January 1951

Major General A. R. Belling  
Assistant Chief of Staff, G-2  
Department of the Army  
Washington, D.C.

Dear General Belling:

We are pleased to furnish speakers for the Fourteenth Short Course of the Strategic Intelligence School.

The following lecturers have been designated:

1.3(a) (4)  
Activities and Methods

Organization and Mission of the Central Intelligence Agency  
9 January 1951 11:00-12:30 hours

Mr. Shane MacCarthy (ext. [redacted])

STAT

1.3(a) (4)  
Activities and Methods

National Intelligence Surveys Production Plan  
10 January 1951 0830-0920 hours

Captain A. K. Knowles (ext. [redacted])

STAT

1.3(a) (4)  
Activities and Methods

Strategic Estimate, Far East  
19 January 1951 0830-0920 hours

Mr. Paul E. Eckel (ext. [redacted])

STAT

1.3(a) (4)  
Activities and Methods

Intelligence Agencies, USSR  
23 January 1951 10:00-12:30 hours

Mr. Harry A. Rositzke (ext. [redacted])

STAT

1.3(a) (4)  
Activities and Methods

Strategic Estimate, USSR and Eastern Europe  
26 January 1951 0830-0920 hours

[redacted] (ext. [redacted])

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Direct contact with these individuals is suggested in connection with any necessary arrangements for details relative to their presentations.

LBK:rm 3 Jan 51

1.3(a) (4)  
Activities and Methods

- Orig. & 1 - addressee
- 2 - Signing Official
- 1 - Central Records (w/basic)
- 1 - Each speaker
- 1 - Originator

Sincerely,

*W.B. Smith*  
Walter B. Smith  
Director

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*Official*

AMERICAN AND SOVIET ECONOMY -- CONTRAST AND COMPARISON

When it comes to boasting, Khrushchev out-Stalins Stalin. Not so long ago, he used one of our important broadcasting companies to "promise" our grandchildren the "blessings" of what he calls "Socialism." Then he promised the Soviet peoples that it won't be long before they will have as much and even more butter, milk, and meat than the American people have.

But it was during the recent Soviet "election" campaign that Khrushchev reached the summit of his boastfulness to date. Addressing an "election" meeting in the Kalinin district of Moscow, where he was a candidate for Deputy to the USSR Supreme Soviet, Khrushchev bragged about the "progress and achievements" of the Soviet economic system, ridiculed the American way of life, and sneered at those who "picture the United States as a country of prospering enterprise, as a model of bourgeois freedom, of bourgeois democracy." On this occasion, Khrushchev tried to bolster his case by taking a few sentences out of my address of March 11th before the AFL-CIO National Conference on Unemployment. After referring to my plea for more and better housing and schools and for prompt and effective action to halt the recession with its growing unemployment, Khrushchev thundered:

"It is Socialist democracy which has liberated the Soviet people from such 'freedoms' as the right to elect their exploiter and to be jobless, the right to die of starvation or to be wage slaves of capital. No, this is not our people's understanding of freedom. We see freedom as the right of people to a life worthy of man, without exploiters or exploitation, with the right to genuine political equality, the right to enjoy all the achievements of science and culture. We understand freedom as liberation of the people from the horrors of unemployment and poverty, from racial, national and social oppression."

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Speech

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Before examining this Khrushchev claim in relation to life as lived, especially by the workers, under Soviet Communism, let me say that I have, on several occasions, criticized our national Administration for not preventing the present economic recession and for not acting promptly and vigorously to speed the return of full employment and prosperity. Because American labor is free, it can and does tell our government officials what we want them to do and what we don't want them to do. American labor, like every other sector of the community, is not afraid to tell the truth -- to tell it to the White House and Congress -- whether it be pleasant or ugly.

We of the AFL-CIO have made and will continue to make constructive proposals for restoring our country's economic health. The very nature of our criticism and comprehensive program shows our faith in the essential soundness and prospects of our economy as against the Soviet system. Our economy is far from perfect. But, through our democratic way of life, we can always change our working conditions and living standards for the better.

We of American labor want none of the Soviet "paradise." We reject and condemn Communism on economic, no less than on moral, cultural, social and political grounds. We are against social, economic or political changes through executions, exiles and forced labor camps. We oppose any system which would rob our people of human rights and democratic liberties and suppress and enslave any other people.

According to the Communist political prophets and economic "experts", our economy was supposed to have collapsed after World War I. Then, in 1929, Stalin assured his comrades that

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"American capitalism" had reached its apex and was going to go down and down. When World War II was over, the Kremlin rulers were sure that America was about to be hit by the biggest crisis ever. Now that we are experiencing a recession, Khrushchev treats us to the same Communist dirge.

Our free American economy, even in its momentary recession, is healthier and does more for the American people than the Communist economy does for the Soviet peoples. Our free economy has its ups and downs. But we have always come up stronger after every downward swing. In our country, we are not building an economy geared to military aggression, geared to grinding down the standards of living of the workers and denying them the right to share in the benefits of technological progress. In our country, the burdens of military defense -- forced upon us by the threat of Soviet aggression -- do not depress the living standards of the people.

Khrushchev knows that, even during an economic recession in the United States, the living standards of the American workers are much higher than those of the Soviet workers. The vast majority of Soviet workers get 300 to 500 rubles a month. This means -- at the most generous rate of exchange -- a monthly wage running from \$50 to \$150. Even under our present inadequate unemployment benefits, the average unemployed American worker gets more and lives better than do many millions of employed workers in the Soviet "paradise." In fact, many an American worker gets more pay when he is not working than a Soviet worker gets when he is working.

If conditions in Russia were as good as Khrushchev boasts, why does the Kremlin find it necessary to close its frontiers and,

at gun point, prevent Soviet subjects from freely going to other countries? If things are so good in the Soviet Empire, then, why have 1,500 people been fleeing from the Communist East Germany every week to the Federal German Republic? Why have more than ten per cent of the entire population of East Germany -- 8,000,000 of them -- chosen to become refugees, escapees?

INDUSTRIAL PROGRESS -- FACTS AND FANCIES

Soviet propagandists have sought to give the impression that totalitarian Communism has created all the foundations of Russian modern industry and has, because of its own specific features, attained a higher rate of industrial progress than that achieved by any other economic system. Let us examine this claim. Soviet industry has made considerable progress when measured in over-all terms. But all of this progress cannot be attributed to Communist economy as such. The Communist rulers did not start Soviet economic development from scratch, as it were. Before the Bolsheviks seized power, Czarist Russia was already the sixth industrial country. Some of its industrial plants, like the Putilov works, were among the most modern in their days.

Secondly, from 1918-1959, the western powers -- particularly Britain, France, Germany, and the United States -- provided the USSR with more than eight billion dollars worth of heavy industrial machinery. During the War, the United States and its democratic allies provided the Soviet Union with more than fifteen billion dollars of industrial machinery and products. In the forty years of its existence, the Soviet regime has borrowed much from western, so-called capitalist, technology. This was confirmed by the People's Commissar for Heavy Industry in his report to the

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Seventeenth Congress of the Soviet Communist Party when, in speaking of the fine technical equipment the USSR possessed, he admitted:

"Where did we obtain it? We bought from the Americans, the Germans, the French, and the British the most improved machinery, the latest achievements of world technique, and we have provided our plants with them."

Communist propagandists have done much boasting about the rate of Soviet economic progress. Their claims need much scrutiny. It is confusing to compare the rates of economic growth in various countries without considering the stages of respective economic development. The rates of economic progress attained by various countries should be calculated for similar or comparable stages in their economic development. Otherwise, the comparison can lead only to distortion or caricature.

The period of Soviet economic development during the last forty years is comparable to the period of 1890-1920 in America's economy. During this period, American economy grew at least as rapidly as does present-day Soviet economy. The current stage of Soviet economic development is also comparable to Canadian economy since 1917. Today, Canadian economy has a greater rate of progress and shows much more balance than does Soviet economy.

The rate of Soviet economic progress has considerable imbalance. Its weakest spot is agriculture which still employs 52 million people. The net harvest per capita (in kilograms) was 490 in 1915 and only 480 in 1956 -- forty-three years later. Russia's per capita grain output has suffered serious decline under Bolshevik rule. In the forty years since the Bolsheviks seized power in Russia, the grain yields (tons per hectare) increased 29% in West Germany; 44% in France; 24% in Sweden; and only 14% in the USSR.

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According to the study made by the Joint Economic Committee of the United States Congress, the Soviets can narrow the present absolute gap between their industrial capacity and ours and attain about half our country's output by 1965 -- only if their yearly average of growth will be 16% and ours will be only 3.8%. Prior to the current recession, the gap had actually widened in recent years. The total Soviet economic output has reached forty per cent of that of our country. But Soviet per capita consumption is only twenty per cent that of ours. The average diet and housing of the Soviet subject are little, if any, better than under the Czar's.

No doubt, the transitory effects of the fluctuations of our economy are depressive. But with us, depressions come and go, while under Communism, depression is permanent. The Communists behind the Iron Curtain have no idea of what a high living standard is -- on the level attained by many millions in our country, Australia, Canada, and free European nations.

#### SPOTLIGHT ON COMMUNIST PLANNED ECONOMY

Communists never cease ranting against the "anarchy of capitalist production" and raving about the Soviet government having eliminated "for the first time in history overproduction crises".

Though some specific Kremlin claims are unfounded, it is true that total Soviet economic output has risen substantially. Moscow's economic experts have been boasting that Soviet economy shows an annual productivity increase of 6.5 per cent. This is an exaggeration. But even if this were so, it would not mean that Communist planning operates smoothly and has provided a balanced and sound economy.

This overall rise includes a high percentage increase in the most backward sectors of Soviet economy. Moreover, the targets set by the totalitarian planners are not always met, as has been the case in the production of electricity, gas, pig iron, and steel. Iron ore output has deteriorated qualitatively as well as quantitatively. In 1957, there was a decline, or even a cut-back, in such key investment products as metallurgical equipment, turbines, railway freight cars, building bricks, window glass, various ferrous metals, rolling mill products, machines and other equipment.

In seven of the sixteen constituent republics of the USSR, the plans for the light industries and food production were not fulfilled. In certain consumer's durable goods an increase of production was attained only through setting very high prices. Therefore, only the highly paid upper bracket Communist bureaucrats could afford such goods.

In housing construction, Soviet planning has consistently failed. The First Five Year Plan (1929-32) fulfilled only 54% of its housing program; the Second Five Year Plan (1933-37), only 41.9 percent; the Third Five Year Plan (1938-42) did attain 85.8 percent of its target -- but only because it was on a much lower level. The Fourth Five Year Plan (1946-1950) showed 77% fulfillment of its housing construction plans.

It is rather significant that, before Lenin seized power, the average urban living space was 107.5 square feet per person. By 1925, it fell to 85 square feet; in 1928 to 59.7 square feet; in 1952, to 37.6 square feet. By 1954, it rose to 37.9 square feet. In contrast, under the "anarchy" of capitalism in the United States, even average low rent housing provides 198 square feet

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per person. This is more than five times the housing space available, on the average, to the urban Soviet citizen.

Only one and a half years after its adoption, the Sixth Five Year Plan was scrapped and changed to a Seven Year Plan.

The much-touted Communist planning is certainly not free from its own brand of anarchy -- ~~from~~ from the anarchy of unfulfillment and imbalance.

Today, Soviet economy lags behind American economy in per capita output in 21 basic industries. What is more, in these industries, the lag is greater today than it was before the 1917 Bolshevik counter-revolution. On the whole, Soviet economy has to use two to three workers to produce what one American worker does.

In some commodities, the Communist planners have done better than in others. The Kremlin has concentrated on and achieved greater growth in the production of coal, oil, cement, lumber, steel, and heavy machinery. Thus by 1955, Soviet pig iron production was 47% of American; steel ingot and slabs 45 percent; presses and forges, 80%; ships, 82%. At the same time, Soviet production of radio and TV was only 18% of ours; refrigerators 5%; washing machines 2%; and autos only 1%.

These figures reveal that Communist economy is planned for and geared to providing armaments rather than an improved standard of living and the consumer's goods for which the Soviet peoples yearn. Today Moscow wants America and the other democracies to provide it with certain sorely needed vital consumer's goods and machinery for producing the same. Khrushchev brazenly

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asks America, Britain, and Germany to build for him plastic and other plants so that he can (1) continue concentrating on armament production and (2) have the free world help him reduce discontent in the USSR by thus providing the Soviet people with the goods they want so much.

While American economy faces many problems of surplus, Soviet economy continues to be plagued by the problems of serious scarcity -- especially in vital consumer goods. For instance, in our country, there are hundreds of thousands of cars lined up waiting for customers. But in the USSR, though the number of would-be auto buyers is, comparatively speaking, ridiculously low, yet the number of these few buyers has been increasing twice as fast as production. Yet Soviet economy does face problems of overproduction in some fields. Judging by the way Moscow has been dumping armaments into Communist China and some Middle East countries, Soviet economy has been facing pressing problems of overproduction of military goods.

Despite all the boasting about Soviet planning and the high rate of Communist economic growth, the USSR continues to suffer from a severe shortage of capital. This shortage is one of the reasons for the recent Khrushchev letter to President Eisenhower pleading for credits with which to purchase machinery. This shortage was frankly admitted by Soviet planner I.A. Kulov when he recently stated that in 1957 the Kremlin could allocate only 170 of the 240 billion rubles requested by the various Kremlin ministries. The capital needed for meeting the Sixth Five Year Plan through 1960 is not available. For this period, only 90 billion rubles could be allocated. This is 150 billion rubles less than requested and needed by the various ministries.

While claiming a 12% increase in capital during 1987, Moscow admitted that the available Soviet capital supply was 6% below the target. This capital shortage and the shift to nuclear weapons have led the Kremlin to scrap its Sixth Five Year Plan. But even under these circumstances Moscow would not curtail its military budget. Instead, it reduced its original capital investment plans and production goals and redoubled its efforts to secure consumer goods and machinery from abroad. In fact, one of the main reasons behind the Kremlin campaign for a Summit Conference is its hope that it would provide an atmosphere more favorable to such helpful trade with the very democracies it seeks to bury.

With only 6% of the world's land and population, America's economy has been producing 30% of the world's goods. At the same time, our people have been giving away many billions of dollars to help other nations improve and develop their economies. The threat to our country's industrial primacy is not to be found in the economic progress of any other nation. The real danger we face is in letting down our guard and permitting our own production and consumption to fall.

#### SOVIET ECONOMY VS. THE WORKERS

The biggest of all big lies peddled by the Kremlin dictatorship and its supporters outside the Soviet empire is that the Communist system is for the benefit of the workers. Communist totalitarian regimentation permits no free trade union organization. The Soviet worker pays a very heavy price for not having bona fide free trade unions as instruments for raising his living standard, for assuring him an equitable share of the benefits of modern

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technology. The Soviet "unions" exist only to speed production -- especially in the heavy industries geared to the production of weapons of aggression.

Millions of Soviet workers have to pay 1% of their wages as dues to finance the conduct of their "union" affairs "under the guidance of the Communist Party." These dues payments amount to over 3,000 million rubles a year -- at the official exchange rate, about \$800,000,000. Do the Soviet "unions" use this vast treasury to protect the workers' interests under Communism? *Well, the*

*average* average Soviet wage is so low that many workers are forced to do extra work, on the land, in order to eke an existence. In 1933, the total area of land on which workers were raising their own vegetables and potatoes amounted to 1,300,000 acres. By 1950, this area rose to 3,150,000 acres; by 1955, this supplementary income for the workers was eked out by cultivating an area of 3,420,000 acres. Speed-up and exploitation in the Soviet factories are so intense, that many workers, trying to earn enough to live on, have turned to raising livestock as a source of supplementary income. Soviet workers raised 389,000 heads of cattle in 1933; 4,932,000 in 1941; and 6,306,000 in 1955. By the middle of 1956, the Soviet government was alarmed by this trend and took action to curtail this practice.

One might ask: why has the Soviet dictatorship permitted so many workers to become half-peasant and half-proletariat. The noted student of Soviet labor conditions, Paul Barton, explains this development as follows:

"While their pitiful low wages incite proletarians to take up farming or trade, the added profits they gain thereby facilitate, in turn, the low-wage policy. In the eyes of the employer-state, the savings that result from this policy seem, rightly or wrongly, greater than the tremendous losses it sustains through low productivity, not to mention thieving in the factories which has become a regular institution."

In effect, these possibilities of earning supplementary income tend to undermine the worker's desire and capacity to resist the exploitation he suffers in the factory. This is a reversion to feudal practices in the utilisation of labor in a country with modern industry and technology. Such reversions to the past and other means of depressing labor standards have enabled the Soviet regime to attain striking achievements in some fields of technology. In reality, there is no minimum wage for the Soviet worker. This is confirmed by Article 57 of the Soviet Labor Code (as revised in May 1936) which reads:--

"In the event that a worker in a State enterprise, institution or works, should, through his own fault, fail to meet his established quota, he shall be remunerated according to the quality and quantity of the finished product, without any guaranteed minimum wage."

The Soviet labor regulations set the total fund which each factory may pay out in wages. The management is permitted to draw on this wage fund only to the extent that the particular factory fulfills its production quota. If the quota is not fulfilled, the wage fund is reduced -- <sup>whether</sup> ~~whether~~ it is the fault of the workers, management, or due to other reasons. Then all the workers suffer wage losses. The lower <sup>to</sup> paid are, quite naturally, the hardest hit.

Proof of the heartless attitude of the Soviet rulers in their exploitation of labor was provided by none other than Soviet

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Finance Minister Everev when he declared on February 3, 1955 that

**"Over-expenditure of the wages fund must be regarded as the cruelest violation of State discipline, and those guilty of it must be called to strict responsibility."**

One year later -- on February 15, 1956 -- Khrushchev was no less blunt when he stated:

**"There is a great deal of muddle in the wage system... It is of paramount importance to insist on improving and perfecting the wage structure in all sectors of the economy, to make wages directly dependent on the quality and quantity of the labor of every worker and to make full use of this powerful lever -- material interest -- so as to increase labor productivity."**

In this spirit, the last Five Year Plan provided for an increase of gross industrial production by 65 percent; labor productivity by 80%; and real wages by only 30 percent.

Soviet practices in the recruiting and assignment of workers are similar to those which prevailed in the days of Peter the Great, when the serfs were mobilized in the villages and brought into the factories to turn out munitions for Czarist wars of aggression. In 1935 and 1956, some of the harshest methods of coercion of labor were somewhat softened. Today, the Soviet apprentice is no longer subject to forced enrollment upon graduation from vocational schools. But the apprentice is still rigidly restricted in his choice of employment. Despite Khrushchev's so-called liberal reforms, the Soviet workers do not enjoy freedom in choosing and changing their jobs. When a Soviet worker leaves his job, against the desire of the manager, he will find himself hopelessly tangled in a mass of bureaucratic administrative rules calculated to prevent his getting a job where he wants to be employed.

Under Khrushchev, as under Stalin, the police can deny any worker the right to leave his place of residence. And when he

does seek a new job, the local "agent" for the transfer and recruiting of workers" can force him to enter an industry, <sup>from</sup> which workers try to keep away ~~away~~ because of its working conditions. Furthermore, the Soviet worker who changes his job in 1958 risks losing his right to health insurance payments for six months, the withdrawal of bonuses for seniority up to 25 percent, and being labelled as dismissed rather than self-transferred from his job. He also faces a definite loss of tenure which determines the extent of his other social benefits.

Though the "free" Soviet worker is subjected to these and many other abuses, the plight of the millions still in the Soviet forced labor camps must be infinitely worse.

A comparison of the trend of real wages in the United States and in the Soviet Union is instructive and significant. In 1928, the purchasing power of the average hourly wage in the United States was four times that of the USSR. In 1956, it was five times as high.

And thanks, in very large measure, to the strength and militancy of our trade union movement, the American worker's share in the returns of our national economy has been rising. In 1929, prior to the great economic crisis, 58.2 percent went into compensation for employees. During 1946-50, this share rose to 64.7 percent. The period 1951 to July 1, 1955 showed 68% of the total <sup>returns</sup> of America's national economy going into compensation for employees.

Throughout nearly all of the forty years of Communist dictatorship, the price of a basket of common food (beef, butter, rye bread, potatoes) took a greater part of the worker's wage than in 1913. Not until 1956, did the workers finally manage to show some net gain in this regard -- only two tenths of one percent. Though the

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supply of consumer's goods has risen since 1954, there has been no price reduction since that time.

The Communist boast that there is no unemployment in the Soviet Union should be judged against this entire background. In a slave state, there can hardly be any unemployment. The economist Gabriel Hauge put it well when he said:

"It would be no trick for us to abolish unemployment in the Soviet fashion by abolishing free enterprise and chaining every worker to a state-controlled job. You don't have to ask free American labor why they reject that solution with the virtual serfdom and accompanying low wages it would entail."

Our country has suffered from economic recessions of varying duration and intensity. Today, even temporary recessions are avoidable and unnecessary in our free economy. But Soviet Economy is in a state of permanent depression in insofar as the standards of life and labor are concerned. In the Communist economic and political system, inhuman exploitation and dictatorship are inherent and permanent.

NOTES AS A BASIS FOR DISCUSSION OF  
FUNCTIONS AND RESPONSIBILITIES OF THE CENTRAL INTELLIGENCE AGENCY

I.

The Intelligence Problem in the United States

Although the Central Intelligence Agency is largely an outgrowth of our experience in World War II, it would be wrong to proceed from the premise that prior to the war our Government operated without intelligence as to the capabilities and intentions of possible enemies or prospective allies. The Department of State had long maintained a widespread information gathering service. The Army, the Navy, and certain other Departments of the Government had maintained their own systems of collecting information and producing intelligence.

However, we had no integrated system of intelligence. We had not adequately exploited the available sources of intelligence. We had no central agency to coordinate intelligence collection and production and to assemble the best available intelligence for expression in national estimates to guide in the formulation of foreign policy and the preparation of defense plans.

In World Wars I and II our European allies, Great Britain in particular, had placed the product of their intelligence services largely at our disposal. While we can still expect assistance from the intelligence services of friends and allies, we have rightly concluded

that we should not depend on them for our intelligence to the extent we were forced to do in World War I and during the early days of World War II.

It was World War II which showed both our deficiencies in intelligence and also what we could accomplish under pressure. Through the expansion of the facilities of the State Department and the military services, through the Office of Strategic Services -- our first move toward the Central Intelligence Agency -- through enlisting the best personnel that could be found, in and out of government service, we were turning out a very creditable performance in many phases of intelligence work well before the end of the war.

We now recognize that if we are to have adequate intelligence in times of crisis, we must prepare in time of peace, and we have seriously turned to the task of building up a central intelligence organization. The country has now accepted the verdict, even if somewhat reluctantly, that peacetime intelligence is essential to security and, as many of our military leaders have said, our first line of defense. It took us a long time to reach this conclusion, and we are only now gradually getting over our suspicions of intelligence and our tendency to confuse it with mere intrigue and the more lurid side of espionage. We are beginning to accept it as serious and honorable work and essential to our defense.

It is well to recognize, however, that an efficient intelligence organization cannot be built overnight.

It will require years of patient work to provide skilled personnel to do the job. Blueprints and organization charts, even legislation and ample appropriations, will not take the place of competent and highly trained men and women. Without them we shall have neither effective intelligence operations nor sound intelligence estimates. Unfortunately, in the difficult organizational period since the war, the future of intelligence as a career has seemed so uncertain that many war-trained and competent men have left the service and it has been particularly difficult to find recruits to take their places.

Finally, security for our intelligence activities is not easy to achieve in the United States. It is not only the penetration of fifth columnists which we have to guard against. We have the general problem rising out of our tradition that all of the affairs of the Government should be conducted in the open. Sometimes we tend to carry this over even as regards the publication of the intimate details of intelligence operations. In peacetime particularly, it is not always easy to reconcile our vital interest in protecting the freedom of the press with the need for silence on certain phases of intelligence.

## II.

### National Intelligence and the National Security Act of 1947

In a series of discussions, beginning as early as 1944, among the interested government agencies as to how the country could most effectively organize its permanent long-range intelligence, there was pretty general

agreement on some form of a central agency. There was, however, a sharp divergence of views as to the scope of the activities of such an agency, the authority it should enjoy, the manner in which it should be administered and controlled and where in the government it should be located. These issues were resolved at that time through the creation by Presidential letter of the Central Intelligence Group on 22 January 1946, and then more definitely determined through the establishment of the Central Intelligence Agency by Congress in Section 102 of the National Security Act of 1947.

THE DUTIES OF THE CENTRAL INTELLIGENCE AGENCY UNDER THE NATIONAL SECURITY  
ACT

Section 102 (d) of this Act defines the duties of the Central Intelligence Agency as follows:-

"(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 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."

In these provisions the authors of the National Security Act showed a sound understanding of our basic intelligence needs by assigning to the Central Intelligence Agency three broad duties which had never before been adequately covered in our national intelligence structure. These duties are: (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 assure the performance, centrally, subject to National Security Council direction, of certain intelligence and related functions of common concern to various departments of the Government.

The powers given to the National Security Council and the Central Intelligence Agency under Section 102 of the Act establish the framework for a sound intelligence service for this country. It is of vital importance that effect be given to the real legislative intent through the continuing exercise by the Central Intelligence Agency of the functions assigned to it by the Act. The functions of most importance relate to

the responsibility of the Central Intelligence Agency for the coordination of intelligence activities and the coordination of intelligence opinion in the form of national intelligence estimates.

When the National Security Act was being drafted, doubts were expressed whether the Central Intelligence Agency is properly placed in our governmental structure under the National Security Council. There was some concern whether a committee such as the National Security Council would be able to give effective direction to the Agency. It was argued that the National Security Council was too large a body, would be pre-occupied with high policy matters, and would meet too infrequently to be able to give sufficient attention to the proper functioning of the Central Intelligence Agency.

There is force to the criticism that a committee, no matter how august, is rarely an effective body for the direction of another agency. It is true that the National Security Council cannot directly control or run the Central Intelligence Agency and should not attempt to do so, except to the extent of assuring itself of compliance with its directives. However, the Council, whose membership comprises the highest authorities in the departments most directly concerned with the products of all the intelligence agencies, can render effective service in determining the nature and scope of the Central Intelligence Agency within the framework of the National Security Act.

The Central Intelligence Agency must perform special services of common concern to these departments as directed by the National Security Council, must recommend steps toward the coordination of the intelligence activities of these departments as prescribed by Congress and coordinate the expression of intelligence opinion in the form of national estimates prescribed also by Congress<sup>1/</sup> or fail in its mission.

The Central Intelligence Agency is not merely another intelligence agency to duplicate and rival the existing agencies of State, Army, Navy and Air Force. It was not designed as a competitor of these agencies but as a contributor to them and as a coordinator of their intelligence activities and of the expression of a national intelligence opinion. It must make maximum use of the resources of existing agencies; it must not duplicate their work but help to put an end to existing duplication by seeing to it that the best qualified agency in each phase of the intelligence field should assume and carry out its particular responsibility.

The job of the Director of Central Intelligence, unique in the history of intelligence organization, is hard to describe clearly. In a far-fetched comparison, it might be said in many respects to constitute the intelligence opposite number of the Secretary of Defense. Of course,

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<sup>1/</sup> Congress actually used the words "evaluate intelligence relating to the national security."

an essential difference, among others, is that the Director of Central Intelligence does not and should not participate in the determination of policy.

III.

The Responsibility of the Central Intelligence Agency for the Coordination of Intelligence Activities

The coordination of the intelligence activities of the several departments and agencies concerned with national security was a primary reason for establishing the Central Intelligence Agency. This is clear from the early discussions concerning the creation of a central agency and from the language of Section 102 of the National Security Act.

To achieve this purpose, the Central Intelligence Agency was assigned the duty of advising the National Security Council in matters concerning such intelligence activities as relate to the national security and of making recommendations to the National Security Council for their coordination. The Act does not give the Central Intelligence Agency independent authority to coordinate intelligence activities. Final responsibility to establish policies is vested in the National Security Council.

This duty of advising the National Security Council, together with the two other principal duties of correlating national intelligence and performing common services as determined by the National Security Council,

all serve the general purpose of coordination. In fact, these three basic duties of the Central Intelligence Agency, although distinct in themselves, are necessarily inter-related and the performance of one function may involve another.

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, in accordance with its duty to make recommendations for the coordination of intelligence activities, 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 statutory limitations upon the authority of the Central Intelligence Agency to coordinate intelligence activities without the approval of the National Security Council were obviously designed to protect the autonomy and internal arrangements of the various departments and agencies performing intelligence functions. The Secretaries of Departments who are members of the National Security Council are in a position to review recommendations of the Central Intelligence Agency concerning their own departments, and other departmental heads would doubtless be invited to attend meetings of the National Security Council when matters pertaining

to their activities are under consideration. In spite of these calculated limitations on the authority of the Central Intelligence Agency, it is clear that the Agency was expected to provide the initiative and leadership in developing a coordinated intelligence system.

The National Security Act does not define the "intelligence activities" which are to be coordinated under the direction of the National Security Council, or specify the departments whose activities are covered. Presumably all intelligence activities relating to the national security are included, from collecting information in the first instance to the preparation and dissemination of finished intelligence reports and estimates. The criterion, a very broad one, is "such intelligence activities.....as relate to the national security" and not the identity of the departments concerned or the nature or locale of the intelligence activity. Thus, practically no limitations are set upon the scope of the intelligence activities with which the Central Intelligence Agency is to concern itself, except the statutory provisions on internal security functions and provisions protecting the independence of the departments with respect to so-called departmental intelligence.

#### IV.

#### The Responsibility of the Central Intelligence Agency for National Intelligence Estimates

One of the principal duties assigned to the Central Intelligence Agency "for the purpose of coordinating the intelligence activities of

the several Government departments and agencies in the interest of national security" is "to correlate and evaluate intelligence relating to the national security, and provide for its appropriate dissemination." The Central Intelligence Agency is thus given the responsibility of seeing to it that the United States has adequate central machinery for the examination and interpretation of intelligence so that the national security will not be jeopardized by failure to coordinate the best intelligence opinion in the country, based on all available information.

Although the Act provides that "the departments and other agencies of the Government shall continue to collect, evaluate, correlate, and disseminate departmental intelligence," the statute does not limit the duties of the Central Intelligence Agency to correlate and evaluate intelligence, except by the standard of "national security."

The purport of the National Security Act can be understood and justified in the light of the history and general objectives of the Act. Behind the concept of a Central Intelligence Agency lay the necessity not only for the coordination of a diversified intelligence activities, and for the performance by the central agency itself of certain services of common usefulness, but also for the coordination of intelligence opinion in the form of reports or estimates affecting generally the national security as a whole.

The Act apparently gives the Central Intelligence Agency the independent right of producing national intelligence. As a practical matter, such estimates can be written only with the collaboration of experts in many fields of intelligence and with the cooperation of several departments and agencies of the Government. A national intelligence report or estimate as assembled and produced by the Central Intelligence Agency should reflect the coordination of the best intelligence opinion, based on all available information. It should deal with topics of wide scope relevant to the determination of basic policy, such as the assessment of a country's war potential, its preparedness for war, its strategic capabilities and intentions, its vulnerability to various forms of direct attack or indirect pressures. An intelligence estimate of such scope would go beyond the competence of any single department or agency of the Government. A major objective, then, in establishing the Central Intelligence Agency was to provide the administrative machinery for the coordination of intelligence opinion, for its assembly and review, objectively and impartially, and for its expression in the form of estimates of national scope and importance.

The concept of national intelligence estimates underlying the statute is that of an authoritative interpretation and appraisal that will serve as a firm guide to policy-makers and planners. A national intelligence estimate should reflect the coordination of the best intelligence opinion, with notation of and reasons for dissent in the instances when there is not unanimity. It should be based on all

available information and be prepared with full knowledge of our own plans and in the light of our own policy requirements. The estimate should be compiled and assembled centrally by an agency whose objectivity and disinterestedness are not open to question. Its ultimate approval should rest upon the collective responsibility of the highest officials in the various intelligence agencies. Finally, it should command recognition and respect throughout the Government as the best available and presumably the most authoritative intelligence estimate.

Although the task is made more difficult by a lack of general acceptance of the concept of national intelligence estimates in the Government, it is, nevertheless, the clear duty of the Central Intelligence Agency under the statute to assemble and produce such coordinated and authoritative estimates.

V.

Services of Common Concern - Intelligence Research and Reports

This is the function prescribed by Section 102 (d) of the National Security Act of 1947 in the following language "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."

Generally speaking, this function would involve responsibility for authoritative research and reports in economic, scientific and technological

intelligence, the maintenance of central reference facilities, and such other matters as are deemed of common concern by the National Security Council. To the extent necessary, the Central Intelligence Agency will also coordinate the activities of the other agencies in these fields. The staff working in the Central Intelligence Agency on such matters of common concern should include in appropriate cases adequate representation from the State Department and the military services so that, subject to policy guidance from the principal consumers, its products will reflect the work of the best available talent and be responsive to the requirements of the consumer agencies.

VI.

Limitation on what can be Expected of the Central Intelligence Agency or of the American Intelligence System as a Whole.

In concluding, any discussion of intelligence in general and the responsibility of the Central Intelligence Agency in the production and coordination of national estimates in particular would be inadequate without some caveats.

Seldom if ever will the collecting machinery of any intelligence system produce all or anywhere near all the raw information required, after evaluation, collation in the appropriate intelligence agency and general interpretation, for the final production of a completely reliable intelligence estimate. Pieces of the intelligence puzzle will always be

missing and informed guesses or logical deductions at best will be needed to complete the picture of enemy capabilities and intentions.

Even the available pieces of the puzzle are not invariably given to intelligence personnel. All information, whether it originates from intelligence sources or whether it comes from other sources including our own operations and plans, must be made available to the intelligence people who by putting together and studying all of the bits of information must provide the overall interpretation. There is always a dangerous tendency, particularly in time of crisis, when it can be most serious, for vital information to be withheld on the grounds that the intelligence personnel should not see it because it concerns operations or for alleged security reasons. In other instances, the dissemination of vital but sensitive material may be restricted to a very few people at the top levels with the result that those individuals who are most competent to analyze a particular situation are left out of the picture entirely. It is therefore necessary that intelligence estimates be made in full light of our own policies and operations.

There is also a tendency to prejudice on the part of intelligence personnel expressed in the form of stubborn adherence to preconceived ideas. Estimates are subject to the risk of being colored and twisted to reflect the prejudices of those preparing them.

Finally, there is danger of prejudice on the part of policy-makers which may render them blind even to brilliant achievements of an

intelligence service. They may just refuse to listen to what they do not like. Hence, nothing would be more dangerous than to believe that an efficient intelligence system with coordination of activities and support effected through a central intelligence agency would make this country immune to a disaster like Pearl Harbor.

This does not lead to the conclusion that intelligence is futile. It merely shows its limitations. If the intelligence appraiser can keep from twisting and coloring the data he receives and if the policy-maker can keep an open mind and be prepared for continual re-evaluation of the assumptions on which he is relying, then sound intelligence estimates can be a pillar of strength for our national security.