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Approved For Release 2003/05/27 : CIA-RDP86B00269R000500050050-6
OFFICE OF THE SECRETARY OF DEFENSE
WASHINGTON

12 April 1948

Mr. Mathias F. Correa
Cahill, Gordon, Zachary
and Reindel
63 Wall Street
New York, New York

Dear Matt:

In the enclosed memorandum I have set forth some of my views on the present position of the survey with recommendations for our working program. For the reasons given in my memorandum, I believe it is important to consider some of the problems I have raised and establish a fairly clear, yet flexible, program. Allen and Bill are coming down at the end of the week and I hope you will have a chance to go over this paper before then and possibly discuss it with them.

When do you expect to be here again? There has been ~~some one~~ interesting developments since your last visit. A large meeting was held on April 2, 1948, at which representatives from CIA, AEC and the Military Liaison Committee were present. At that meeting the present position of atomic energy intelligence was reviewed and it was agreed that there should be appointed to the Nuclear Energy Group a scientist acceptable to AEC who would have full access to all raw reports and whose judgment would be accepted by AEC.

[redacted] and who has been spoken of very highly by several scientists. This certainly looks like a step in the right direction. I do not have the details of the discussion which led to this decision, but only the above report which was given to me by Hillenkoetter. I will try to get a copy of the minutes of the meeting.

I have arranged to see Dr. Henderson, Army, and Dr. Brewer, Navy, about this subject and will tell you about my conversations with them when you are next in Washington.

Sincerely yours,

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Enclosure
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13 April 1948

Mr. Allen W. Dulles
Sullivan and Cronwell
48 Wall Street
New York, New York

Dear Allen:

I have traced the report which you gave me over the telephone this morning, although I do not know the source of the leak.

The commentator was Felix Morley on his regular program, "Three Star Extra" over the NBC at 6:45 pm on Monday, April 12. Following is the text of the relevant portion of his broadcast:

"Today two investigations were under way in Washington to determine why our intelligence services were so ill prepared for this coup d'etat. The House of Representatives has a special committee on executive expenditures, its chairman is Rep. Clare Hoffman of Michigan. Today he named a subcommittee of three to determine why our diplomacy was asleep at the switch in Colombia. Frank Hannegan of Three Star Extra learns that another investigation by the National Security Council is also underway. It is headed by Allen Dulles and is directed particularly at the hush-hush Central Intelligence Agency, organized about a year ago. This wholly independent Central Intelligence Agency is supposed to know what's going on everywhere, seemingly it knew very little about affairs in Colombia. Certainly the State Department itself was asleep. In Washington alone that Department has around 1100 executive officers and none of them seems to have had any inkling of what was being plotted. Somewhere in the bureaucratic labyrinth somebody might have tipped Marshall off to what was coming but seemingly nobody did."

I believe that the clamor for a Congressional investigation is dying down but will keep in touch with this and report to you on Thursday. Hillenkoetter has collected a good deal of information ^{purporting} to show that CIA was not caught completely unprepared and, as I mentioned in my letter, is using this occasion to press for a solution of the difficulties he has been having with the State Department.

I am sending a copy of this letter to Bill Jackson and Matt Correa.

Sincerely,

✓ cc: Mr. Correa

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OFFICE OF THE SECRETARY OF DEFENSE

WASHINGTON

12 April 1948

MEMORANDUM TO Mr. Dulles
Mr. Correa
Mr. Jackson

This is an attempt to set forth briefly a summary and appraisal of the present position of the Survey, with recommendations for future procedure.

In my memorandum of March 12, 1948, which is in your files, I recommended that the Survey Group attempt, within a relatively short time, to arrive at a general appraisal of CIA, its position in the national intelligence picture and its overall management. I urged that this general survey be completed as soon as possible and before looking into the details of CIA operations or of the other intelligence agencies. I suggested that this procedure was desirable because the Group might conclude that detailed recommendations would serve no useful purpose in the absence of changes in major policies and among principal personnel. I also proposed the allocation of responsibility to individual members of the Survey Group, for inquiry into particular parts of CIA and for the contact with the other departments and agencies so as to ensure a fairly rapid overall coverage during the first stage.

Although there seemed, at the time, to be general agreement with these recommendations we have in fact departed from them. I suggest therefore that we review our present progress and reconsider what should be our priorities and working program. It is appropriate to do this now for the further reason that, beginning April 19th we will have at least one and probably two additional staff members. The most effective way of using them can be determined only in light of our general plan.

The present picture is approximately the following: - We have already collected a fair amount of documentary material, first-hand impressions and second-hand reports concerning most of the principal parts of CIA, some of CIA's major problems and the position of CIA in relation to the other parts of the Government.

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Mr. Correa has begun investigating the present arrangements for atomic energy intelligence with which there is general dissatisfaction. He has not yet looked at OCD or the CIA administrative setup.

Finally, Mr. Jackson has had initial conversations regarding ICAPS and ORE, and has also spoken with General Sibert, head of OO.

I have followed up on all of these lines of inquiry and in addition have collected information and impressions on the other problems and parts of CIA and the intelligence picture in general. This has included contacts with intelligence personnel in State, Army and Navy.

Thus, the coverage has been uneven and necessarily incomplete and we do not now seem to be proceeding toward an early, overall appraisal of CIA. Although we have been ^{RFB}are still actively concerned in part with some of the fundamental problems concerning CIA, we are also giving priority to certain specific problems brought urgently to our attention. It seems to me that there are a number of difficulties in this procedure which does not correspond to any clear objective or, in my opinion, to the requirements of the situation. In the first place, the dissatisfaction with CIA is so widespread throughout the government and some of the internal problems of CIA seem so acute that I do not think our present procedure will produce adequate results regarding CIA on a priority basis as provided for in the Terms of Reference for the survey. It is necessary, I believe, to proceed on the basis of a simple fairly clear, and flexible, program, which does not have to be substantially altered in order to absorb the particular problems and controversies which will be brought to our attention from time to time. We can expect urgent problems to be referred to us as we progress and while we must, of course, be ready to do what we can to help in these matters, we must not be deflected too widely from our course.

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As another example, the problem of atomic energy intelligence is obviously of outstanding importance, but I am beginning to doubt whether we can make any effective contribution there without placing the problem in its proper setting and examining at the same time some of the broader questions on which it depends (scientific intelligence generally and CIA's responsibilities for collection, evaluation and coordination). If we do not constantly try to relate specific problems to the general setting of which they are a part, we may find ourselves tackling symptoms with very little effect upon the causes.

There are two other things which should also be mentioned in this connection. The present procedure is, I think, being seized upon by some of the people who are unfavorable to our efforts as an excuse for saying that we are not effectively tackling our job. Thus, in advance, an attempt may be made to discount the results of our work. In addition, there are within CIA a large number of people who are very friendly to our efforts and hopeful that we will help correct the deficiencies of the present setup.

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The morale of these people is very low and, rightly or wrongly, they are looking to the Survey to remedy what they think is a deplorable situation.

Finally, events of the past few months, including the recent trouble in Bogota -- on which subject Representative Clarence Brown of Ohio is asking Admiral Hillenkoetter for an explanation -- together with public criticism of our intelligence setup, may lead to Congressional demand for an investigation, which it will be difficult to resist unless the Survey Group can show substantial progress in a relatively short time.

CIA has three broad functions and, in my opinion, our immediate objective should be a quick appraisal of the soundness of these functions, the way in which they are being performed and of the principal personnel responsible for them. In the first place, there is CIA's responsibility for coordinating all intelligence activities concerning the national security. This is an administrative and planning function which is supposed to be carried on through the Intelligence Advisory Committee, with ICAPS as the responsible staff within CIA. In fact, CIA has been very inactive along these lines, the IAC is a field for departmental skirmishes rather than a forum for coordination, and ICAPS is looked upon with scorn both within CIA and outside. In the second place, CIA is supposed to correlate and evaluate intelligence relating to the national security. The purposeless way in which this task has been attempted by CIA through ORE has caused considerable antagonism outside CIA as well as dissatisfaction and demoralization within ORE. Finally, CIA is charged with performing certain common services of an intelligence character. It is under this mandate that OO and OSO operate, and it is probably fair to say that although there is a good deal of criticism of the efficiency of their operations, there is not the antagonism and controversy regarding them that there is for other parts of CIA, particularly ORE.

In summary, it is my present impression that CIA has not performed well or not performed at all its two functions of coordinating governmental intelligence activities and of correlating the evaluation of intelligence. CIA's mission and actual operations within both these fields are uncertain, undefined and subject to much controversy and bitterness. On the other hand, CIA's "common services", OSO and OO, seem reasonably well established, and unless we wish to raise the question whether these collection functions should properly remain combined with the coordination functions, the investigation of these common collection services is more a question of testing and promoting their effectiveness than of beginning afresh to define their position in the government intelligence setup, which is substantially what has to be done with the two functions of coordination outlined above.

In addition and as part of this, there is the problem of appraising the quality of CIA's principal personnel and the effectiveness of its

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management and staff procedures. On some of these points there seems to be unanimity of critical opinion, both within CIA and among the agencies which deal with CIA. The criticisms that CIA is organized as a top heavy bureaucracy and is hampered by a predominance of military personnel in key positions meet one at every turn. I think that very little investigation is needed to test the validity of these accusations. It may be that no substantial progress can be made on needed reforms unless there are changes here.

In light of the above statement, which I could expand and fill in at great length, I wish to renew my recommendation that we aim at completing within a reasonably short period (for example May 15th or June 1st) a preliminary report on certain key problems on which the success of the entire survey depends. These would include the following:

General competence of CIA's top staff.

Efficiency of CIA's administrative and staff procedures.

Balance between military and civilian personnel in key positions.

CIA's function to coordinate governmental intelligence activities relating to national security.

CIA's mission to correlate evaluation of intelligence.

The appropriateness and adequacy of the "common services" performed by CIA.

In each case we should try to analyze the problem, develop our views and establish recommendations which will enable us to proceed with a more detailed investigation with confidence that there is a readiness to remedy the basic difficulties on which the details depend.

In furtherance of this recommendation, I suggest that we complete, if only in a provisional manner the two special problems with which Mr. Dulles and Mr. Correa are concerned. We should then expand our coverage within CIA, along the lines already agreed upon, using [redacted] 25X1 to help out in regard to OCD, ORE and OO. We should also extend our contacts outside CIA so as to get the departmental views more fully than we now have. My own efforts will be devoted to coordinating this work, and covering GSO (once full clearance has been obtained), as well as the CIA managerial setup. After this has been completed, we will be able with greater assurance to go into more detailed problems of CIA and begin our inquiry into the departmental intelligence services.

After the above statement and recommendations have been discussed and revised by the Survey Group and a program approved for the first stage, I will prepare a more detailed statement of the problems and a working plan.

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Robert Blum