

~~TOP SECRET~~

13 January 1949

Mr. Mathias F. Correa
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63 Wall Street
New York, New York

Dear Mat:

Enclosed is a copy of the Services Chapter in the form in which I sent it to the printers. I would appreciate your looking it over and telling me whether you wish any changes made so that I may make the necessary corrections on the proof, which I will have on Friday.

Sincerely yours,



Robert Blum

Enclosure

OSD REVIEW COMPLETED

~~TOP SECRET~~

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CHAPTER XI

THE SERVICE INTELLIGENCE AGENCIES

The Survey Group has been primarily concerned with examining the structure, administration, activities and inter-agency relationships of the Central Intelligence Agency. In the examination of the Service intelligence agencies, emphasis has been placed on their contribution to national intelligence and their relation to the Central Intelligence Agency. On the basis of this study, the Survey Group does not consider itself qualified to submit recommendations regarding either the details of the internal administration of the Services or of their methods of collecting information and producing intelligence.

Mission and Responsibilities

The National Security Act, in providing for the systematic coordination of intelligence, also safeguarded the role of the Services in intelligence by providing in Section 102 (d) (3) that "the departments and other agencies of the Government shall continue to collect, evaluate, correlate, and disseminate departmental intelligence." Subsequently, The National Security Council in Intelligence Directive No. 3 (See Annex

~~TOP SECRET~~

TOP SECRET

No. 9) defined departmental intelligence as "that intelligence needed by a Department or independent Agency of the Federal Government, and the subordinate units thereof, to execute its mission and to discharge its lawful responsibilities."

The mission of the military services involves the enormous responsibility of maintaining the security of the United States. It is incumbent upon them to produce or obtain from other agencies the intelligence necessary to assist them in fulfilling this mission. In the past this need for intelligence has been met to a large extent by the Services acting independently and without the benefit of systematic coordination. Although it is now generally recognized that such coordination is urgently needed, there is still a tendency on the part of the Services to strive to create their own self-contained systems of intelligence.

This tendency stems in part from the military doctrine that "intelligence is a function of command," a doctrine which has been interpreted to require the control of the collection and production of all necessary intelligence by the staff of the commander requiring it. The doctrine so construed can only result in an obviously unsatisfactory and

TOP SECRET

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impractical attempt at self-sufficiency. As a matter of fact, at all staff levels intelligence must be supplemented by contributions of both raw information and finished intelligence from other departments and agencies.

The general definition of departmental intelligence must therefore be qualified by practical limitations and subject to the overriding necessity for coordination of the intelligence activities of all Government agencies, pursuant to the National Security Act. The need for limiting the tendency toward self-sufficiency, while acknowledging the broad interests of the departments, is formally recognized in National Security Council Intelligence Directives Nos 2 and 3. These directives assign to the Departments of the Army, Navy and Air Force, respectively, dominant interest in the collection and production of military, naval and air intelligence. The directives also recognize that the concern of the Services in intelligence is broader than their specific areas of dominant interest. Directive No. 2, concerning intelligence collection provides:

"No interpretation of these established over-all policies and objectives shall negate the basic principle that all Departmental

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~~TOP SECRET~~

TOP SECRET

representatives abroad are individually responsible for the collection and for the appropriate transmission to the Departments of all intelligence information pertinent to their Departmental missions."

Similar safeguards are included in Directive No. 3 concerning intelligence production which provides that:

"Each intelligence agency has the ultimate responsibility for the preparation of such staff intelligence as its own Department shall require. It is recognized that the staff intelligence of each of the Departments must be broader in scope than any allocation of collection responsibility or recognition of dominant interest might indicate. In fact, the full foreign intelligence picture is of interest in varying degrees at different times to each of the Departments."

In practice, the Service departments, while concentrating on their respective areas of dominant interest, collect and produce substantial quantities of information in fields with which they are not primarily concerned. As a result, there is considerable duplication in the material collected and produced by them and by other agencies.

Coordination of Service Intelligence Activities

Intelligence collection by the Services is an important part of our intelligence system. There are for example the intelligence components of overseas commands in Europe and the Far East, and attaches stationed with United States diplomatic posts throughout the world who are in a position through observations and official liaison to collect valuable

TOP SECRET

TOP SECRET

information. There are also military missions in various countries and specialized representatives such as the Air Technical Liaison Officers abroad and the London office of the Office of Naval Research. The Services are also the exclusive collectors of communications intelligence. All of these channels are used to meet the collection requirements of the Services as broadly interpreted by them, as well as some of the collection requirements of other departments and agencies which make use of Service collection facilities.

Some duplication and overlap is inherent in the existence of several independent Service collection agencies operating in all parts of the world. As pointed out in Chapter IV, there has been no continuing coordination of their efforts. The only formal limitations which have been imposed by directives generally prohibit certain methods of intelligence collection, such as espionage and the monitoring of foreign broadcasts, which have been assigned to the Central Intelligence Agency as services of common concern. More effective coordination of collection is a recognized necessity and should be performed in accordance with the

TOP SECRET

TOP SECRET

Approved For Release 2003/10/22 : CIA-RDP86B00269R000500050000-3

recommendations outlined in Chapter IV. In addition, coordination can be improved within the Services either upon their own initiative or upon that of the Secretary of Defense.

The production of intelligence by the Service agencies generally falls into the three categories of current, basic and staff intelligence (including estimates).

Current intelligence is prepared by each of the Services in the form of daily, weekly or monthly summaries, briefings and digests derived from varied sources. Much of this product, particularly that dealing with general military and political developments, is duplicative and of such common interest that some consolidation of effort is desirable and should be possible. We recommend that this situation be reviewed in order to determine what effort may be properly dispensed with, what consolidation is possible and what common services the Central Intelligence Agency might render in this regard. (See Chapter VI).

In addition to basic studies in their respective fields of dominant interest, including such tasks as determining the armament potential and order of battle of various countries, each Service accomplishes a

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TOP SECRET

~~TOP SECRET~~

large amount of research, compilation of data and reporting in the fields of economic, scientific and political intelligence with which they all have some concern. In our examination of the Central Intelligence Agency and the intelligence agencies of the Departments of State, Army, Navy and Air Force, we have found that there is overlapping of interest and duplication of effort in intelligence research and production in such fields as petroleum resources, communications, industrial production, guided missiles and biological warfare. Established procedures for coordination in these and related subjects are lacking.

It is in order to improve this situation that we have recommended in Chapter VI the creation within the Central Intelligence Agency of a Research and Reports Division which would perform research and production of intelligence in fields of common concern on behalf of all of the interested agencies and would coordinate their efforts in these fields when centralization was undesirable. This office, which should operate in close relationship with the Services and be staffed in part with Service personnel, should perform much of the work now being done in the fields of economic, scientific and technological intelligence.

~~TOP SECRET~~

TOP SECRET

There will, of course, be specialized matters for which the individual Services must continue to be ultimately responsible, but there is a vast area of common interest from which they can all draw.

Estimates, prepared to meet the requirements of the departments and the Joint Chiefs of Staff, are the most important type of staff intelligence produced by the Services. The present position with respect to their production is not satisfactory. Each Service produces its estimates in accordance with assumptions, standards and methods of its own selection and gives to them the scope it desires, not necessarily limiting them to its own field of interest. Departmental plans and policies may be based on such independently produced estimates, regardless of the divergent and even contradictory estimates of other departments.

As pointed out in Chapter V, the Central Intelligence Agency has not as yet adequately exercised its function to coordinate these and other estimates, for example those of the State Department, for the purpose of preparing national estimates. The Joint Intelligence Committee performs this task to some extent in the military sphere, but arrangements are lacking for regularly insuring that assumptions are

comparable, analytical methods valid, and the final estimates as sound

TOP SECRET

TOP SECRET

as possible. In our opinion, an important step toward improving this situation would be taken if the recommendations submitted in Chapter V regarding the production of national estimates were adopted.

These steps, together with the creation of the Research and Reports Division in areas of common interest, would have the effect of bolstering the Joint Intelligence Committee in its special role and promoting the coordination of Service estimates in both broad and limited fields.

It is important that the strictly military estimates of the Joint Intelligence Committee and the national estimates produced by the Central Intelligence Agency and the Intelligence Advisory Committee, partly on basis of the same material, should be in harmony.

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In/general field of counter-intelligence the Services have usually placed primary emphasis on protective security activities which do not necessarily have intelligence as their primary aim and have often been performed by non-intelligence personnel.* The more specialized counter-espionage function, which has as its precise objective the identification and thwarting of the personnel, methods and aims of unfriendly foreign intelligence services

* The Air Force has recognized this emphasis by transferring practically all counter-intelligence functions from the Director of Air Intelligence to the Inspector General

TOP SECRET

TOP SECRET

is a true secret intelligence activity. Exclusive responsibility for its conduct abroad has been properly assigned to the Central Intelligence Agency, except for the counter-intelligence activities of the Services necessary for their own security. (See Chapter VIII). In the areas of United States military occupation, this exception has been broadly interpreted and, in particular, the Counter Intelligence Corps, both in Germany and Japan, has devoted considerable effort to counter-espionage, including the use of intelligence networks extending beyond the actual areas of occupation.

There has not been adequate recognition of the need for coordination of these activities with the broader responsibilities of the Central Intelligence Agency. The dissipation of trained personnel, failure to centralize information concerning counter-intelligence targets, the risks inherent in the uncoordinated conduct of agent operations all tend to weaken our prospects of success in counter-espionage.

This need for coordination of the counter-intelligence effort also exists in the United States where the responsibilities of the Services are limited in relation to those of the Federal Bureau of

TOP SECRET

TOP SECRET**Investigation***

We have seen that within the Military Establishment there is no general machinery for intelligence coordination. The Secretary of Defense at present has no staff for this purpose or to do more than exercise very general supervision and control. He is able to initiate particular projects for coordination and has, in fact, done so with respect to the production of communications intelligence and the attack systems. He can also resolve particular controversies which cannot be settled at a lower level in the Military Establishment. Other examples within the Military Establishment of coordination in limited fields are the Joint Intelligence Committee's responsibility for estimates required by the Joint Chiefs of Staff, arrangements for the

* Coordination in this field is carried out in accordance with the Presidential memorandum of June 26, 1939, which stipulated that the War Department, Navy Department and Federal Bureau of Investigation would be the only agencies of the Government to conduct investigations into matters involving espionage, counter-espionage, or sabotage. The principal function of the Interdepartmental Intelligence Conference set up as a result of this memorandum has been to delimit the respective investigative responsibilities of the three agencies in the United States.

TOP SECRET

TOP SECRET

production of communications intelligence, and the existence of the Air Intelligence Division for the production of air intelligence by the Air Force and Navy.

Although coordination has been attempted or accomplished by the Services, either on their own initiative or at the instigation of the Secretary of Defense, in limited areas such as those mentioned above, effective coordination of the Service intelligence agencies requires the over-all coordination of the activities of all intelligence agencies in the Government. This is a duty assigned to the Central Intelligence Agency in consultation with the Intelligence Advisory Committee. In Chapter IV we have recommended that the Intelligence Advisory Committee, on which the Services are represented, should participate more actively with the Director of Central Intelligence in the continuing coordination of intelligence activities. To a very considerable extent responsibility for the successful operation of this machinery rests with the Services.

The Status of Intelligence in the Services

Recognition of the important role of intelligence in the determination of national policy and of the major responsibility which the Services

TOP SECRET

TOP SECRET

have in intelligence requires that the Service agencies enjoy in their departments a position comparable to the size of the task assigned to them. In order to be able to carry out their responsibilities to their departments and to make an effective contribution toward a coordinated national intelligence system, the Service agencies must work closely with the planning and operational staffs and be fully informed regarding departmental plans and policies.

To meet adequately their vital responsibilities and to maintain their proper position in the departmental structure, the Service intelligence agencies must be staffed with qualified personnel. This was too little recognized prior to the last war, and upon the outbreak of hostilities we found that we were seriously deficient in numbers and quality of intelligence officers. We did attempt to take steps to correct this situation in the various intelligence schools and by acquiring personnel from civilian life to be trained as intelligence officers. Recently, the importance of intelligence training has been more fully realized, and the Services have taken steps to provide

TOP SECRET

~~TOP SECRET~~

adequate schools. In consequence, the quality of both the intelligence officers and the attaches has improved in recent years.

The theory of rotation in the Services has been a handicap to sound intelligence work in that it militates against experience and continuity. An assignment to intelligence will probably last not more than four years, and usually a shorter time. This not only means that the individual officer has difficulty in becoming proficient in intelligence, but that the Service intelligence agency is in danger of suffering from a lack of continuity of leadership trained in intelligence. For example, the Army Intelligence Division has had seven chiefs in ^{the} seven years, and/recently formed Directorate of Intelligence, Air Force, has already had two directors.

It is not our purpose to suggest once more the often discussed possibility of an intelligence corps, but we do believe that, if the corps theory is unacceptable, some alternative method should be developed whereby officers, although taking an occasional tour of duty in command, operations or other staff positions, will feel that intelligence is their permanent interest and concentrate in it over the major portion of

~~TOP SECRET~~

TOP SECRET

their careers.

In the past, capable officers have not been attracted to intelligence work due to their belief that intelligence was a backwater, might delay promotion, and in any event would not further their careers.

This tendency must be overcome and officers made to feel that their opportunities for advancement will not be impaired by an assignment to intelligence duty. Intelligence must be given prestige, and it must be made sufficiently attractive so that an officer will seek an intelligence assignment as he would one to command or operations.

In addition to making a career in intelligence more attractive in the Services, it is important to provide for the training and availability of reserve officers. There are thousands of such officers today who, during the last war, were in various intelligence agencies or at overseas commands, and many proved of inestimable value. Their talents and their willingness to serve must not be lost.

In conclusion, we wish to note that a measure of progress has been made in that the Service intelligence agencies have manifested

TOP SECRET

TOP SECRET

an increased interest in intelligence and an attitude conducive to accomplishing its effective coordination. The Services are conscious of their grave responsibility for helping to avert the danger of a national military catastrophe, created by modern methods of warfare. They have come to recognize the need for effective coordination to the end that the intelligence upon which the national policy-makers must act shall be the very best obtainable from every available source. This tendency on their part is in marked and encouraging contrast to the situation which prevailed not only immediately prior to our entry into World War II, but even in the early days of that conflict itself. We believe that, given effective leadership, the full cooperation of the Service agencies in the achievement of genuine coordination can be obtained.

Conclusions and Recommendations

(1) The Service intelligence agencies have manifested an increased interest in intelligence and an attitude conducive to accomplishing its effective coordination.

TOP SECRET

TOP SECRET

(2) In order to meet adequately their vital responsibilities and maintain their proper position in the departmental structure, the Service intelligence agencies should be staffed with qualified personnel who concentrate in intelligence over the major portion of their careers.

(3) In accordance with a program of coordination initiated and guided by the Central Intelligence Agency, the Service intelligence agencies should confine themselves principally to those fields of intelligence in which they have the primary interest.

(4) A more active program of coordination by the Central Intelligence Agency would result in a higher degree of centralization and coordination of intelligence production in fields where the Services have a common interest.

~~(5) The work of the Joint Intelligence Committee in the field of military estimates should be effectively coordinated with that of the Central Intelligence Agency and the Intelligence Advisory~~

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TOP SECRET

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Committee in the field of national estimates.

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