

~~CONFIDENTIAL~~
~~No Foreign Discern~~

*The fleshing out and some
wobbly first steps as CIG.*

CENTRAL INTELLIGENCE UNDER SOUERS

Arthur B. Darling¹

The first Director of Central Intelligence was well aware of the latent power bestowed on this office by the President's Directive of January 22, 1946. Admiral Souers wished to see the functions of the Director mature under the guidance of the departmental secretaries and the personal representative of the President who constituted the National Intelligence Authority. But he also knew that many in the Army, the Navy, and the Department of State were still resisting every thought of a central intelligence organization which might overpower their own intelligence agencies. The Authority, the Director, and the Central Intelligence Group were bolstered by no supporting legislation from the Congress. They rested only upon this Directive by the President to the Secretaries of State, War, and the Navy. And the President's legal authority to issue the Directive was, with the expiration of his wartime powers, at best questionable. Souers appreciated that this was no time to foster misgiving or animosity. No rough waters should be raised as Congress approached a reorganization of the national military establishment in which the central intelligence system would have a part.

Admiral Souers immediate objective was to get the CIG established and in operation as a small body of experts drawn proportionately from the departments and serving the departments under supervision and control of the department heads in the National Intelligence Authority. The power inherent in the DCI's duties and responsibilities should wait until later for development. Moreover, Souers did not accept Donovan's principle that the DCI should ever be independent of the departmental secretaries, equal if not superior to them, and responsible directly to the President.² He believed that

¹ Adapted from a history of the Central Intelligence Agency prepared by the author in 1953. For preceding installments see *Studies* VIII 3, p. 55 ff, and X 2, p. 1 ff.

² See the author's "The Birth of Central Intelligence," *Studies* X 2, p. 2, for a summary statement of Donovan's concepts.

~~CONFIDENTIAL~~

HS/HC-38

200157

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

Date 7/5/91

HRP 89-2

such independence would not place the Director close to the President, but would tend in fact to isolate him from the President. An independent DCI would discover that often he and his agency were shut off from the President by the interests and representations of the departments. Through their prestige and functions they were likely to have greater power, at least of obstruction.

As a practical matter, in politics and the science of government, such an extraordinary officer as the DCI needed, in Souers' view, the company of other officials. On occasion he might find their opposition almost as useful as their assent. His position might become clearer and stronger, at least it would command attention, because it had to be formally opposed. An independent Director of eminence and exceptional force might realize Donovan's concept, by-passing the departments to deal directly with the President, regardless of obstruction. But even such a Director would have to keep everlastingly at it, and he would always have a hidden war on his hands. The time for a DCI with those attributes was not at the start of the new organization in February 1946. It might not survive the battle.

A Cooperative Formed

It was Admiral Souers' nature to remove issues rather than to create them. And like Eberstadt, he was mindful of the benefits which might be obtained from "parallel, competitive, and sometimes conflicting efforts."³ According to the President's Directive, which he himself had shared in writing, the persons assigned from the departments were "collectively" to form the Central Intelligence Group. His draft on February 4 of the first directive to himself from the National Intelligence Authority, therefore, declared that CIG should be organized and operated as "a cooperative interdepartmental activity." There should be in it "adequate and equitable participation" by the State, War, and Navy Departments and by other agencies as approved by the Authority. The Army Air Forces should have representation on the same basis as Army and Navy; there was likely soon to be a Department of Air.

Those in the Bureau of the Budget and the Department of Justice who watched legalities were uneasy about the dubious validity of the President's Directive. The draft of an executive order, approved

³ From Eberstadt's study for Forrestal of the proposed merger of the War and Navy departments. Souers had written the military intelligence section of this report. See *ibid.*, p. 10.

by Acting Attorney General J. Howard McGrath, was ready in February to replace the Directive. The view of the National Intelligence Authority was that no impediment had so far been encountered in carrying out the Directive, but there was no objection to having an executive order as well, if its effect were to "confirm and formalize" the status of the Authority and the CIG as a "cooperative interdepartmental activity, rather than a new or independent agency requiring legislation for its existence."

The questionable rationale for regarding it as a joint activity rather than an agency rested on the fact that personnel and funds were to be contributed by the participating departments. It should be noted, however, that administrative chaos would have been the result of trying to administer it on a joint basis. The departmental secretaries therefore had to empower the Director of Central Intelligence to exercise the same authorities over the funds made available to him as they themselves could exercise. Thus the effect was to create an operating agency.

Further discussion and study of the question continued through the spring. By May 23rd all parties were willing to accept the above rationale and let the Directive stand for the time being. No one in the Executive Branch was going to raise the issue publicly and formally; and the Comptroller General, who could have done so, agreed with the need for the organization and was willing to let it proceed until legislation could be obtained. Until superseded the following year by the Central Intelligence Agency, established by act of Congress, CIG therefore rested upon the President's authority under the Constitution, with no particular reference to his war power, in the face of a statute that prohibited the establishment of an operating agency except by legislation.

To satisfy President Truman's wish that CIG should bring all intelligence activities into coordination and harmony, the first NIA directive constituted of the departmental intelligence chiefs an Intelligence Advisory Board, and Admiral Souers planned to keep its composition flexible. Its membership, in addition to the chief intelligence officers from the Departments of State, War, and the Navy and the Army Air Forces, should include representatives from other agencies of the government at the Director's invitation. This gave room for the Federal Bureau of Investigation, for example, to have a representative present on questions of internal security or the collection of intelligence in Latin America.

Having the same purpose of coordination in mind, Admiral Souers preferred in the beginning to name ad hoc committees to study and report on specific problems of interdepartmental concern. The committee members would represent the permanent departmental members of the Intelligence Advisory Board, with a chairman drawn from CIG to act as "coordinator." In theory this procedure promised the greatest cooperation and harmony possible. The practical difficulty of obtaining the representatives from the departments to man the ad hoc committees and to accomplish their work in time, however, was discouraging. Souers soon turned to his Central Planning Staff to handle such problems.

It was going to be none too easy to apportion out CIG appointments among the departments and secure persons both competent and inclined to enter the central intelligence service. But Admiral Souers did not find it hard to fill his top positions. Kingman Douglass, who had been a representative of the Air Forces at the Air Ministry in London and knew much about the British system, became Assistant Director and Acting Deputy Director. Captain William B. Goggins came with intelligence experience from the Navy to head the Central Planning Staff. In April Souers would appoint Colonel Louis J. Fortier Assistant Director and Acting Chief of Operational Services. He had served on the Joint Intelligence Staff for the Army and had just finished chairing a study of the clandestine operational assets left by the OSS and now held in escrow in the War Department as its Strategic Services Unit.⁴

Souers obtained James S. Lay, Jr., from the State Department to be Secretary of the Authority and of the Intelligence Advisory Board. Lay had been Secretary to the Joint Intelligence Committee of the Joint Chiefs of Staff. Ludwell L. Montague also came from State to head the Central Reports Staff. He had been Secretary of the Joint Army-Navy Intelligence Committee in the fall of 1941, then Secretary of the Joint Intelligence Committee of the Joint Chiefs of Staff and a senior Army member of its Joint Intelligence Staff throughout the war. Both Lay and Montague had participated in the discussions which had contributed, along with Donovan's "principles" and Magruder's thinking, to the eventual formulation of the President's Directive. They had been chosen by Alfred McCormack for

⁴In July, after General Hoyt Vandenberg took over as DCI, both Douglass and Goggins were transferred to positions under Fortier's successor, Colonel Donald H. Galloway.

his prospective central intelligence system under the State Department.⁵ Both were expert in the work which the new CIG was to undertake and qualified to aid Souers immediately, as they did, in writing the directives of the National Intelligence Authority. CIG had begun to take form on January 25.

Operational Information

The draft of the first directive to Souers in February followed the general design of the President's Directive of January 22.⁶ But there was one clause in the draft so filled with past controversy and indicative of more to come that it did not appear in the directive as finally adopted by the NIA. Article 7 of the draft submitted by Admiral Souers stipulated that the DCI should have "all necessary facilities, intelligence, and information in the possession of our respective departments, including necessary information as to policies, plans, actions, capabilities, and intentions of the United States with reference to foreign countries." At Souers' own suggestion, the clause concerning the capabilities and intentions of the United States was stricken from the draft in the first meeting of the NIA on February 5, 1946. There was no explanation in the minutes, but one can reconstruct the reasons.

It is easy to presume that those who had been so reluctant to give the Office of Strategic Services and its Research and Analysis Branch access to strategic information⁷ were no more willing now to supply to the new DCI knowledge of their own capabilities and intentions. And at the first intimation that the specific inclusion of this provision might stir resistance in the armed services over their right to withhold "operational" matters, Admiral Souers preferred to remove the statement with no argument. The beginning of the CIG was precarious enough without inviting trouble that could be postponed. According to Souers, the Army and the Navy both understood that he was entitled by the President's Directive to have all intelligence in their possession. From their point of view, he said, information about "policies, plans, actions, capabilities, and intentions of the United States" was not intelligence. In their thinking, the new

⁵ For McCormack's plan, as opposed to that for an independent or at least interdepartmental central intelligence, see "The Birth of Central Intelligence," *Studies* X 2, pp. 6-10.

⁶ For a résumé of the Directive's provisions see *ibid.*, pp. 17-19.

⁷ See the author's "Origins of Central Intelligence," *Studies* VIII 3, pp. 62-65.

Central Intelligence Group was expected to purvey all its knowledge to the departments, but the reverse was not entirely true, particularly with respect to "operational" information.

Close examination of Article 7 as issued in final form by the NIA nevertheless reveals that the Authority gave to the DCI the right to have "as required in the performance" of his authorized mission, "all necessary facilities, intelligence, and information" in the possession of the departments. This distinguished "intelligence" from "information" but applied to both the unequivocal "all," modified only by the requirements of the CIG mission. That mission, as stated in Article 2 of the directive, included furnishing "strategic and national policy intelligence to the President and the State, War, and Navy Departments." And knowledge of the nation's own capabilities enters into the intelligence which is necessary to determine the policy for maintaining the nation's security. The requirement of an effective national estimate is that it shall be compounded from all facts to be had from every available source.

Dissents

Article 3 of the first directive to Souers stipulated that "all recommendations" of the DCI should be referred to the Intelligence Advisory Board "for concurrence or comment" prior to submission to the Authority. If a member of the IAB did not concur, the Director was to submit with his recommendation the member's explanation of his non-concurrence. Only if the IAB approved the Director's recommendation unanimously might he put it into effect without action by the Authority.

The Lovett Committee⁸ had proposed such a procedure for national estimates to safeguard the interests of the departmental intelligence services as they came under the coordinating power of the central intelligence organization. William H. Jackson's letter to Secretary Forrestal contained a similar provision.⁹ But this stipulation, which eventually became established practice in estimating, was to be, in its application to "recommendations," the center of controversy be-

⁸ Set up in the War Department on October 22, 1945, to study the diverse proposals for centralizing intelligence. Its report did much to crystalize interdepartmental thinking and led directly to the President's Directive of 22 January. See "The Birth of Central Intelligence," *Studies X 2*, pp. 8, 12-14.

⁹ *Ibid.*, pp. 12-13.

tween subsequent DCIs and the IAB over the administration of the CIG and its successor CIA. The chiefs of departmental intelligence used it to try to make themselves the governing board of the "cooperative interdepartmental activity." If they had their wish, it was not to be an independent agency.

Secretary Byrnes, just returned from London, presided over the first meeting of the NIA on February 5, 1946. Byrnes wished to make it clear at once that the Department of State was responsible for reporting to the President on matters of foreign policy. And this included performing the service that the President himself had expressly designated the first duty of the new CIG: Instead of the piles of cables, dispatches, and reports on his desk, President Truman wanted a daily summary that was comprehensive. He wished to be rid of the mass of papers, and yet to be certain that nothing significant had been left out.

Admiral Souers endeavored to reassure Secretary Byrnes that the President expected the DCI only to have the cables and dispatches digested; there was no intention that the information should be interpreted to advise the President on matters of foreign policy. The Secretary nevertheless pressed the point that it was his function to supply the President with information upon which to base his conclusions. Admiral Leahy entered the discussion as the personal representative of the President; information from all three departments, he said, should be summarized in order to keep the President currently informed. Byrnes replied that Admiral Souers would not be representing the viewpoint of any of the departments; any man assigned to CIG from a department would be responsible to the DCI.

Secretary Byrnes felt so strongly about the matter that he appealed to the President personally on behalf of the Department of State. According to the recollection of Admiral Souers, his argument ran along the line that a digest of incoming dispatches was not intelligence within the jurisdiction of the CIG. President Truman said it might not be generally considered intelligence, but it was information which he needed and therefore it was intelligence to him. It was agreed in the end that the CIG daily summaries should be "factual statements." The Department of State prepared its own digest, so the President had two summaries on his desk. From his point of view, that was at least some improvement.

Central Planning, March-June 1946

The Central Planning Staff, drawn from the departments, was to be sensitive to the interests of them all. It should assist the Director in preparing recommendations with regard to policies and objectives for the whole "national intelligence mission," according to the second NIA directive of February 8. Admiral Souers advised Captain Goggins on March 4 that "as a general rule, the Staff should take the active leadership in arranging and conducting interdepartmental studies." One of its members should participate and act as coordinator in all meetings concerning foreign intelligence related to the national security. As the use of ad hoc interdepartmental committees proved difficult, the Central Planning Staff was soon loaded with orders for investigation and report upon a variety of subjects that were intricate and sweeping.

The Staff had a hand in preparing the executive order which was intended but not used to confirm the President's Directive. On March 21 it undertook a broad survey of all clandestine collection of foreign intelligence. On March 28 it received instruction to make a survey of the coverage of the foreign-language press in the United States. The next day it was assigned an interim survey of the collection of intelligence in China. On April 20 it was directed to examine the Joint Intelligence Study Publishing Board of the Joint Intelligence Committee and determine whether there should be a change in its supervision and control.

The Central Planning Staff inherited a share in the study of the Foreign Broadcast Intelligence Service which the Federal Communications Commission had organized to monitor foreign news and propaganda. The Service had been taken over by the War Department on the preceding December 30 for the remainder of the fiscal year, and the War Department wished to have it placed in the new central intelligence organization. But Souers was not eager to expand the operational services of the Central Intelligence Group. On the basis of an ad hoc committee's report he had recommended on April 26 that the War Department continue to operate the Service with a new organization, that is with personnel thoroughly screened for security. The War Department had demurred, May 8, on the ground that the State Department was the chief user of this "predominantly non-military intelligence function." The matter was discussed the next day by the IAB.

It was at this point that members of the Central Planning Staff were directed to consult with representatives of the Assistant Chief of Staff

(G-2) and the Special Assistant to the Secretary of State. The result was that the latter, now William L. Langer in place of Alfred McCormack, agreed on behalf of the Department of State that it should support the FBIS budget, while the War Department continued to operate the Service, at least during fiscal year 1947. (This working arrangement was later superseded; eventually the opinion prevailed that CIG should take over the function as one of common concern.)

On May 31 the Central Planning Staff was directed to make an informal survey of the intelligence available in the United States from colleges, foundations, libraries, individuals, business concerns, and other non-government sources. On June 4 it received instructions to study explicitly the exploitation of American businesses with connections abroad. On June 6 it was told to look into the problems of psychological warfare. And on June 7 it was called upon to make an interim survey of the adequacy of intelligence facilities related to the national security.

The Central Planning Staff set for itself on the one hand the tremendous chore of elaborating a "complete framework of a system of interdepartmental intelligence coordination" to be contained in a series of studies for the DCI. Subjects would include the "essential elements of information" in a national system and the coordination of counterintelligence with security, of intelligence research with collection of information, etc., by means of a coordinating board, a scientific committee, and other interagency committees on military, economic, political, and geographical matters. At the other extreme it made an office space survey of the Central Reports Staff, allotting 90 sq. ft. per person to it.

The Defense Project

In the meantime a substantive interdepartmental project was being organized. Colonel J. R. Lovell of the Military Intelligence Service proposed on March 4 a plan for producing "the highest possible quality of intelligence on the USSR in the shortest possible time." The intelligence services of the Army, Navy, Air Forces, and State Department should have equal representation on the planning and working committees of this endeavor, soon to be known as the Defense Project. It should be subject to CIG coordination. Admiral Souers accepted the offer at once.

A Planning Committee drew up a proposal which on May 9 was incorporated into a CIG directive unanimously approved by the IAB.

The Planning Committee should choose its own chairman and secretary. A coordinator from CIG should meet with the committee when appropriate; in case of disagreement within the committee he would submit the question to the DCI for decision. This DCI responsibility, however, was more fearsome in prospect than in fact. It would be some time before there could be any great decisions possible. The evidence had first to be accumulated.

It was the Working Committee, under the chairmanship of the secretary of the Planning Committee, with the CIG coordinator acting in advisory capacity, that had the first and most important job. It was to compile a veritable encyclopedia of "all types of *factual* strategic intelligence on the USSR." From this Strategic Intelligence Digest the member agencies would individually prepare Strategic Intelligence Estimates as required to meet their own needs or when requested by the DCI. Whenever "the national interest" required it, the CIG too could prepare estimates from the Strategic Intelligence Digest. But there was no attempt to establish here a single national intelligence estimate which should govern the thinking of all agencies concerned.

The CIG Central Reports Staff was still too small to undertake this extraordinary project, but it would not have been assigned it anyway. The plan originated in the Military Intelligence Service. Its military advocates looked to CIG for a coordinator and for editorial assistance on the Working Committee, but they considered it primarily their own affair. CIG had still to establish its right to means of its own for procuring and processing the raw materials of intelligence. Its central facilities had yet to become so useful to the departments that their intelligence officers would rely on it for services of common concern.

The first task of the Working Committee was to review the papers of the Joint Intelligence Staff on the Soviet Union. This took a couple of months. By June 4, however, an outline had been made and allocations of the work planned. The use of task forces, interdepartmental committees, was rejected on grounds of security; an agency's files would have to be opened to persons not under its control. Instead, the work was assigned by subject to particular agencies, sometimes illogically. For example, the Military Intelligence Service was charged at first with preparing certain economic and political data. Later the plan was revised so that the greater portion of the political material was allotted to the State Department.

Colonel Lovell's expectations were not met; the project could not be finished by September. It was far from complete in December when

work was stopped pending the decision of an interdepartmental committee on a program of National Intelligence Surveys to take the place of the Joint Army-Navy Intelligence Studies. This program changed CIG's attitude toward the Defense Project; it was no longer merely a question of coordination. Though the most important, this Digest would be only one of several surveys to be produced by CIG/CIA. When resumed in April 1947, the project was still an interdepartmental activity, but it was no longer centered in the Pentagon as a major interest of the Military Intelligence Service. The official date of publication for the Strategic Intelligence Digest was March 1, 1948, but it was nearer the beginning of 1949 before all three bulky volumes were complete.

Reports and Estimates

By direction of the National Intelligence Authority on February 8, a Central Reports Staff was to assist the Director in correlating and evaluating intelligence related to the national security and in disseminating within the government the resultant "strategic and national policy intelligence." Admiral Souers followed the directive with an administrative order dated March 4, though the Staff had already gone to work during February and had produced the first Daily Summary for the President. There were in what was then called the Current Section seventeen persons seconded from the Departments of State, War, and the Navy. They were established in the Pentagon under L. L. Montague, with the expectation that they would be joined shortly by other persons assigned from the departments to form an Estimates Section or Branch.

The purpose from the start was to have the CIG take over the major function of producing the strategic estimates for the formulation of national policy, as Donovan had proposed. But it was not yet decided that CIG should have a division comparable to the old OSS Research and Analysis Branch. There was doubt that it ought to engage in initial research. Many believed that it would do well to remain a small and compact body which should receive from the several departmental agencies the materials of intelligence and produce from them the "strategic and national policy intelligence" for the policy makers. The Department of State was still uncertain whether it should continue its own Office of Research and Intelligence as McCormack had expected to have it when he hoped to retain there the function of making intelligence estimates for the policy makers.

Now on March 4 Admiral Souers' administrative order, prepared by Montague, elaborated the organization and functions of the Central Reports Staff. There was in this administrative order a provision embodying ideas which are still of interest for the production of national intelligence estimates. As Montague wished to have the Staff constructed at that time, there should be four Assistants delegated to him, as Chief, by the permanent members of the IAB. Their distinction from other persons furnished by the departments for the Staff was to be that they should not be responsible to the DCI but to their parent agencies, although serving full time with the Staff. The purpose was to have the Assistants represent in the Staff the interests of their respective departments and also to represent the Central Reports Staff in its relations with those agencies. Montague had acquired these ideas from his experiences as representative of the Army on the Senior Team of the Joint Intelligence Staff.

The Assistants would aid in directing the work of the Staff, review all its reports and estimates, make recommendations on the dissemination of them, reconcile conflicting departmental estimates when possible, and otherwise formulate dissents for their principals on the IAB. Thus Souers and Montague hoped to establish a panel of intelligence experts drawn from the departments who would continue to understand and represent the interests of those departments but at the same time through their continuous work in the Reports Staff would become experts too in the business of central intelligence and the production of national estimates.

The benefits to accrue from the continuity and momentum which might be gained from such an estimating board were left unknown. The ideas were put on paper but were not tested. Difficulties in obtaining personnel and in meeting other more pressing demands in the new central intelligence organization prevented the establishment of such a board.

Within a month of its formal activation, the Central Reports Staff entered another phase of its development. Montague proposed on April 1 a revision of the administrative order to make possible two things. First, experience with the allotment of personnel by the Departments of State, War, and the Navy demonstrated that there should be more flexibility within the proportions agreed among the departments. The right persons for particular positions were not to be had according to any predetermined ratio. The difficulty grew worse with the necessity of apportioning within each grade. Navy captains, Army

colonels, and civilian "P-8's" were not equally available in number or competence. The principle of proportion could be maintained, but deviations should be permitted so long as there was no substantial change in the budgetary obligations of the departments.

We should note at this point the predicament of CIG as a whole with respect to personnel. The departments had been directed by the President to assign personnel to CIG. To make the general statement that they minimized the obligation to supply able persons, as soon as possible, is doubtless to do injustice in some cases, perhaps many. A reading of correspondence on this matter from the spring of 1946, however, and conversations with some who were present and responsible for recruitment at the time, lead to the conclusion that there were many recommendations for office in CIG that were not bona fide nominations. Some nominees were not really available because they were headed toward more important positions in their own services and could not remain long in CIG if they came at all. Six months was often the limit. Some appeared on the lists because they had become surplus—good fellows, but with no future in the service to which they had given so much of their lives. The name of the best man available was often left off because he was wanted where he was.

It was neither easy nor desirable to select the personnel of the new CIG staffs, branches, and sections from such lists. Admiral Souers and his successor, General Vandenberg, were not able to do much about solving this problem so long as they were obliged to request referrals from the departments and hope for the best. Whether or not they minimized their responsibility, the departments failed to provide adequate personnel for CIG. Why General Vandenberg sought an independent budget and the right to hire and fire his own personnel is clear.

The second change in the Central Reports Staff was intended to provide it with area specialists as it set up its Estimates Branch. The Estimates Branch itself was not to have geographical segments, but the plan was to have five such sections supporting it—Western Europe-Africa, Eastern Europe-USSR, Middle East-India, Far East-Pacific, and Western Hemisphere. The staff of each section would be apportioned by grade and among the departments.

The Central Planning Staff objected to so early a rewrite of the administrative order to effect these changes and formally disapproved the plan. There ensued a test of strength between the two Staffs which Central Planning lost. It was discharged from further con-

sideration of the proposal, and the principle was established that the chiefs of the component parts of CIG should be responsible for the organization and administration of their respective domains as they deemed fit.

Espionage and Counterespionage

The remnants of the clandestine parts of OSS were being held in a Strategic Services Unit in the War Department. By Executive Order 9621 of September 20, 1945, the Secretary of War was to discontinue any of its activities whenever he deemed this compatible with the national interest and was to wind up all affairs related thereto. The policy under this Order was to maintain those intelligence functions which would be required permanently in peacetime, such as espionage and counterintelligence, and to release personnel from other activities, such as sabotage and black propaganda, for which no peacetime need was seen and close them out. General John Magruder, the SSU chief, kept at this task of liquidation through the fall of 1945 and into January, until the number of military and civilian personnel had fallen from over 9,000 to nearly 3,000.

On January 29, 1946, the Secretary of War directed that the Strategic Services Unit should be closed by June 30. The SSU records, along with those of the OSS, transferred to the Office of the Secretary of War by the Executive Order, were "placed under the operational control of the Director of Central Intelligence." Title to these records remained to be settled later.

General Magruder strove to make clear that the assets of the Strategic Services Unit were indispensable for the procurement of intelligence in peacetime. In a memorandum of January 15 he detailed the irreparable loss that abandonment of the Unit's properties, plans, and personnel would entail. Its Secret Intelligence Branch, he said, had stations in seven countries through the Near East and four in North Africa that were already converted to peacetime work. There were continuing activities with the military commands in Germany, Austria, China, and Southeast Asia.¹⁰ Plans were being completed for operations in the Far East, and studies were in progress elsewhere. Selected persons from the old covert action branches had been transferred into the Secret Intelligence Branch to be ready for the future.

¹⁰The military commands in Southeast Asia actually terminated on V-J Day. One or two SSU men were left in the area.

The Counterintelligence Branch, X-2, had some 400,000 dossiers on individuals. It was still at work against the operations of foreign intelligence services and secret organizations. This work was done in close liaison with other American agencies, and in military areas in cooperation with the Counter Intelligence Corps of the Army. The two Branches were supported by components for communications (though reduced), technical services, special funds, a training program, and other elements of the old OSS still in operation.

As the new Central Intelligence Group got under way, General Magruder sent a memorandum to the Secretary of War on February 4, 1946, answering criticisms of the SSU and recommending immediate action by the National Intelligence Authority to appraise its value. Again on February 14 he urged that the Authority place the Unit under the Director of Central Intelligence and set a date for transferring all its assets. Had this been the only idea abroad in Washington, there should have been no further delay. But there was more than one opinion on the matter.

At a meeting held in the War Department on February 8, representatives of the intelligence services were still discussing which facilities and functions of the SSU should be kept, and which of these should be operated by CIG and which by the departments or other existing agencies. There was question whether the whole SSU belonged at the center of the national intelligence system. There was strong doubt that CIG should have exclusive collection of foreign intelligence by clandestine means, as Magruder was advocating. It was agreed in this meeting that "an authoritative group" should make a study and that prompt decisions should be reached. On February 19, 1946, therefore, Admiral Souers, with the concurrence of the IAB, established an interdepartmental committee to study the SSU problem.

The interdepartmental committee, with Colonel Fortier as chairman, met continuously until March 13. It listened to General Magruder and his principal subordinates, inspected files, obtained opinions on the value of the Unit from agencies which used its product, and heard testimony from ranking officers with OSS service overseas. The members made individual studies of the SSU branches and divisions.

The Fortier Committee heard that the bulk of the information for intelligence purposes came from friendly governments. A large amount of material, such as commercial and other economic statistics, was obtained from activities other than secret collection. This testimony supported the opinion that the SSU should not be taken over

whole by CIG. Another reservation frequently expressed in the investigation was that the SSU personnel had not been adequately screened, especially in the light of changes from wartime conditions and the new threat from the East.

The conclusions of the Committee were nevertheless in favor of saving the SSU structure. It was a "going concern" for operations in the field. It should be "properly and closely supervised, pruned and rebuilt," and placed under the CIG. The Committee proposed that the Secretary of State, the Director of the Federal Bureau of Investigation, and the Director of Central Intelligence should reconsider the existing division of "analogous functions" on a geographic basis—
[REDACTED]

The Committee suggested that the SSU as subordinated to CIG should concentrate on the current activities of the Soviet Union and its Satellites. Plans should be made to penetrate key institutions in support of possible U.S. military operations. Liaison with the intelligence agencies of other countries should be developed for the same purpose.
[REDACTED]

Liquidation should continue substantially as proposed by General Magruder. But at the same time such personnel and facilities as the DCI wished to have should be transferred to CIG on terms of new employment. Until CIG should have an independent budget and funds of its own, the War Department should continue to supply the amounts needed.

The Fortier Committee also proposed that there should be closer coordination of the SSU with research and analysis activities. The OSS Research and Analysis Branch, which had been transferred to the State Department, was "closely geared to the secret intelligence branches as their chief customer and their chief guide" in the selection of sources and the evaluation of intelligence. Their files were interrelated, and their activities interwoven.

Following the report of the Fortier Committee and agreement between Admiral Souers and Secretary of War Patterson, the National Intelligence Authority issued a directive on April 2, 1946, that the DCI take over the administration of the SSU pending final liquidation, which would be delayed another fiscal year, through June 1947. The

DCI (represented by his Acting Chief of Operational Services, Colonel Fortier) would determine which funds, personnel, and facilities of the Unit were required in CIG. Secretary Patterson reserved the right to determine what portion of the funds, personnel, and facilities could be made available.

These provisions, rather than a simple executive order, were legally necessary to avoid shifting the SSU en masse from the War Department to CIG, in the way the OSS Research and Analysis Branch had been placed in State. It was necessary in dealing with personnel to bring to an end the appointment of everybody in SSU and give new appointments to those who were wanted in CIG. Otherwise seniorities, preference for veterans, and the whole intricate mechanism for Civil Service reductions in force would have prevented a satisfactory screening of personnel for security and suitability for peacetime clandestine activities.

The plans, records, and properties of the Unit were to be handled differently. There were funds, such as rupees in India, that were not to be turned back to the Treasury but retained like a stockpile for future use. There were physical properties which could be transferred to other agencies but which should be available first to CIG. The equipment, techniques, codes, and other facilities of communication came through intact. The legal question of title—the Economy Act of 1933 prevented the transfer of property without reimbursement—was bypassed in assigning control and use of the assets to CIG. Later, the National Security Act of 1947 would transfer the “personnel, property, and records” of CIG to the Central Intelligence Agency.

Oversight

After accepting Admiral Souers' program for the SSU on April 2, 1946, the National Intelligence Authority did not meet again formally until July 17, when it conferred with General Vandenberg about his reorganization of the CIG. It was content to rely upon the Intelligence Advisory Board and Admiral Souers, personal choice of President Truman, to establish and activate the new central intelligence organization as a “cooperative interdepartmental activity.”

The IAB too held but occasional and desultory meetings. It discussed on February 4 the proposed policies and procedures governing the CIG but made no important comment. On March 28 the plan for liquidating the SSU interested but did not excite it. The men who composed it had made their decisions elsewhere. This session did

touch upon one pregnant problem. General Vandenberg, representing the Army, remarked that applications were coming in from persons who wished to be secret agents abroad. Admiral Souers preferred not to confuse the existing operations of the SSU with the permanent clandestine program. Until the latter was established, therefore, he thought the individual agencies should continue their own operations. He agreed with Vandenberg, however, that eventually "all such operations should be under a single directing head." Here was one opinion giving promise of more lively meetings of the IAB.

At the third IAB meeting, on April 8 with Kingman Douglass in the chair as Acting DCI, Alfred McCormack reported that the Bureau of the Budget had reduced the amount requested by the Secretary of State for intelligence activity in 1947 and there was uncertainty in the Department whether to continue its work in research and analysis. Admiral Inglis for the Navy and General Vandenberg for the Army both favored transferring the function from the Department to CIG if the Department did not wish to retain it. Here was another promise of things to come. Some two weeks later, as Secretary Byrnes issued an order dispersing State's intelligence research among its geographical divisions, McCormack resigned, and within four months there was an Office of Research and Evaluation in CIG.

The last meeting of the IAB before the end of Admiral Souers tenure came on May 9. There was discussion of the request from General Vandenberg that State take over the Foreign Broadcast Intelligence Service, and the matter was referred, as we noted above, to the Central Planning Staff. The IAB listened to the plan for the Defense Project but made no suggestions worth mention. Again, the intelligence officers present had done their deciding elsewhere. Then they considered methods of clearing personnel for duty with CIG. The suggestion of Admiral Inglis that there should be an interdepartmental screening committee for the purpose did not meet approval, and each department was held responsible for clearing the persons it assigned to CIG. The CIG security officer would have the right of review, and final decision would rest with the DCI. (This method did not prove satisfactory; the directive was rescinded on October 4, 1946, and CIG undertook full responsibility for clearing its personnel.)

There was one more meeting of the Intelligence Advisory Board with Admiral Souers in the chair as General Vandenberg became Director of Central Intelligence on June 10, 1946. Souers expressed

his appreciation of the unstinted cooperation he had received. He took "great satisfaction" in turning his duties over to General Vandenberg. As he reminisced in 1952, there was no doubt in his mind that he did. He had been reluctant to take the office. He had sought others for it in his place at the start. He had recommended a successor for his public appeal and personal attributes.

The first Director of Central Intelligence left a progress report, dated June 7, 1946, to summarize his administration and point to the immediate needs of his successor. Responsible officers in the departments had cooperated wholeheartedly in meeting his requests for personnel, he said, but the process had been slow because of demobilization in the armed forces and CIG's very specific requirements. He had given priority to the Central Planning Staff as a necessary "prelude to accomplishment." Concentration now should be upon the Central Reports Staff.

The primary CIG function was to prepare and distribute "definitive estimates" on the capabilities and intentions of foreign countries. Since it required the best qualified personnel, it had been slow in filling the complement of the Reports Staff. This had delayed too the solution of the relationship to be established with the departments, the State-War-Navy Coordinating Committee, the Joint Chiefs of Staff, and other agencies in regard to the production of such "national policy intelligence." Listing the interdepartmental problems which the Central Planning Staff had undertaken to solve or study, Souers stressed in particular the CIG function of supporting the budgets for departmental intelligence. "Coordinated representation to the Bureau of the Budget and the Congress," he said, promised to be "one of the more effective means for guarding against arbitrary depletion of intelligence sources at the expense of national security." It was an interesting suggestion, leading far into the future of the national intelligence system. But it was not one to have smooth sailing.

The final paragraphs of Admiral Souers' progress report came to vigorous conclusions for benefit of General Vandenberg. CIG's relationship with the National Intelligence Authority and the Intelligence Advisory Board was sound. But CIG was suffering from the departments' inability to give it the personnel and facilities it must have. It could recruit no personnel from civilian life. Without enabling legislation, it could make no contracts for essential services. It was now ready to monitor foreign broadcasts, collect foreign intelli-

gence by clandestine methods, produce studies of foreign countries, establish a central register of information, and do basic research and analysis in economics, geography, sociology, and other subjects of common concern. The National Intelligence Authority and its Central Intelligence Group should have "enabling legislation and an independent budget" as soon as possible, either as part of a new national defense organization or as a separate agency.

* * *

[

]