

RIF

~~SECRET~~

OPY #1 OF 4

REGISTRY NO.

HEADQUARTERS
OFFICE OF STRATEGIC SERVICES
CHINA THEATER
APO 627

AUGUR

Intelligence Division
30 August 1945

Subject: Preparation for Peacetime Intelligence - China Theater Area

To : Lt. Col. Paul L. E. Helliwell, Intelligence Officer, OSS/CT

From : Major Duncan C. Lee and Ensign Beurt*SerVaas

(The following is a statement of the assumption, approach, objectives and implementing steps concerning the preparation for peacetime intelligence activities in the China Theater area. It is proposed as a basic guide for briefing all personnel concerned in this activity to insure uniform policy and action.)

1. Short Term Task. During the next four or five months the immediate intelligence mission of OSS will be to service the Commanding General, China Theater, and subordinate Theater commands and agencies with the information they will require during the period before their withdrawal from the theater. Intelligence directives for these months have already been sent to the field, and additional requests will be dispatched from time to time as they are received from customer agencies.

2. Long Range Task. When the U. S. Theater establishment leaves China, OSS as a component military organization will go with it. Before we go, however, it is General Donovan's desire that everything possible be done to prepare and lay the foundations for a permanent American peacetime intelligence service in what is probably the most strategically important area of the world from the point of view of U. S.

145

30 August 1945

interests and security. If possible we hope to leave behind a nuclear organization which can either continue operations without interruption or can at least be activated at a later time when required. Except for this possible stay-behind group, there can be no connection or organizational continuity between the present OSS and the future intelligence service. All preparatory planning and action during this period of transition must be based upon the following postulates:

a. It is not certain that any U. S. peacetime intelligence organization will function in this area. If there is one, it is highly uncertain what agency will run it, what funds will be available, etc. All planning and arrangements must be designed to fit into any possible organizational setup and control. The only assumptions made in this paper are, (1) that the work will be done and (2) that minimum necessary funds therefor will be available.

b. It is certain that for peacetime work control and direction of activities must be exercised from Washington. The recruiting and training of key personnel, their briefing and the setting up of their communications must for the most part be done there. This is made necessary by security considerations as well as by the fact that all intelligence customers will now be in Washington rather than in the field.

c. Anything done in this period will be done under conditions of extreme political delicacy. The period of wartime unity is over, and our Allies, who formerly welcomed or at least tolerated our activities when directed against the common enemy, will now inevitably and rightly regard themselves as the targets for U. S. intelligence work. They will take

~~SECRET~~

Intelligence Officer

3

30 August 1945

increasingly stringent counter measures to oppose us. The consequence of exposure might well be a major diplomatic incident which would not only do incalculable harm to the successful prosecution of this work but might also have extremely serious consequences for our international relations. One consequence of this is that we may assume that accredited U. S. diplomatic representatives will usually be at the best timorous and at the worst actively hostile and obstructive. It follows that extreme caution must be preserved in everything that is done at this time; that where a calculated risk is to be assumed, the decision to do so must come from the very few officers at Headquarters OSS/CT who know the complete picture; and that the strictest discipline must be preserved by all personnel concerned.

d. For the reasons discussed above, it is obvious that the highest possible security must be maintained with respect to every phase of this work. It must be remembered at all times that every action taken to implement this program is taken under cover. At the moment our cover is for the most part a military cover, but the work is no less undercover for that. As few people as possible should know that we are planning or even thinking in terms of peacetime activities. This means that as few people as possible even in OSS should be approached regarding the possibility of future work, and those who are approached must be told as little as possible and cautioned to maintain the highest security.

3. Objectives. Our objectives during this time of preparation will be the following.

~~SECRET~~

30 August 1945

- a. Survey of potentially useful personnel and contacts.
- b. Recruiting and placing certain key personnel.
- c. Survey of operating methods and procedures.
- d. Assembling operational intelligence.

4. Survey of personnel and contacts.

a. Potentially useful personnel may be U. S. citizens, non-U. S. Europeans or natives of the particular area. They may be used as key members of the organization working full time, as conscious part-time participants or as unwitting informants. They may work voluntarily or they may be paid. We want to know about all such potentially useful personnel who might be used in any one of the ways indicated above. First priority, obviously, are those who can be used on the basis of full conscious participation since these will be the key members of the field service.

b. All field teams must immediately commence a survey of potentially useful personnel. The dossier on any individual should include the following information:

- (1) Basic data such as name, age, address, citizenship, etc.
- (2) Type of intelligence work for which he would be suitable.
- (3) Why it is believed that he would be suitable for such work, i.e. education, languages, job, associations, interests, etc.
- (4) What covers has he or could he use.
- (5) Are his motivation, loyalty and security such as to permit his use for the work proposed.

SECRET

30 August 1945

- (6) How he should be approached, contacted and recruited at the proper time, including any necessary special arrangements.

NB Where an individual is naturally associated with other potentially useful personnel as, e.g. in a marketing organization, etc., the organization should be reported as such with the individuals grouped together. Attached is a suggested report form for individual dossiers.

c. For the reasons stated above in paragraph 2 no one may approach any individual directly or indirectly with a view to recruiting him for post war work without direct authorization from this headquarters. The following, however, may and should be done.

- (1) Make as many contacts as possible with potentially useful personnel
- (2) Within the discretion of the group leader, enlist the assistance of suitable individuals in connection with the short range intelligence tasks of the next few months. This will still be work for the Theater Commander on which we presumably will continue to have the cooperation of our Allies. However, great caution must still be used, and it should be borne in mind always that a man who works for OSS for a few months now may well be blown so completely that he cannot be used later. Cutouts and other security devices should be used to protect any such individual who was potential future value.

d. Where the contact approaches an OSS officer and applies for peacetime work, the latter should say simply that he knows nothing of future plans but that he will report the offer in case anything should develop.

~~SECRET~~

30 August 1945

e. Present OSS personnel and other U. S. military personnel in the theater should be carefully surveyed by this headquarters and by the commanding officer of each field team for its particular area. Except in cases where no other procedure is possible, the field group leader should not approach any such personnel but should simply make sure that they check in at the office of INDIV upon their return to this headquarters.

5. Recruiting and placing certain key personnel.

a. As stated above, no recruiting may take place except as specifically authorized and directed from this headquarters.

b. Since our post-withdrawal recruiting will largely depend upon reports received as a result of the personnel survey, it becomes most important that the survey be commenced as soon as possible and that the results be reported to this headquarters without delay.

6. Survey of operating methods.

a. OSS is now operating in a period of transition in which conditions will become increasingly like those of peacetime (see paragraph 2 c and d above) i.e., conditions in which only under cover operations are possible.

b. During this period the short-range job of intelligence collection in response to immediate Theater directives should be used as the occasion for experimenting in and testing operating methods which can be used in peacetime.

c. It is recognized that during this period we will continue to do most of our intelligence collection through the comparatively open methods employed until now. Obviously our U. S. personnel cannot themselves

~~SECRET~~

30 August 1945

go suddenly under cover. They should, however, attempt to preserve and extend the undercover contacts they have already developed and to make new ones; remembering always that now as never before the highest security and caution is necessary.

d. Except in a few exceptional cases (e.g. Phoenix) existing undercover chains or contacts, or those which may be developed during the next few months, cannot, for security reasons, be used by any peacetime organization which may succeed the military OSS. Field personnel must be instructed that what they now build undercover will in almost every case be used to produce (1) immediate intelligence and (2) experience and doctrine. They are not to consider that they are establishing agent chains which will survive our withdrawal. Of course, particular individuals or groups who may have future value should be reported to this headquarters.

e. Each field team should report fully on operating methods and procedures applied in their particular areas.

7. Collection of operational intelligence.

a. By operational intelligence is meant all intelligence on conditions in a given area which should be known for the conduct of successful operations there. Names of and data on potentially useful personnel and contacts and the results of experiments with operating methods and procedures, both already covered, are examples. Other examples are:

- (1) Local security conditions and controls, CE organization and measures, etc.
- (2) Relevant information on local political situation, e.g. officials who may be useful to us because of their political position.
- (3) Pro- or anti-foreign sentiment among different

~~SECRET~~

30 August 1945

groups of the local population.

- (4) Communications facilities.
- (5) Strategic positions, geographically and in terms of contacts, where men should be placed and set up.

b. All field personnel should be on the alert at all times to collect this category of information and to report it promptly and fully to this headquarters.

8. Reports and follow-up.

a. The long-range preparation work outlined above is undoubtedly our most important task during the coming months. It will also be more difficult to accomplish than the collection and reporting of day to day intelligence and consequently there will be a tendency to defer it.

b. In order to insure that this work is receiving priority attention, the following procedure is proposed:

- (1) This program must, for security reasons, be presented orally to area base and field team commanding officers. Major Lee and Ensign SerVaas will visit all field installations during the next few weeks for this purpose. To insure adequate understanding of present operations and continuity in the future conduct of these operations each of them will be accompanied by a member of the Operations Section concerned with the particular area.
- (2) A weekly report on progress made on all phases of this program will be submitted by each field team.
- (3) Where necessary, follow-up "needle" trips by headquarters officers will be made, and field team personnel will be pulled back to headquarters for further consultation and briefing.

~~SECRET~~

Intelligence Officer

9

30 August 1945

- (4) The timing of information must be set to meet the deadlines required by the production of the master intelligence plan for the China Theater areas.

DUNCAN C. IEE
Major, AUS

BEURT SERVAAS
Ensign, USNR

Declassified Per
Memo of 25 Oct. 46
K.P.P.

~~SECRET~~