

Rear Admiral Sidney Souers and the Emergence of CIA's Covert Action Authority

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Much has been made of the origins of the Central Intelligence Agency (CIA). Shrouded in myth, the notion of the CIA ushers forth images of skulking in back alleys and fighting security threats in secrecy. Yet, to shield intelligence collection from the political maelstrom after World War II, the CIA needed quiet warriors who had mastered the art of bureaucratic diplomacy and understood the implications of effective intelligence and covert action. Not normally identified as a swashbuckling intelligence officer like Office of Strategic Services (OSS) Director William “Wild Bill” Donovan, RAdm. Sidney Souers served as a critical founder of the CIA even after his tour as the director of central intelligence (DCI) and director of the Central Intelligence Group (CIG—the immediate successor of OSS) ended. Souers understood how to move within a bureaucracy to win battles through compromise, wielding power and influence with a heavy hand only when needed. He balanced creation of an apolitical intelligence agency with the demands of the early Cold War and an equally demanding White House.

Marking the 75th anniversary of the completion of Souers’s service as the first DCI (January 23, 1946–June 10, 1946), this article commemorates his leadership, which set the foundation for the modern CIA. Souers



Sidney William Souers’s official Navy portrait. In private business, he had entered the US Navy Reserve shortly before WWII; he would be assigned to Naval Intelligence and by war’s end he was deputy director of naval intelligence.

served as DCI for only six months, but his service to the agency extended well beyond his tenure in office.

One of Souers’s key contributions—one for which he has received little credit—was the extension of CIA’s authority to include conduct of covert action alongside clandestine collection of foreign intelligence. This article addresses Souers’s central role in framing DCI and CIA authorities by leveraging his network of connections within the White House, the National Security Council (NSC), and

the Office of the DCI. While critics of CIA’s covert action authority have voiced objections since the 1960s, the historic decision to have CIA take on that responsibility rested with the White House through Souers, who became the first executive secretary of the NSC after its creation in 1947.

Like many of his contemporaries, Souers understood the importance of accurate intelligence and focused covert action operations to meet the growing security challenges presented by the Soviet Union after World War II. The scholarly works on this subject underscore the prescience of the security planning of the period, which took place in the context of a developing US strategy of containing Soviet expansion. Soviet expert George Kennan had recognized the importance of covert action to address Soviet ambitions after WWII. Critical to his viewpoint, which was adopted by the White House, was that the conflict with the USSR was likely to be protracted and composed of multiple challenges to which the United States needed varied responses.¹

Determination of which government organization or agency would control covert undertakings lies at the heart of some current research that examines the evolution of CIA—including its covert action function—and focuses on the role of unelected

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officials in creating what some regard as a “flawed” national security structure. Much of this research attributes the expansion of CIA’s role to such decisionmakers during the period of bureaucratic restructuring between 1945 and 1947 in which epic bureaucratic politics affected decision-making over broad areas of national security interests and structures.

The unelected figures involved were senior officials such as the secretaries of war, navy, and state, who could make decisions and reach agreements often shrouded in mystery to create the specific arrangements of national security institutions that had been mandated by legislative and top elected officials.²

In these studies, figures like Donovan tend to dominate the discussion about the original framing of CIA. But President Harry Truman rejected Donovan’s plan for a centralized intelligence organization in 1945. Donovan and his supporters tried to revive his plan between 1945 and 1947, but Truman’s lack of support left Donovan open to bureaucratic attacks from the armed services and the Department of State. Scholarship focusing on the Donovan Plan as the foundation of the CIA overlooks critical players within Truman’s circle who killed the Plan and supplanted it.

Richard Schroeder defied this trend in scholarship by examining the network of Missourians who surrounded Truman during the creation of the CIA. Schroeder highlighted enduring contacts that linked unlikely

leaders within the executive branch to one another. Truman relied heavily on unelected officials he knew, such as Souers, White House Counsel Clark Clifford, and Chief of Staff Admiral William Leahy, or those in whom he had confidence because of their work, such as Secretary of Defense James Forrestal.³

Likewise, former CIA analyst David Rudgers examined key advisors to Truman such as Harold Smith, the director of the Bureau of the Budget, who had the inglorious task of advising Donovan of Truman’s decision to disband the OSS and devising the way in which branches of the OSS would be divided among the armed services and the Department of State. Rudgers also echoed the point about Clifford’s importance in working through the legislative process to create the CIA. Clifford leveraged the required skills of persuasion, manipulation, and compromise when dealing with the personalities in the national security community executing Truman’s demands.⁴

Despite this evolving scholarship, Souers remains somewhat of an enigmatic figure. Rudgers acknowledged Souers as a “sagacious man, skilled at getting people to work together” but relegated him to the sidelines of the discussions in which he participated.⁵ Arthur Darling highlighted Souers’s activities but gave more credit to the bolder leadership style of DCI Hoyt Vandenberg, Souer’s successor, over the more conciliatory Souers.⁶ Conciliation, however, was necessary to bring together the personalities that

created the national security structure between 1945 and 1947.

Souers played a critical role in facilitating through quiet compromise among senior executive branch officials the implementation of Truman’s vision of a restructured US national security organization. Central to his accomplishment was the identification of CIA’s authority over covert action as complementary to CIA’s responsibility for foreign clandestine intelligence operations.

In general, the overarching foreign policy concern of thwarting the communist threat in Europe led these officials to understand the value of intelligence collection. By 1947, intelligence collection was a coveted mission that inspired stiff opposition to centralized reporting and analysis. The issue of covert action encouraged no similar inspiration; few wanted to claim control over it. Souers would ultimately build and use his network to frame within the new National Security Council the DCI’s and CIA’s authorities for clandestine intelligence collection and covert action.

Souers, Quiet Leadership, and Network Influences

As the assistant director and deputy chief of naval intelligence, Souers was no stranger to navigating the difficult waters of restructuring postwar intelligence organizations; he had been involved in the examination of intelligence organizations immediately after Truman had disbanded OSS and, as seen in his December 1945 memorandum to Clifford, had made the argument against a State Department proposal that it assume central intelligence duties.⁷ Soon after, in January 1946, Souers was

Sidney William Souers

1892 (March 30): Born, Dayton, Ohio

1911–12: Attended Purdue University

1914: A.B., Miami University of Ohio

1920–25: President, Mortgage & Securities Company, New Orleans

1925–26: Executive, Piggly Wiggly Stores, Memphis

1925–30: Executive Vice President, Canal Bank & Trust Company, New Orleans

1930–33: Vice President, Missouri State Life Insurance Company, St. Louis

1933–73: Executive, General American Life Insurance Company

1940–46: Officer on active duty, US Naval Reserve, rising to the rank of Rear Admiral

1944–46: Deputy Director and Deputy Chief, Office of Naval Intelligence

1946 (January 23–June 10): Director of Central Intelligence, Central Intelligence Group

1947–50: Executive Secretary, National Security Council

1950–53: Special consultant to President Harry S. Truman on military and foreign Affairs

1973 (January 14): Died, St. Louis, Missouri

Source: National Archives, Harry S. Truman Library and Museum at: <https://www.trumanlibrary.gov/library/personal-papers/sidney-w-souers-papers#folder>

offered and agreed to serve as the interim DCI for six months.

Souers’s tenure is often overlooked because it lasted only six months, and his accomplishments seemed limited. In his short tenure he was heavily focused on establishing the internal structure of the CIG. His initial attention was given to addressing the president’s demands for a daily summary of international events and unified analysis of intelligence. Souers spent the bulk of his time negotiating cooperation with the national security leadership. All the while, Souers became acutely aware of the impossibility of his task without a budget or the authority to compel cooperation from officials who opted not to provide the DCI with intelligence required for the president’s daily summaries.⁸

By the time Souers’s DCI/CIG term ended in June 1946, the challenges he experienced had made a significant impression on him. At the end of his tenure, Souers argued that in order for CIG to function effectively, a budget was needed for operational activity, either within a separate agency or as part of the broader national security structure. In June 1946, the CIG was little more than a coordinating body with no statutory authority to operate outside of National Intelligence Authority (NIA) directives.^{a,9} These concerns would animate Vandenberg’s attempts during the following year to change the way the CIG operated.

a. The NIA was essentially a body created to coordinate intelligence activity in the US government. In addition to the DCI, it was composed of the secretaries of state, war and the navy.

Contrary to the oft-cited erroneous accounts of his career, Souers did not retire from CIG and return to businesses in St. Louis after serving as DCI. Instead, he returned to active duty in the Navy and took a position as one of Forrestal’s undersecretaries in the Department of the Navy, a post Souers recalled that Truman most likely obtained for him.¹⁰ Souers’s ongoing connections to individuals like Truman assured his importance as an unelected official facilitating the development of the nascent intelligence community. His own statements about his career downplayed the critical aspects of his influence between 1945 and 1947 and tended to undermine understanding of his importance to the evolving national security structure.

For example, Souers claimed he never met Truman until he became DCI, yet Souers later referred to the president as someone he knew casually in 1945.¹¹ Souers stressed that his primary contact with the White House before January 1946 was Forrestal, who became Secretary of Defense in 1947 after the abolition of his Navy Department. Forrestal and Souers had a longstanding relationship linked to their business careers prior to federal service. Souers credited Forrestal with obtaining for him the post of deputy director of naval intelligence Director Thomas Inglis.¹²

From ONI, Souers “brought an influential voice” when he wrote a memo for Forrestal about a Joint Chiefs of Staff (JCS) plan for a centralized intelligence agency.¹³ Souers claimed he wrote the December 27, 1945 memo at the request of Truman; in it he made the case to the president’s counsel Clark Clifford for the JCS plan. In weighing proposals from



As secretary of the navy, James Forrestal was a member of Harry Truman's cabinet, shown here in August 1945. Forrestal is sitting on the far right. White House photo.

the JCS and Department of State, Souers concluded that the JCS plan seemed "more likely to provide the President with unbiased intelligence, derived from *all* available sources, and approved by . . . all three departments . . . primarily concerned with foreign policy," the Departments of State, War, and Navy. Souers concluded his evaluation by pointing out that the JCS plan anticipated "a full partnership between the three departments, created and operated in the spirit of free consideration, and with a feeling of a full share of responsibility for its success."¹⁴

The points about partnership and shared responsibility struck at the heart of concerns in the White House for a unified national security structure. These were expressed in the instruction President Truman gave to the State Department on September 20, 1945 to "create a comprehensive and coordinated foreign intelligence program."¹⁵ Forrestal submitted Souers's memo to the White House to make the case for the JCS plan.¹⁶ The memo had the desired effect. On January 9, 1946, Truman held an "off the record" meeting in the

White House to ensure consensus among the armed forces and the Department of State. In attendance were Souers, Leahy, Clifford, Naval Aide to the President Cdre. James Vardaman, and BGen. Harry Vaughan, military aide to the president.¹⁷ Before the meeting, Secretary to the President Matt Connelly had called Director of the Bureau of the Budget Smith to advise him that a meeting about intelligence matters was about

to happen, and Smith immediately joined. Neither the Departments of War nor State were represented, although Souers claimed the Army backed the JCS plan.¹⁸

The discussion by supporters of the JCS plan implied that intelligence could not be handled by the State Department because it was too weak. In contrast, Smith highlighted the situation in Latin America, where he claimed officers from the FBI, Army, and Navy were falling over themselves in intelligence activity. He stressed that organization of intelligence activity was key and warned that leaving decisions about dividing up intelligence work among each other was likely to lead to "the worst possible compromise results." Moreover, he urged getting to a "clear understanding of what kind of intelligence was being discussed."¹⁹ Souers noted that Smith claimed Secretary of State James Byrnes did not support the JCS plan, a position Souers rejected based on his interactions with Forrestal in which Byrnes had agreed to the JCS plan privately.²⁰ Leahy characterized Smith's objections as

"instigated by the Department of State."²¹

Leahy's criticism had merit. Smith asked Col. Alfred McCormack, a former Army intelligence officer who by then was the secretary of state's special assistant for research and intelligence, to work on the State Department's proposal. Before the next meeting on the intelligence organization, Smith provided a copy of McCormack's report to Special Counsel to the President Samuel Rosenman and noted that State was not scheduled to be at the meeting and cautioned him to use it only for background information. Glum in the exchange, Smith characterized intelligence as "one of the most far-reaching problems of interdepartmental coordination" the administration faced.²²

The discussions in the next meeting were in line with Souers's recollection that the JCS plan was something the president "had been wanting to do for a long time."²³ The second meeting on January 12, 1946 at the White House included Souers, Leahy, Vaughan, Vardaman, Clifford, Smith, and Rosenman.²⁴ Again no representatives of the Departments of State or War were present. This meeting outlined the new structure of the intelligence community based on the JCS plan, including Truman's identification of Souers as the DCI. Truman's decision was documented in the January 22, 1946 Presidential Directive creating the CIG and NIA.²⁵

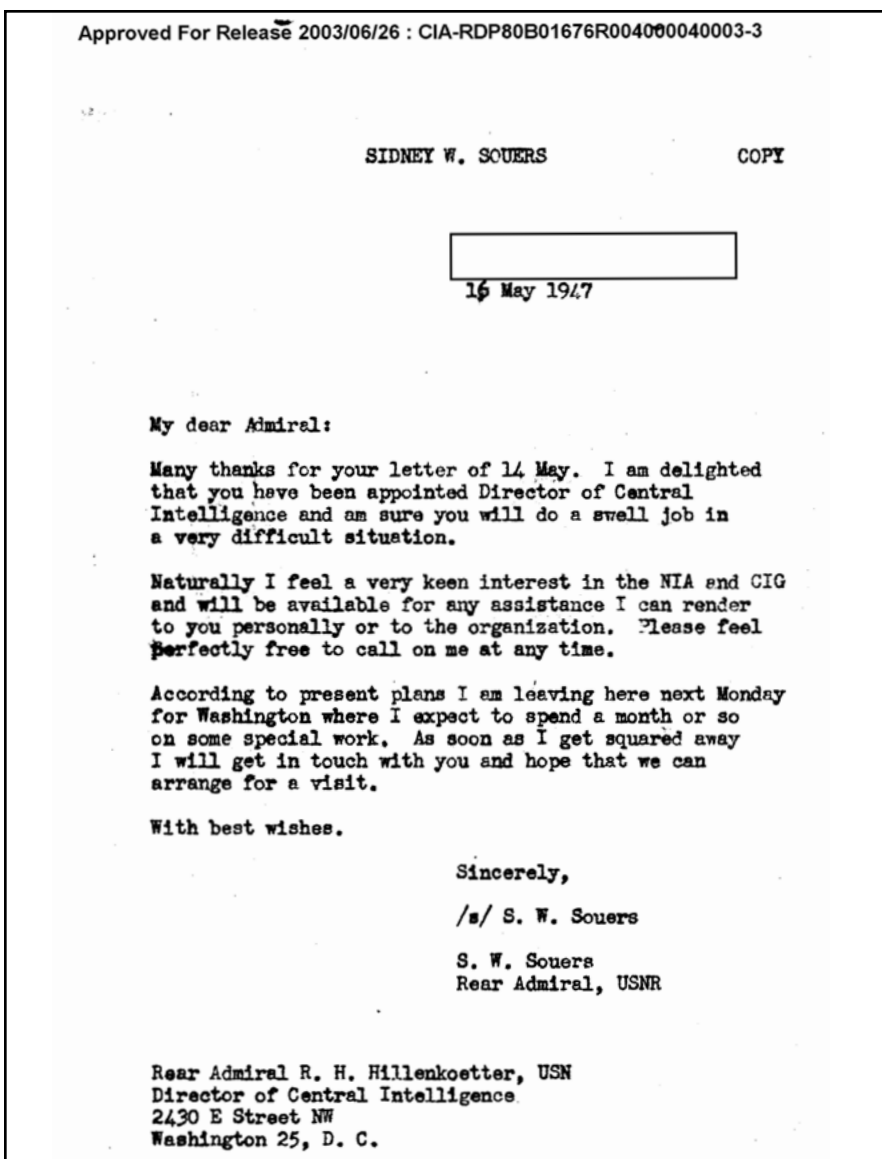
These events underscore Souers's direct contact with Truman during discussions that influenced the president's approval of the 1946 presidential directive. Souers's network of contacts through Leahy and Clifford

eventually became a well-worn path as the structure of the US intelligence evolved between June 1946 and 1947, after Souers had completed his term as DCI. Clifford, in discussing Truman's decision to appoint Souers as DCI, commented, "the relationship [with Souers] was valuable and the CIA grew and flourished under his leadership." (Clifford misremembered here: there was no CIA when Souers was appointed.)²⁶

The Atomic Energy Commission and Intelligence

That Souers continued to leverage his White House contacts became further evident as discussions emerged on how to implement Vandenberg's plan on atomic energy intelligence during the summer of 1946. Vandenberg (DCI, June 10, 1946–May 1, 1947), with a personality diametrically opposite to that of Souers, focused his directorship on expanding the authorities of the CIG at the expense of other national security officials and in contrast to Souers's more conciliatory tone. While praised for his drive, Vandenberg quickly became mired in bureaucratic infighting. Unafraid of addressing confrontational issues head on, Vandenberg trained his attention on the atomic energy intelligence controlled by the Foreign Intelligence Branch of the Army's Manhattan Engineer District.²⁷

The issue of atomic intelligence became a primary issue for the White House, and debate over the subject highlighted the disconnect within the national security structure. Driving the intelligence concern was the need to know how far the Soviet Union had come in making its own atomic bomb so US intelligence would avoid an "atomic Pearl Harbor."



Vandenberg appealed to the NIA to assign the CIG coordinating control over atomic intelligence on August 13, 1946 in a draft NIA Directive 6.²⁸ In doing so, he placed the need to expand CIG authorities in a turf war with the Army, which viewed Vandenberg's move as duplicating efforts. The proposed draft also included a controversial proposal to send three intelligence officers and files on uranium deposits to CIG. The Army and State Department thus

became unified against the nascent CIG. Although the NIA had been approved on August 21, 1946, Truman delayed its implementation.²⁹ It remained stalemated in heated debates until 1947. The personnel transfer would not occur until February 12, 1947,³⁰ and takeover of the atomic energy document collection finally occurred as a result of a meeting on April 18, 1947.³¹

The slow implementation of NIA 6 underscored the continuing

refusal of the intelligence agencies to coordinate with the CIG, a problem that brought Admiral Souers back into the picture. After the initial failure to devise a satisfactory coordination plan, AEC Commissioner RAdm. Lewis Strauss asked Souers to investigate and report his recommendations.³²

Enter another admiral as DCI

Another naval officer, RAdm. Roscoe Hillenkoetter replaced Vandenberg in the spring of 1947. He began his DCI tenure (May 1, 1947–October 7, 1950) by adopting Souers’s leadership style with respect to the AEC. Two weeks after his appointment, Hillenkoetter wrote to Souers, who immediately wrote back to welcome Hillenkoetter and offered his assistance. In the letter, Souers



Hillenkoetter, in front on the far right, standing next to his replacement, Walter Bedell Smith. Undated CIA file photo.

also alluded to “some special work” that would bring him to Washington for a month—this is most likely an allusion to the AEC issue.

Indeed in his investigation, true to his manner, Souers worked in coordination with Hillenkoetter and avoided areas of confrontation with the armed services and Department of State. From early June until August 7, 1947, Souers and Hillenkoetter spoke often about AEC issues, sometimes communicating more than once a day. On June 3, 1947, Hillenkoetter, Souers, and Strauss discussed coordination between the AEC and CIG. That summer, Hillenkoetter explained in a staff meeting that his meetings with Souers focused on helping the AEC with its intelligence collection and analysis capability, with Souers devising AEC and CIG coordination procedures.³³

By July 1, 1947, after coordination with Hillenkoetter, Souers had completed his report and, true to his conciliatory style, opted not to address the evaluation of atomic energy intelligence sources. The CIG needed the information about the sources to evaluate the reporting, but the request required the AEC to open sensitive files that would reveal US Army sources. Rather than start a fight, Souers argued for elevating the role of the AEC in the NIA structure rather than forcing CIG control over the AEC. He recommended that

- the AEC be made a permanent member of the Intelligence Advisory Board (IAB) within the NIA,
- a director of intelligence position be created in the AEC, and

- permission be given to have the new intelligence director sit on the IAB.³⁴

The move built goodwill with the AEC and led to the sharing of AEC reporting and eventually the identification of sources.

Efforts to formalize the new AEC intelligence unit commenced almost immediately and in earnest. Hillenkoetter approved the new unit based on a paper AEC Chairman David Lilienthal had prepared. Hillenkoetter and Souers communicated daily about the progress of the unit’s establishment, even discussing suggestions about who its chief should be. Souers favored his old boss at ONI, Commodore Inglis. Ultimately, another Navy flag officer, RAdm. John Gingrich received the appointment. The AEC intelligence unit was approved in late July, with Hillenkoetter and Souers having working seamlessly together.³⁵

The National Security Act of 1947

That level of coordination between Souers and Hillenkoetter exemplified the close working relationships mandated by the NIA, but Souers and Hillenkoetter collaborated on other issues as well. In June Hillenkoetter brought Souers into matters raised during then ongoing negotiations about the content of the National Security Act of 1947 (H.R. 2319). For example, Hillenkoetter asked Souers to comment on a letter Hillenkoetter had written in response to issues raised by a military officers’ professional association, the Reserve Officers of the Naval Services (RONS). The association, which claimed to advocate on behalf of 36,000 reserve naval officers (Navy, Marine, and Coast Guard), among

whom Souers and Strauss could count themselves, inserted itself into deliberations about the act.³⁶

Hillenkoetter reached out to several officials and, on June 12, he agreed to meet RONS representative Minor Hudson. The comments on which Souers consulted with Hillenkoetter were thus likely to have been contained in the letter submitted to the responsible House committee on July 2, 1947 by RONS President John Braken. Braken recommended changes in the wording of H.R. 2319 to allow any commissioned officer to be considered for service as DCI provided the officer resigned his commission before taking office and the CIA “shall have no police, law enforcement, or internal security function.”³⁷ Both caveats and references to the DCIA’s salary were included in the final bill.

After the passage of the National Security Act, interactions between Hillenkoetter and Souers continued. On August 18, Souers contacted Hillenkoetter about an offer he had received to become the executive secretary of the NSC. During the call, Souers asked Hillenkoetter for his permission to have James Lay, the CIG director of the Office of Reports and Estimates (ORE), join Souers at the NSC. Lay had previously worked for Souers, and the new NSC executive secretary wanted Lay to brief him on international events. Hillenkoetter agreed to lend Lay to the NSC.³⁸ Upon arriving at the NSC in August 1947, Lay became Souers’s assistant executive secretary. The calls between Hillenkoetter and Souers into late August 1947 demonstrated Hillenkoetter’s importance as a node in Souers’s network.

Forrestal had apparently concluded that Souers would run the NSC in ways closer to his vision. If that is what he believed, he would learn that he was mistaken. . .

Perhaps even more interesting was how and why Souers became the NSC executive secretary. Newly appointed Secretary of Defense Forrestal recommended Souers for the position. Presumably because of their earlier relationships and Souers’s support of the JCS plan to centralize intelligence, Forrestal thought Souers would be more apt to favor a close NSC relationship with the military. Forrestal had been a proponent of an NSC structure that resembled the British Imperial Defense Council in 1908. In that arrangement, a security council would report to the secretary of defense, who then briefed the president. Forrestal was at odds with Truman on this construct because the president favored an NSC separate from the armed forces that answered to the White House.³⁹

Forrestal had apparently concluded that Souers would run the NSC in ways closer to his vision. If that is what he believed, he would learn that he was mistaken when Souers agreed with the White House plan. Souers viewed the NSC as an “advisory mechanism to the President.” Moreover, he viewed the NSC’s role to be a “coordinating agency” to help the president weigh the factors needed for foreign policy decision making.⁴⁰ No doubt Truman was aware of Souers’s views on the NSC prior to approving Forrestal’s recommendation. The president persuaded Souers to take the position as “a personal favor” to him.⁴¹ Having Souers hold the NSC position placed the NSC squarely under the president’s authority and set the stage for

the development of CIA authorities by the White House through the NSC.

Souers’s NSC assignment and his regular communications with Hillenkoetter illustrated the range of Souers’s activities during the early formative period of the modern national security structure. As a result, it should be no surprise that Hillenkoetter and Souers continued their coordination after the official creation of the NSC and CIA. Hillenkoetter built on Vandenberg’s work by following Souers’s guidance on how to navigate in the national security bureaucracy to manage White House demands.

What emerged from this collaboration, however, was not the CIA Hillenkoetter had envisioned. Souers pursued a compromise in which he straddled what was needed for the CIA to operate effectively and Truman’s demand for a unified national security structure.

Souers, Hillenkoetter, and the Battle over CIA’s Mandate

Coordination between Hillenkoetter and Souers intensified in September and October 1947 with heated debates about the new CIA’s authorities. For example, on September 22, 1947, Souers called Hillenkoetter to explain how he planned to deal with three memos Hillenkoetter had submitted for NSC consideration. Souers agreed to advance the two dealing with NIA and CIG directives, but, with Hillenkoetter’s concurrence, he withheld one about the IAB.⁴² The two

The following day, Hillenkoetter left open the question of CIA's involvement in psychological warfare.

memos Souers put forward kept in force existing NIA and CIG directives, in effect maintaining the status quo and ensuring the intelligence coordination function of CIA until the authorities of the DCI and CIA were more fully defined.⁴³

The memo Souers convinced Hillenkoetter to withdraw was significant. Hillenkoetter had taken the initiative with the new NSC to suggest an agenda for the first NSC meeting, recommendations he sent to the secretary of state, the armed services, and Souers on September 11, 1947.⁴⁴ Based, Hillenkoetter wrote, on legal guidance, he advised the IAB that he neither required consent nor participation of the IAB in the DCI's decisionmaking. Hillenkoetter expressed his preference to have State, the armed services, and the AEC sit in on discussions on intelligence issues within the new NSC structure.⁴⁵ Unfortunately, the authorities for the DCI and CIA did not yet formally exist, having only been passed by Congress on July 26, 1947; the NSC had been stood up only the day before Hillenkoetter sent the memo.

Souers, in turn, having experienced the creation of the CIG, accurately foresaw the storm that Hillenkoetter's memo would provoke. As in the past, Souers sought to minimize contention while building consensus. With the IAB issue off the table in its inaugural meeting on September 26, 1947, the NSC passed without dissent the decision to work through DCI and CIA authorities, among other structural issues, within 60 days.⁴⁶ Between the first NSC meeting and the next, Souers worked in earnest with Lay to draft the

authorities of the DCI and CIA, all with Hillenkoetter's consent.⁴⁷

The question of IAB's role within the NSC-CIA structure could not be long avoided because it sat at the heart of the issue of broader CIA statutory authorities. Specifically, the 1946 presidential directive that established the CIG and the NIA also created the IAB. The IAB provided advice to the DCI and consisted of the heads of the principal military and civilian intelligence agencies.⁴⁸

As a coauthor with Clark Clifford of the 1946 directive, Souers would have known its meaning and intent.⁴⁹ As a result, he was sensitive to cabinet members' views of the IAB's role in the national intelligence structure. When he took over as DCI, Souers knew that officials resisted centralization of intelligence as threatening their authority. At the time, the absence of specific legislation cast doubt on the CIG's mandate.⁵⁰ The DCI's activities had been governed by IAB guidance, placing the secretaries of state and the armed services in coordination and oversight roles over the DCI.

What Hillenkoetter sought was to invert the IAB structure and shift power to CIA's statutory oversight role. To accomplish this, he needed Souers's help to maneuver around the powers of the secretaries of state and the armed services.

Beginning the Case for Covert Action

During the battle over the IAB, Hillenkoetter monitored a growing interest in "psychological

warfare operations." A subcommittee of the State-Army-Navy-Air Force Coordinating Committee (SANACC)—a group established in 1944 to consider postwar reconstruction and political issues and that was to become an advisory committee in the NSC—had developed a plan for postwar psychological warfare. By October 1947, recognition had emerged that SANACC had no authority to examine peacetime psychological warfare, but on October 21, 1947, Hillenkoetter advised his staff of the renewed interest in psychological warfare and noted that the NSC had approved such activities. Who would lead such efforts had not been determined, however. Hillenkoetter noted in his diary that CIA may not want to take on another function, but it might be directed to do so.⁵¹

The following day, Hillenkoetter left open the question of CIA's involvement in psychological warfare. In a memo to the SANACC on October 22, 1947, Hillenkoetter acknowledged the need for immediate progress on such activities while recognizing the ongoing debate within the national security structure about what organization should coordinate covert action operations. He recommended deferring any decision, but he added that he planned to recommend that the responsibility fall to the JCS.⁵²

Undoubtedly, part of Hillenkoetter's rationale came from legal guidance he had received on September 25, 1947. General Counsel Lawrence Houston provided the DCI advice on CIA's involvement in "black propaganda" and "commando type functions." Houston warned that CIA's involvement in covert action "taken out of

context and without knowledge of its history . . . could bear almost unlimited interpretation, provided the service performed could be shown to be of benefit to an intelligence agency or related to national intelligence.”

Houston continued, saying these operations “would be an unwarranted extension of the functions” of the CIA under the National Security Act of 1947. He reminded Hillenkoetter that Congress had not even authorized CIA to conduct overseas collection activities, which, by extension led Houston to conclude there was likely no thought “in the minds of Congress that the [CIA] under this authority would take positive action for subversion and sabotage.” Houston concluded that any activity undertaken with respect to covert action must be approved by Congress.⁵³

Houston’s caution notwithstanding, Hillenkoetter understood the pressure for psychological operations at the same time he fought for authority over foreign clandestine intelligence collection. In the latter fight, he enlisted Souers’s assistance. Souers was in an optimal position to overcome any inertia against implementation of the NSC and intelligence restructuring. Through October 1947, fighting intensified over the authorities of the CIA, focusing on the need for a subcommittee within the NSC to operate as the IAB had. Souers and Hillenkoetter flatly rejected the ineffective IAB-CIG structure.

In late October 1947, Souers and Hillenkoetter resumed their almost daily meetings as Hillenkoetter addressed both the battle for CIA’s control over foreign intelligence collection operations and demands that he address the issue of psychological



A meeting of the NSC on August 19, 1948. Souers is the second from the left. Hillenkoetter is the last figure to the left of the table. Truman is second from the right. To his right are Secretary of State George Marshall and Secretary of Defense Forrestal. White House photo.

operations. On October 28, 1947, Hillenkoetter told his staff that interest in psychological operations continued and added that CIA was likely to be called on to furnish data to support them. The next day, Hillenkoetter received a call informing him that a directive assigning additional functions, like psychological warfare, to the DCIA’s advisory responsibility had been approved.⁵⁴ The battle over authorities for DCI and CIA heated up with increased bureaucratic resistance. In this battle, the DCI had behind him the National Security Act of 1947, Souers and the latter’s connections in the White House, and Secretary of Defense Forrestal.

Forrestal’s involvement in the expansion of CIA authorities was ironic. As secretary of the navy, Forrestal championed shared responsibility for intelligence collection and backed a decentralized CIG structure. Clark

Clifford claimed Truman selected Forrestal to be defense secretary in September 1947 because Truman believed Forrestal would “sit back and carve [another] to ribbons,”⁵⁵ likely ensuring the failure of the new structure from any other position. Later Truman felt justified in having selected Forrestal when he came to the president apologetically about how weak the previous system had made the secretary of defense. Forrestal pledged to work with the White House to fix it.⁵⁶ Working closely with Souers, Forrestal became a critical player in overcoming the inertia that had left unresolved the definition of the IAB’s role in the new national security structure.

Disagreement over CIA Authorities Boils Over

The alliance between Hillenkoetter, Souers, and Forrestal

The details of the IAB discussion are critical to understanding what would eventually, in early December, lead to a resolution of the issue.

proved imperative when disagreements between the DCI and the armed forces boiled over during an IAB meeting on November 20, 1947. Hillenkoetter opened the meeting with a summary of its purpose and an expression of hope that agreement could be reached that day.

At the first meeting of National Security Council on September 26, they said we would continue the NIA Directives for 60 days. We will have to submit some new ones on the 26th of this month. We sent a memorandum to the agencies on October 9 asking for any suggestions and to please let us know. We got a little help from the State Department. They came through with some suggestions. Today I don't know how long it will take to get an agreement on the four NSC directives. We will try to finish those at least so we can send those in, Is that all right?

Almost immediately it became clear that Hillenkoetter's hopes would not be achieved. The first to speak, Special Assistant to the Secretary of State for Research and Intelligence W. Park Armstrong said he could not represent the department, whose head had yet to weigh in. Hillenkoetter then came under fire from Chief of Naval Intelligence Inglis and the Army's G-2, Maj. Gen. Stephen Chamberlin, regarding the roles of the intelligence chiefs in the NSC system vice the roles of the departmental secretaries in the IAB. Chamberlin complained he could not turn off and on his responsibilities at

someone else's command, admitting that he was unprepared to discuss the papers before them. Maj. Gen. George McDonald, director of Air Force Intelligence, echoed the sentiment. Hillenkoetter fell back to suggesting that an ad hoc committee be formed to review the NSC directives. IAB officials then began arguing over the validity of an ad hoc committee and the need to complete deliberations so quickly.⁵⁷

McDonald asked for an extension of the deadline, a proposal Hillenkoetter rebuffed by suggesting the IAB adjourn to allow a subcommittee to begin work to meet the November deadline. Protests again followed about whether a subcommittee not formally designated in the National Security Act of 1947 could undertake such work. Members also picked at the proposed directives as driving wedges between intelligence chiefs and their departmental secretaries. Finally, the meeting adjourned with grudging agreement to create an ad hoc committee to review the four directives.⁵⁸

The details of the IAB discussion are critical to understanding what would eventually, in early December, lead to a resolution of the issue. The ad hoc committee formed on November 20 produced a set of directives for the DCI and CIA that were either fully or partially unacceptable to Hillenkoetter.⁵⁹ The DCI notified the IAB ad hoc committee of his disagreement on November 25, 1947.⁶⁰ With the NSC session set for the following day, the DCI received a memorandum from Secretary of the Army Kenneth Royall. Royall expressed

disagreement with Hillenkoetter's appointment of the subcommittee to draft the NSC directives on the DCI and CIA. He recommended the DCI himself draft a charter for the successor to the IAB.⁶¹ Royall sought to perpetuate the defunct CIG structure against the wishes of the White House, Souers, and Hillenkoetter. The implementation of the reformed national security structure again stood at an impasse.

Overcoming this stalemate required dislodging the entrenched opposition. The break came in a meeting Forrestal called in early December 1947.⁶² There, Hillenkoetter appealed to Forrestal to intervene with the Departments of Army and Navy over the authority of the DCI offered in Royall's memo. Whether on his own initiative or at the urging of Souers and the White House, Forrestal and Souers were in attendance with the secretaries of the Army, Navy, and Air Force, their intelligence chiefs, a State Department representative, and Hillenkoetter. Darling's account held that Forrestal let Hillenkoetter present his vision of the authority of the DCI and CIA. Forrestal then turned to the secretaries of the Army and Navy without offering any opportunity for a response and ordered them to run things the way Hillenkoetter described.⁶³ Forrestal compelled the armed forces to install the DCI and CIA authorities as a *fait d'accompli*. By using the authority of his position, Forrestal effectively "pulled rank" and left his military service leaders no recourse. It helped that he had the backing of the White House, represented that day by Souers.

Just before the meeting, Forrestal had received a memo about the confusion the battle over DCI and

CIA authorities had created among US intelligence organizations. Vannevar Bush, the director of the Joint Research and Development Board and chief adviser to Forrestal on scientific matters, highlighted the likely inability of CIA to answer questions from the joint congressional committee on atomic energy.^{a, 64} Bush believed that “Souers probably should be alerted and that the [NSC] ought soon to pass on some of the policy questions involved.”⁶⁵

Bush’s concerns came from Ralph Clark, the director of his Programs Division. Clark wrote to Bush about his December 3, 1947 meeting with officers from CIA, the AEC, and State Department. One stark issue confronting the coordination of atomic energy intelligence was the need for a clear delineation of CIA’s relationships with other agencies to facilitate the production of intelligence analysis. Perhaps more to the point was the note from chief of the Intelligence Section David Beckler on December 2, 1947, which addressed concerns about atomic energy intelligence in the AEC intelligence division:

...the present confusion is causing considerable embarrassment to the newly created Intelligence Division of the AEC, and greatly impedes its operations. Since the directives as finally decided upon may affect the nature and scope of AEC intelligence operations, the Army, Navy, and Air Departments as well as CIA—while agreeing in principle to cooperation with AEC—are deferring actual exchange of

a. Forrestal participated with Bush in the Joint Committee on Atomic Energy in the morning, followed by a private meeting in Forrestal’s office later in the afternoon.

On the same day, CIA Deputy Director Edwin Wright outlined his objections to the SANACC proposal in a memorandum to Hillenkoetter.

*information until the AEC-CIA relationship is crystallized.*⁶⁶

The confrontation between CIA, the armed services, and the State Department had taken its toll in an area of critical interest to the White House. The memo from Bush and Forrestal’s December meeting ended the fight over the authority of the DCI and CIA.

On December 8, 1947, in a meeting in the NSC the issue was put to rest. While no documentation is available on that meeting, Arthur Darling indicated that it went much like the one that took place in Forrestal’s office. Hillenkoetter opened the meeting by reading Vannevar Bush’s memo and ended with the armed forces reluctantly acquiescing to relegation of the IAB to a general advisory board.⁶⁷ The outcome of the meeting laid the foundation for the DCI and CIA to operate outside of the oversight and guidance of the IAB and formally abolished the defunct IAB-CIG system.

Winning CIA Authorities and Backing into Covert Action

The arguments in November and December 1947 allowed Hillenkoetter to establish the roles of the DCI and CIA over foreign clandestine intelligence collection. His vision aligned with that of the White House and had Souers’s support. Winning this battle established the basis for CIA’s taking over the coordination of covert action. The evolution of CIA’s control over covert action thus came as part of the

broader fight to clarify CIA’s authorities within the intentionally vague language of the National Security Act of 1947.

For senior State Department and military officials, the language of the legislation and restrictions on peacetime psychological operations led to confusion over what office would be given the authority to conduct such operations and to receive the needed resources. In mid-October 1947, the SANACC had proposed the creation of a psychological warfare organization to work under the direction of the NSC. It suggested the organization be led by a director appointed by the president. The director would also chair a policy planning board composed of representatives from the JCS, CIG, and the armed services.⁶⁸ In addition, the SANACC recommended that determination of missions be left up to the NSC and SANACC.⁶⁹ Hillenkoetter agreed to the plan on October 22, 1947, backed by Houston’s legal guidance.⁷⁰

Souers had a somewhat different view of the subject. On October 24, 1947, he sent a memorandum to Forrestal referencing a “very persuasive and accurate appraisal” he had received—from Secretary of Commerce Averell Harriman—regarding the need for “psychological warfare” operations to push back against “Soviet-inspired” propaganda in Europe. Souers wrote that a simple solution to the question of what organization should lead the effort was the assignment of “covert activities to the Central Intelligence Agency, since it already has contacts and communications with appropriate organizations

Settlement of the issue more broadly took place in the NSC on December 12, 1947, putting in place the final piece leading to CIA's receipt of the mandate for covert action.

and agents in foreign countries.” Souers noted that he understood the SANACC intended officially to send its proposal to the NSC.⁷¹

Upon receiving the SANACC memo, dated November 3, Souers’s assistant, James Lay, forwarded the memo to Souers with a long covering memo to Souers in which he wrote that the plan was not practical because it crossed over into CIA’s statutory authorities.⁷² Meanwhile, Forrestal discussed the SANACC proposal with his leadership on November 4, 1947, noting that the secretaries of defense and state were to discuss propaganda issues rather than a committee or the NSC. He made no mention of the CIA’s role.⁷³

On the same day, CIA Deputy Director Edwin Wright outlined his objections to the SANACC proposal in a memorandum to Hillenkoetter. Wright noted that the plan created another committee layer and the nucleus of yet another intelligence organization. Wright, citing his ongoing dialogue with Donovan, suggested a division between “black” (covert) and “white” (overt) propaganda. The latter he suggested should be headed by a civilian director, “the chairman of a Planning and Policy board composed of representatives of the Departments of State, Army, Navy, Air, the Central Intelligence Agency” and any other necessary government offices.⁷⁴

Wright’s memo included as an annex an account of a meeting with Donovan that he’d had not long before. Donovan, Wright wrote, recommended that the director of the

propaganda effort be appointed by the president and identified as a special assistant to the secretary of defense. but it should be understood that this officer was actually under the operational control of the DCI. Moreover, Donovan believed both “black” and “white” propaganda should take place under the sole purview of the DCI.⁷⁵ In contrast, the SANACC plan placed propaganda efforts under the control of the undersecretary of state and relegated the CIA to a support role, that of providing the State Department the necessary intelligence.⁷⁶

The SANACC psychological warfare plan was discussed in the NSC’s second meeting on November 14, 1947. The minutes of that meeting noted that Secretary of State George Marshall objected to use of the word “warfare” in connection with psychological operations; Secretary Royall, speaking for Defense Secretary Forrestal and Air Force Secretary Stuart Symington, said that the “Military Establishment did not believe that it should have a part in those [psychological operations]; and the security council staff was ordered to revise the SANACC proposal “in the light of comments at the meeting.”⁷⁷

As the NSC staff focused on revisions to the SANACC proposal, DDCI Wright found “very alarming” a proposal that had been made to place an armed forces panel within CIA to ensure “close cooperation” of psychological efforts abroad. Wright warned in a December 2 memo that to “sabotage” the principle that CIA must be “the sole agency to conduct

organized foreign clandestine operations” sowed the seeds of “chaos” [emphasis in the original]; CIA determined best how to disseminate propaganda he concluded.⁷⁸ Wright wrote his strongly worded memo just a week before the December meeting in Forrestal’s office that ended the debate about CIA covert action authorities within the armed services.

Settlement of the issue more broadly took place in the NSC on December 12, 1947, putting in place the final piece leading to CIA’s receipt of the mandate for covert action. Executive Secretary Souers, through two memos to NSC members prepared the members for discussion of two documents: NSC 4 (“REPORT BY THE NSC ON COORDINATION OF FOREIGN INFORMATION MEASURES”) and NSC 4-A (“PSYCHOLOGICAL OPERATIONS”—a draft directive to DCI Hillenkoetter). The documents followed Souers’s logic and divided responsibilities for psychological operations and reaffirmed CIA’s mandate over foreign clandestine operations, both collection and covert action.

In NSC 4, the council recommended that State take on the role of coordinating *overt* information efforts:

*Para 8.a. The Secretary of State should be charged with formulating policies for and coordinating the implementation of all information measures designed to influence attitudes in foreign countries in a direction favorable to the attainment of US objectives and to counteract effects of anti-US propaganda.*⁷⁹

The draft directive to Hillenkoetter contained in NSC 4-A followed closely the language Souers used with Forrestal in his October 1947 memo.

2. The similarity of operational methods involved in covert psychological and intelligence activities and the need to ensure their secrecy and obviate costly duplication renders the [CIA] the logical agency to conduct such operations.

With a nod to DDCI Wright's concern about attempts at oversight by the armed services, the NSC noted that nothing in the recommendation should be construed as a requirement for the CIA to disclose its "secret techniques, sources, or contacts."⁸⁰

The decision to assign CIA the covert action mission derived from the interpretation of the National Security Act of 1947 by White House advisers on the NSC, including Souers and Lay.⁸¹ The position taken by Souers and Lay reflected what Clifford claimed was the intention with respect to covert action when the legislation passed in July 1947. That interpretation clashed with the legal advice Hillenkoetter received from CIA General Counsel Houston. While agreeing in principle to Houston's assessment that issues of covert action should go to Congress for approval, White House advisers pressed the exigent need for efforts to counter Soviet propaganda. They concluded the vague language of the National Security Act of 1947 permitted the NSC to assign responsibility for covert action to the CIA predicated on the NSC having the statutory authority to expand CIA's duties. Whatever private misgivings Hillenkoetter may have had about CIA taking over

Souers's effectiveness came from his ability to work well with powerful individuals and spot avenues to obtain smaller victories before marching into protracted conflicts.

covert action, he took on the responsibility without complaint.

Souers's Role and Influence in the National Security Structure

The role Souers played in the evolution of DCI and CIA authorities illustrated the importance of key officials in the institutional development of the national security structure. Souers embodied the ideal of conciliatory leadership operating behind the scenes to bridge the gaps amidst bureaucratic turf wars. As Vandenberg had shown, confrontation worked only to a limited extent, in part, because of the weakness of the intelligence organization within the broader national security structure.

At the same time, Souers appreciated the need to confront senior officials who impeded the progress of developing the nascent intelligence apparatus. Conciliation had its place except in periods of impasse when the very leaders entrusted to implement institutional reforms were the primary obstacles to change. The confrontation between Forrestal and his subordinate commanders exemplified an optimal time to exert the full authority of the new Office of the Secretary of Defense.

All the while, Souers sought to avoid critical missteps by maintaining open lines of communication between officials that mattered the most in this process. By leveraging his power network, Souers was able to steer discussions, frame fights, and

influence decisionmaking in favor of the president and the DCI.

Yet the DCI did not get everything he wanted. Was Hillenkoetter a pawn? Souers spoke derisively about Hillenkoetter in the 1960s, describing him as a "disaster" as DCI and noting that he should never have been appointed to the position.⁸² Admittedly, Hillenkoetter was an outsider to the political gamesmanship required in Washington. He had neither the experience nor the political clout of officials like Souers and Forrestal.

Indeed, Hillenkoetter may well have been the weakest DCI:⁸³ he did not launch large initiatives and tended to navigate around confrontation when possible. Souers had clearly leveraged Hillenkoetter after having established an early working relationship with him. Referring to Hillenkoetter as Souers's pawn, however, may be a bit too strong. Hillenkoetter fought for the mandates of the DCI and CIA in the critical showdown in the fall of 1947. He merely ended up with more than he bargained for when the CIA was also given the authority for covert psychological operations. The ability to maneuver Hillenkoetter demonstrated Souers's political savvy; his manipulation of Forrestal, however, underscored his mastery of bureaucratic gamesmanship.

Souers's effectiveness came from his ability to work well with powerful individuals and spot avenues to obtain smaller victories before marching into protracted conflicts. His ability to maneuver rested on the power

that came from his network of contacts. Initially, Forrestal was central to how Souers vaulted into a position of authority that garnered Truman's respect. He also recommended Souers to be the executive secretary of the newly created NSC, an outcome that would undermine Forrestal's attempts to shape the NSC structure. Once in the NSC, Souers became a critical node in constructing the national security system according to the president's vision. Yet Forrestal's meeting with armed forces heads in early December 1947 was critical to overcoming resistance to the change in the power dynamic of the intelligence system—a change that did not reflect Forrestal's preference for how the NSC and CIA operated with respect to the armed forces. The only White House representative at that fateful meeting was Souers, and the views of the president trumped all other disagreements.

The key to understanding how these events played out was Souers's direct communication and regular contacts with the White House. Counsel Clifford remained one of Souers's most crucial contacts other than the president himself. Clifford and Souers wrote the 1946 Presidential Directive that created the



In 1952, President Truman awarded Souers the Distinguished Service Medal. The two also exchanged portraits of themselves with affectionate inscriptions to one another. White House photo.

CIG.⁸⁴ There seems little reason to doubt that as DCI, Souers operated in lockstep with the White House because he knew exactly what the president wanted.

Likewise, when the CIG system proved to be impractical, it was no wonder that Souers emerged again to facilitate the reform of the national security structure. Between 1946 and 1947, Souers maintained a close connection with Clifford, who joined Souers in critical meetings on intelligence and worked with Souers on preparation of the National Security Act of 1947.

Souers carried that effort one step further when the NSC enumerated the DCI's and CIA's authorities, to include covert action. Through

Clifford, Souers retained insight into the president's plans and preferences. Any doubt as to Souers's work on behalf of Truman in creating the CIA can be dispelled with the letter Souers wrote to Truman in 1963. Lamenting CIA's activities in the 1960s and subsequent scandals, Souers acknowledged that he had attempted to build a CIA for Truman that was vastly different from the one that came to exist in 1963.⁸⁵

How CIA gained authority to conduct covert action is significant. The DCI did not want it, Donovan wanted control over all aspects of propaganda, and Houston believed CIA needed congressional approval for each covert action activity. The CIA did not win any of these battles. The reason the CIA ended up with covert action authority was because the White House needed to address the existential threat presented by the Soviet Union and covert action was one part of the broader containment strategy. For that reason, quiet warriors like Souers worked behind the scenes to include covert action. The question was not how popular covert action operations were but rather what was needed to protect US interests, a testament to the enduring ethos of the CIA from its inception.



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