

Part III
The Smith Years

Part III: The Smith Years

The documents in Part III cover the period from Lt. Gen. Walter Bedell Smith's August 1950 appointment as DCI to President Truman's farewell visit to CIA in late 1952.

General Smith swept into office in October 1950 with a mandate and an inclination to bring about major change in CIA. As the fourth Director of Central Intelligence, he inherited an Agency that lacked clear direction even as it braced itself for the outbreak of a third world war. Smith began by implementing most of the program that the NSC had recommended to DCI Hillenkoetter in 1949. Moving swiftly, he reorganized CIA's analytical and support functions, exercised tighter control of clandestine activities, and insisted on high-level political approval for covert operations. The war in Korea and the threat of its spread dominated Smith's tenure as DCI. Covert operations in East Asia soon consumed an enormous proportion of CIA's growing but still limited resources. The wartime emphasis on the clandestine services steadily enhanced the profile and influence of Smith's new deputy—and ultimately his successor—Allen Dulles.

63. Houston to Lt. Gen. W. B. Smith, 29 August 1950
(Typed transcript; attachments not included)

X/41(1,2)

transcribed for ABD by ed 3/20/53 *

29 August 1950

MEMORANDUM FOR Lt. Gen. W. B. Smith

1. In accordance with our conversation of 23 August, I am forwarding a memorandum outlining the basic current problems facing CIA.

2. In the interest of brevity, the problems are broadly stated. Therefore, I have attached in tabs certain documents which go into considerable illustrative detail. This forwarding memorandum is classified TOP SECRET in accordance with the classification of Tabs F and G. The rest of the papers are classified in accordance with their content.

/s/ LAWRENCE R. HOUSTON

Lawrence R. Houston

8/28/90
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This document has been approved for release through the HISTORICAL REVIEW PROGRAM of the Central Intelligence Agency.

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ITEM 3
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29 August 1950

MEMORANDUM FOR THE RECORD

Set forth below is a brief statement of some of the more pressing problems presently facing the Central Intelligence Agency. These are the subject of extensive studies within the Agency and are voluminously documented in Agency files.

Appended hereto are certain documents which most clearly illustrate the issues involved and which indicate measures which would be basic steps in the solution thereof. These documents are identified in a list of tabs at the end of this paper.

1. Coordination of Activities.

Difficulties in coordinating the intelligence activities of the Government, and of performing other functions imposed upon CIA by law, result from existing National Security Council directives which impose upon CIA the board of directors mechanism of the Intelligence Advisory Committee (IAC) in the following manner:

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a. They require that recommendations and advice of the Director of Central Intelligence (DCI) to the National Security Council (NSC) must contain the concurrence or non-concurrence of the IAC;

b. They enable the IAC to assert the position that they are not merely advisory to the DCI, but are actually a board of directors, of which the DCI is but the executive secretary, i.e. one among equals;

c. Therefore the recommendations which go forward to the NSC are not CIA recommendations as contemplated by the law, but actually are watered-down compromises, replete with loop holes, in an attempt to secure complete IAC support.

2. Intelligence Support for Production of Estimates.

Difficulties are encountered by CIA in producing adequate intelligence estimates, due to the refusal of the IAC agencies to honor CIA requests for necessary intelligence information, departmental intelligence, or collection action:

a. Information has been withheld from CIA by IAC agencies on the basis that it is "operational" rather than "intelligence information" and therefore not available to CIA; that it is "eyes only" information or on a highly limited dissemination basis; or that it is handled under special security provisions which by-pass CIA;

b. CIA is not empowered to enforce its collection requests on IAC agencies, or establish priorities;

c. There is a failure of spontaneous dissemination of certain material to CIA;

d. IAC agencies continue to cite the so-called "Third Agency Rule" as a basis for refusing to give intelligence to CIA.

3. Production and Dissemination of Estimates

The furnishing of adequate national intelligence estimates

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to the President, the NSC, and other appropriate recipients is hampered by the lack of complete material, (as set forth in paragraph 3, above), and by present procedures which require concurrence or substantial dissent to each estimate from the IAC agencies, but make no provision for setting time limits thereon:

a. Departmental agencies of the IAC cannot concur in intelligence estimates which conflict with agency substantive policy; nor can they free themselves from departmental bias or budgetary interests;

b. Coordination of CIA estimates often takes months, with the result a compromise position;

c. Departmental dissents to CIA estimates are frequently unsubstantial, quibbling or reflective of departmental policy.

4. Special Problems.

a. The IAC agencies resist the grant of authority to CIA to issue directives affecting the intelligence field in general and their activities or priorities in particular on the ground that it would violate the concept of command channels;

b. The status of CIA in relation to the President and the NSC must be redefined and clarified;

c. The relationships between CIA on the one hand, and the Department of Justice -- particularly the FBI, on the other, especially in connection with the defector problem, must be improved and clarified.

d. Difficulties imposed by NSC directives in the field of unconventional warfare must be eliminated, particularly the policy control over CIA granted to the Departments of State and Defense. The separation of clandestine operations into two offices within CIA creates serious problems of efficiency, efficacy and, above all, security;

e. There is a failure of coordination of overt intelligence collection in the field, due in part to competition among the departments in the field, but also to lack of positive planning and

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action by CIA. This results in unnecessary duplication and overlaps, and the initial withholding of choice material. It is becoming necessary for CIA to take a strong position in the field of overt collection abroad.

5. Nuclear Energy and Other Special Intelligence Subjects.

Each has its own but related problems.

6. Relationship between JCS and CIA in the Event of War.

This is an unresolved problem which has been the subject of considerable discussion, one aspect of which is covered by Tabs F and G attached. It may of course require urgent consideration at any time.

7. Conclusion.

Solution of the above problems lies in a grant of adequate authority to the DCI and CIA, and use of that authority to achieve the necessary coordination by direction rather than placing reliance in a spirit of cooperation and good will.

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INDEX OF TABS

- Tab A - CIA proposed revision of NSCID #1. This directive is believed by CIA to be necessary to give the Director the authority needed for exercise of his responsibilities. It has been forwarded to State for discussion, but no further action has been taken on it.
- Tab B - Proposed "Memorandum to the National Security Council," which elaborates paragraphs 1 - 3 set forth in the memorandum above. This was prepared several months ago as an introduction to CIA's proposed revision of NSCID #1, included herewith under Tab A.
- Tab C - National Security Council Intelligence Directive (NSCID) #1, under which CIA presently operates.
- Tab D - Memorandum entitled "Legal Responsibilities of the Central Intelligence Agency", which emphasizes particularly Congressional intent in regard to the national intelligence mission.
- Tab E - Current State/Defense proposals for reorganization of intelligence production within CIA. A compromise version of this paper is still under discussion.
- Tab E/1 - Compromise now urged by State/Defense thru Gen. Magruder.
- Tab F - Joint Intelligence Committee report on war time status and responsibilities of CIA and its field agencies (JIC 445/1, 12 July 1950). This indicates an intention on the part of the JIC to have JCS take over control of all covert activities in the event of war.
- Tab G - Memorandum for Brig. Gen. John Magruder, dated 16 August 1950, setting forth CIA's position on its war time relations to the Joint Chiefs. This memorandum was originally drafted for dispatch to the Secretary of Defense and was actually dispatched to General Magruder.

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*Used by
DCT
JFK*

MM

12 October 1950

PLEASE RETURN TO
C/DP/1 (NSC/1)

MEMORANDUM FOR: DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT: Interpretation of NSC 10/2 and Related Matters

1. Pursuant to your oral instructions to me, I have duly notified the appropriate representatives of the Departments of State and Defense and the Joint Chiefs of Staff of your interpretation of NSC 10/2 and of your view that the Memorandum of Interpretation dated 12 August 1948 and entitled "Implementation of NSC 10/2" is no longer applicable or effective in the light of altered circumstances.

2. The notification and advice above referred to was accomplished at a meeting held in my office at 3:30 p.m., 11 October 1950, which meeting was attended by the authorized representatives of the Secretaries of State and Defense and of the Joint Chiefs of Staff. I explained to these individuals at considerable length your reasoning and conclusions as regards the lack of immediate necessity for a revision of NSC 10/2 in order to accomplish the full integration of the Office of Policy Coordination as an element of the Central Intelligence Agency fully responsive to your authority and command as Director of the Agency. I further pointed out that you acknowledged the propriety and desirability of the continuing receipt by OPC of advice and policy guidance from the Departments of State and Defense and the Joint Chiefs of Staff, but that this was not to be regarded in any sense as placing State, Defense and JCS in the position of giving instructions or orders to OPC. Finally, I explained that you saw no reason for changing the existing pattern of advice and guidance including the manner in which policy guidance flows to OPC as well as the organizations and individuals in State, Defense and CIA heretofore functioning in this capacity. I said that in theory and in fact the policy guidance would be coming to the CIA as an organization and not merely to OPC, and that it would be my responsibility to keep you fully informed on all matters worthy of your attention.

3. The foregoing statements on my part appeared to have been well received by the representatives of State, Defense and the JCS, all of whom expressed themselves as being personally in agreement with your views. They undertook to convey the information given to them to their respective superiors and to inform us in due course of the reaction and response of their superiors.

Frank G. Wisner
FRANK G. WISNER
Assistant Director for
Policy Coordination

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ALSO SEE

HS/CSG-771

HS/CSG-819

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65. Smith, Memorandum for the President, 12 October 1950
(Carbon copy with attachments)

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CENTRAL INTELLIGENCE AGENCY
WASHINGTON 25, D. C.

12 October 1950

MEMORANDUM FOR THE PRESIDENT

In accordance with your instructions, I submit herewith estimates regarding five critical situations in the Far East. The intelligence organizations of the Departments of State, the Army, the Navy, and the Air Force participated in the preparation of these estimates and concur in them.

The estimates follow in the following order:

- Enclosure A - Threat of Full Chinese Communist Intervention in Korea
- B - Threat of Soviet Intervention in Korea
- C - Threat of Chinese Communist Invasion of Formosa
- D - Threat of Chinese Communist Invasion of Indochina
- E - Communist Capabilities and Threat in the Philippines
- F - General Soviet and Chinese Communist Intentions and Capabilities in the Far East

Inasmuch as the conclusions reached with respect to these particular situations depend in part on the possibility of a Soviet decision to resort to global war, the latest agreed estimate on that subject is also attached as Enclosure G.

WALTER B. SMITH
Director

DOCUMENT NO. 8
NO CHANGE IN CLASS.
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CLASS. CHANGED TO: 76 SC 2011
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AUTH: HRJ 70-2
DATE: 2303/1 REVIEWER: DT0058

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**ERRATA for Central Intelligence Agency Top Secret
Memorandum of 12 October 1950 #32615**

A phrase has been omitted from Enclosure E, Communist Capabilities and Threat in the Philippines. The phrase "a number of the " belongs in paragraph 3.b, thus making the first sentence of 3.b. read: "Since the Communists have achieved power in China, it is believed that a number of the approximately half a million Philippine Chinese have already aligned themselves with the Peiping regime."

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CENTRAL INTELLIGENCE AGENCY

12 October 1950

A. THREAT OF FULL CHINESE COMMUNIST INTERVENTION
IN KOREA

I. STATEMENT OF THE PROBLEM

1. To estimate the threat of full-scale Chinese Communist intervention in Korea.

II. CAPABILITIES

2. The Chinese Communist ground forces, currently lacking requisite air and naval support, are capable of intervening effectively, but not necessarily decisively, in the Korean conflict.

III. FACTORS BEARING ON INTENT

3. Indications of Intentions. Despite statements by Chou En-lai, troop movements to Manchuria, and propaganda charges of atrocities and border violations, there are no convincing indications of an actual Chinese Communist intention to resort to full-scale intervention in Korea.

4. Factors Favoring Chinese Communist Intervention.

a. Intervention, if resulting in defeat of UN forces, would: (1) constitute a major gain in prestige for Communist China, confirming it as the premier Asiatic power; (2) constitute a major gain for World Communism with concomitant increase in Communist China's stature in the Sino-Soviet axis; (3) result in the elimination

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of the possibility of a common frontier with a Western-type democracy; and (4) permit the retention of sources of Manchurian electric power along the Yalu River.

b. Intervention, even if not resulting in a decisive defeat of UN forces, would: (1) enable the Chinese Communists to utilize foreign war as an explanation for failure to carry out previously announced economic reforms; (2) be consistent with and furnish strong impetus to anti-Western trends in Asia; and (3) justify a claim for maximum Soviet military and/or economic aid to China.

c. Intervention, with or without assurance of final victory, might serve the cause of World Communism, particularly the cause of the Soviet Union, in that it would involve the Western bloc in a costly and possibly inconclusive war in the Far East.

d. The Communist cause generally and the Sino-Soviet bloc particularly face the prospect of a major set-back in the struggle with the non-Communist world if UN forces are permitted to achieve complete victory in Korea.

5. Factors Opposing Chinese Communist Intervention.

a. The Chinese Communists undoubtedly fear the consequences of war with the US. Their domestic problems are of such magnitude that the regime's entire domestic program and economy would be jeopardized by the strains and the material damage which would be sustained in war with the US. Anti-Communist forces would be encouraged and the regime's very existence would be endangered.

b. Intervention would minimize the possibility of Chinese membership in the UN and of a seat on the Security Council.

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c. Open intervention would be extremely costly unless protected by powerful Soviet air cover and naval support. Such Soviet aid might not be forthcoming because it would constitute Soviet intervention.

d. Acceptance of major Soviet aid would make Peiping more dependent on Soviet help and increase Soviet control in Manchuria to a point probably unwelcome to the Chinese Communists.

e. If unsuccessful, Chinese intervention would lay Peiping open to Chinese resentment on the grounds that China would be acting as a Soviet catspaw.

f. From a military standpoint the most favorable time for intervention in Korea has passed.

g. Continued covert aid would offer most of the advantages of overt intervention, while avoiding its risks and disadvantages. Covert aid would enable the Chinese Communists to:

- (1) Avoid further antagonizing of the UN and reduce risk of war with the US;
- (2) Promote the China-led Asiatic peoples' "revolutionary struggle," while ostensibly supporting peace;
- (3) Maintain freedom of action for later choice between abandonment of aid or continuing such covert aid as might be appropriate to Chinese Communist needs in Korea;

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- (4) Satisfy the "aid Korea" demand in Communist circles in China and Asia generally, without risking war with the US.

IV. PROBABILITY OF CHINESE COMMUNIST ACTION

6. While full-scale Chinese Communist intervention in Korea must be regarded as a continuing possibility, a consideration of all known factors leads to the conclusion that barring a Soviet decision for global war, such action is not probable in 1950. During this period, intervention will probably be confined to continued covert assistance to the North Koreans.

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CENTRAL INTELLIGENCE AGENCY

12 October 1950

B. THREAT OF SOVIET INTERVENTION IN KOREA

I. STATEMENT OF THE PROBLEM

1. To estimate the threat of direct Soviet military intervention in Korea during 1950.

II. CAPABILITIES

2. Soviet armed forces now in the Far East are capable of intervening overwhelmingly in Korea virtually without warning.

III. FACTORS BEARING ON INTENT

3. Indications of Intentions. The Soviet Union to date has given no indication that it intends to intervene directly in Korea. Since the beginning of hostilities the Soviet Union has sought in its official statements and in its propaganda to give the impression that it is not involved in the Korean situation. Moreover, the USSR has taken no political or military actions that constitute direct armed intervention in Korea. However, the Soviet Government for some months has been increasingly improving its military capabilities in the Far East as well as in other strategic areas.

4. Factors Favoring Soviet Intervention. The defeat of North Korea would constitute a major set-back for the USSR. It would involve:

a. The loss of a Satellite, and the establishment of a Western-oriented state on the frontiers of Communist China and the USSR.

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b. Giving the Western Powers a potential strategic bridgehead which the Kremlin would always regard as a threat to the industrial, communication, and military centers of Manchuria and the Soviet Far East.

c. Weakening the Soviet military and political position vis-à-vis Japan.

d. A loss to Soviet political prestige in that it would demonstrate that the Kremlin is not willing to support its followers effectively in a Soviet-instigated action.

e. A loss to Soviet military prestige in that it would lead to a tendency, whether or not justified, to re-evaluate the effectiveness of Soviet military equipment and tactics.

f. A reduction in the prospects of the Soviet Union for expanding its political control by means short of war in that it would demonstrate the determination and capability of the non-Soviet world to resist effectively Soviet-inspired aggression.

5. Factors Opposing Soviet Intervention.

a. In weighing potential gains and risks of intervention, the Soviet leaders must calculate, as an overwhelming consideration, that their open intervention would lead to direct hostilities with US and other UN forces over an issue on which the Western world has achieved a new degree of unity. Soviet leaders would have no assurance that combat between Soviet and US forces would be limited by the US to Korea or to the Far Eastern theater. Consequently, a decision to intervene openly in Korea, in the ultimate analysis, involves a decision to risk immediate and probably global war with the US.

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b. The Soviet leaders may estimate that it will be possible, without assuming this all-critical risk, to salvage some of the losses suffered from the Korean situation. US military activities could be obstructed by extensive guerrilla action, which might involve the US in an extended and costly occupation and which could contribute to Soviet efforts to develop in Asia a racial enmity toward the US and the Western Powers.

IV. PROBABILITIES OF SOVIET ACTION

6. It is believed that the Soviet leaders will not consider that their prospective losses in Korea warrant direct military intervention and a consequent grave risk of war. They will intervene in the Korean hostilities only if they have decided, not on the basis of the Korean situation alone, but on the basis of over-all considerations, that it is to their interest to precipitate a global war at this time.

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CENTRAL INTELLIGENCE AGENCY

12 October 1950

C. TREAT OF CHINESE COMMUNIST INVASION OF FORMOSA

I. STATEMENT OF THE PROBLEM

1. To estimate the threat of Chinese Communist invasion of Formosa during 1950.

II. CAPABILITIES

2. Despite certain definite Chinese Communist deficiencies in naval and air forces and probably in amphibious training and doctrine, the Communists are now capable of launching an invasion against Formosa with about 200,000 troops and moderate air cover. The USSR could at a minimum furnish tactical advice and technical and logistic support.

3. Although Chinese Nationalist forces are sufficient in number and materiel to defend Formosa, lack of staying power, poor command structure, lack of inter-service coordination, questionable morale and shortages of some types of ammunition make their defense capabilities questionable.

4. Without direct Soviet participation and given strong naval and air assistance by the US armed forces, the Chinese Nationalist defense forces are capable of holding Formosa against a determined Chinese Communist invasion.

III. FACTORS BEARING ON INTENT

5. Indications of Intentions. Frequent official statements of the Chinese Communists have clearly indicated their intention to seize control of Formosa. However, available intelligence does

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not indicate their intention to do so in the immediate future. An unknown factor bearing upon the intent to invade is the degree of control the USSR is capable of exercising over the Chinese Communists, and the Soviet intent with respect to Formosa.

6. Factors Favoring Invasion of Formosa.

a. The occupation of Formosa would remove the symbol of Nationalist resistance; eliminate a potential source of coordinated opposition to the Chinese Communist regime; and would seriously diminish continued anti-Communist resistance in China and throughout Southeast Asia.

b. Abandonment or continued postponement of an attack on Formosa would result in a loss of "face" to the Chinese Communists.

c. Formosa would provide the Chinese Communists with a small but significant source of foreign exchange, and a potential source of rice, thereby contributing somewhat to Chinese Communist capabilities for economic reconstruction.

7. Factors Opposing an Invasion of Formosa.

a. Success would be improbable.

b. An attack involves the risk of war with the US as long as US forces are interposed between Formosa and the mainland. The Chinese Communist leadership would be reluctant to jeopardize its popular support, domestic achievements, and internal program by an attack on Formosa that could lead to retaliatory air attacks on Chinese cities, to a strict blockade of the Chinese coast, to strong economic sanctions, and to protracted warfare that could sap Chinese economic strength.

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c. The Chinese Communists face serious domestic problems, including banditry, widespread unrest, guerrilla opposition, economic stagnation, agrarian maladjustments, and the problems involved in consolidating the Communist Party's political control. For these reasons the danger exists that, if attacks should fail or prove unduly costly, the present apparent solidarity of the Communist regime would be subjected to a severe strain.

d. In view of current UN interest in Formosa, the Chinese Communists have some reason to hope for a favorable political solution.

IV. PROBABILITY OF CHINESE COMMUNIST INVASION

8. It is believed that barring a Soviet decision to precipitate global war, an invasion of Formosa by the Chinese Communists will not be attempted during the remainder of 1950.

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CENTRAL INTELLIGENCE AGENCY

12 October 1950

**D. THREAT OF A CHINESE COMMUNIST INVASION OF
INDOCHINA**

I. STATEMENT OF THE PROBLEM

1. To estimate the threat of a Chinese Communist invasion of Indochina in 1950.

II. CAPABILITIES

2. From forces presently deployed near the Indochina border, the Chinese Communists could commit 100,000 troops for an invasion of Indochina without appreciable forewarning. Approximately 150,000 additional Chinese Communist troops could arrive at the border in support of an invasion within ten days. Reinforcements and supplies might be moved by sea to rebel-held sections of the Indochina coast. It is also within Chinese Communist capabilities to furnish air support for an invasion.

3. These capabilities could be exercised without jeopardy to other possible Chinese Communist military operations in the Far East, except to the already inadequate air support for a simultaneous North Korean or Formosan intervention.

4. If the Chinese Communists should invade Indochina, it is almost certain that the defending forces under the French would soon lose all of Vietnam, except Cochin China.

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III. FACTORS BEARING ON INTENT

5. Indications of Intentions.

a. The construction and improvement of roads, railroads, and air facilities; the provision of technical and training assistance and advisory personnel; present logistic support from the border provinces of Kwangtung, Kwangsi, and Yunnan--all these might be construed as positive indicators of an impending invasion. These activities, however, might also be indicators of an increase in the flow of Chinese Communist aid to the Viet Minh Communists, rather than of Chinese invasion.

b. Although Chinese Communists have given propaganda support to the Viet Minh, there has been no public Chinese Communist statement which could reasonably be construed as a commitment to invade or as justification for invasion.

6. Factors Favoring Intervention.

a. A Chinese Communist invasion of Indochina would be the most rapid means of establishing a Communist Indochina.

b. The fall of Vietnam to the Communists would facilitate establishment of Communist control over Burma and Thailand.

c. An early Communist victory in Indochina would in part offset the loss of International Communist prestige occasioned by Communist reverses in Korea.

d. The Chinese Communists, operating on behalf of International Communism, might invade Indochina with the hope that, even if UN intervention should deprive them of complete victory, Western bloc forces would be involved in inconclusive warfare in the Far East.

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7. Factors Opposing Intervention.

a. A Chinese Communist invasion of Indochina would greatly increase the risk of Chinese Communist involvement in war against the Western Powers or the UN, as well as the risk of global war.

b. Recent Viet Minh military successes have increased the probability that Communist control of Indochina can be ultimately secured without resort to Chinese Communist invasion, providing there is no major increase of presently planned external assistance to the French and their supporters.

c. Viet Minh capabilities can be substantially increased without resort to open intervention.

d. Invasion of Indochina by Chinese Communist troops would arouse local anti-Chinese sentiment and could be a serious source of command conflict between Peiping and Viet Minh leadership.

e. A Chinese Communist invasion would tend to antagonize the presently neutral states of Asia, particularly India.

f. Communist China's prospects for membership in the UN and UN-sponsored organizations would be jeopardized and the opportunity for the establishment of diplomatic relations with powers outside the Soviet orbit would be curtailed.

g. Chinese Communist invasion of Indochina might provide the US with an impelling reason for retaining in the vicinity of Formosa--a major objective of the Chinese Communist government--the US Seventh Fleet.

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IV. PROBABILITIES OF CHINESE COMMUNIST INVASION

It is estimated that an open Chinese Communist invasion-- while possible and capable of being launched with little or no preliminary warning--is improbable in 1950. It is highly probable, however, that the Chinese Communists will increase the substantial military assistance already being given to the Viet Minh forces.

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CENTRAL INTELLIGENCE AGENCY

12 October 1950

E. COMMUNIST CAPABILITIES AND THREAT IN THE PHILIPPINES

I. STATEMENT OF THE PROBLEM

1. To estimate the Communist capabilities and threat in the Philippines.

II. CAPABILITIES

2. The Huks. The Huks (Hukbong Mapagpalaya Ng Bayan) are today the army of Philippine Communism, led by avowed Communists who follow the policies and seek to further the objectives of World Communism. Their armed strength is estimated at no more than about 10,000. The Huks are essentially a guerrilla organization, utilizing "hit and run" tactics; making maximum use of the elements of surprise, choice of terrain, and mobility; and avoiding frontal engagement with government forces. The Huks, who are limited almost exclusively to infantry weapons, have the capability of mounting several comparatively large-scale (300-500 men) coordinated attacks simultaneously against widely separated targets. During 1949-50, they have expanded their areas of operation throughout Luzon and to other islands of the Philippines. In recent months they have carried out better coordinated and more widespread attacks. The Huks have terrorized local communities and interfered with travel. They can extend and intensify their operations, particularly in weakly defended provincial areas, and may well stage another series of coordinated attacks before the end of 1950.

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3. Supporting Elements.

a. Support of the Huk movement, apart from that derived from unorganized lawless elements, is found among large numbers of peasants, who willingly or by force and intimidation contribute to the Huk movement. Another source of support is found in the Philippine labor movement, where low real wages and poor conditions of work permit exploitation of the union movements by Communist organizers.

b. Since the Communists have achieved power in China, it is believed that approximately half a million Philippine Chinese have already aligned themselves with the Peiping regime. Such Chinese are probably facilitating Communist communications, providing financial support, and otherwise rendering aid to the Huks.

c. Available intelligence does not indicate that the Huks have received, or are likely to receive, sufficient assistance from external Communist sources to alter their military capabilities significantly during 1950.

4. Government Countermeasures. Government efforts to deal with the Huk problem have been ineffective thus far. Government forces have been and are able to maintain over-all internal security but are unable to control local areas where dissident groups are strongest. Recently reorganized armed forces may be able to deal more effectively with Huk activities, but little improvement is anticipated during 1950. Disillusionment with the government's ineffectiveness has caused many persons who are not active Huk supporters to become indifferent and uncooperative toward government efforts to stamp out the dissident forces. The government, moreover, has shown little disposition to adopt and implement basic agrarian and social reforms which

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might reduce considerably the number of peasants who support the Huks. Such a reduction would lessen measurably Huk capabilities and the intensity of their operations, but would not eliminate the hard core of the Huk movement which would continue to pose a burdensome security problem.

IV. CONCLUSIONS

5. While the Huks are capable of conducting widespread, coordinated raids particularly in central Luzon, and creating some disturbances in the Manila area, it is estimated that they cannot overthrow the Philippine Government in 1950.

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CENTRAL INTELLIGENCE AGENCY

12 October 1950

**F. GENERAL SOVIET AND CHINESE COMMUNIST INTENTIONS
AND CAPABILITIES IN THE FAR EAST**

I. STATEMENT OF THE PROBLEM

1. To estimate general Soviet and Chinese Communist intentions and capabilities in the Far East in 1950.

II. OBJECTIVES

2. The Soviet Union and Communist China share the common objective of establishing Communist control throughout the Far East. Logically, both would prefer to secure this objective without resort to general war. The Soviet Union includes in its objective Kremlin control of a communized Asia, including China. While Chinese Communists may well object to such Kremlin control, they have given no overt indication that they do not accept the primacy of Moscow in International Communism.

III. CAPABILITIES

3. Short of Direct Employment of Armed Forces. The Soviet Union and Communist China have the capacity, through a continuation of measures short of war, further to develop the strength of Communism in all areas in the Far East except those occupied by US or UN forces. It is estimated, however, that in no area of the Far East, except Tibet and possibly Indochina unless presently-planned external assistance is increased, do they have the capability of establishing complete Communist control during 1950 through such measures.

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4. With Full-Scale Employment of Armed Forces. In the event of war beginning in 1950:

a. The Soviet Union acting alone has the capability of rapidly occupying Korea, Hokaido and Okinawa; of launching a substantial amphibious-airborne invasion of Honshu; and of conducting harassing attacks on the Aleutians, Kyushu, Formosa, the Philippines, and other islands in the adjacent waters, and lines of communication.

b. Communist China acting alone possesses the capability to overrun Tibet and substantial portions of the mainland of Southeast Asia, and to make a strong attack on Korea.

c. In combination, the Soviet Union and Communist China have the capability of overrunning practically all the Asiatic mainland and possibly of occupying all Japan and Formosa.

IV. INTENTIONS

5. Both the Soviet Union and Communist China have clearly indicated that they intend to pursue without pause their goal of extending Communist control over every vulnerable area in the Far East by every means open to them short of direct use of their armed forces. Neither has given concrete indication of an intention to employ during 1950 its own armed forces outside its own boundaries.

6. It is estimated in particular that, barring a Soviet decision to precipitate a global war, the Soviet Union will not during 1950 intervene directly with its armed forces in Korean hostilities, and the Chinese Communists probably will not in 1950 attempt to invade Korea, Formosa, or Indochina.

7. With respect to a possible Soviet decision to precipitate global war, the latest agreed conclusions are set forth in Enclosure G.

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CENTRAL INTELLIGENCE AGENCY

12 October 1950

G. CONCLUSIONS REGARDING A POSSIBLE SOVIET DECISION
TO PRECIPITATE GLOBAL WAR

1. The Soviet rulers are simultaneously motivated by Marxist-Leninist-Stalinist doctrine and by considerations affecting the position of the Soviet Union as a world power. They have made clear that their long-term object is to establish World Communism under the domination of the Kremlin. Their immediate concerns, however, are:

- a. To maintain the control of the Kremlin over the peoples of the Soviet Union.
- b. To strengthen the economic and military position and defend the territory of the Soviet Union.
- c. To consolidate control over the European and Asian Satellites (including Communist China).
- d. To make secure the strategic approaches to the Soviet Union, and to prevent the establishment, in Europe and Asia, of forces capable of threatening the Soviet position.
- e. To eliminate Anglo-American influence in Europe and Asia.
- f. To establish Soviet domination over Europe and Asia.
- g. To weaken and disintegrate the non-Soviet world generally.

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The Soviet Union will try to pursue these objectives simultaneously. In case of conflict between one and another of these objectives, however, it may be expected that the Soviet rulers will attach greater importance to the first four listed, and in that order.

2. On the basis that the long-term object of the Soviet rulers is immutable and dynamic, and that the Western Powers are not prepared to succumb to Soviet domination without a fight, there is, and will continue to be, grave danger of war between the Soviet Union and its satellites on the one hand, and the Western Powers and their allies on the other.

3. The Soviet Union will continue relentlessly its aggressive pressures on the power position of the Western nations.

4. The Soviet rulers could achieve, and are in a fair way towards achieving, the first three parts of their object (see a, b, c above) without risk of involvement in direct armed conflict with the Western Powers.

5. Parts d, e, f, and g of their object are improbable of achievement without the employment of armed force, though there are still factors in the existing situation which might well lead Soviet rulers to consider that, in certain circumstances, and in the absence of effective armed opposition by the Western Powers, they might ultimately attain these parts of their object without the overt involvement of Soviet armed forces.

6. In pressing to achieve parts d, e, f, and g of their object, the Soviet rulers will, at certain stages, inevitably impinge upon the vital interests of the Western Powers and so incur the risk of involvement in a general war precipitated through the necessary reactions of the Western Powers.

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7. In the belief that their object cannot be fully attained without involvement in a general war against the Western Powers, the Soviet rulers may decide deliberately to provoke such a war at a moment when, in their opinion, the strength of the Soviet Union vis-à-vis the Western Powers is at its maximum. It is estimated that such a period exists now and will extend from the present through 1954 (Note 1) with its peak at about halfway, i.e., 1952 (Note 2).

8. From the point of view of military forces and economic potential, the Soviet Union is in a position to conduct a general war of limited duration now if Soviet rulers thought it desirable or expedient.

9. While intelligence is lacking to permit a valid prediction as to whether or when the Soviet Union may actually exercise its initiative and capability to launch a general war, in view of the foregoing it must be recognized that the risk of a general war exists now and hereafter at anytime when the Soviet rulers may elect to take action which threatens, wholly or in part, the vital interests of the Western Powers.

NOTE 1: 1954 being the date by which it is assumed that North Atlantic Treaty Organization forces in Europe will be built up to such a strength that they can withstand the initial shock of surprise attack; and when the gap between the relative strength of the Western Union forces and those of the Soviet Union will have begun to contract.

NOTE 2: i.e., when the Soviet Union has made good some essential deficiencies in atomic bomb stock pile, and in certain types of aircraft; and before the North Atlantic Treaty Organization economy is fully geared to the war effort.

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66. National Intelligence Estimate 12, "Consequences of the Early Employment of Chinese Nationalist Forces in Korea,"
27 December 1950

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NATIONAL INTELLIGENCE ESTIMATE

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CONSEQUENCES OF THE EARLY EMPLOYMENT OF
CHINESE NATIONALIST FORCES IN KOREA



NIE-12

Published 27 December 1950

CENTRAL INTELLIGENCE AGENCY

DOCUMENT NO. 1
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NATIONAL INTELLIGENCE ESTIMATE
CONSEQUENCES OF THE EARLY EMPLOYMENT
OF CHINESE NATIONALIST FORCES IN KOREA

NIE-12

The intelligence organizations of the Departments of State, the Army, the Navy, and the Air Force participated in the preparation of this estimate, and State, Army, and Navy concur in it. A dissent by the intelligence organization of the Department of the Air Force is appended as an annex. This paper is based on information available on 23 December.

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CONSEQUENCES OF THE EARLY EMPLOYMENT OF CHINESE NATIONALIST FORCES IN KOREA

ASSUMPTION: That hostilities have not spread beyond the borders of Korea at the time of a decision to employ Chinese Nationalist forces in Korea.*

1. The Chinese Nationalists have offered a task-force of 33,000 troops for service in Korea and possibly could provide a greater number without jeopardizing the security of Taiwan. Nationalist troops have undergone extensive and prolonged training, but due to inept leadership and poor living conditions there is some question of their morale. The majority of Nationalist troops on Taiwan have come from the more temperate zones of China, and a contingent for Korea probably would require training and some re-equipment before being committed to combat in cold-weather operations. In other respects, the initial Nationalist contingent for Korea would be well-equipped and could be transported to Korea in fourteen days. The Nationalist troops are experienced and familiar with Chinese Communist tactics. Nationalist units should perform comparatively efficiently under good leadership and adequate supervision, but might be susceptible to Communist propaganda and suffer a substantial number of defections if permitted to operate independently in areas beyond the immediate tactical control of UN commanders.

2. The presence or the absence of Chinese Nationalist troops in Korea in the limited numbers estimated to be available within the immediate future would not be a major factor affecting the ability of UN forces to establish

*Note: This estimate considers only the consequences of the immediate employment of Chinese Nationalist troops in Korea in the present situation and does not deal with the consequences of eventual employment of Chinese Nationalist troops either in Korea, in later and changed circumstances, or on the Chinese mainland as part of a larger undertaking. An estimate (NIE-10) is in preparation on the more general question.

and hold a defensive line across the peninsula against numerically vastly superior Chinese Communist forces.

3. If a protracted defense of a beachhead is undertaken, the presence of Chinese Nationalist forces could make a substantial contribution, provided they were operating under good leadership and adequate supervision.

4. Whatever the military outcome in Korea, the employment of Chinese Nationalists there would, in the eyes of other nations, further identify the US with the Chinese Nationalists and would constitute a moral commitment for continuing US support of the Chinese Nationalist regime. In addition, the employment of Chinese Nationalist forces in Korea would immediately raise difficult problems involving the feasibility of continuing the US policy of neutralization of Taiwan, particularly with respect to the employment of Nationalist naval and air forces other than in Korea and in Korean waters.

5. A majority of UN nations would probably reject a US proposal to use Chinese Nationalist troops in Korea. There is a general apprehension that the employment of Chinese Nationalist troops in Korea would give impetus or at least provide the pretext for increased militancy on the part of Communist China. This militancy would increase the danger of a general war with Communist China, which in turn might develop into a global war. In addition, the Western European nations would feel strongly that the US was jeopardizing the first-priority task of defense of the European continent by becoming involved in protracted hostilities in Asia. The employment of the Chinese Nationalists would alienate other Asiatic countries, which

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consider the Chinese Nationalists to be reactionary, politically incompetent, and already repudiated by their own people. Unilateral US action in using Chinese Nationalist troops would intensify these feelings.

6. The use of Chinese Nationalist troops in Korea would remove whatever chance might remain of a political solution of the Korean conflict. Although it is evident that Communist China strongly supports general Soviet strategic objectives, this support might

become even stronger as a result of the use of Chinese Nationalist forces in Korea.

7. The USSR would probably welcome a unilateral US decision to use Chinese Nationalist troops in Korea as: (a) further embroiling the US in hostilities with Communist China without engaging the USSR; (b) dividing the US from its allies; and (c) providing plausibility for international Communist propaganda concerning alleged US military aggressions and support of reactionary regimes.

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ANNEX

1. The Director of Intelligence, U.S.A.F., dis-sents in NIE-12.

2. In general, this estimate has emphasized the military and political disadvantages of the employment of Chinese Nationalist forces in Korea, and has failed to point out adequately the advantages which would accrue to the U.S.-U.N. campaign in Korea by the use of such forces. Specific points are as follows:

a. The discussions in this paper appear to have been governed by the acceptance of approximately 33,000 Nationalist troops as being essentially the total number available for employment in Korea. This office estimates this number to be far less than the total available.

b. The estimate does not give sufficient consideration to the fact that Chinese Nationalist Forces offer the only readily available force for major augmentation of U.N. forces in Korea. In fact, such insufficient consideration fails to give planners grounds for looking upon the availability of these forces as a factor influencing the determination as to whether or not a beachhead should be held at all.

c. Introduction of a large number of Chinese Nationalist troops could make a substantial contribution by providing much-needed infantry to the U.S.-U.N. campaign in Korea, if a beachhead were retained.

d. This office does not believe that the reactions of all the various Asiatic nations to the employment of Nationalist troops in Korea can be assessed with sufficient accuracy to warrant the conclusion that these Asiatic nations will be irrevocably opposed to the utilization of these anti-communist forces. In this respect, more deference is paid in this paper to the attitudes of the governments, or majorities in the respective countries, than to the elements which fully recognize the Communist menace and would be encouraged by

this new opposition to Communism's advance. It is not beyond the bounds of possibility that even in Europe, public opinion might learn to applaud firm opposition, whether it be in Europe or in Asia, and in fact might prefer the fight to be made in Asia.

e. The estimate indicates that the use of Chinese Nationalist troops in Korea would eliminate any remaining chance of an immediate political solution of the Korean conflict. This dissent in no way is intended to contradict this conclusion. However, it appears to this office that the law of diminishing returns has set in with respect to the probability of a satisfactory immediate political conclusion. The discussion in the paper does not warrant a sound conclusion as to whether or not utilization of Nationalist troops would prejudice or aid an eventual political solution.

3. The estimate implies that the employment of Chinese Nationalist troops in Korea would give impetus to, or provide the pretext for, increased militancy on the part of Communist China. It is reasonable that any increase in militancy, if such is possible (other than against Hong Kong), would be governed more by Chinese military capabilities and their own time-table than by any provocation which might result from the employment of Chinese Nationalist troops in Korea.

4. There appears to be insufficient data to justify the conclusion in paragraph 7 of this estimate that "the USSR would probably welcome a unilateral U.S. decision to use Chinese Nationalist troops in Korea."

5. This office would revise NIE-12 as indicated below:

a. *Reference p. 1, par. 2. Revise as follows: "There is no immediate crisis in Korea requiring Chinese Nationalist troops to prevent a disaster, but this opportunity to begin the dynamic exploitation of any anti-Communist forces whose commitment could have a favor-*

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able effect on the Korean and possibly the entire Far Eastern situation should be given careful consideration. The Chinese Nationalist forces on Formosa provide the only visible means for such exploitation. The ~~presence or~~ absence of Chinese Nationalist troops in Korea ~~in the limited numbers estimated to be available~~ within the ~~immediate~~ near future and later would ~~not~~ be an important ~~a~~ major factor affecting the ability of UN forces to establish and hold a defensive line across the peninsula against numerically vastly superior Chinese Communist forces, *unless the US-UN introduced reinforcements directly.*"

b. Reference p. 1, par. 3. Add at end of paragraph as follows: "An important requirement in Korea is for additional infantry. By using Nationalist infantry as a screening force, present UN forces in Korea could be used more effectively as a striking force. The defense of a beachhead requires a mobile reserve which can counterattack quickly at the points of greatest enemy pressure."

c. Reference par. 4. Amend first sentence and add a new sentence as follows: "Whatever the military outcome in Korea, the employment of Chinese Nationalists there would, in the eyes of *certain* other nations at the present time, further identify the US with the Chinese Nationalists and would constitute a degree of moral commitment for continuing US support of the Chinese Nationalist regime. At the same time this act would identify U.S. intentions to utilize anti-Communist forces within its capabilities, and as such might have a positive psychological effect of potentially great value upon anti-Communist forces."

d. Reference par. 5. Revise as follows: At the present time a majority of UN nations would probably reject a US proposal to use Chinese Nationalist troops in Korea. There is a general apprehension that the employment of Chinese Nationalist troops in Korea would give impetus, or at least provide the pretext, for increased militancy on the part of Communist China. Despite the repeated assurance of the US-UN to respect the Manchurian borders and the maintenance of the embargo against Chinese Nationalist operations on the mainland, Chinese Communist

militancy has already reached a high level in committing the Fourth Field Army, which represents the best available Chinese Communist military force. It is difficult to see any new form which this militancy could take (other than in Hong Kong). ~~This militancy would increase~~ Therefore, there probably would be little increase in the danger of a general war with Communist China, which danger ~~in turn might develop into a global war already exists.~~ This, too, probably will have little direct effect upon the development of a global war. At least in the beginning, the Western European nations ~~would~~ might feel strongly that the US was jeopardizing the first-priority task of defense of the European continent by ~~becoming involved a continued involvement~~ in protracted hostilities in Asia. Later however, they might come to appreciate the determination of the US to take constructive action in an area of vital importance in the struggle against Soviet directed Communist aggression. The employment of the Chinese Nationalists ~~would~~ might alienate those element in certain other Asiatic countries, ~~which~~ who consider the Chinese Nationalists to be reactionary, politically incompetent, and already repudiated by their own people. On the other hand, the employment of the Chinese anti-Communist forces could ~~hearten the anti-Communist elements of all Asiatic countries and increase their will to resist Communist aggression. Unilateral US action in using Chinese Nationalist troops would intensify these feelings.~~ In addition if the other nations should determine that it is necessary to make a stand in Korea, they will be more amenable when they recognize this as a method of relieving them of the necessity of providing more forces themselves."

e. Reference par. 6. Amend as follows: "At a time of delicate negotiations the use of Chinese Nationalist troops in Korea ~~would remove whatever change might remain of~~ might have prejudiced an immediate political solution of the Korean conflict deriving from those negotiations. Although it is evident that Communist China strongly supports general Soviet strategic objectives, this support might become even stronger as a result of the use of ~~Chinese Nationalist forces in Korea.~~ This

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would not necessarily have precluded, however, a later political settlement. It was, therefore, important that a decision to use Nationalist troops be deferred until the probabilities of obtaining an acceptable immediate political solution were gone. However, Chinese Communist intervention on a massive

scale is already a fact, and an immediate political solution deriving from present negotiations now appears to have reached a point of diminishing returns.

f. Reference par. 7. Delete entire paragraph: "The USSR would probably welcome a unilateral . . . reactionary regime."

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67. Milton W. Buffington to CSP [Lewis S. Thompson], "United States National Student Association," 17 February 1951
(Carbon copy)

17 February 1951

MEMORANDUM FOR: CSP

SUBJECT: United States National Student Association

1. Reference is made to our conversation of yesterday wherein we discussed certain aspects of a conference recently held by Dr. William I. Elliott, and Mr. Allan Dulles concerning the National Student Association.

2. The National Student Association is financed principally through dues paid in by the student unions of the colleges and universities of this country. It does, however, appeal from time to time to various outside sources such as the Rockefeller Foundation for funds for specific international projects which it undertakes. For example, at the present time, there is pending before the Foundation a request by the National Student Association for financial assistance in the amount of \$60,000 for the subsidization of projects for an International Student Information Service, and for regional university student seminars in Germany, Southeast Asia, and the Middle East.

3. The National Student Association is not receptive to accepting government subsidy, because it considers that such a course of action would run contrary to its basic principle of independent thought and action and would in a sense reduce it to the position of being a tool of its government. This situation must be borne in mind in considering any relationship which this office might have with the National Student Association as such. It means that such relation as is maintained is an extremely delicate one, particularly with reference to the laying on of any plans involving the passing of funds.

4. There is another important factor which must be considered in connection with our relationship with the NSA, and that is the matter of personal differences currently rife in its high command. There is a schism between its president, Mr. Allard K. Lewinstein, and its vice president in charge of international affairs, Mr. Herbert Eisenberg, which does not make for harmony in the working of the

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organization as a whole at the present time. Mr. Lowenstein favors a forthright stand on the part of the organization concerning Communism as a political and military menace to our security. This was manifested in a speech made by Mr. Lowenstein at the Stockholm conference called in late December by the Swedish national student union to discuss methods of international student cooperation outside of the Communist-dominated International Union of Students. Mr. Eisenberg, on the other hand, favors what purports to be a more idealistic less militant stand on the subject in deference to the principle of the National Student Association which requires it to address itself to matters of student interest and general welfare rather than to questions of international politics. Currently, Mr. Lowenstein is faced with being drafted into the Army, in view of which fact we have undertaken, covertly and through the proper channels, to get him deferred, although he is completely unaware of this fact. We consider this undertaking to be in order in view of the fact that we have considerable evidence that the National Executive Committee of the National Student Association supports Mr. Lowenstein.

5. Speaking specifically to the question raised by Dr. Elliott as to subsidizing the National Student Association as such, I do not feel that such subsidy is feasible, practicable, or desirable, in view of the facts hereinabove expressed. However, as individual projects arise which require the use of the aegis of the National Student Association, and where conditions are such that the use of this aegis can be obtained through the penetration which we have made into the National Student Association ([REDACTED]), then we stand prepared to subsidize such individual projects by careful use of such means as will not offend or arouse the suspicion of the National Student Association that the government is at all interested. An illustration of this type of activity is found in the project currently being prepared jointly by this office and the Far East Division to convene a regional students seminar in Southeast Asia during this coming summer.

6. As matters stand, it is my recommendation that we continue to operate as hereinabove expressed.

MILTON W. BUFFINGTON

cc:
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68. Lyman B. Kirkpatrick, Memorandum for the Deputy Director of Central Intelligence [William H. Jackson], "Problems of OSO," 8 June 1951 (Carbon copy; attachment not included)

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8 June 1951

MEMORANDUM FOR: Deputy Director of Central Intelligence

SUBJECT : Problems of O/SO

1. O/SO more than any other part of the agency still is plagued with personnel problems. I believe that their promotion policy may still be archaic; that they try to hire people at much too low salaries; and are very slow in moving good people up fast.

2. The development of deep cover has been sadly neglected in O/SO. It would seem absolutely essential that some important staff unit concentrate primarily on this problem.

3. It would appear from outside observers that O/SO often forgets its mission in favor of bureaucratic controls. I have noted a far greater tendency on the part of O/SO operators to be worried about somebody discovering one of their sources and to give very little consideration to trying to build up a worldwide espionage network.

4. The real heart of O/SO, as is the case in any operating office, is the operating Division. Unfortunately there has been a tendency to subordinate the operating divisions to the staff and to allow the staffs to become big and unwieldy.

5. The problem of operational research, with particular reference to International Communism, is a serious one. Your suggestion to put an operational research staff under the Deputy Director for Plans to work with all covert offices may be the answer to this.

6. The problems which have been jeopardizing the relations of O/SO and O/SI are best outlined in the attached memorandum from Clark.

This document is part of an integrated file. If separated from the file it must be subjected to individual systematic review.

LYMAN B. KIRKPATRICK
Executive Assistant to
the Director

Attachment

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69. J. S. Earman, Memorandum for Rear Admiral Robert L. Dennison, "King Abdullah's Assassination," 20 July 1951 (Carbon copy)

ER 1-9764

20 July 1951

MEMORANDUM FOR: REAR ADMIRAL ROBERT L. DENNISON
NAVAL AIDE TO THE PRESIDENT
THE WHITE HOUSE

SUBJECT: King Abdullah's Assassination

Attached hereto is the CIA comment on the
subject assassination.

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J. S. EARMAN
Assistant to the Director

Enclosure - 1

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20 July 1951

Comment on King Abdallah's Assassination

On 20 July King Abdallah of Jordan was assassinated while entering the al Aqas Mosque in the Old City of Jerusalem. The assassin, reportedly a terrorist who had contacts with the former Grand Mufti of Jerusalem, was killed on the spot. A state of emergency has been declared in Jordan; and Prince Naif, second son of the King, has been named temporary Regent.

Sixty-nine year old King Abdallah had been the ruler of Jordan since the state was created by the British following World War I. He has been considered the most consistently and reliably pro-British ruler in the Near East. Abdallah's eldest son Tallal, the heir apparent, is currently undergoing treatment in a mental institution in Switzerland. Under the terms of the constitution Tallal's mental condition precludes his becoming monarch, and his fifteen year old son Hussein accordingly is the legal successor.

Abdallah's apparent willingness to try to achieve a treaty with Israel and his sporadic attempts, in conjunction with his nephew the Regent of Iraq, to establish a Greater Syria, consisting of Iraq, Jordan and Syria, made him many enemies in the neighboring Arab states as well as within Jordan. The former Grand Mufti, currently in Lebanon, is strongly anti-British and an outspoken enemy of King Abdallah. The Mufti attempted to set up an independent Arab Government in Palestine after the creation of Israel. Arab Palestine was subsequently incorporated into Jordan. Riad al-Solh, the ex-Prime Minister of Lebanon who was assassinated in Amman on 16 July, was a contributor to the former Mufti's funds.

The death of Abdallah removes a resolute anti-Communist, pro-Western ruler. The end of Abdallah's influence will most immediately and directly affect the British, who rely on the British-trained, officered, and financed Arab Legion (the army of Jordan) as the only competent and dependable Arab army in the Near East. The confusion and possible disorders which may result can only benefit the anti-Western elements in the Near East.

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Prepared by OGI -- 1300

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70. Special Estimate 9, "Probable Immediate Developments in the Far East Following a Failure in the Cease-Fire Negotiations in Korea," 6 August 1951

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SPECIAL ESTIMATE

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PROBABLE IMMEDIATE DEVELOPMENTS IN THE FAR EAST FOLLOWING A FAILURE IN THE CEASE-FIRE NEGOTIATIONS IN KOREA



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Published 6 August 1951

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70. (Continued)

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SPECIAL ESTIMATE

PROBABLE IMMEDIATE DEVELOPMENTS IN THE FAR EAST
FOLLOWING A FAILURE IN THE CEASE-FIRE NEGOTIATIONS
IN KOREA

Number 9

The intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff participated in the preparation of this estimate. All members of the Intelligence Advisory Committee concurred in this estimate on 3 August.

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ANNEX A

The following tables show a break-down of aggregate air strength available to the Chinese Communists by aircraft types, subordination and disposition:

Table 1Chinese Communist Aircraft Strength by Type and Subordination

	CCAF	NKAF	Undetermined Subordination	Total
Jet Fighters	-	-	400	400
Piston Fighters	120	80	-	200
Ground Attack	100	20	50	170
Light Bombers	80	-	50	130
Transports	<u>100</u>	<u>-</u>	<u>-</u>	<u>100</u>
	400	100	500	1,000

Table 2Chinese Communist Aircraft Strength by Type and Disposition

	<u>Jet Fighters</u>	<u>Piston Fighters</u>	<u>Ground Attack</u>	<u>Light Bombers</u>	<u>Transports</u>	<u>Total</u>
Manchuria	325	40	130	90	15	600
China Proper	75	80	20	40	85	300
NKAF in Manchuria	<u>-</u>	<u>80</u>	<u>20</u>	<u>-</u>	<u>-</u>	<u>100</u>
	400	200	170	130	100	1,000

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ANNEX B

CAPABILITIES OF THE CHINESE NATIONALIST FORCES

1. The Chinese Nationalist Armed Forces have very limited capabilities at the present time. Weaknesses in leadership, organization and logistical support curtail their defensive capabilities and seriously limit their offensive capabilities.
2. Present training, strength, and equipment are probably sufficient to permit a successful defense of Taiwan against a limited attack, but shortages of modern aircraft, POL, spare parts, ammunition, transport, artillery, and supplies of all classes, and lack of replacement personnel, make it impossible for the Chinese Nationalist forces alone to defend successfully against a prolonged and determined all-out assault by Chinese Communist forces equipped for amphibious warfare.
3. The completion of present organization plans and the receipt of American aid should greatly increase the combat effectiveness and defensive capabilities of the Nationalists. It is estimated that the Nationalist forces could possibly become combat effective in a minimum of 6 to 8 months after full implementation of the United States aid program. However, the Nationalists could not even then mount a successful invasion of the mainland and exploit a possible initial beachhead without continued United States air, naval, and logistical support. The Nationalists do not have the necessary additional manpower to exploit successfully a breakthrough from the beachhead, but it might be obtained from guerrillas and potential defectors from the Chinese Communist Forces.

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PROBABLE IMMEDIATE DEVELOPMENTS IN THE FAR EAST
FOLLOWING A FAILURE IN THE CEASE-FIRE NEGOTIATIONS
IN KOREA

THE PROBLEM

To assess present Communist capabilities in the Far East and probable immediate Communist courses of action in this area in the event of a breakdown of cease-fire negotiations in Korea.

ESTIMATE

PROBABLE COMMUNIST MILITARY COURSES OF ACTION IN THE
FAR EAST

1. If cease-fire negotiations should break down, we believe that Communist forces in Korea will continue large-scale military operations in the area and may undertake offensive actions against UN troops at an early date. The Chinese Communists have improved their over-all capabilities since the termination of the April-May offensive. The Communists probably would be able to employ at least as many troops as they employed in that offensive. These troops would have the advantage of a considerable logistic build-up and, according to recent indications, they are likely to have more artillery and tank support than they had for recent offensives. Communist combat air capabilities have been significantly increased during the past month, and now constitute an increasingly serious threat to UN forces in Korea.*

* It is the view of DI/USAF, that the following consideration is applicable at this point:

"However, it does not necessarily follow that the build-up of forces in North Korea is for the purpose of launching an offensive in the event that the cease-fire negotiations fail. The build-up could be for the purpose of strengthening Communist bargaining power during cease-fire negotiations or even to conduct a limited objective offensive during the negotiations so as to move the battle line south of the 38th Parallel and settle in fact one of the issues of the negotiations."

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Although Communist ground offensive operations against UN forces, at least in the early stages of renewed hostilities, are likely to be of substantially the same scale and nature as they were last spring, defensive air operations could be materially expanded and offensive operations on a sizeable scale could be initiated.

2. We do not believe that operations of the scale and nature described above could destroy UN forces or drive them from Korea. Furthermore, we do not believe that if the Chinese Communists should employ their current maximum air capability in support of a ground offensive, they would be able to sustain these air operations long enough to gain air superiority over Korea and to enable Communist ground forces to destroy or expel UN troops. However, this air offensive would subject UN forces to greater personnel and materiel losses than heretofore inflicted in the Korean war.*

3. We believe, therefore, that in the event of a breakdown of cease-fire discussions and the continuance of large scale military operations in Korea, the Communists will have to choose between two possible major courses of action: (a) to accept the continuation of a conflict of substantially the scale and nature that preceded the cease-fire negotiations; or (b) to take more drastic measures to destroy or expel UN forces. There is a third less likely course of action in that the Communists could effect a defensive action with reduced strength. Whichever course of action is undertaken, the Communists will maintain military pressure in Korea, while probably trying to keep the door open for political negotiations at any time when the global interests of the USSR would make a diplomatic settlement of the Korean conflict advantageous.

4. If UN/US forces are to be defeated, the Communist forces in Korea must have strong air support and must be provided by the USSR with heavy ground equipment to overcome their current deficiencies.

* It is the view of the Assistant Chief of Staff, G-2, Intelligence, that the last sentence of paragraph 2 should be deleted.

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There have been numerous reports that Communist forces in Manchuria have been supplied and trained with Soviet equipment. If these forces exist they could be utilized in Korea. In any event, personnel for the operation of Soviet equipment could be obtained by training Communist forces presently in Korea, by introducing "volunteers" from Soviet-Satellite sources, or by introducing organized Soviet units. Unless the USSR has, in fact, trained and equipped large Communist forces in Manchuria, we do not believe that the Chinese Communists can defeat the UN/US forces in Korea in the immediate future merely with the additional support of advisory, logistical and technical assistance and rear area participation from the USSR. If Soviet ground and air personnel were to be employed in sufficient strength to add decisively to Chinese Communist capabilities, such personnel would almost certainly come in direct contact with US forces, thereby creating a state of de facto war between the US and the USSR in Korea. We do not believe the Soviet Union is willing to accept the risk of such a de facto war, which might expand into general war, merely to insure an early defeat or expulsion of UN/US forces.

5. It is more likely that the Kremlin will attempt to prevent an extension of the area of conflict and, in recognition of internal strains in Communist China, will endeavor to provide enough logistical and technical assistance to insure maintenance of Chinese Communist will and ability to continue military operations in Korea. The Kremlin may estimate that thereby it could oblige the UN/US to maintain very substantial forces in Korea indefinitely, at great cost and with continuing strain on the political and military relations of the participating UN nations.*

* The DI/USAF would add the following consideration at this point: "However, it is possible that the Chinese Communists would reject such a plan and demand decisive help from the USSR or decline to maintain more than a holding force in Korea. Such a course of action would give them a greater freedom for operations elsewhere."

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6. If, however, the Communist forces in Korea were threatened with decisive defeat, the Kremlin would probably intensify its aid. This aid might well include the introduction of "volunteer" forces. It might even include the employment of Soviet forces to such an extent that a de facto local war between the US/UN and the USSR would exist.

7. If UN/US forces took the initiative in expanding the area of the conflict, Communist reaction would depend on the scale and nature of UN/US military operations:

(a) "Hot Pursuit"

If UN/US aircraft in "hot pursuit" of Communist aircraft crossed the Manchurian border, we believe that the Communist reaction -- aside from the local opposition by enemy interceptor aircraft and AA -- would be restricted to diplomatic protests and to intensified propaganda in the UN and elsewhere claiming that the US was engaging in action designed to expand the war.

(b) Bombing Attacks on Military Installations in Manchuria

If UN/US forces engaged in air operations against military installations and lines of communication in Manchuria, other than in furtherance of the "hot pursuit" principle, we believe that the USSR would commit air force and antiaircraft units in the defense of Manchuria despite the realization that such commitment would increase the risk of general war. The Kremlin probably would attempt to cloak these units as Chinese and/or "volunteer" forces.

(c) Naval Blockade

If the UN/US imposed a naval blockade on Communist China to enforce a UN imposed economic blockade, the USSR probably would attempt to step up the overland flow of supplies and attempt to reduce the effects of the blockade by water shipment through Port Arthur and Dairen. We do not believe that the USSR would openly attempt to break the blockade by force,

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but would probably escort its own ships to Dairen and Port Arthur, and might well resort to covert use of submarines and mines against blockading ships.

(d) Use of Nationalist Forces

Effective Chinese Nationalist forces are not currently available in significant numbers for employment outside present Nationalist-held territory, and it is estimated that it will be from six months to one year before such forces could be available. While Chinese Nationalist raiding forces could attack the Chinese mainland, the Chinese Communists can contain such attacks with the military forces presently deployed in east China. Since the Chinese Nationalists could not threaten the stability of the Chinese Communist regime (See Annex B), there would be no need for the USSR to intervene.

(e) Bombing Communist China

If the UN/US were to launch a systematic strategic air and naval bombardment of Communist China, Peiping would call on the USSR for increased assistance. So long as this bombardment did not jeopardize Communist control over Manchuria and North China, the Kremlin would probably restrict its assistance to the provision of air defense units.

8. If UN/US courses of action described above should endanger Communist control over North China and Manchuria, the Kremlin would probably intensify its aid. This aid might well include the introduction of "volunteer" forces. It might even include the employment of Soviet forces to such an extent that a de facto local war between the US/UN and the USSR would exist.

9. Unless the Kremlin decided to precipitate general hostilities, an intensification of military operations in Korea subsequent to a breakdown of cease-fire negotiations probably would reduce the prospect of any additional large-scale Communist military operations in the Far East.

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INDICATIONS OF CURRENT COMMUNIST INTENTIONS

10. There have been many indications of Communist preparations for a new offensive, including troop movements, logistic build-up and reinforcements. Efforts to build and maintain airfields in North Korea continue, and the gradual southward extension of enemy air activities indicates an enemy intention to extend air defense progressively over all Communist-controlled Korea. There are no reliable indications, however, of enemy intent to commit the entire air force available to the Chinese Communists. Soviet assistance in the form of technical advisors, antiaircraft crews, and logistic support to Communist forces in Korea and Manchuria probably is increasing, but there is no reliable evidence that this assistance will be on such a scale as to increase substantially Communist capabilities in Korea in the near future. However, there are indications that tanks and artillery are moving into Korea. Furthermore, reports of Soviet assistance in the organization of a modern Chinese Communist army in Manchuria continue. These reports may be authentic, and, in fact, considerable progress may have been made in the development of such forces. There have also been unconfirmed reports of Soviet troop concentrations in Manchuria, including locations along the Korean border, but there are no reliable indications of Soviet preparation to move troops into Korea in the near future. Despite many reports concerning an "International Volunteer Army," there is no firm evidence that such a force actually exists.

11. There are no reliable indications of early Chinese Communist military action in other areas of the Far East beyond the scope of present efforts, although numerous reports state variously that invasions of Japan, Taiwan, and Indochina are planned within the next few months. There has been unusual agreement among otherwise unconfirmed reports from Indochina, Southeast China, Peiping, Japan, and Korea in alleging that Communist units, facilities, or personnel in these areas have been ordered to be in a state of readiness by late summer. The content and emphasis of Communist propaganda during the cease-fire talks indicate an intention to maintain and reinforce the psychological preparation of the Chinese and North Korean peoples for a possible resumption of hostilities. This theme, plus frequent reference to the remaining necessity of liberating Taiwan and of preventing the

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"remilitarization" of Japan through a "separate" peace treaty, might indicate an intention to prepare these peoples for expanded military operations either in the Korean area or elsewhere in the Far East. Communist propaganda gives no indication of the formation or commitment of an "International Volunteer Army" in Korea, nor does Communist propaganda indicate any Soviet intention to participate in the Korean fighting on a large scale or in military operations elsewhere in the Far East.

COMMUNIST CAPABILITIES IN KOREA

12. Chinese Communist and North Korean Strength. The Communists have recouped their military capabilities in Korea since the costly abortive offensive in late May. They have brought up troop replacements, additional supplies, and equipment including tanks and artillery, and they are now capable of launching a limited ground offensive at any time with little or no advance warning. Such a ground operation might be supported by offensive air attacks against UN air, ground, and naval forces if the Communists committed the air units presently available in the Manchuria-Korea area.

13. The current estimate of Communist troop strength in Korea, 492,000, represents only a slight increase over the estimate of late June, but reports suggest that a maximum of 300,000 additional Chinese Communist troops may be en route to or are now in North Korea. If these additional troops have entered or were to enter the Korean area, total Communist strength in the area would be somewhat greater than the previous peak strength at the beginning of the Communist April offensive. On the other hand, reports indicate that Chinese Communist combat effectiveness has been reduced by the practice of bringing battle-torn units up to strength by individual replacements rather than by introducing fresh experienced regular units. The North Korean Army has made a significant recovery in strength, fire power, and battle efficiency since last March, but it still is hampered by food and equipment shortages, disease, and the declining quality of the remaining North Korean manpower pool. The generally lower quality of Communist troops in Korea may be more than offset, however, by the reported movement in recent weeks of considerable numbers of tanks and artillery pieces towards the front.

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14. Although the estimate of Chinese Communist air strength has not changed since 1 June 1951, intensified training, combat experience in both day and night operations, airfield development, and improved aircraft performance have contributed to a general increase in Communist air capabilities. The Chinese Communists have available approximately 1,000 aircraft, including about 100 aircraft of the North Korean Air Force (NKAF) and approximately 500 aircraft (400 of which are jet fighters) of undetermined subordination. (See Annex A.) These jet aircraft constitute the most significant element of Communist air power, and they are appearing in increased numbers near the battle area. They are principally of the MIG-15 type. The MIG-15 has performance characteristics at least comparable to the F-86, the best jet fighter available to the UN forces. Some of these MIG-15's have recently appeared in Korea with large-size wing tanks which increases their estimated radius of action to approximately 400 nautical miles, sufficient to permit these aircraft to reach from Manchurian bases over a large part of Korea and adjacent waters.

15. Limited airfield development has continued in North Korea despite intense and sustained UN aerial bombardment. The majority of North Korean airfields are suitable only for piston-engined planes, but some of them could possibly be used for limited jet operations. Logistic support of North Korean airfields is seriously hampered by the UN air interdiction of enemy lines of communications, and as long as UN air superiority is maintained, enemy offensive and defensive operations from these fields will be severely restricted. However, there are sufficient airfields in Manchuria from which the Communists could attempt to launch air attacks on UN forces.

16. The Chinese Communists are estimated to have the following air capabilities:

- (a) Continuance of attempted air defense of the Yalu River line.
- (b) Expansion of defensive air operations to cover all of Communist-controlled Korea. Exercise of this capability

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would divert increasing numbers of UN aircraft from missions of close support and interdiction to the mission of maintaining air superiority.

- (c) Initiation of offensive air operations against UN air, ground, and naval forces on the Korean peninsula and adjacent waters. Exploitation of this capability might:
 - (i) Disrupt UN air operations and logistic support of UN ground forces by airborne attacks on UN air bases, lines of communications, and supply bases.
 - (ii) Divert UN air effort from direct support of ground action and interdiction of lines of communications.
 - (iii) Hamper the freedom of movement of UN ground forces.
 - (iv) Hinder UN airlift operations.
 - (v) Harass UN naval operations and the present freedom of UN sea communications.

17. Soviet Assistance. Soviet assistance to Communist forces in Korea to date has consisted of advisory, technical, and logistical support and limited participation of antiaircraft personnel and possibly other specialized Soviet combat troops. Virtually all heavy combat equipment for the North Korean Army has been furnished by the USSR. In addition, most of the electronic and antiaircraft equipment for both North Koreans and Chinese Communists, POL supplies, and some vehicles and ammunition, have been supplied by the USSR. The USSR has the capability to increase considerably the level of its present type of assistance to the Chinese Communist and North Korean forces. UN attacks on lines of communications will continue to hamper the delivery of supplies to the front, however, and Chinese Communist forces thus far engaged in Korea appear to have lacked the skilled personnel required to operate modern heavy arms and equipment. The Soviets have supplied all the jet aircraft and most of the piston-engined aircraft in the Chinese Communist and North Korean air forces. They have also

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provided logistic support for these air forces. In addition, they are providing technical assistance and advisory personnel and are reported to be training large numbers of Chinese pilots in the USSR and Manchuria.

(a) "International Volunteer Forces"

While unconfirmed reports continue to be received concerning the existence of formation of "International Volunteer Forces," the existence of such forces, though possible, is not accepted.

(b) Communist Forces in Manchuria

Large numbers of Chinese Communist and North Korean troops are stationed in Manchuria. While persistent reports have been received that the Soviets were equipping these forces with Soviet equipment and training them in Soviet techniques, there is no reliable basis for estimating the size or status of such forces.

(c) Soviet Ground Forces.

The strength of the Soviet Army in the Far East is estimated to be 35 divisions. Of this total, a force of 13 to 15 divisions probably could be made available and committed to combat in Korea within 30 to 60 days after a decision had been made to employ it. The commitment of such a force with presently available air support would give the combined Communist forces the capability of forcing a UN withdrawal from Korea.

(d) Soviet Air Forces

(i) Strength. The Soviet Far Eastern Air Forces have an estimated Table of Organization and Equipment strength of 5,300 combat aircraft, primarily of World War II types. The actual strength is estimated to be about 85 percent of the TO and E strength but it is believed that these units could be brought up to full strength immediately after M-Day. Over and above those jet fighters estimated to be available to Communist China, there is but little evidence of additional jet fighters in the Far East. However, jets may have been introduced without detection by intelligence. In any event, the

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Soviets have the capability of deploying jet units to the Far East in a relatively short time.

- (ii) Airfields. There are 131 airfields in the Sino-Soviet Far East within 500 miles of the 38th Parallel in Korea or the Japanese Islands of Honshu and Kyushu. The Soviets could probably deploy their entire Far Eastern air strength on these 131 fields.
- (iii) Logistic Support. The Soviets probably have been stockpiling POL products, including jet fuel, in substantial quantities in the Far East. Providing no effective UN action were taken to disrupt Communist supply lines outside Korea, it is believed that Communist China and the USSR could support logistically a major air effort in the Korean theater. If the Soviet Far Eastern air forces were deployed to bases adjacent to Korea, night bombing attacks could be carried out anywhere in Korea or against Japan, and saturation-type day bomber operations could be launched throughout most of Korea. If Soviet medium bombers (TU-4's) were employed, they would considerably increase enemy air capabilities and expose UN military installations in South Korea and Japan to the danger of atomic attack. No TU-4's are currently known to be based in the Far East.
- (e) Soviet Naval Forces. Soviet Far Eastern Naval Forces consist of the Fifth Fleet with headquarters at Vladivostok and the Seventh Fleet with headquarters at Sovetskaya Gavan. The surface forces of these fleets consist of two heavy cruisers, nineteen destroyers, fifteen coastal destroyers, and 345 miscellaneous vessels including mine sweepers, subchasers, mine layers, landing craft, and motor torpedo boats. The submarine fleet has a strength of 85 submarines including 18 ocean patrol types, 39 medium-range types and 28 coastal types.

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COMMUNIST CAPABILITIES IN THE FAR EAST ELSEWHERE THAN IN KOREA

18. The Chinese Communists have the capability of undertaking military operations in the Far East elsewhere than in Korea and could initiate such operations as an alternative or, in some areas, as an addition to a renewed offensive in Korea.

- (a) Taiwan. The Communists have been building up their capabilities for an assault on Taiwan. Thus far, however, the heavy Communist military commitment in Korea, together with the assignment of the US Seventh Fleet to assist in maintaining the security of Taiwan, probably have been decisive factors in the Chinese Communist decision to postpone any attempt to invade the island.
- (b) Hong Kong. Regardless of the outcome of the cease-fire negotiations, the Chinese Communists will continue to have the capability of launching an attack on Hong Kong without further preparations and little, if any, advance warning.
- (c) Southeast Asia. The Chinese Communists probably could make available approximately 50,000 men for extended operations in Burma (NIE-36). In Indochina, the Chinese Communists probably could support approximately 100,000 men (NIE-35) for a series of limited offensives of short duration. However, so long as they are committed in Korea, the Chinese Communists probably would not be able to support logistically both such operations concurrently.
- (d) Japan. Direct and large-scale Soviet participation would be necessary for Communist attacks against Japan.

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SPECIAL ESTIMATE

PROBABLE DEVELOPMENTS IN THE WORLD SITUATION THROUGH MID-1953



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SPECIAL ESTIMATE

PROBABLE DEVELOPMENTS IN THE
WORLD SITUATION THROUGH MID-1953

SE-13

Published 24 September 1951

This estimate was prepared at the request of the Senior Staff of the National Security Council as Appendix A to Parts I and II of United States Programs for National Security.

The estimate was prepared by the Central Intelligence Agency in consultation with the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff. The Intelligence Advisory Committee concurred in this estimate on 20 September 1951.

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PROBABLE DEVELOPMENTS IN THE
WORLD SITUATION THROUGH MID-1953

I. PROBABLE DEVELOPMENTS IN SOVIET CAPABILITIES
AND INTENTIONS 1/

A. Probable Growth in Soviet and Satellite Capabilities.

1. The Soviet sphere will probably continue to increase its military, economic, and political strength over the next two years. Its absolute strength will be considerably greater in over-all terms by mid-1953 than at present.

2. General Military Capabilities. The military strength-in-being of the Soviet orbit should further increase over the next few years. Of greatest significance are a probable improvement in Soviet capabilities for atomic attack and for defense against such attack, the further development of Chinese Communist military strength, and continued growth of European Satellite military power.

a. Substantial modernization programs are continuing in all three Soviet services and Soviet forces should remain at a high state of war readiness. No sizable increase is expected in the Soviet army, which now totals some 2,500,000 men, including 175 line divisions, and can probably mobilize an additional 145 divisions by M + 30 days. While the over-all numerical strength of the Soviet air force is expected to remain substantially the same, Soviet air power will become increasingly effective through continued conversion to jet fighters and bombers, improved

1/ Except in general terms, the position of Communist China is discussed in Section III.

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training standards, operational use of heavy bombers, and acquisition of additional electronic equipment. Moreover, the USSR is increasing its strength in Eastern Europe and the Far East to maintain its relative advantage over Western strength.

b. Atomic Capabilities. 1/ While Soviet atomic capabilities will remain inferior to those of the US, the USSR may have as many as 100 bombs by mid-1952, and as many as 200 by mid-1953. Some of these bombs might have an energy yield as high as 100 kilotons. At present the Soviet air force has an estimated T/O and E strength of about 600 to 700 TU-4 medium bombers capable of one-way missions, carrying atomic bombs, to practically all important targets in the US. Although there is no

1/ Special attention is called to the fact that estimates of the Soviet atomic stockpile are tentative and uncertain because:

(a) The number and/or size of the production facilities postulated as a basis for this estimate may be incorrect. The minimum program, which is not inconsistent with the information available, would provide a stockpile of about one-half the number of weapons indicated. On the other hand, from the information available at the present time, the possibility that additional or expanded production facilities will be constructed during the period under consideration cannot be precluded.

(b) The type of weapon postulated for calculating the stockpile figures may be incorrect. It is possible by changing the weapon design to substantially increase or decrease the number of weapons in the stockpile, given a certain quantity of fissionable material. Such changes, however, alter the kilotonnage of the individual weapons accordingly.

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evidence that the USSR has developed aerial refueling techniques, with such techniques these aircraft may be capable of two-way missions to most important US targets. By mid-1952 the USSR may have approximately 1,000 TU-4's and by mid-1953 about 1,200. By mid-1953 the USSR also may have approximately 100 long-range bombers capable of round trip missions against nearly all vital targets in the US. It probably will have by this time substantial numbers of twin-jet high performance bombers capable of atomic attack on Western Europe and US overseas bases, and possibly a jet bomber capable of attacking the US. By mid-1953 the USSR should also have sufficient stockpiles of nerve gas for sustained, extensive employment.

c. Soviet air defenses probably will be substantially improved by mid-1953. A good all-weather interceptor aircraft with adequate airborne intercept radar should be available in limited to moderate quantities by that time, and difficulties with ground control intercept radars should be largely overcome. Moreover, improved anti-aircraft defenses with modern radar equipment must be expected.

d. The USSR will probably considerably improve its submarine warfare capabilities by mid-1953 in view of the known Soviet modernization and construction program. At present the USSR has an estimated 361 submarines. More than half are ocean patrol and medium-range submarines of considerable endurance, and of these over 100 have the capability of patrolling in US coastal waters. Their operations would include torpedo attacks against shipping and mining of ports.

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e. The Eastern European Satellite armies (including the East German) are expected to increase from a present 65 divisions to 117 by the fall of 1953, when Soviet re-equipment programs are expected to be completed. By that time these forces, despite some qualitative deficiencies, should be capable of independent operations with Soviet logistical backing or joint offensive operations with the Red Army. The East German Alert Police of 52,000 is capable of rapid expansion, with Soviet help, to 24 Soviet type rifle divisions. However, a force of only eight divisions is apparently contemplated at present due to the limitations imposed by the manpower demands of the East German economy. Unless the Korean war is prolonged, intensified, or broadened the Chinese Communist forces should also be materially strengthened with Soviet aid and technical support.

3. Capabilities for particular operations. The Soviet bloc will probably by mid-1953 still be able to carry out almost all of the offensive operations of which they are presently considered capable, except in the unlikely event that the effectiveness of new weapons developed, produced and actually deployed by the West should offset the present preponderance of Soviet military strength on the Eurasian continent.

a. The USSR should still be able to overrun Western Europe and the Near East by mid-1953, although growing NATO strength will increase Western defense capabilities and lengthen correspondingly the time required for Soviet operations.

b. The USSR is already capable of an atomic attack on the continental US. Although US air defenses will be substantially improved by mid-1953, Soviet capabilities for attack on the US may be even more significantly increased, and the US will still be seriously vulnerable to such an attack.

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4. Political and Psychological Warfare Capabilities. The Communists will continue to have extensive propaganda, subversive, and obstructive capabilities, both overt and covert, in Western Europe over the next two years. Moreover, Soviet and Chinese Communist capabilities in the Far East will probably considerably increase.

5. Economic Strength of the Soviet Bloc. The over-all economic strength of the Soviet orbit will remain far inferior to that of the Western Powers over the next few years, and little change is likely by 1953 in relative productive capacities. For example, US, Canadian, and Western European raw steel output should continue to be four times as great as that of the Soviet bloc, rising to roughly 175,000,000 tons in 1953 as compared to an estimated 43,000,000 tons for the Soviet bloc. However, the Western Powers will continue to be less able than the USSR to bring their over-all resources to bear on maximizing economic readiness for war. The Soviet economy is already at a high state of war-readiness and its productive capacity is at such a level and of such a character as to enable the USSR to maintain a major war effort. Although the expansion of the NATO mobilization base will substantially narrow the gap between Western and Soviet economic war-readiness by mid-1953, the USSR will still maintain a substantial lead. Continued large-scale arms production and stockpiling during the next two years will further increase Soviet economic war-readiness and extend the period over which the USSR could expect to conduct large-scale offensive operations. Increased industrialization in the European Satellites and their further integration into the Soviet economy will also contribute to Soviet war potential.

6. However, certain sectors of the Soviet economy are highly vulnerable to air attack and will probably remain so for the period of this estimate despite Soviet efforts to improve their air defenses, continued dispersion of facilities and a more complete system of reserve stocks. Moreover, certain economic

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weaknesses will still persist within the Soviet bloc, particularly a shortage of merchant shipping and deficiencies in such items as oil, crude rubber, certain machine tools and precision instruments, some non-ferrous metals and alloys, and some electrical equipment. Western trade controls already have some impact, and to the extent that these controls are tightened such deficiencies will become more important. However, apart from the effects of US bombing, it is unlikely, in view of the Soviet stockpiling program and the probable development of substitutes, that these deficiencies will seriously affect Soviet capabilities for a long war. Although inferior by US standards, the Soviet land transport net is probably also adequate for a major war.

7. Internal Stability of the Soviet Sphere. Despite continuing tensions within the Soviet bloc, Communist control seems assured for the period of this estimate. The only appreciable likelihood of serious internal strains would be in Communist China if it remained embroiled in hostilities in the Far East (see Section III.) While chronic difficulties will persist in the Sovietization of the European Satellites, they should be brought under even firmer Soviet control. Domestic dissatisfaction with the deprivations created by the forced pace of industrialization, agrarian collectivization, and rearmament will be a constant in the Soviet orbit, but no serious threat to the USSR.

B. Probable Soviet Policies through Mid-1953.

8. Soviet Objectives. It can be assumed that over-all Soviet objectives will remain the same as outlined in NSC 114. The primary short-term aim of Soviet policy will continue to be the obstruction of further growth in Western strength and unity. The USSR must be increasingly concerned with the pace of Western countermeasures, which it doubtless views as an ever more serious threat not only to the early accomplishment of its over-all objectives but eventually to the security of the Soviet orbit itself. In particular, the USSR must fear growing US military power and its projection into a series of overseas bases

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encircling the Soviet bloc. It must also be seriously disturbed over the approaching rearmament of Western Germany and Japan, both with potential revisionist aims vis-a-vis the Soviet bloc. The USSR's acute sensitivity to these developments is amply evident from recent Soviet cold war moves. While the USSR may still see sufficient opportunities to justify a continuation of its present aggressive cold war policies, mounting Soviet concern as Western countermeasures develop further may lead to a change in tactics by the USSR. With the rising curve of Western strength, the possibility of such a change will become progressively more acute.

9. Continued Aggressive Political Warfare. For the time being, however, it appears likely that the USSR will continue its present aggressive policy of political and psychological warfare. Despite the increased strength of anti-Communist forces, the USSR and Communist China probably see various revolutionary and subversive opportunities still open to them, particularly in Asia. They may be expected to continue their penetration of adjacent areas, promoting Communist coups wherever the situation seems favorable. The Communist forces will also attempt through local strikes, propaganda, and other means to obstruct Western rearmament and undermine the stability of free nations.

10. The USSR doubtless also sees possibilities of creating rifts between the non-Soviet countries, given the present acute stage of world tensions, and will make every effort to divide the Western Powers. Further Soviet initiatives to forestall the rearmament and pro-Western orientation of Germany and Japan are almost certain. Against a background of continued threats, the USSR will almost certainly intensify its propaganda and diplomatic "peace offensive" to convince the world that the "aggressive" course of the US and its allies is leading to a new war, thus playing on Western fears and attempting to weaken popular support of Western countermeasures.

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11. While continuing its efforts to undermine Western Europe, the USSR will continue to devote much attention to Asia. The USSR and Communist China undoubtedly consider that favorable revolutionary and subversive opportunities exist in the Near and Far East, where the decline of Western influence and control has created serious instability. The Kremlin might hope that through stimulating local strife and civil war in such areas, it could either expand its own sphere of control and deprive the West of important resources or dissipate Western strength in costly and inconclusive military and economic countermeasures.

12. Further Soviet or Chinese Communist local aggression, particularly in Asia, is also possible during the next two years. Chinese Communist invasion of Indochina or Burma and Satellite invasion of Yugoslavia are serious possibilities (see Section III). To the extent that the Kremlin considers it necessary to eradicate the Tito heresy before Tito or the West become too strong, the USSR may feel compelled to act soon. If critical situations arise in other areas, such as Iran, which offer inviting opportunities, possible Communist intervention cannot be discounted. However, a probable major factor in any decision for or against any such overt expansion will be the Soviet and Chinese Communist estimate of the resultant risks of general war and their willingness to accept those risks. In view of the US and UN reaction in Korea, the growing pace of Western rearmament, and the ever sharper delineation of the East-West struggle, the USSR probably now considers that further local aggression would entail serious risks of general war. Before deciding on such local aggression the USSR would certainly consider not only Western capabilities in any particular area but also over-all US capabilities against the USSR.

13. Although the USSR might under certain circumstances deliberately precipitate general war (see paragraph 15), it appears more likely that such a war, if it comes, would result from Soviet misjudgment of US action in a given situation

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or from the inability of either the USSR or the US to yield in cases where they regarded their vital interests as involved. The most immediate danger of such a development would be in event of a prolongation, intensification, or broadening of the Korean conflict. If under such conditions the Communist forces in Korea were threatened with decisive defeat the Kremlin would probably intensify its aid. This aid might well include the introduction of "volunteer" forces. It might even include the employment of Soviet forces to such an extent that a de facto local war between the US/UN and USSR would exist. In the event of critical developments in other areas as well as in Korea, the increasing tenseness of the international situation and the growing strength of both sides, which might lead to an increased determination to defend what each considered to be its vital interests, will make the danger of general war through accident or miscalculation considerably more acute.

14. Possibility of a Major Shift in Soviet Tactics. While it appears likely that the USSR will for a time continue its aggressive cold war pressures, the further growth of Western strength and counterpressures during the coming period may produce a shift in Soviet tactics. Viewing the last three years' developments, the USSR may consider that its postwar revolutionary and expansionist opportunities, except perhaps in Asia, are steadily narrowing and that continued cold war pressures are unlikely to pay off. The Kremlin may consider that such cold war pressures are only generating relatively greater Western countermeasures, which might eventually, particularly if they include German and Japanese rearmament, produce a situation dangerous to the vital interests of the USSR itself. Therefore, if the USSR is to achieve its immediate primary objective of forestalling a decisive increase in Western strength, it may be increasingly faced with the necessity of a shift from aggressive political warfare to some other approach.

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15. Deliberate Initiation of General War. It is impossible to predict whether or at what point the rising curve of Western strength might lead the USSR to consider this trend so serious a threat as to require a resort to force before the West reaches a strength dangerous to the vital interests of the USSR. The risk of such a development will become more acute as Western defense programs progress, particularly in regard to German and Japanese rearmament and the development of US overseas bases. The USSR is increasing its already high state of war-readiness and continuing its systematic domestic propaganda campaign to prepare the Soviet and Satellite peoples psychologically for possible war. Moreover, the USSR, with its intense suspicion of Western motives, may consider present Western defensive preparations as a prelude to eventual action by the Western Powers to force a choice between war and unacceptable concessions upon the USSR.

16. The USSR presumably recognizes that its still inferior over-all war potential, together with Western atomic superiority, would make the outcome of a general war doubtful, despite initial Soviet successes. Nevertheless, this consideration cannot be accepted as necessarily controlling the USSR's decision and the period through mid-1953 will be one of acute danger of global war. If convinced that the circumstances described above dictated a military showdown with the West during this period, it is possible that the Soviet rulers would themselves precipitate such a showdown at a time and under circumstances that they considered most favorable. It is alternatively possible, however, that they would for at least a period concentrate their attention on moves designed to maximize their immediate readiness for the impending conflict. These moves would include further steps in the military and economic mobilization of the Soviet Union and the Satellites. At the same time, the Kremlin and its Satellites might undertake local aggressions aimed at improving the immediate position of the USSR. The USSR would have to weigh the prospective

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gains in such local aggressions against the danger that such aggression might touch off general war at a time and under circumstances unfavorable to Soviet interests. But the Kremlin would make its assessment in this regard against the background of a belief that general hostilities were imminent in any event.

17. A Relaxation of Tensions. As an alternative to deliberate Soviet resort to early general war, if the Kremlin considered that there were compelling reasons against this course of action, the USSR might decide to make a temporary shift, at least in Europe, to new and less obviously aggressive tactics, designed to lull the West into a false sense of security and undermine growing Western strength. Considering that its present aggressive postwar policies had reached the point of diminishing returns and were engendering ever more threatening Western countermeasures, the USSR might see in this alternative method of political warfare even better opportunities of undermining the growing strength and cohesion of the West. Such a tactical shift would not necessarily imply that the USSR would suspend all its aggressive and subversive tactics; it might adopt a softer policy in Europe, for example, while continuing to expand in Asia. Moreover, a shift to such a course would be only temporary, and it is impossible to say at what point, if ever, the USSR might consider it necessary to adopt it, or how far it might be willing to go. There are strong grounds for believing that the USSR would in any case be unwilling to make the major concessions which would appear to be necessary to assure such a policy's success.

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II. PROBABLE GROWTH OF NATO STRENGTH AND WILL TO FIGHT

18. Except in the event of a marked reduction in US aid, some improvement in Western European strength and morale seems likely by mid-1953, although less than that anticipated from US and NATO programs. Further progress toward achieving MTDP goals, continued expansion of Europe's economy, a more unified and efficient NATO and intra-European effort, and the probable integration of West Germany into the Atlantic Community will all contribute to this improved position. Nevertheless, certain countries will still be deficient in political initiative and popular will to sacrifice and Western Europe will remain subject to dangerous economic and social stresses. It will still be vulnerable not only to Soviet occupation but to Soviet cold war pressures through mid-1953.

19. NAT Military Strength. By mid-1953 the European NATO forces should be considerably stronger than at present if there is a continued high level of US aid. European defense budgets and military production will probably increase over the next two years and although forces in being will fall short of phased MTDP requirements, their morale, leadership and combat readiness should be markedly higher than at present. However, available European NATO forces will still be insufficient to do more than delay a full-scale Soviet attack, except in the unlikely event that the effectiveness of new weapons developed, produced, and actually deployed by the West should offset the present preponderance of Soviet military strength on the Eurasian continent.

20. Broadening of the NAT Coalition. The formal or informal association of Greece, Turkey, Spain, Yugoslavia, and Western Germany with the NAT defensive coalition, which, despite varying degrees of European reluctance, should be consummated in the coming period, will be a major increment to NATO strength. The developing integration of these countries either directly or

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indirectly into the NATO structure and the strengthening of their forces should help to offset the increases in Soviet and Satellite strength. The southern flank of SHAPE should be materially strengthened, partly by a greater availability of Mediterranean bases. However, numerous political and psychological obstacles will continue to delay the optimum utilization of Yugoslav, West German, and Spanish potential and to postpone the date at which these nations can make a full contribution to European defense. It seems unlikely, for example, given the continuing obstacles to a West German contribution, that a sizable contingent of combat-ready German forces will become available before some time in 1953. Moreover, to the extent that the Western Powers do not meet German demands for full equality, German cooperation may be delayed.

21. Economic Burdens. Despite the marked degree of economic recovery during the ERP period, Western Europe's economy is being subjected to new strains by NAT rearmament needs. Inflationary pressures and raw materials shortages generated by rearmament, persistent economic nationalism, and the continuing reluctance or inability of many governments to take the necessary measures to cope with economic maladjustments will all hamper both optimum defense output and continued economic expansion. Nevertheless, the next two years should see a small rise in European production and a small and uneven increase in living standards, despite rearmament drains. Much will depend upon how far national economic policies can minimize the economic repercussions of rearmament while maximizing European defense efforts. Finally, a great deal will depend upon the extent to which not only US economic aid but US materials allocations and economic trends in the US itself permit a continued expansion of European production. Because of a worsening balance of payments situation in the UK, for example, increased US aid may be required if a satisfactory rate of British defense build-up is to be achieved.

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22. Political and Psychological Factors. The poor state of European morale, still deficient popular will to sacrifice, and a lack of vigorous governmental initiative, particularly in key continental countries, will continue to hamper the achievement of NATO objectives. Despite the marked degree of postwar European recovery there still persists in many continental countries a serious lack of governmental and popular confidence in Europe's ability to solve its economic and social problems, and to defend itself against external attack. Popular morale and confidence will be bolstered as NATO and other programs develop, but will long remain an uncertain factor, particularly in event of war.

23. While no seriously adverse internal political developments appear likely in any Western European countries, a marked improvement in political stability seems at best problematical. The chief areas of uncertainty are France and Italy, in both of which the position of existing governments will continue to be precarious. This in turn prevents them from dealing vigorously with military, political, and economic problems. Nevertheless, some form of coalition should be able to maintain its present controlling position in France and Italy, unless a seriously worsening economic or international situation leads to an acceleration of the trend toward polarization of the political scene. The powerful French and Italian Communist parties will probably maintain substantial strength, but their obstructive role should be somewhat reduced unless rearmament creates major economic stresses on which they can capitalize.

24. Progress of the Alliance. Supranational institutions of European unity -- specifically the European Defense Force and the Schuman plan administration -- should develop during the next two years, but there is no indication that any European state is yet prepared to form a true federation with its neighbors. Within NATO the problems of rearmament will probably dictate a further unification of effort by mid-1953, though among the treaty powers and those associated with them the problem of conflicting national objectives will continue to hamper the development of maximum strength. The continuing debate over the sharing

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of rearmament burdens, the constant threat of rearmament to social reform and welfare programs, the problem of trade with the East, the struggle for markets within and outside Europe, the part Germany is to play in the alliance -- all these will be exasperating and sometimes frustrating problems with which the West must deal. Added to all these will be the difficulties always posed by an ambivalent Europe looking to the United States for strength and power yet envious of American leadership and often doubtful of the aims and methods of American policy. Nonetheless, mid-1953 should find the alliance stronger than at present and better organized than it is now.

25. On the other hand, if the USSR could remove some of the fear of World War III and Soviet invasion, European popular willingness to shoulder the burdens of rearmament would almost certainly lessen, and there would be strong pressure on the governments to divert resources from the NATO effort to meet pressing economic and social needs.

26. In any case the US will continue to face serious problems arising from the failure of its European NATO partners to meet present rearmament goals. Even if the Western Europeans were willing and able to assume a larger share of NAT defense burdens, adequate NATO rearmament would still be impossible without large-scale US military and economic assistance. In view of the continuing uncertainties of the European situation, much will depend therefore, during the period of this estimate, on US leadership and support. A substantial reduction in US assistance over the coming period would seriously jeopardize European economic and political stability, as well as the creation of an adequate NATO defense.

III. PROBABLE DEVELOPMENTS IN THE NEAR AND FAR EAST

27. No decisive outcome of the East-West struggle in Asia seems probable during the next two years. At present it appears

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unlikely that the US and its allies will be able to do more than maintain or perhaps slightly improve their present unsatisfactory position in the Near and Far East, while on the other hand there is acute danger of major deterioration. The East-West conflict has become increasingly acute in the Far East, and will remain acute so long as Communist China plays an expansionist role. The threat of Communist expansion in the Near East and South Asia is by no means as immediate, but in these areas as well as in the Far East, the Western position is seriously threatened by the anti-Western cast of the Asian nationalist revolution. This anti-Westernism, combined with social tensions, poverty, governmental and military weakness, and naiveté or lack of concern about Communist objectives, makes most Asian states vulnerable to Communist exploitation and complicates US efforts to bolster them internally. In the Far East in particular, the Communists have succeeded to a large extent in identifying themselves with the Asian revolution, and in encouraging its anti-Western aspects. In those areas where Communism has gained no firm foothold, Asian nationalism has expressed itself in acute suspicion of US motives and a persisting trend toward neutralism. However, the continued economic and military dependence of the free Asiatic countries upon the Western Powers provides them an inducement to align themselves with the West.

28. The USSR and Communist China will present a serious threat to US interests in the Far East through mid-1953. Unless subjected to continuing economic and military stresses from a prolonged, intensified, or broadened Korean war, the Chinese Communist regime may be able to strengthen itself over the coming period by modernizing and strengthening its armed forces, by further consolidating its domestic control, and by making some progress in solving its economic problems. The Peiping regime will play an increasingly influential role in Asian affairs by virtue of its growing prestige and through the influence it exerts over Asian revolutionary movements. The USSR will probably continue to provide substantial military and technical help, although its economic aid will almost certainly

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fall far short of Chinese requirements. However, a prolonged, intensified, or broadened struggle with the US and its allies might critically weaken the Peiping regime unless the USSR provided much greater military and economic aid.

29. While frictions may develop between the USSR and Communist China and there remain long term possibilities of a major clash of interests, it appears unlikely that any serious rifts will develop in the next two years. Ideological affinity and mutual antagonism toward the West, as well as common fear of Japanese resurgence, probably dictate a continued close relationship, at least over the short term.

30. It seems almost certain that Peiping intends to play an aggressive, expansionist role in the Far East. While problems of internal consolidation and development and a continued lack of naval strength should prevent China through mid-1953 from mounting a serious threat to the US-dominated offshore island chain (except perhaps Taiwan), there will remain an ever present danger of Chinese Communist aggression against such adjacent mainland areas as Indochina, Burma, and South Korea. While the Korean war has somewhat restricted Chinese Communist capabilities for operations elsewhere, such capabilities should increase in the event this conflict is ended. In any case Communist China will almost certainly increase its covert support of indigenous revolutionary movements. It may consider that the prospects for eventual success by these methods, particularly in Southeast Asia, are sufficient to make unnecessary overt intervention with its risk of war with the West.

31. The probable emergence of a politically stable and pro-US Japan will help to establish an East-West balance of power in the Far East. However, the revival of Japan's power potential will inevitably be a long term development and Japan alone will by no means be able to counterbalance Sino-Soviet strength in Northeast Asia in the next two years. Moreover, anti-Western sentiment may develop in post-treaty Japan, and if Japan fails

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to find markets and raw materials in non-Communist areas, there may develop an insistent demand for economic collaboration with the Asian mainland. Under these circumstances, there will be a continuing substantial requirement for US assistance, particularly in the development of foreign trade. However, the continuance of a conservative anti-Communist government should tend to support US interests, and over the next two years at least Japan should be a growing asset to the Western position in East Asia.

32. The chief immediate danger of a critical development in the Far East lies in a prolongation, intensification, or broadening of the Korean war (see paragraph 13). Even if some compromise solution were reached in Korea, the US would still be faced not only with the constant threat of renewed aggression in Korea or elsewhere in Asia and the consequent necessity of maintaining large forces in the Far East, but also with major reconstruction problems in South Korea. The reconstituted North Korean forces, together with the Chinese Communists, will have a continued capability for re-occupying South Korea in the event US and UN forces are progressively withdrawn. The rebuilding of South Korean security forces and the rehabilitation of the prostrate South Korean economy will in any case constitute formidable tasks.

33. Southeast Asia will continue to be extremely vulnerable to Communist penetration. There is no prospect for early development of strong anti-Communist governments in the area and a real danger exists that, with increased Chinese Communist assistance or even overt intervention, indigenous Communist movements may extend their control over more of Indochina and Burma within the next two years. If these countries were to fall, Thailand would doubtless prove unable for long to withstand Communist pressure, and the situation would also deteriorate further in Malaya, Indonesia, and the Philippines. In any event, all Southeast Asian countries will remain weak and unstable during the coming period, and may require increasing amounts of outside assistance, including

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military assistance, even to maintain themselves. In the absence of major Communist successes in Indochina or Burma, the situation in Malaya, Thailand, and the Philippines should improve by mid-1953, although long term problems of local insurgence, political instability, and economic development will still remain.

34. The Nationalist military position on Taiwan should gradually improve with US aid. Enhanced Nationalist capabilities for harassing the mainland will require an increased allotment of Chinese Communist strength for coastal defense. However, the security of Taiwan will continue to be hampered by the regime's economic difficulties, general inefficiency and corruption, and will require close US control if US military and economic aid is to be effective.

B. Probable Developments in the Near East (and North Africa)

35. In the Near East the serious possibility of a deterioration in the situation overshadows the limited possibilities of improvement over the next two years. At present, except in Greece and Turkey, the West is faced with a growing crisis in which the chief motivating force is not Communist pressure but the anti-Western nationalism of Iran and the Arab world. The growing strength of Greece and especially Turkey and the widening system of US Mediterranean bases should be positive favorable influences in this area. However, these factors will probably be counterbalanced by continued Arab-Israeli animosity, further deterioration of the British system of alliances, and nationalist hostility toward the West. Active Soviet intervention in the Near East seems unlikely, except possibly in Iran. More likely is a further growth of neutralism, which might limit US-UK utilization of the area's strategic position and petroleum resources. Improvement of the existing unsatisfactory US-UK position in the Near East (except in Greece and Turkey) will depend largely upon the successful solution of the area's economic problems and upon the satisfaction of at least some nationalist aspirations.

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36. Developments in Iran will depend largely upon the outcome of the current oil controversy, but in any event Iran will probably remain internally unstable during the next two years. While successful negotiations with the British might substantially increase Iranian revenues, it is doubtful whether effective use would be made of these revenues. Failure of the negotiations may well lead to economic chaos and increase the danger of a Communist (Tudeh) coup. Overt Soviet intervention remains unlikely unless the UK intervenes with armed force, in which case the USSR might occupy Azerbaijan.

37. In the Arab states social and political instability, anti-Zionism, and extreme nationalism will hamper the achievement of US objectives through mid-1953. There is little likelihood of sufficient improvement in Israeli-Arab relations to permit their joint association in Near East defense. Arab resentment over US support of Israel also creates problems for the US. Nationalism will continue to undermine UK influence and seriously jeopardize British retention of their important Egyptian bases. However, despite the trend toward neutralism in the Arab countries, there is some increased awareness of the Soviet threat and, particularly if an increased Soviet threat developed, the Arab states might more willingly cooperate with the West. Their price would probably be a sharp increase in the amount of US aid.

38. Israel's ultimate orientation is uncertain, despite its economic dependence on the US and its stated awareness of the Soviet threat. Continued immigration and a paucity of resources prolong economic instability and there is some danger that Israel might seek an outlet through renewed expansion at the Arabs' expense.

39. While violent explosions in French North Africa may not occur over the next two years, rising Arab nationalism, fanned by extremists in the Arab states, will create increasing instability in this area and also in Libya, and may affect the security of US bases.

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C. Probable Developments in South Asia.

40. Developments in South Asia over the next two years will depend largely on the outcome of the Kashmir dispute. Realization of the effect that war would have on the disputants might result in greater readiness to compromise, and some de facto if not negotiated settlement may emerge. The resulting increased stability in the area would be favorable to US interests. Pakistan may be able to give more positive expression to its pro-Western leanings and, if given US support, may provide bases and troops for the defense of the Middle East. Although India is far less likely to abandon its neutralist policy, at least so long as Nehru remains prime minister, continued Chinese Communist penetration of Southeast Asia, especially Burma, might lead India to adopt a more forceful anti-Communist policy. On the other hand, if continued friction over Kashmir leads to war, the resulting economic stresses and communal disorders would leave both India and Pakistan prostrate and vulnerable to Communist penetration. In any event, the deep seated social and economic ailments of the area, and particularly of India, preclude the development in the short run of strong states capable of adding significantly to the power of the Western coalition.

IV. PROBABLE DEVELOPMENTS IN LATIN AMERICA

41. The situation in Latin America through mid-1953 should continue to be favorable to US interests, despite certain internal problems and a persistent isolationist attitude among large segments of Latin American opinion. The area's trade position has improved since the Korean war and is likely to improve further. All but a few governments are pro-US, and only in Argentina and Guatemala are there pronounced anti-US attitudes in high official circles. The chief present problem in Latin America is the maintenance of political and economic stability, both of which have been increasingly threatened in the last two years.

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42. Important obstacles to full Latin American support of US policies are the persistence of isolationist sentiment and unwillingness to make sacrifices in the East-West conflict, which to many Latin Americans appears primarily as a struggle between the US and USSR. The force of isolationist and nationalist opinion, particularly in countries where important elections are approaching, has obstructed direct military aid to the UN in Korea, and has caused pro-US governments to act cautiously in US negotiations to secure strategic materials. Communist strategy has been to play upon this isolationism by attacking Latin American bonds with the US. Soviet adoption of a more conciliatory policy would increase the susceptibility of isolationist groups and complicate the task of governments desiring to cooperate with the US. Nevertheless, in the event of a major crisis, most Latin American governments would act in the spirit of the Rio Treaty.

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72. [Office of the DCI], "Staff Conference," 22 October 1951
(Excerpt)

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22 October 1951

STAFF CONFERENCE

Minutes of Meeting held in Director's
Conference Room, Administration Building
Monday, 22 October 1951, at 1100 hours.

General Smith Presiding

Present

Allen W. Dulles, Deputy Director
Walter R. Wolf, Deputy Director for Administration
Joseph Larocque, Jr., Executive Assistant to the Director
Colonel Chester B. Hansen, Assistant to the Director
Captain Frank C. Acker, Deputy Director of Training
James D. Andrews, Advisor for Management
James M. Andrews, Asst. Director for Collection and Dissemination
George G. Carey, Assistant Director for Operations
H. Marshall Chadwell, Asst. Director for Scientific Intelligence
Kingman Douglass, Asst. Director for Current Intelligence
L. S. Hitchcock, Acting D/Asst. Director for Research and Reports
William L. Langer, Asst. Director for National Estimates
Franklin A. Lindsay, Acting D/Asst. Dir. for Policy Coordination
Maj. Gen. H. M. McClelland, Assistant Director for Communications
James Q. Reber, Asst. Director for Intelligence Coordination
Colonel Robert Taylor, Office of Deputy Director for Plans
Maj. Gen. Willard Wyman, Assistant Director for Special Operations

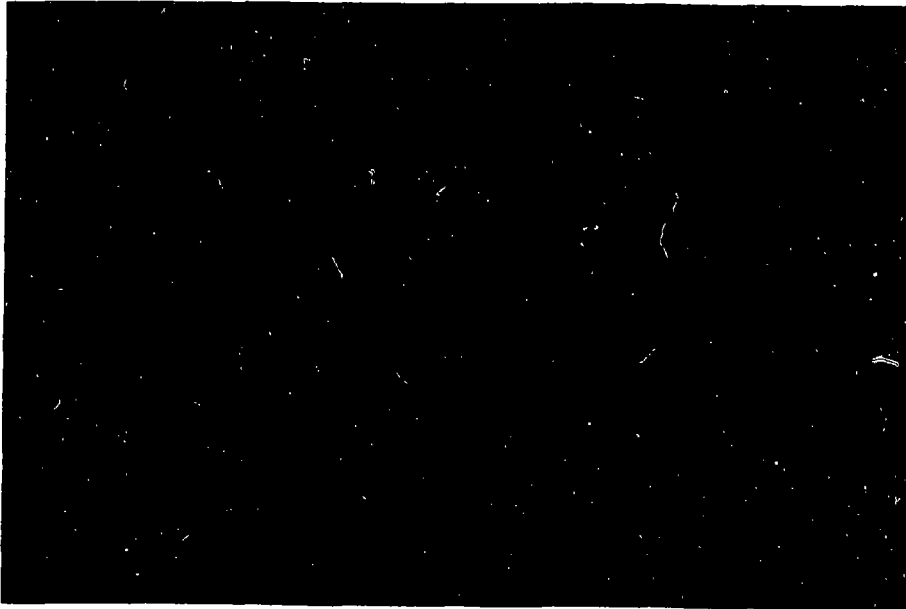
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The Director stated that the question of O/FC operations, paramilitary operations and the whole Magnitude situation may have some effect on the form of the report. He feels that operations have assumed such a very large size in comparison to our intelligence function that we have almost arrived at a stage where it is necessary to decide whether CIA will remain an intelligence agency or become a "cold war department". We have never had trouble with the Bureau of the Budget in asking for funds to conduct our intelligence work but the very large proposed budget for 1953, most of it for operations, may cause the Bureau of the Budget to scrutinize our activities very carefully.



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NSC 10/5

October 23, 1951

NOTE BY THE EXECUTIVE SECRETARY

to the

NATIONAL SECURITY COUNCIL

on

SCOPE AND PACE OF COVERT OPERATIONS

- References:
- A. Memo for NSC from Acting Executive Secretary, same subject, dated June 27, 1951
 - B. Memo for NSC from Executive Secretary, same subject, dated August 22, 1951
 - C. Memo for NSC from Executive Secretary, same subject, dated October 9, 1951

As of October 23, 1951, the statutory members of the National Security Council approved the recommendations contained in Reference A as amended by the changes contained in Reference C. The Director of Central Intelligence had concurred therein.

Accordingly, the report as amended and approved is enclosed herewith for information and appropriate implementation by all departments and agencies concerned, as indicated therein.

It is requested that special security precautions be taken in the handling of this report and that access be limited strictly to individuals requiring the information contained therein to carry out their official duties.

It is further requested that all copies of the reference memoranda be withdrawn and returned to this office upon receipt of this report.

JAMES S. LAY, JR.
Executive Secretary

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ACTIONS TAKEN BY THE NATIONAL SECURITY COUNCIL

on

SCOPE AND PACE OF COVERT OPERATIONS

1. The National Security Council approves in principle as a national responsibility the immediate expansion of the covert organization established in NSC 10/2, and the intensification of covert operations designed in general order of emphasis to:

a. Place the maximum strain on the Soviet structure of power, including the relationships between the USSR, its satellites, and Communist China; and when and where appropriate in the light of U. S. and Soviet capabilities and the risk of war, contribute to the retraction and reduction of Soviet power and influence to limits which no longer constitute a threat to U. S. security.

b. Strengthen the orientation toward the United States of the peoples and nations of the free world, and increase their capacity and will to resist Soviet domination.

c. Develop underground resistance and facilitate covert and guerrilla operations in strategic areas to the maximum practicable extent consistent with 1-a above, and ensure availability of these forces in the event of war for utilization in accordance with principles established by the National Security Council, including wherever practicable provision of a base upon which the military may expand these forces on a military basis in time of war within active theaters of operations.

2. The National Security Council directs the Psychological Strategy Board to assure that its strategic concept for a national psychological program includes provision for covert operations designed to achieve the objectives stated in paragraph 1 above.

3. The National Security Council reaffirms the responsibility and authority of the Director of Central Intelligence for the conduct of covert operations in accordance with NSC 10/2 and subject to the general policy guidance prescribed therein, and further subject to the approval of the Psychological Strategy Board which shall be responsible for:

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a. Determining the desirability and feasibility of programs and of individual major projects for covert operations formulated by or proposed to the Director of Central Intelligence.

b. Establishing the scope, pace, and timing of covert operations and the allocation of priorities among these operations.

c. Coordinating action to ensure the provision of adequate personnel, funds, and logistical and other support to the Director of Central Intelligence by the Departments of State and Defense for carrying out any approved program of covert operations.

4. The National Security Council requests the Secretary of Defense to provide adequate means whereby the Director of Central Intelligence may be assured of the continuing advice and collaboration of the Joint Chiefs of Staff in the formulation of plans for paramilitary operations during the period of the cold war.

5. In view of the necessity for immediate decision prior to the coming into operation of the Psychological Strategy Board, the National Security Council authorizes [REDACTED], as outlined in the memorandum from the Director of Central Intelligence enclosed with the reference memorandum of June 27, 1951 (Reference A), and pursuant to the appropriate provisions of NSC 48/5.

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House Appropriations

25 October 1951

Memorandum for the Record:

Subject: CIA Appropriations.

1. Mr. George Harvey, Chief Clerk, House Appropriations Committee has raised with me several times the problem of placing of the CIA budget, particularly since it has reached a magnitude which makes camouflage difficult. At his request and with the approval of Mr. Wolf, Mr. Saunders, Mr. Houston and I met with Mr. Harvey today to explore the question.

2. Mr. Harvey opened the discussion by pointing out that since 1946 he was the only person on the House Appropriations Committee or its staff who has known each year the amount of the CIA budget and its location. This places a great responsibility on him and on the Chairman of the Committee, for in certain years the minority members have not been informed. Mr. Harvey further stated that sooner or later this situation might lead to extremely embarrassing questions from other members, which might endanger the security of the CIA budget if we continue to handle the matter as at present.

3. Mr. Harvey pointed out that there were two basic problems: the first, how to handle the 1953 budget which is currently in preparation; and the second, how to plan for the ultimate long-term problem of CIA appropriations. He cited certain examples of problems which have arisen in connection with the location of the CIA budget, particularly for the fiscal year 1952. (It should be recalled that in one instance in the 1952 budget, the State Department added a \$10,000,000 item of its own to our appropriation which had been contained in a \$10,000,000 item for several years. This additional \$10,000,000 request had served to highlight the item in which the CIA appropriation was included, leading to complication of the security aspects. In addition, those items which were hidden in the military budget were included in such a way that it would be apparent to Committee members studying the question that certain figures were being falsified, leading to embarrassing questions which would needlessly disclose to many Committee members the fact that the CIA budget was included in these items.)

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As a result, Mr. Harvey wishes to discuss, prior to his departure from Washington at the end of next week, the location problem with us and with Mr. Schaub of the Bureau of the Budget.

4. Mr. Harvey agreed that it would be preferable to place the entire CIA appropriation in one budget--either State or Defense --to keep at a minimum the number of Committee members who would have to be told something about the CIA budget. (This is in line with the suggestion of Senator O'Mahoney of the Senate Appropriations Committee, who was rather hopeful that we could eliminate the small sum which was in the State Department budget.) It was agreed, however, that an immediate dropping of the full State Department item of several million dollars in which our budget was contained would needlessly point up the fact that CIA had had funds there. Therefore, it was suggested that this sum be reduced by one or two million dollars every year, and that the Bureau of the Budget write to the Appropriations Committee Chairman stating that for security reasons they would like to have part of this appropriation included each year, but that the sum would be impounded by the Bureau of the Budget until it was completely eliminated, perhaps five years from now.

5. The next problem which was discussed was the question of openly declaring a portion of the CIA budget, keeping the remainder concealed. It was generally agreed that this would be helpful at least as an interim measure. It was pointed out to Mr. Harvey that actually the major portion of the CIA budget was expended for cold war activities assigned to us by the National Security Council in this emergency, as opposed to the smaller portion of our budget which could be fully designated for intelligence purposes. It therefore can be assumed that ultimately, although perhaps not in the foreseeable future, the CIA budget will be considerably less than its present size. However, this would not serve to solve any of the immediate problems. It was also agreed that from the standpoint of security we could not separate the present budget into purely intelligence functions on the one hand and the cold war activities on the other.

6. The question was then raised as to whether there was any way in which we could receive funds from the Treasury without going through the formal appropriations procedure. Mr. Harvey felt that perhaps the best solution to our problem would be to obtain permanent legislation which in effect would state that such

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funds as might be approved annually by the Appropriations Committees of the House and Senate, or designated subcommittees thereof, would be appropriated for CIA out of any money in the Treasury not otherwise appropriated by the Congress. In effect this would mean that we make a presentation annually to the Appropriations Committees or their designated subcommittees, and that they in turn certify to the Treasury the amounts which the Treasury could turn over to CIA. This would eliminate any necessity for hiding sums in the Federal budget for us and would also eliminate Floor debate. It was pointed out that it might be difficult to secure such legislation, but it could be assumed that if suggested it would have the complete approval of the ranking members of the House Appropriations Committee in advance. However, it was further pointed out that the personality of the Chairman of the Senate Appropriations Committee might make such legislation extremely difficult at this time.

7. The final alternative discussed was the question of private financing through the profits of corporate cover. It was Mr. Harvey's opinion that these profits should be reported each year to the Appropriations Committees, and the annual budget be reduced by such amounts, rather than turning the funds over to the miscellaneous receipts of the Treasury.

Walter L. Pforzheimer

cc - DD/Admin.
Comptroller

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SC-M-31
21 November 1951

STAFF CONFERENCE

Minutes of Meeting held in Director's
Conference Room, Administration Building
Wednesday, 21 November 1951, at 1100 hours.

General Smith Presiding

Present

Allen W. Dulles, Deputy Director
Frank G. Wisner, Deputy Director for Plans
Walter R. Wolf, Deputy Director for Administration
Joseph Larocque, Jr., Executive Assistant to the Director
Colonel Chester B. Hansen, Assistant to the Director
James D. Andrews, Advisor for Management
James M. Andrews, Asst. Director for Collection and Dissemination
Colonel Matthew Baird, Director of Training
H. Marshall Chadwell, Asst. Director for Scientific Intelligence
Brig. Gen. Trubee Davison, Director of Personnel
Lt. Col. James H. Drum, A/Chief, Technical Services Staff, O/DD/Plans
Perry Johnson, D/Asst. Director for Communications
Col. Kilbourne Johnston, Assistant Director for Policy Coordination
Lyman B. Kirkpatrick, D/Asst. Director for Special Operations
William L. Langer, Assistant Director for National Estimates
Max F. Millikan, Assistant Director for Research and Reports
James Q. Reber, Assistant Director for Intelligence Coordination
Colonel Robert Taylor, Office of Deputy Director for Plans
Colonel L. K. White, D/Assistant Director for Operations
Maj. Gen. Willard Wyman, Asst. Director for Special Operations

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SC-M-31
21 November 1951

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21 November 1951

1. Mr. Wisner made the following report on his recent trip with Mr. Miller and Mr. Helms:

Turkey

[REDACTED]. In consequence, no discussions were held with Embassy officials and dealings were mostly with Turks on the second echelon. Mr. Wisner felt that things in Turkey were on a sound basis, the economy had taken strides forward and the political situation appeared stable. Turkey is so important geographically that there is still a large job [REDACTED] there.

Greece

Discussions were held with practically all United States and Greek authorities. Situation is not too satisfactory and the United States will always have to be the leader in furnishing assistance. [REDACTED]

[REDACTED]. Papagos is the strong man in Greece and is generally liked by United States military and diplomatic personnel. There is a feeling that the present uneasy coalition may split and that Papagos might come into power after the first of the year.

Mr. Wisner feels that during the trip they were able to help Greek operatives in relation to their own government. The heads of the Greek intelligence services are military personnel and strong representations were made to the Greek Government that there should be continuity of service.

Major General Hart may become the new head of the United States military mission. He was briefed by Mr. Wisner in Stuttgart.

The internal Communist situation seems to be fairly well in check and they have gone underground. In this relation the contrast between Greece and Italy is very marked.

Italy

Unless present trends are reversed, the Italian situation could be lost to the internal Communist threat. Americans in Italy, however, are aware of this, are beginning to forget their differences and are showing more signs of working together.

The economic situation is poor, the tax collection methods are bad and both are being exploited by the Communists.

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21 November 1951

Conversations were held with Admiral Carney in regard to war planning in respect to Greece and Yugoslavia. Mr. Wisner feels that the question of bringing Greece and Yugoslavia directly together for war planning has been recently forgotten by the United States and the British. Perhaps this is due to an unexpressed fear that if they get together they might decide to partition Albania.

Germany

Mr. Wisner found the German situation very impressive, with great economic progress and booming manufacture. He especially noted the recovery of the Deutsch Mark. [REDACTED]

[REDACTED]. Gen. Truscott is closely following the progress of the contractual agreements. Mr. Wisner feels that our negotiators may be unable to get what United States intelligence wants.

The position of General Truscott is interesting and very gratifying. He is welcomed as the leader of the United States intelligence activity. He is not, however, able to cover Berlin as he has no man competent to coordinate the very scrambled situation in that city. [REDACTED]

[REDACTED]. The occupation forces are dependent on early intelligence warning and CIA's responsibility is great. The OB intelligence on the Eastern Zone and also parts of Poland is excellent. Troop movements are normally known within three days.

The defector operation was carefully studied and Mr. Wisner feels it is going well. The physical set-up is excellent although heretofore the flow of defectors has been small. This is improving.

Mr. Wisner feels that press criticism of the defector operation has become so wide spread (although mostly unjustified) that it is doing active harm and deterring defection.

France

The internal Communist situation is still strong but not as bad as in Italy. The French argue constantly on a legalistic basis about Communists and declare that the Communist Party is still a legal party. We will have to keep after this.

There were numerous discussions with the French Intelligence services in an attempt to get them to provide us with more intelligence. Some progress was made but we will probably have to give them something in exchange.

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SC-H-31

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Holland and Belgium

The situation is badly scrambled in Belgium but Mr. Wisner saw the various chiefs of the Intelligence services at the same time [REDACTED]

[REDACTED]. Internal intelligence problems in Belgium are the [REDACTED] primarily of a jurisdictional nature. Mr. Wisner arranged for copies of our National Security Act of 1947 to be sent to them for study.

Counterespionage service in Holland is having a bad time, [REDACTED]. They have been publicizing CE matters and have been criticized by the newspapers.

England

Mr. Wisner arrived just after election, too early to observe any change in the foreign policy. He believes that some time will elapse before there are any major policy changes.

General

In general, Mr. Wisner had the impression that CIA was gaining in maturity and stature. There is greater acceptance of CIA by American officials abroad and the Agency contribution is recognized. This presents an increased responsibility to live up to this recognition. Mr. Wisner feels strongly that uncoordinated trips through Europe and the Middle East must cease. Such trips in the future must be coordinated through the Office of DD/P [REDACTED].

2. The Director endorsed Mr. Wisner's comments on coordinated travel. As a matter of procedure, when anyone less than an Assistant Director is traveling, coordination in the future will be effected through the Office of DD/P and the Senior Representatives will always be consulted. Any other clearances such as those for military theaters will be obtained. [REDACTED]

3. General Davison stated that although all Offices in CIA were "screaming" for personnel he had discovered that some 800 files were presently on the desks of Division Chiefs and some of them had been there as long as two months. He asked that the Assistant Directors get these moving. The Director asked General Davison to look into the cause of this delay and report to him.

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21 November 1951

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21 November 1951

4. The Director mentioned a confidential memorandum which had been circulated to the Assistant Directors and the contents of which had evidently been "leaked". The Director is worried about our security and feels that there is too much conversation on all levels.

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SC-M-31
21 November 1951

76. Earman, Memorandum for Rear Admiral Robert L. Dennison,
"Estimate of Situation in Guatemala," 14 January 1952
(Carbon copy)

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ER 2-4811a

14 January 1952

MEMORANDUM FOR: REAR ADMIRAL ROBERT L. DENNISON
NAVAL AIDE TO THE PRESIDENT

SUBJECT: Estimate of Situation in Guatemala

The Director of Central Intelligence has requested that the subject memorandum be shown to the President. It is to be noted that the information contained therein has not been coordinated with the members of the Intelligence Advisory Committee.

SIGNED

J. S. EARMAN
Assistant to the Director

Enclosure

Memo dtd 11 Jan 52 (from Col. King, OPC, to DD/P - ER 2-4811)

O/DCI:JSEarman/dr

Distribution:

Orig & 1 - Addressee

2 - Signer

1 - DD/P w/cc of memo of 11 Jan 52 ✓ *copy 16 Jan 52*

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White House

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2-4811

11 January 1952

Noted by DCI

14 Jan 52 - oac

MEMORANDUM FOR DEPUTY DIRECTOR, PLANS

SUBJECT: Estimate of Situation in Guatemala

Communist Activities

The Communists continue to be very active in Guatemala and continue to receive Government support. Since the anti-Communist rioting in July 1951 the Communists have softened their overt campaign for immediate action in the political field, but they have forged ahead in the labor movement, succeeding in forming, under the guidance of Vicente LOMBARDO Toledano and Louis SAILLANT, a central labor organization comprising almost all the unions in the country. The Communist newspaper Octubre is published regularly and circulates freely. It has devoted its columns to anti-United States propaganda and to trying to aggravate the United Fruit Company's labor troubles. The Guatemalan Communists are small in number, but their influence in both government and labor is substantial.

Anti-Communist Activities

The Anti-Communist Party of Guatemala has been formed since the July rioting and has received strong support from the Catholic middle class and from the Indians. The university students have furnished leadership to form a substantial bloc in the Party. They have requested President Arbens to dismiss the Communists holding positions in the Government, and to expell all foreign Communists. The movement continues to develop in all sections of the country.

Political Situation

President ARBENZ has shown no sign of changing the policy set by ARREVALO as regards Communism. He has stated his opposition to the anti-Communist movement. Ramiro ORDONEZ Paniagua, leftist Minister of Government, has recently resigned and been replaced by Ricardo CHAVEZ Mackinn. CHAVEZ is generally regarded as an anti-Communist. However, on 4 January 1952 he announced that the government had decided to ban all anti-Communist demonstrations. Colonel PAZ Tejada, who had studiously avoided attending all Communist rallies, but who was forced to attend the last one as the representative of President ARBENZ, has been replaced as Minister of Communications by Colonel Carlos ALDANA Sandoval, an Arbens supporter. PAZ Tejada has been placed in charge of the construction of the highway to the Atlantic.

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SECURITY INFORMATION

Economic Situation

ARBENZ inherited a very black economic picture, and the labor trouble and subsequent threat to withdraw from Guatemala by the United Fruit Company has made the outlook even darker.

Activity of Political Exiles

At least three Guatemalan exile groups are plotting against the ARBENZ regime. They are, in probable order of strength:

a) a group headed by Colonel CASTILLO Armas, former Comandante of the Escuela Militar, and now in Costa Rica, who originally planned a January 1952 uprising. It has been reported that CASTILLO Armas has been offered aid by the United Fruit Company and a Peruvian group, possibly the government;

b) a group in Mexico headed by Colonel Arturo RAMIREZ who has been in exile since an attempted revolt in 1948. This group may be financed in part by American oil promoters;

c) supporters of General YDIGORAS Fuentes, unsuccessful presidential candidate of the 1950 elections who is now in El Salvador.

The CASTILLO Armas and RAMIREZ groups have been in contact, but so far no agreement has been reached. If the two groups were to unite, a successful revolution might result.

Conclusions

Communist influence in the Guatemalan government continues to be serious. Rumors persist in Guatemala that President Arbens is ill with leukemia. Efforts to verify these rumors are being made. In the event that ARBENZ were forced to leave his office, Roberto ALVENADO Fuentes, president of the Guatemalan congress, could constitutionally assume presidency. Such an eventuality would further aggravate the situation in Guatemala because ALVENADO Fuentes is a strong Communist supporter having recently attended a Communist sponsored pro-peace meeting in Vienna.

J. CALDWELL KING
SA/DB/P-LA

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77. Wisner, Memorandum for Deputy Assistant Director for Policy Coordination, "Reported Crisis in the American Committee for Cultural Freedom," 7 April 1952 (Carbon copy; attachments not included)

Security Information

ER 2-7760

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APR 7 1952

MEMORANDUM FOR: Deputy Assistant Director for Policy Coordination
FROM: Deputy Director (Plans)
SUBJECT: Reported Crisis in the American Committee for Cultural Freedom.

1. Attached hereto is a letter dated 4 April from Arthur Schlesinger, Jr., to myself, together with certain enclosures all of which present a rather alarming picture. I had not heard about these developments prior to my receipt of Schlesinger's letter, and I am most anxious to have an OPC evaluation of this matter, which very well may not be a tempest in a teapot.

2. My offhand reaction to this mess is that the position of neither the pro-McCarthyites or anti-McCarthyites is the correct one from our standpoint, and that it is most unfortunate that the matter ever came up in such a way as to bring it to this kind of head. I can understand how an American committee for cultural freedom, standing alone, and being in fact a group of American private citizens interested in cultural freedom, would feel that it would have to take a position on McCarthyism. However, that is not the nature of the American Committee for Cultural Freedom which, according to my recollection, was inspired if not put together by this Agency for the purpose of providing cover and backstepping for the European effort. If such is the case, we are stuck with the Committee in that we have an inescapable responsibility for its conduct, its actions and its public statements. Under the circumstances the raising of the issue of McCarthyism, whether to condemn it or to support it, was a serious mistake in my opinion. The reason is simply that this injects us into an extremely hot American domestic political issue, and is sure to get us into trouble and to bring down on our heads criticism for interference in a matter that is none of our concern whatsoever.

3. If you agree with the foregoing analysis and reaction, we should consider promptly what should be done now that the fat is in the fire. If it were possible to do so, it would be my thought that the entire debate on this subject, from the beginning, be expunged from the record and the matter thus laid to rest. I know that this will not satisfy either faction, but it might be possible for us to put across to the members of both factions that we are talking about Europe and the world outside the United States, and that we should stick to our last -- and that if we do not do so the entire effort will be exposed and shot down because of our involvement in domestic political issues. An appeal to unity and concord and the preservation of this valuable effort might be successful. In any case it is the only approach that I can

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(Signed) FRANK G. WISNER

FRANK G. WISNER

Security Information

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78. Smith, Memorandum for the National Security Council,
"Report by the Director of Central Intelligence," 23 April 1952
(Typed copy; one attachment not included)



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CENTRAL INTELLIGENCE AGENCY
WASHINGTON 25, D. C.
OFFICE OF THE DIRECTOR

TS #63459

INCLUDED IN
THE PRESIDENT'S BOOK

25 APR 52 MAIL

23 April 1952

MEMORANDUM FOR THE NATIONAL SECURITY COUNCIL

SUBJECT: Report by the Director of Central Intelligence

In July 1949, the National Security Council directed that certain changes be made in the organization of the Central Intelligence Agency. The instructions contained in this Directive -- NSC 50 -- have been carried out in all substantial respects.

There is attached, marked TAB A, a chart of the organization of the Central Intelligence Agency as of October 1950 and an organization chart as of 31 December 1951. A comparison of these charts will indicate the general scope of this reorganization.

Specifically, there has been established an Office of National Estimates to produce intelligence estimates of national concern, both in acute situations and on a long-term basis. In its operations this Office utilizes the resources of the total United States intelligence community. The members of the Council are acquainted with the production of the Office of National Estimates, but, for ready reference, there is attached, marked TAB B, a list of the National Intelligence Estimates which were prepared in 1951.

To provide the National Security Council and appropriate offices of the Government with all-source intelligence on a current basis, there was also established during 1951 an Office of Current Intelligence. Council members are acquainted with the publications of this Office.

An Office of Research and Reports has been set up to provide coordinated intelligence, primarily on economic matters, as a service of common concern to interested

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Government agencies. Although accurate appraisal of an enemy's economic potential is a most important factor in estimating his military capabilities, this crucially-important task had previously been scattered among twenty-four separate agencies of the Government.

An Interdepartmental Economic Intelligence Committee has also been established, and the Agency's Assistant Director for Research and Reports is its Chairman. His Office is the clearing house for study and analysis of the economy of the Soviet Orbit and for exploring and filling the gaps that had developed in the previously unrelated system of collection and evaluation.

In cooperation with the Department of Defense, there has been established the Interdepartmental Watch Committee. Its function is to provide constant and periodic review of indications of possible enemy action. The Central Intelligence Agency also maintains a twenty-four hour watch on behalf of the Agency.

Continuity of high caliber personnel, possessing specialized training and experience, is essential for the conduct of the Agency's activities. Accordingly, plans for a career service within the Central Intelligence Agency are being worked out and the first groups of prospective junior career officers are in training.

After sufficient career personnel have been recruited and trained in this service, it will be possible eventually to select senior officials of the Central Intelligence Agency from among their number. This development will take time. Meanwhile, one of the Agency's continuing problems will be the difficulty of securing adequately qualified personnel, particularly for senior positions.

Four NSC papers approved during the period under review required the special services of the Central Intelligence Agency:

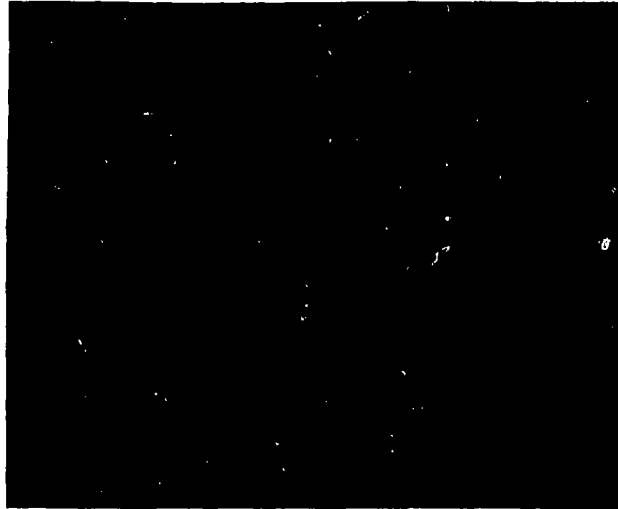
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3. The third NSC paper - NSC 66/1 - directed the Central Intelligence Agency to provide intelligence support for the Voice of America with respect to Soviet jamming. This is being done, but the establishment of an additional monitoring facility to locate Soviet jamming stations, requested by NSC 66/1

due to technical difficulties. The National Security Council subsequently authorized



4. The remaining paper - NSC 10/5 - redefines the Central Intelligence Agency's responsibilities in a field which was probably not envisaged at the time the National Security Act of 1947, under which the Agency was established, was framed. This is the field of cold war covert activities, including guerrilla warfare. We have accepted these responsibilities as agents for the major Departments concerned and for projects which are approved by the Psychological Strategy Board. The Departments of State and Defense are charged with providing the Central Intelligence Agency with the necessary support to accomplish these missions. The presently projected scope of these

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activities has, during the past three years, produced a three-fold increase in the clandestine operations of this Agency and will require next year a budget three times larger than that required for our intelligence activities. These cold war projects are worldwide in scope (with the effort intensified in the Far East) and they include psychological warfare as well as paramilitary operations; denial programs with respect to strategic materials; stockpiling on a limited scale in strategic areas to assist the military in the event of war; the organization and planning of sabotage teams to support resistance operations; and the planning and organization of escape and evasion networks and stay-behind movements for use in the event of war.

Given the necessary support, it will be possible for the Central Intelligence Agency to fulfill these requirements; but since they have resulted in such a large expansion in the Agency's budget and personnel strength, it should be noted that:

1. They are not functions essential to the performance by Central Intelligence Agency of its intelligence responsibilities.
2. They were placed in this Agency because there was no other Department or Agency of the Government which could undertake them at that time.
3. They will inevitably militate against the performance by Central Intelligence Agency of its primary intelligence functions and are a continuing and increasing risk to its security. Regrettably, (from my personal viewpoint) it seems impracticable, for reasons of coordination and security, to divorce these from other covert operations.

There remain a number of unsolved problems -- major and minor. The following examples will indicate their nature and range.

1. Interrelationship Between Intelligence and Operational Planning. It is not necessary for an intelligence officer to know very much about plans, either civilian or military, but if his product is to be timely he must have adequate advance information at least of the general nature and objectives

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of any plans toward which he can make an intelligence contribution, as well as of such national or international policies and agreements as precede them. The liaison arrangements of CIA and the Department of State on such matters are reasonably satisfactory, although there remains room for betterment. Such arrangements with the Armed Services are still somewhat less than satisfactory, although some improvement is being made.

2. Security. The utmost diligence has been exercised to insure the security of the Central Intelligence Agency, and I am now convinced that it is at least as secure as any activity of the Government. My remaining concern in this regard is largely based on the fact that the Agency is scattered among twenty-eight buildings in the Washington area. Every effort will be made to obtain funds for the construction of a reasonably secure building.

3.



4. Scientific and Technical Intelligence. The least progress in coordinating intelligence activities has been made in certain fields of scientific and technical intelligence. An interagency committee is presently studying this problem, with the view of recommending the proper steps for the improvement of this situation.

The Council is generally acquainted with the Central Intelligence Agency's secret operations designed to produce raw intelligence. Although we are making every effort to develop these latter sources, our experience so far has been in general disappointing. They are costly by comparison with other intelligence operations and they present in most cases a gambler's chance of obtaining really significant critical strategic information, although they consistently produce a

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Security Information

significant quantity of useable information. We must and shall devote our best effort to their improvement and to the exploitation of every reasonable chance for penetration. On a few rare occasions there have been really brilliant accomplishments.

In conclusion, it should be pointed out that, in view of the efficiency of the Soviet security organization, it is not believed that the present United States intelligence system, or any instrumentality which the United States is presently capable of providing, including the available intelligence assets of other friendly states, can produce strategic intelligence on the Soviet with the degree of accuracy and timeliness which the National Security Council would like to have and which I would like to provide. Moreover, despite the utmost vigilance, despite watch committees, and all of the other mechanics for the prompt evaluation and transmission of intelligence, there is no real assurance that, in the event of sudden undeclared hostilities, certain advance warning can be provided.

As far as our intelligence production is concerned, the Central Intelligence Agency is basically an assembly plant for information produced by collaborating organizations of the Government, and its final product is necessarily dependent upon the quality of the contributions of these collaborating organizations.

[SIGNED

WALTER B. SMITH
Director

Enclosures -
Tab A
Tab B

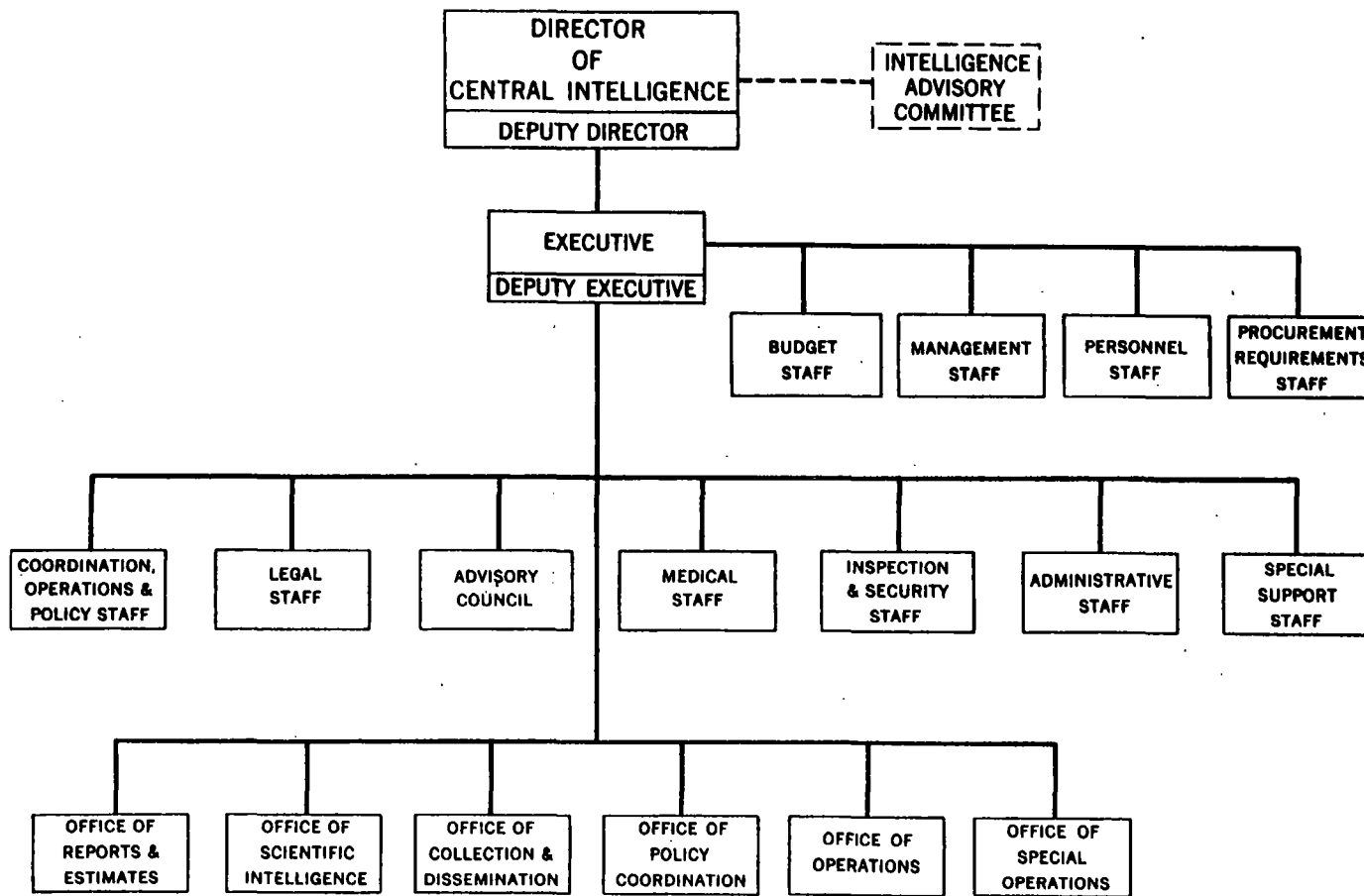
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CENTRAL INTELLIGENCE AGENCY

(Organization as of 1 October 1950)

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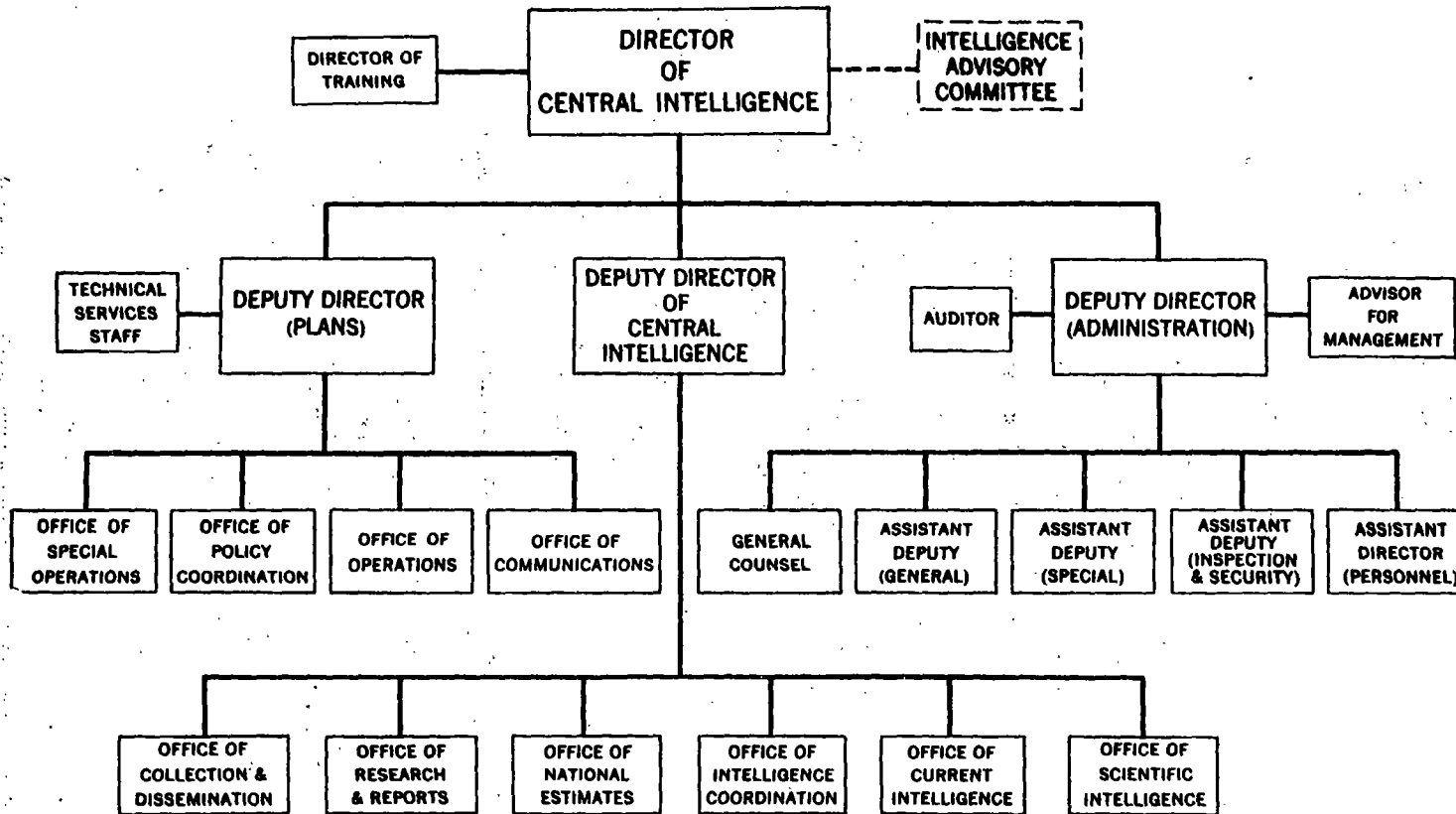
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SECURITY INFORMATION

CENTRAL INTELLIGENCE AGENCY
 (Organization as of 31 December 1951)

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SECURITY INFORMATION

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78. (Continued)

79. Smith to CIA Deputy Directors, "Organization of CIA Clandestine Services," 15 July 1952 (Typed copy)

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C O P Y

15 July 1952

MEMORANDUM FOR: Deputy Director of Central Intelligence
Deputy Director (Plans)
Deputy Director (Administration)
Deputy Director (Intelligence)
Director of Training
Assistant Director for Communications

SUBJECT : Organization of CIA Clandestine Services

1. a. This paper describes the structure of the organization of CIA clandestine services which will become effective on 1 August 1952.

b. It is designed to create a single overseas clandestine service, while at the same time preserving the integrity of the long-range espionage and counter-espionage mission of CIA from amalgamation into those clandestine activities which are subject to short term variations in the prosecution of the cold war. The experiences of the British and the OSS during the last war, as well as within CIA during the last three years, justify the conclusion that the best organizational arrangement consists of a single field organization with a single chain of command and a single set of administrative procedures, rather than two or three separate world-wide commands, each with its own field network and with separate policy and administrative procedures. There is no reason why the establishment of a single chain of command and of uniform administrative procedures would have any effect of submerging specialized OSO or OPC missions and techniques if intelligently applied.

2. It is intended to establish the single chain of command from Washington Headquarters to the chiefs of the merged field organizations by:

a. Designating the Deputy Director (Plans) as the Director's deputy for all CIA clandestine activities. In this capacity DD/P is responsible to the Director for the planning, execution and review of the missions entrusted to the Director under NSCID-5, NSC 10/2, and NSC 10/5, and to him is delegated the authority to carry out these functions.

b. Establishing in the immediate Office of the Deputy Director (Plans) a Chief of Operations, as well as staff elements specializing in long-range planning and programming and review and analysis. The Chief of Operations will function as a Chief of Staff and Deputy to DD/P with responsibility for the direction of operations, for coordinating the efforts of and eliminating duplication among all staff elements under DD/P, and for insuring

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prompt and effective compliance with operational directives, including those which establish priorities for clandestine operations.

c. Eliminating the current AD/SO and AD/PC command structure and establishing under DD/P staff elements specializing in secret intelligence and counter-espionage, political and psychological warfare, paramilitary operations, technical support, and administration. The chiefs of these staff elements are comparable to Assistant Chiefs of Staff in a field Army organization. They will be responsible for:

- (1) Planning and supervising the proper performance of the missions and operations of their respective services.
- (2) Career planning for their respective specialized corps of officers.
- (3) Establishing standards for the recruitment, training, and professional performance for their respective services.
- (4) Supervision, guidance, and inspection in all matters pertaining to their respective services.
- (5) Timely and adequate recommendations within their respective spheres of activity and for staff supervision and follow-up to insure the effective execution of all orders and instructions issued by competent authority.
- (6) Such additional functions as may be delegated to them.

d. Establishing the official designations and general functions of these staff officers as follows:

- (1) Chief of Foreign Intelligence (formerly AD/SO). Senior officer for espionage and counter-espionage. Represents the Director in routine contacts with other agencies affecting the espionage and counter-espionage mission. His immediate office will include personnel specializing in these and related activities.
- (2) Chief of Political and Psychological Warfare (formerly AD/PC). Senior officer for covert psychological and political warfare, resistance, and economic warfare. His immediate office will include personnel specializing in these and related activities.
- (3) Chief of Paramilitary Operations. Senior officer for covert paramilitary activities, including war planning and preparation, sabotage and counter-sabotage, escape and evasion, and guerrilla warfare. He will organize his activities along military lines capable of close coordination with the military services in time of war.

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(4) Chief of Technical Support. Directs the Office of Technical services in support of clandestine activities.

(5) Chief of Administration. A qualified Administrative Officer serving on the staff of the Deputy Director (Plans). Responsible to DD/P for insuring adequate support in trained personnel, equipment, funds, transportation, communications, facilities and services for all clandestine activities.

e. Maintaining the Area Divisions as presently established and designating the Area Division Chiefs, subject to paragraphs 2. a. and b. above, as the channels between Washington Headquarters and the various field installations in their geographic areas of responsibility. For example, all communications pertaining to activities in [redacted] originating with any Washington Headquarters office and addressed to any CIA activity in those areas will be coordinated with and sent physically through the EE Division. In effect, the Chiefs of the Area Divisions will act as the Director's executive officers for their respective geographic areas of responsibility.

f. Designating Senior Representatives in all countries abroad where there are CIA clandestine activities. These Senior Representatives will be responsible for the command supervision of all CIA activities in their areas. To those Senior Representatives will be delegated the authority for routine administrative decisions in consonance with established administrative procedures.

3. Procedures. The changed organizational structure recognizes only two command echelons: The Director and the Senior Representatives, with the Deputy Director (Plans) acting for the Director through the medium of the Area Divisions on matters pertaining to the conduct of clandestine activities. Orders to the Senior Representatives will be transmitted in the name of the Director. Technical and professional correspondence will be kept as informal as possible and will be encouraged between the Area Divisions, specialized staffs in Washington, and their counterparts in the field. Cable procedure will be adopted similar in general to the current practices of other major Government agencies. The Assistant Director for Communications will prepare for approval and prompt distribution a cable procedure manual in conformity with the above, and will arrange for the establishment of a message center, under the direction of a cable secretary, to centralize and standardize the handling and distribution of communications traffic. When in operation, the message center will become the responsibility of the Executive Assistant to the Director.

4. All existing directives and regulations in conflict with this document are rescinded effective 1 August 1952.

/s/ Walter B. Smith

WALTER B. SMITH
Director of Central Intelligence

1 Att
Organization chart

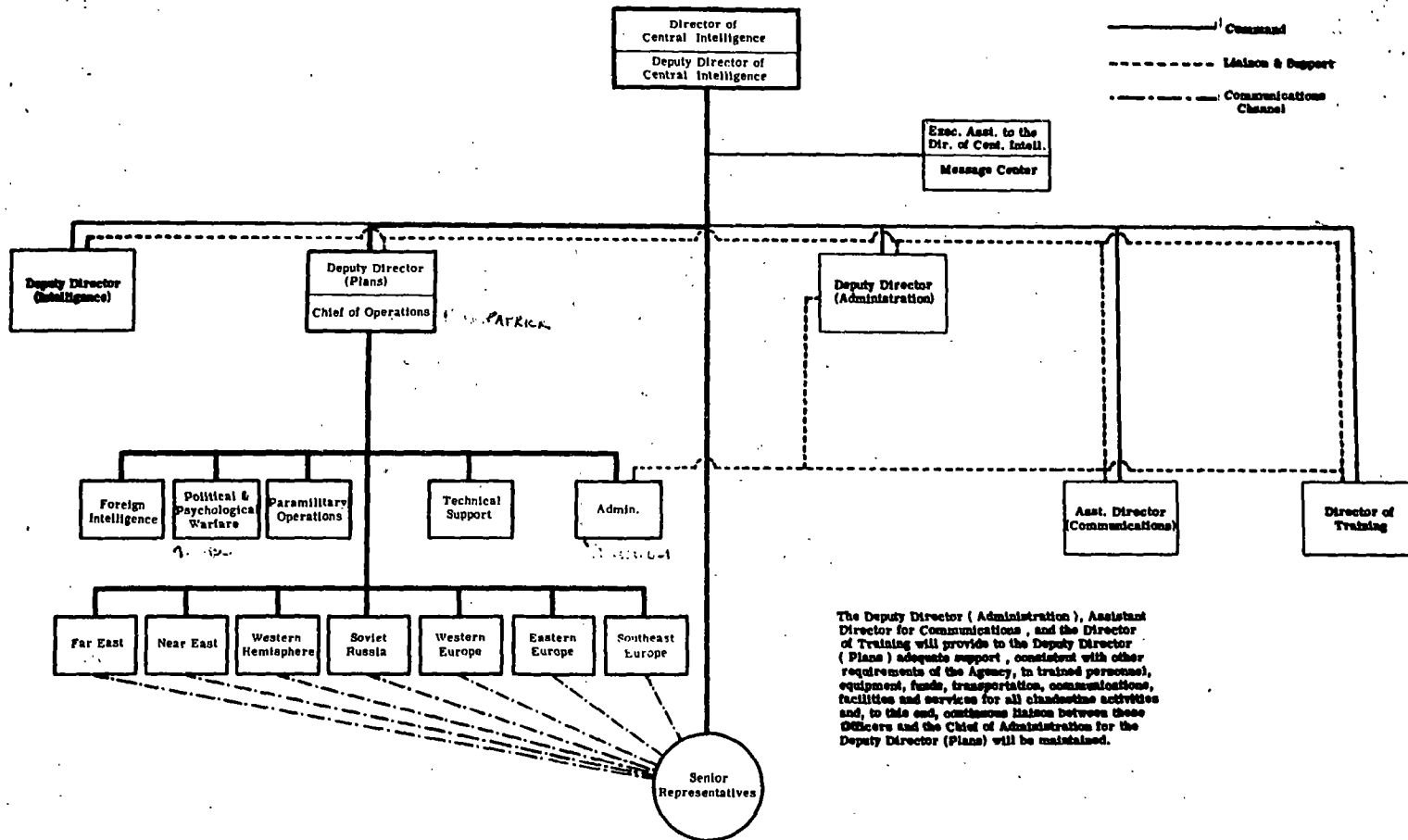
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ORGANIZATION OF CIA CLANDESTINE SERVICES



The Deputy Director (Administration), Assistant Director for Communications, and the Director of Training will provide to the Deputy Director (Plans) adequate support, consistent with other requirements of the Agency, in trained personnel, equipment, funds, transportation, communications, facilities and services for all clandestine activities and, to this end, continuous liaison between these Officers and the Chief of Administration for the Deputy Director (Plans) will be maintained.

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1 August 1962

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SC-M-41
27 October 1952

STAFF CONFERENCE

Minutes of Meeting Held in Director's
Conference Room, Administration Building
Monday, 27 October 1952, at 1100 Hours

General Smith Presiding

Frank G. Wisner, Acting Deputy Director
Richard Helms, Acting Deputy Director for Plans
Loftus E. Becker, Deputy Director for Intelligence
Walter Reid Wolf, Deputy Director for Administration
James M. Andrews, Assistant Director for Collection and Dissemination
George G. Carey, Assistant Director for Operations
Ralph L. Clark, Acting Director for Scientific Intelligence
L. S. Hitchcock, Acting Assistant Director for Research & Reports
Sherman Kent, Assistant Director for National Estimates
Major General Harold M. McClelland, Assistant Director for Communications
Lt. General William H. H. Morris, Jr., Assistant Director for Personnel
James Q. Reber, Assistant Director for Intelligence Coordination
Huntington D. Sheldon, Assistant Director for Current Intelligence
Colonel Matthew Baird, Director of Training
Brig. General Jesmond C. Balmer, Chief for Plans and Program Coordination
Tracy Barnes, Chief for Political and Psychological Warfare
Colonel Sheffield Edwards, Chief, Inspection and Security
Willis Gibbons, Chief of Technical Support
Franklin Lindsay, Deputy Chief, Political and Psychological Warfare
Lyle T. Shannon, Chief of Administration, Office of DD/P
██
Brig. General John Weckerling, Chief of Paramilitary Staff
J. S. Earman, Executive Assistant to the Director
Robert W. Fuller, Assistant to the Director
Stanley J. Grogan, Assistant to the Director
Willard Galbraith, Office of the Inspector General

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1. Personnel

The Director, mentioning that the Agency had recently experienced some difficulties in various parts of the world, remarked that these difficulties stemmed, by and large, from the use of improperly trained or inferior personnel. He stated that until CIA could build a reserve of well-trained people, it would have to hold its activities to the limited number of operations that it could do well rather than to attempt to cover a broad field with poor performance. He reminded the meeting that the Agency's primary mission was intelligence and that he would do nothing that militated against accomplishing this objective. He also noted that the difficulties resulted in part from poor security practices, pointing up the need for greater and continuing emphasis on security.

2. Statements to the Press

The Director, citing the case of a correspondent who had obtained a story concerning CIA, asked Colonel Grogan if it were not possible to keep this story from being published or, if published, to have it so written that it would show no connection with the Agency. Colonel Grogan replied that this could be done and added that, in general, arrangements to stop a story could be made in individual cases.

General Smith remarked that when news correspondents request information regarding some story that they might have, involving CIA, they should be told nothing. He added that in rare cases, however, it might be necessary to go to the top man of a news organization in order to kill a story.

Colonel Grogan warned against off-the-record remarks. Regarding this, the Director stated that it is safe to make remarks "off the record" only when there is complete censorship, which we do not have in this country.

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SC-M-41
27 October 1952

81. Truman, Remarks of the President, 21 November 1952
(Typed copy)

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REMARKS OF THE PRESIDENT

TO THE FINAL SESSION OF THE C.I.A.'S
EIGHTH TRAINING ORIENTATION COURSE FOR
REPRESENTATIVES OF VARIOUS GOVERNMENT
AGENCIES.

DEPARTMENT OF AGRICULTURE AUDITORIUM
WASHINGTON, D. C.
NOVEMBER 21, 1952
12:27 p.m., e.s.t.

Thank you very much. I am appreciative of the privilege that General Smith has offered me, to come over here and make a few remarks to this organization. I am, naturally, very much interested in it.

When I became President -- if you don't mind me reminiscing a little bit -- there was no concentration of information for the benefit of the President. Each department and each organization had its own information service, and that information service was walled off from every other service in such a manner that whenever it was necessary for the President to have information, he had to send to two or three departments to get it, and then he would have to have somebody do a little digging to get it.

The affairs of the Presidential Office, so far as information was concerned, were in such shape that it was necessary for me, when I took over the Office, to read a stack of documents that high, and it took me three months to get caught up.

Only two people around the White House really knew what was going on in the military affairs department, and they were Admiral Leahy and Admiral Brown. I would talk to them every morning and try to get all the information I could. And finally one morning I had a conversation with Admiral Leahy, and suggested to him that there should be a Central Intelligence Agency, for the benefit of the whole government as well as for the benefit of the President, so he could be informed.

And the Admiral and I proceeded to try to work out a program. It has worked very successfully. We have an intelligence information service now that I think is not inferior to any in the world.

We have the Central Intelligence Agency, and all the intelligence information agencies in all the rest of the departments of the government, coordinated by that Central Intelligence Agency. This agency puts the information of vital importance to the President in his hands. He has to know what is going on everywhere at home and abroad, so that he can intelligently make the decisions that are necessary to keep the government running.

I don't think anyone realizes the immensity of the problems that face a President of the United States.

It was my privilege a few days ago to brief the General who is going to take over the Office on the 20th day of January, and he was rather appalled at all that the President needs to know in order to reach decisions -- even domestic decisions.

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He must know exactly what is implied by what he does. The President makes a decision every day that can affect anywhere from 100 million to a billion and a half people. It is a tremendous responsibility.

And I don't think many of you realize the position in which this great country is, in this day and age.

We are at the top, and the leader of the free world -- something that we did not anticipate, something that we did not want, but something that has been forced on us. It is a responsibility which we should have assumed in 1920. We did not assume it then. We have to assume it now, because it has again been thrust on us. It is our duty, under Heaven, to continue that leadership in the manner that will prevent a third world war -- which would mean the end of civilization. The weapons of destruction have become so powerful and so terrible that we can't even think of another all-out war. It would then bring into the war not only the fighting men -- the people who are trained as fighters -- but the whole civilian population of every country involved would be more thoroughly exposed to death and destruction than would the men at the front.

That is what we have to think about carefully. You are the organization, you are the intelligence arm that keeps the Executive informed so he can make decisions that always will be in the public interest for his own country, hoping always that it will save the free world from involvement with the totalitarian countries in an all-out war -- a terrible thing to contemplate.

Those of you who are deep in the Central Intelligence Agency know what goes on around the world -- know what is necessary for the President to know every morning. I am briefed every day on all the world, on everything that takes place from one end of the world to the other, all the way around -- by both the poles and the other way. It is necessary that you make that contribution for the welfare and benefit of your government.

I came over here to tell you how appreciative I am of the service which I received as the Chief Executive of the greatest Nation in the history of the world. You may not know it, but the Presidential Office is the most powerful Office that has ever existed in the history of this great world of ours. Genghis Khan, Augustus Caesar, great Napoleon Bonaparte, or Louis Fourteenth -- or any other of the great leaders and executives of the world -- can't even compare with what the President of the United States himself is responsible for, when he makes a decision. It is an Office that is without parallel in the history of the world.

That is the principal reason why I am so anxious that it be a continuing proposition, and that the successor to me, and the successor to him, can carry on as if no election had ever taken place.

That is the prospect that we are faced with now. I am giving this President, -- this new President -- more information than any other President ever had when he went into Office.

81. (Continued)

You gentlemen -- and ladies -- are contributing to that ability of mine to be able to do that. I am extremely thankful to you. I think it is good that some of you have found out just exactly what a tremendous organization Intelligence has to be in this day and age. You can't run the government without it.

Keep up the good work. And when my successor takes over, I want you to give him just the same loyal service that you have given me, and then the country will go forward as it should.

Thank you very much.
