

PART ONE

THE CENTRAL INTELLIGENCE GROUP AND THE CENTRAL INTELLIGENCE AGENCY, 1946-1952

INTRODUCTION

The years 1946 to 1952 were the most crucial in determining the functions of the central intelligence organization. The period marked a dramatic transformation in the mission, size, and structure of the new agency. In 1946 the Central Intelligence Group (CIG), the CIA's predecessor, was conceived and established as a coordinating body to minimize the duplicative efforts of the departmental intelligence components and to provide objective intelligence analysis to senior policymakers. By 1952 the Central Intelligence Agency was engaged in clandestine collection, independent intelligence production, and covert operations. The CIG was an extension of the Departments; its personnel and budget were allocated from State, War and Navy. By 1952 the CIA had developed into an independent government agency commanding manpower and budget far exceeding anything originally imagined.

1. The OSS Precedent

The concept of a peacetime central intelligence agency had its origins in World War II with the Office of Strategic Services (OSS). Through the driving initiative and single-minded determination of William J. Donovan, sponsor and first director of OSS, the organization became the United States' first independent intelligence body and provided the organizational precedent for the Central Intelligence Agency. In large part, CIA's functions, structure, and expertise were drawn from OSS.

A prominent attorney and World War I hero, "Wild Bill" Donovan had traveled extensively in Europe and had participated in numerous diplomatic missions for the government after the war. A tour of Europe for President Roosevelt in 1940 convinced him of the necessity for a centralized intelligence organization. Donovan's ideas about the purposes an intelligence agency should serve had been shaped by his knowledge of and contact with the British intelligence services, which encompassed espionage, intelligence analysis, and subversive operations—albeit in separately administered units. The plan which Donovan advocated in 1940 envisioned intelligence collection and analysis, espionage, sabotage, and propaganda in a single organization. Essentially, this remained the basic formulation for the central intelligence organization for the next thirty years.

The immediacy of the war in Europe gave force to Donovan's proposal for a central agency, the principal purpose of which was to provide the President with integrated national intelligence. Acting on Donovan's advice, Franklin Roosevelt established the Office of Coor-

dinator of Information (COI) in the summer of 1941. COI with Donovan as Coordinator, reported directly to the President. Its specific duties were to collect and analyze information for senior officials, drawing on information from the Army, Navy, and State Departments when appropriate. A year after its creation, when the United States was embroiled in war with Germany and Japan, the Office was renamed the Office of Strategic Services (OSS) and placed under the direction of the Joint Chiefs of Staff.

The British provided invaluable assistance to OSS. British experts served as instructors to their American counterparts in communications, counterespionage, subversive propaganda, and special operations. In real terms the British provided American intelligence with the essence of its "tradecraft"—the techniques required to carry out intelligence activities.

OSS was divided into several branches. The Research and Analysis (R&A) branch provided economic, social, and political analyses, sifting information from foreign newspapers and international business and labor publications. The Secret Intelligence (SI) branch engaged in clandestine collection from within enemy and neutral territory. The Special Operations (SO) branch conducted sabotage and worked with resistance forces. The Counterespionage (X-2) branch engaged in protecting U.S. and Allied intelligence operations from enemy penetrations. The Morale Operations (MO) branch was responsible for covert or "black" propaganda. Operational Groups (OG) conducted guerrilla operations in enemy territory. Finally, the Maritime Unit (MU) carried out maritime sabotage.

Although by the end of the war OSS had expanded dramatically, the organization encountered considerable resistance to the execution of its mission. From the outset the military were reluctant to provide OSS with information for its research and analysis role and restricted its operations. General Douglas MacArthur excluded OSS from China and the Pacific theater (although OSS did operate in Southeast Asia). In addition to demanding that OSS be specifically prohibited from conducting domestic espionage, FBI Director J. Edgar Hoover and Nelson Rockefeller, then Coordinator of Inter-American Affairs, insisted on maintaining their jurisdiction over Latin America, thereby excluding OSS from that area.

These operational limitations were indicative of the obstacles which OSS encountered as a new organization in the entrenched Washington bureaucracy. On the intelligence side, OSS failed to establish a consistent channel of input. Roosevelt relied on informal conversations and a retinue of personal aides in his decisions. The orderly procedure of reviewing, evaluating, and acting on the basis of intelligence was simply not part of his routine. Roosevelt's erratic process of decision-making and the Departments' continued reliance on their own sources of information frustrated Donovan's hope that OSS would become the major resource for other agencies.

Nonetheless, General Donovan was firm in his conviction that a centralized intelligence organization was an essential element for senior policymakers. Anticipating the end of the war, Donovan recommended the continuance of all OSS functions in a peacetime agency directly responsible to the President. Having endured the difficulties surrounding the establishment of OSS, Donovan had by 1944 accepted the fact

that a separate, independent intelligence agency would have to coexist with the intelligence services of the other Departments. In a November 1944 memorandum to Roosevelt in which he recommended the maintenance of a peacetime intelligence organization Donovan stated:

You will note that coordination and centralization are placed at the policy level but operational intelligence (that pertaining primarily to Department action) remains within the existing agencies concerned. The creation of a central authority thus would not conflict with or limit necessary intelligence functions within the Army, Navy, Department of State, and other agencies.

Donovan's hope that OSS would continue uninterrupted did not materialize. President Harry S Truman ordered the disbandment of OSS as of October 1, 1945, at the same time maintaining and transferring several OSS branches to other departments. The Research and Analysis Branch was relocated in the State Department, and the Secret Intelligence and Counterespionage Branches were transferred to the War Department, where they formed the Strategic Services Unit (SSU). Although it is impossible to determine conclusively, there is no evidence that OSS subversion and sabotage operations continued after the war. SSU and the former R&A Branch did continue their activities under the direction of their respective departments.

The OSS wartime experience foreshadowed many of CIA's problems. Both OSS and CIA encountered resistance to the execution of their mission from other government departments; both experienced the difficulty of having their intelligence "heard"; and both were characterized by the dominance of their clandestine operational components.

II. The Origins of the Central Intelligence Group

As the war ended, new patterns of decisionmaking emerged within the United States Government. In the transition from war to peace, policymakers were redefining their organizational and informational needs. A new President influenced the manner and substance of the decisions. Unlike Franklin Roosevelt, whose conduct of foreign policy was informal and personalized, Harry Truman preferred regular meetings of his full cabinet. Senior officials in the State, War, and Navy Departments were more consistent participants in presidential decisions than they had been under Roosevelt. In part this was a result of Truman's recognition of his lack of experience in foreign policy and his reliance on others for advice. Nonetheless, Truman's forthright decisiveness made him a strong leader and gained him the immediate respect of those who worked with him.

Secretary of State James F. Byrnes had little diplomatic experience, although he had an extensive background in domestic politics, having served in the House and Senate and on the Supreme Court. Secretary of War Robert P. Patterson, a lawyer by training, had been immersed in the problems of war supply and production. In 1945 he faced the issue of demobilization and its implications for the U.S. postwar position. Secretary of the Navy James V. Forrestal

was probably the individual with the most fully developed ideas on foreign policy in the cabinet. As early as May 1945 he had expressed concern over the potential threat of the Soviet Union and for the next two years he continued to be in the vanguard of U.S. officials who perceived the U.S.S.R. as the antagonist to the United States.

Among the Secretaries, Forrestal was also a vocal proponent of more effective coordination within the Government. He favored something similar to the British war cabinet system, and along with it a central organization to provide intelligence estimates. In the fall of 1945, Forrestal took several initiatives to sound out departmental preferences for the creation of a central agency. These initiatives were crucial in developing a consensus about the need for centralized intelligence production, if not about the structure of the organization serving the need.

Truman himself shared Forrestal's conviction and supported the Secretary's efforts to review the problem of centralization and reorganization. From October through December 1945, U.S. Government agencies, spurred on by Forrestal, engaged in a series of policy debates about the necessity for and the nature of the future U.S. intelligence capability. Three major factors dominated the discussion. First was the issue of postwar defense reorganization. The debate focused around the question of an independent Air Force and the unification of the services under a Department of Defense—whether there should be separate services (the Air Force becoming independent) with a Joint Chiefs of Staff organization and a civilian Secretary of Defense coordinating them, or a single Department of National Defense with one civilian secretary and, more importantly, one chief of staff and one unified general staff. Discussion of a separate central intelligence agency and its structure, authority, and accountability was closely linked to the reorganization issue.

Second, it was clear from the outset that neither separate service departments nor a single Department of National Defense would willingly resign its intelligence function and accompanying personnel and budgetary allotments to a new central agency. If such an agency came into being, it would exist in parallel with military intelligence organizations and with a State Department political intelligence organization. At most, its head would have a coordinating function comparable to that envisioned for a relatively weak Secretary of Defense.

Third, the functions under discussion were intelligence analysis and the dissemination of intelligence. The shadow of the Pearl Harbor disaster dominated policymakers' thinking about the purpose of a central intelligence agency. They saw themselves rectifying the conditions that allowed Pearl Harbor to happen—a fragmented military-based intelligence apparatus, which in current terminology could not distinguish "signals" from "noise," let alone make its assessments available to senior officials.

Within the government in the fall of 1945 numerous studies explored the options for the future defense and intelligence organizations. None advocated giving a central independent group sole responsibility for either collection or analysis. All favored making the

central intelligence body responsible to the Departments themselves rather than to the President. Each Department lobbied for an arrangement that would give itself an advantage in intelligence coordination.

In particular, Alfred McCormack, Special Assistant to Secretary of State Byrnes, was an aggressive, indeed, belligerent, advocate of State Department dominance in the production of national intelligence. President Truman had encouraged the State Department to take the lead in organizing an intelligence coordination mechanism. However, as McCormack continued to press for the primacy of the State Department, he encountered outright opposition from the military and from Foreign Service stalwarts who objected to the establishment of a separate office for intelligence and research within State.

Among the studies that were underway, the most influential was the Eberstadt Report, directed by Ferdinand Eberstadt, an investment banker and friend of Forrestal. Eberstadt's recommendations were the most comprehensive in advancing an integrated plan for defense reorganization and centralized decisionmaking. In June 1945, Forrestal commissioned Eberstadt to study the proposed merger of the War and Navy Departments. In doing so, Eberstadt examined the entire structure of policymaking at the senior level—undoubtedly with Forrestal's preference for centralization well in mind. Eberstadt concluded that the War and Navy Departments could not be merged. Instead, he proposed a consultative arrangement for the State Department, the Army and the Navy, and an independent Air Force through a National Security Council (NSC).

Eberstadt stated that an essential element in the NSC mechanism was a central intelligence agency to supply "authoritative information on conditions and developments in the outside world." Without such an agency, Eberstadt maintained, the NSC "could not fulfill its role" nor could the military services "perform their duty to the nation." Despite the fact that the Eberstadt Report represented the most affirmative formal statement of the need for intelligence analysis, it did not make the giant leap and recommend centralization of the departmental intelligence functions. In a section drafted by Rear Admiral Sidney Souers, Deputy Chief of Naval Intelligence, and soon to become the first director of the central intelligence body, the report stated that each Department had its independent needs which required the maintenance of independent capabilities. The report recommended only a coordination role for the agency in the synthesis of departmental intelligence.¹

The Presidential Directive establishing the Central Intelligence Group reflected these preferences. The Departments retained autonomy over their intelligence services, and the CIG's budget and staff were to be drawn from the separate agencies. Issued on January 22, 1946, the Directive provided the CIG with a Director of Central Intelligence (DCI), chosen by the President. The CIG was responsible for coordination, planning, evaluation, and dissemination

¹ Amid this major effort to define the role of a central intelligence agency, only one individual advocated the creation of an independent agency which would centralize the intelligence functions in the Government. General John Magruder, Chief of SSU, openly questioned the willingness of the separate agencies to cooperate in intelligence production. On that basis he argued for a separate agency wholly responsible for the collection and analysis of foreign intelligence.

of intelligence. It also was granted overt collection responsibility.^{1a} The National Intelligence Authority (NIA), a group comprised of the Secretary of State, the Secretary of War, the Secretary of the Navy, and the personal representative of the President, served as the Director's supervisory body. The Intelligence Advisory Board (IAB), which included the heads of the military and civilian intelligence agencies, was an advisory group for the Director.

Through budget, personnel, and oversight, the Departments had assured themselves control over the Central Intelligence Group. CIG was a creature of departments that were determined to maintain independent capabilities as well as their direct advisory relationship to the President. In January 1946, they succeeded in doing both: by retaining autonomy over their intelligence operations, they established the strong institutional claims that would persist for the lifetime of the Central Intelligence Agency.

III. The Directors of Central Intelligence, 1946-1952

At a time when the new agency was developing its mission, the role of its senior official was crucial. The Director of Central Intelligence was largely responsible for representing the agency's interests to the Department and for pressing its jurisdictional claims. From 1946 to 1952, the strength of the agency relative to the Departments was dependent on the stature that the DCI commanded as an individual. The four DCIs during this period ranged from providing only weak leadership to firmly solidifying the new organization in the Washington bureaucracy. Three of the four men were career military officers. Their appointments were indicative of the degree of control the military services managed to retain over the agency and the acceptance of the services' primary role in the intelligence process.

Sidney W. Souers (January 1946-June 1946)

In January 1946, Sidney W. Souers—the only one of these DCIs who was not a career military officer—was appointed Director of Central Intelligence. Having participated in the drafting of the CIG directive, Souers had a fixed concept of the central intelligence function, one that did not challenge the position of the departmental intelligence services.

Born and educated in the Midwest, Souers was a talented business executive. Before the war he amassed considerable wealth revitalizing ailing corporations and developing new ones, particularly in the aviation industry. A naval reserve officer, Souers spent his wartime service in naval intelligence, rising to the rank of Rear Admiral. His achievements in developing countermeasures against enemy submarine action brought him to the attention of then Secretary of the Navy Forrestal, who appointed him Assistant Director of the Office of Naval Intelligence in July 1944. Later that year, Souers assumed the post of Deputy Chief of Naval Intelligence.

^{1a} Participants in the drafting of the January 1946 Directive have stated that clandestine collection was an intended function of the CIG at that time, although it was not formally assigned to CIG until June 1946. See p. 14. It is unclear how widely shared this understanding was. Commenting on the maintenance of SSU, Secretary Patterson wrote to the President in October 1945, saying that "the functions of OSS, chiefly clandestine activities, had been kept separate in the Strategic Services Unit of the War Department as the nucleus of a possible central intelligence service. . . ."

The combination of his administrative skills and his intelligence background made him Forrestal's choice to head the newly created Central Intelligence Group. Souers accepted the job with the understanding that he would remain only long enough to build the basic organization. Holding to that condition, Souers left CIG in June 1946 and returned to manage his business interests in Missouri.

The close relationship between Souers and President Truman resulted in Souers' return to Washington a year later to assume eventually the position of Executive Secretary of the National Security Council, a job he held from September 1947 until 1950. It was probably in this position rather than as DCI that Souers exerted the most influence over the central intelligence function. His stature as a former DCI and his friendship with Truman lent considerable weight to his participation in the early NSC deliberations over the CIA.

Lieutenant General Hoyt S. Vandenberg (June 1946-May 1947)

The appointment of Lieutenant General Hoyt Vandenberg as DCI on June 10, 1946 marked the beginning of CIG's gradual development as an independent intelligence producer. Vandenberg was an aggressive, assertive personality. As a three-star general, he may have viewed the DCI's position as a means of advancing his Air Force career. His actions during his one-year term were directed toward enhancing CIG's stature. Soon after leaving CIG he became Air Force Chief of Staff, acquiring his fourth star at the same time. Vandenberg's background, personal connections, and strong opinions contributed in a significant way to changes which occurred over the next year.

A graduate of West Point, Vandenberg had served as head of the Army's intelligence division, G-2, and immediately prior to his appointment as DCI had represented G-2 on the Intelligence Advisory Board. This experience gave him the opportunity to observe the problems of directing an agency totally dependent on other departments.

One of Vandenberg's important assets in the never-ending battles with the military was the fact that he was a high-ranking military careerist. As such, he could deal with the military intelligence chiefs on more than equal terms. Vandenberg was also well-connected on Capitol Hill. The nephew of Arthur Vandenberg, ranking Republican on the Senate Foreign Relations Committee, Vandenberg gained wide access to members of the House and Senate.

Vandenberg's achievements touched on two areas: administrative authority and the scope of CIG's intelligence mission. He first addressed himself to the problem of the budget. The existing arrangement required the DCI to request funds from the Departments for operating expenses as they developed. There were no funds earmarked in the departmental budgets for CIG's use; therefore, the DCI was dependent on the disposition of the Department secretaries to release the money he needed.

Since CIG was not an independent agency, it could not be directly granted appropriations from the Congress. Vandenberg pressed the Departments to provide CIG with a specific allotment over which the DCI would have dispersal authority. Although both Secretary of War Patterson and Secretary of State Byrnes objected, arguing that CIG's budget had to be kept confidential, Admiral Leahy, President Truman's Chief of Staff, provided Vandenberg with the support he

needed. Through the certification of vouchers, the DCI could pay personnel and purchase supplies.

Under Vandenberg, CIG moved beyond a strict coordination role to acquire a clandestine collection capability, as well as authority to conduct independent research and analysis.² During this period, CIG also replaced the FBI in Latin America.³ When Vandenberg left the CIG, he left an organization whose mission had considerably altered.

Admiral Roscoe H. Hillenkoetter (May 1947–October 1950)

Rear Admiral Roscoe Hillenkoetter assumed the position of DCI at a time when the Central Intelligence Group was about to be reconstituted as the Central Intelligence Agency and when international pressures placed widely disparate demands on the fledgling agency. Under Hillenkoetter, the Agency experienced undirected evolution in the area of intelligence, never fulfilling its coordination function, but developing as an intelligence producer. In this period the Agency also acquired its covert operational capability. Hillenkoetter's part in these changes was more passive than active. Having only recently been promoted to Rear Admiral, he lacked the leverage of rank to deal effectively with the military.

Hillenkoetter had spent most of his almost thirty-year naval career at sea, and he remained a sea captain in mind and heart. A graduate of Annapolis in 1919, he served in Central America, Europe, and the Pacific. His assignments as naval attaché had given him some exposure to the intelligence process. However, the position of the DCI required bureaucratic expertise; Hillenkoetter did not have the instincts or the dynamism for dealing with senior policymakers in State and Defense.

In fairness to Hillenkoetter, he labored under the difficulty of serving during a period of continuing disagreements between Secretary of State Dean G. Acheson and Secretary of Defense Louis A. Johnson. With the Agency having to execute covert operations which were to serve the policy needs of the two Departments, the antagonism between the two Secretaries left the DCI in a difficult position. Hillenkoetter left the Agency in 1950 to resume sea command.

General Walter Bedell Smith (October 1950–February 1953)

It was precisely because of Hillenkoetter's weakness that General Walter Bedell Smith was selected to succeed him in October 1950. Nicknamed the "American Bulldog" by Winston Churchill, Smith was a tough-minded, hard-driving, often intimidating military careerist.

Smith came to the position of DCI as one of the most highly regarded and most senior-ranking military officers in the government. During World War II, he had served as Chief of Staff of the Allied Forces in North Africa and the Mediterranean, and later became Dwight Eisenhower's Chief of Staff, after Eisenhower's appointment as Commander of the European theater. Following the war, Smith served as U.S. Ambassador to the Soviet Union.

² For a full discussion of these changes, see pp. 13, 14.

³ CIG's acquisition of nominal authority in Latin America may have been a symbolic gain, but the organization faced institutional obstacles in the assumption of its mission there. In mid-1946, jurisdiction for Latin America was reassigned to the CIG. The process by which the transfer occurred is unknown, but it is clear that FBI Director Hoover had conceded his authority grudgingly. A formal agreement between the two agencies (presumably initiated by Hoover) stipulated that no FBI Latin American files were to be turned over to the CIG.

The Korean War placed enormous pressures on the Agency during Smith's term, and had a major impact on the size and direction of the CIA. Although by the time of Smith's appointment the Agency's functions had been established—overt and clandestine collection, covert operations, intelligence analysis, and coordination of departmental activities—Smith supervised sweeping administrative changes which created the basic structure that remains in effect to this day. As DCI, Smith easily outranked the service intelligence chiefs with whom he had to deal. His stature and personality made him one of the strongest Directors in the Agency's history.

IV. The Evolution of the Central Intelligence Function, 1946-1949

A. The Pattern Established, 1946-1949

The CIG had been established to rectify the duplication among the military intelligence services and to compensate for their biased analyses. The rather vaguely conceived notion was that a small staff would assemble and review the raw data collected by the departmental intelligence services and produce objective estimates for the use of senior American policymakers. Although in theory the concept was reasonable and derived from real informational needs, institutional resistance made implementation virtually impossible. The military intelligence services jealously guarded both their information and what they believed were their prerogatives in providing policy guidance to the President, making CIG's primary mission an exercise in futility.

Limited in the execution of its coordinating responsibility, the organization gradually emerged as an intelligence producer, generating current intelligence summaries and thereby competing with the Departments in the dissemination of information. The following section will explore the process by which CIG, and later the CIA, created by the National Security Act of 1947, drifted from its original purpose of producing coordinated national estimates to becoming primarily a current intelligence producer.

In January 1946, Souers assumed direction over a feeble organization. Its personnel had to be assigned from other agencies, and its budget was allocated from other departments. Clearly, the Departments were not inclined to relinquish manpower and money to a separate organization, even if that organization was little more than an adjunct of their own. Postwar personnel and budget cuts further limited the support which the Departments were willing to provide. Those who were assigned could not remain long; some were of mediocre ability. By U.S. Government standards, CIG was a very small organization. In June 1946, professional and clerical personnel numbered approximately 100.

CIG had two overt collection components. The Domestic Contact Service (DCS) solicited domestic sources, including travelers and businessmen for foreign intelligence information on a voluntary and witting basis.⁴ The Foreign Broadcast Information Service (FBIS), an element of OSS, monitored overseas broadcasts. There were two staffs, the Interdepartmental Coordinating and Planning Staff

⁴The term "witting" is used by intelligence professionals to indicate an individual's knowledgeable association with an intelligence service.

(ICAPS), which dealt with the Departments, and the Central Reports Staff (CRS), which was responsible for correlation and evaluation. A Council, comprised of three Assistant Directors, dealt with internal matters.

In March 1946, the Central Reports Staff consisted of 29 professionals, 17 "on loan" from the Departments of State, War, and Navy, and 12 full-time analysts. The crucial element in the conception of CRS was Souers' plan to have four full-time representatives from the Departments and the JCS who would participate in the estimates production process and speak for the chiefs of their agencies in presenting departmental views. The plan never developed. The departmental representatives were eventually assigned, but they were not granted the requisite authority for the production of coordinated intelligence. Only one was physically stationed with CIG. The Departments' failure to provide personnel to CIG was only the first indication of the resistance which they posed on every level.

The military particularly resented having to provide a civilian agency with military intelligence data. The services regarded this as a breach of professionalism, and more importantly, believed that civilians could not understand, let alone analyze, military intelligence data. The intensity of the military's feelings on the issue of civilian access is indicated by the fact that CIG could not receive information on the capabilities and intentions of U.S. armed forces.

Almost immediately the State Department challenged CIG on the issue of access to the President. Truman had requested that CIG provide him with a daily intelligence summary from the Army, Navy, and State Departments. However, Secretary of State Byrnes asserted his Department's prerogative in providing the President with foreign policy analyses. While CIG did its summary, the State Department continued to prepare its own daily digest. Truman received both.

The United States' first major postwar intelligence evaluation project further revealed the obstruction which the Departments posed to CIG's mission. In March 1946, the Army, Navy, and Air Force intelligence services were directed to join with CIG "to produce the highest possible quality of intelligence on the U.S.S.R. in the shortest possible time." Intended to be broadly focused, the study began in an atmosphere of urgency. Recent events had aroused alarm over the growing belligerency of the Soviet Union and had revealed the United States' relative ignorance of Soviet military strength in relation to its own.

The project was ridden with contention from the start. The military regarded the project as their own and did not expect or want CIG to review and process their raw intelligence materials for evaluation. Security restrictions prevented assignment of work to interdepartmental task forces and required that subject areas be assigned Department by Department. Each agency was interested in the project only as it served its individual purposes. For example, the Air Force regarded the study exclusively as a means of evaluating the U.S.S.R.'s air capability. CIG's intended role as an adjudicator between Departments was quickly reduced to that of an editor for independent departmental estimates. The report was actually published in March 1948, two years after it had been commissioned.

In the spring of 1946 the NIA, probably at the request of Vandenberg, authorized CIG to carry out independent research and analysis

“not being presently performed” by the other Departments. The authorization led to a rapid increase in the size and functions of CIG’s intelligence staff. In August 1946, DCI Vandenberg established the Office of Research and Evaluation (ORE) to replace the Central Reports Staff, which had been responsible for correlation. ORE’s functions were manifold—the production of national current intelligence, scientific, technical, and economic intelligence, as well as interagency coordination for national estimates. At the same time, CIG was granted more money and personnel, and Vandenberg took full advantage of the opportunity to hire large numbers of people. One participant recalled Vandenberg as saying, “If I didn’t fill all the slots I knew I’d lose them.” By the end of 1946, Vandenberg took on at least 300 people for ORE.

With its own research and analysis capability, CIG could carry out an independent intelligence function without having to rely on the Departments for guidelines or for data. In effect, it made CIG an intelligence producer, while still assuming the continuation of its role in the production of coordinated national estimates. Yet acquisition of an independent intelligence role meant that production would outstrip coordinated analysis as a primary mission. Fundamentally, it was far easier to collect and analyze data than it had been or would be to work with the Departments in producing coordinated analysis. In generating its own intelligence, CIG could compete with the Departments without the problem of departmental obstruction.

The same 1946 directive which provided the CIG with an independent research and analysis capability also granted the CIG a clandestine collection capability. Since the end of the war, the remnant of the OSS clandestine collection capability rested with the Strategic Services Unit (SSU), then in the War Department. In the postwar dismantling of OSS, SSU was never intended to be more than a temporary body. In the spring of 1946, an interdepartmental committee, whose members had been chosen by the President, recommended that CIG absorb SSU’s functions.

The amalgamation of SSU constituted a major change in the size, structure, and mission of CIG. Since 1945, SSU had maintained both personnel and field stations. Seven field stations remained in North Africa and the Near East. Equipment, codes, techniques, and communications facilities were intact and ready to be activated.

The transfer resulted in the establishment of the Office of Special Operations (OSO). OSO was responsible for espionage and counter-espionage. Through SSU, the CIG acquired an infusion of former OSS personnel, who were experienced in both areas. From the beginning, the data collected by OSO was highly compartmented. The Office of Reports and Estimates did not draw on OSO for its raw information. Overt collection remained ORE’s major source of data.⁶

The nature and extent of the requests made to ORE contributed to its failure to fulfill its intended role in national intelligence estimates. President Truman expected and liked to receive CIG’s daily summary of international events. His known preference meant that work on the

⁶The acquisition of a clandestine collection capability and authorization to carry out independent research and analysis enlarged CIG’s personnel strength considerably. As of December 1946, the total CIG staff numbered approximately 1,816. Proportionately, approximately one-third were overseas with OSO. Of those stationed in Washington, approximately half were devoted to administrative and support functions, one-third were assigned to OSO, and the remainder to intelligence production.

Daily, as it was called, assumed priority attention—every day. The justification for the *Daily* as an addition to other departmental summaries was that CIG had access to all information, unlike the Departments that had only their own. This was not true. Between 1946 and 1949, CIG and later CIA received almost all its current information from State. Although CIG had been created to minimize the duplicative efforts of the Departments, its acquisition of an independent intelligence production capability was now contributing to the problem.

The pressures of current events and the consequent demand for information within the government generated a constant stream of official requests to ORE. Most were concerned with events of the moment rather than with national intelligence, strictly defined. ORE, in turn, tended to accept any and all external requests—from State, from the JCS, from the NSC. As ORE attempted to satisfy the wide-ranging demands of many clients, its intelligence became directed to a working-level audience rather than to senior policymakers. As such, it lost the influence it was intended to have. Gradually, ORE built up a series of commitments which made it less likely and less able to direct its efforts to estimate production.

The passage of the National Security Act in July 1947 legislated the changes in the Executive branch that had been under discussion since 1945. The Act established an independent Air Force; provided for coordination by a committee of service chiefs, the Joint Chiefs of Staff (JCS), and a Secretary of Defense; and created the National Security Council (NSC).⁷ The CIG became an independent department and was renamed the Central Intelligence Agency.

Under the Act, the CIA's mission was only loosely defined, since efforts to thrash out the CIA's duties in specific terms would have contributed to the tension surrounding the unification of the services. The five general tasks assigned to the Agency were (1) to advise the NSC on matters related to national security; (2) to make recommendations to the NSC regarding the coordination of intelligence activities of the Departments; (3) to correlate and evaluate intelligence and provide for its appropriate dissemination; (4) to carry out "service of common concern" and (5) "to perform such other functions and duties related to intelligence affecting the national security as the NSC will from time to time direct . . ." The Act did not alter the functions of the CIG. Clandestine collection, overt collection, production of national current intelligence, and interagency coordination for national estimates continued, and the personnel and internal structure remained the same.^{7a}

As the CIA evolved between 1947 and 1950, it never fulfilled its estimates function, but continued to expand its independent intelligence production. Essentially, the problems that had developed in the CIG continued. Since its creation in 1946, incentives existed within ORE for the production of current rather than national coordinated

⁷ Not until the Act was amended in 1949 was provision made for a statutory chairman for the JCS or for a Department of Defense. It then took a series of presidential reorganization decrees in the 1950's to give the Secretary of Defense the power he was to have by the 1960's. As of 1947, the positions of the Secretary of Defense and the DCI were not dissimilar, but the DCI was to remain a mere coordinator.

^{7a} For chart showing CIA organization as of 1947, see p. 96.

intelligence. ORE was organized into regional branches, comprised of analysts in specialized areas, and a group of staff editors who were responsible for reviewing and editing the branches' writing for inclusion in the ORE summaries. Since the President's daily summary quickly became ORE's main priority, contributions to the summary were visible evidence of good work. Individuals within each of the branches were eager to have their material included in the *Daily* and *Weekly* publications. To have undertaken a longer-term project would have meant depriving oneself of a series of opportunities for quick recognition. Thus, the route to personal advancement lay with meeting the immediate, day-to-day responsibilities of ORE. In doing so, individuals in ORE perpetuated and contributed to the current intelligence stranglehold.

The drive for individuals in the branches to have their material printed and the role of the staffs in reviewing, editing and often rejecting material for publication caused antagonism between the two groups. The branches regarded themselves as experts in their given fields and resented the staff's claims to editorial authority. A reorganization in 1947 attempted to break down the conflict between the reviewers and the producers but failed. By 1949, the regional branches, in effect, controlled the publications.

The branches' tenacious desire to maintain control over CIA publications frustrated successive efforts to encourage the production of estimates. Several internal studies conducted in 1949 encouraged the re-establishment of a separate estimates group within ORE, devoted exclusively to the production of national estimates. The branches resisted the proposed reorganizations, primarily because they were unwilling to resign their prerogatives in intelligence production to an independent estimates division.

A July 1949 study conducted by a senior ORE analyst stated that ORE's emphasis in production had shifted "from the broad long-term type of problem to a narrowly defined short-term type and from the predictive to the non-predictive type." The same year a National Security Council-sponsored study concluded that "the principle of the authoritative NIE [National Intelligence Estimate] does not yet have established acceptance in the government. Each department still depends more or less on its own intelligence estimates and establishes its plans and policies accordingly."⁸ ORE's publications provide the best indication of its failure to execute its estimates function. In 1949, ORE had eleven regular publications. Only one of these, the ORE Special Estimate Series, addressed national intelligence questions and was published with the concurrence or dissent of the Departments comprising the Intelligence Advisory Committee. Less than one-tenth of ORE's products were serving the purposes for which the Office had been created.

B. The Reorganization of the Intelligence Function, 1950

By the time Walter Bedell Smith became DCI, it was clear that the CIA's record in providing national intelligence estimates had fallen far short of expectation. The obstacles presented by the departmental intelligence components, the CIA's acquisition of au-

⁸ From the Dulles-Jackson-Correa Survey. See p. 17.

thority to carry out independent research and analysis, demands from throughout the government for CIA analyses, and internal organizational incentives had contributed to the failure of the coordinated national estimates function and to ORE's current intelligence orientation. In 1950 ORE did little more than produce its own analyses and reports. The wholesale growth had only confused ORE's mission and led the organization into attempting analysis in areas already being serviced by other department.^{8a}

These problems appeared more stark following the outbreak of the Korean War in June 1950. Officials in the Executive branch and members of Congress criticized the Agency for its failure to predict more specifically the timing of the North Korean invasion of South Korea. Immediately after his appointment as DCI in October 1950, Smith discovered that the Agency had no current coordinated estimate of the situation in Korea. Under the pressure of war, demands for information were proliferating, and it was apparent that ORE could not meet those demands.

The immediacy of the war and the influence of William H. Jackson, who served with him as Deputy Director for Central Intelligence (DDCI), convinced Smith of the necessity for changes. After taking office, Smith and Jackson defined three major problems in the execution of the CIA's intelligence mission: the need to ensure consistent, systematic production of estimates; the need to strengthen the position of the DCI relative to the departmental intelligence components; and the need to delineate more clearly CIA's research and analysis function. Within three months the two men had redefined the position of the DCI; had established the Office of National Estimates, whose sole task was the production of coordinated "national estimates"; and had limited the Agency's independent research and analysis to economic research on the "Soviet Bloc" nations. Nevertheless, these sweeping changes and the strength of leadership which Smith and Jackson provided did not resolve the fundamental problems of jurisdictional conflicts among departments, duplication, and definition of a consumer market continued.

Jackson, a New York attorney and investment banker, had gained insight into the intelligence function through wartime service with Army intelligence and through his participation in the Dulles-Jackson-Correa Survey.⁹ Commissioned by the National Security Council in 1948, the Survey examined the U.S. intelligence establishment, focusing principally on the CIA. The report enumerated the problems in the Agency's execution of both its intelligence and operational missions, and made recommendations for reorganization. Virtually all of the changes which Smith made during his term were drawn from the Survey in which Jackson participated.¹⁰

^{8a} For chart showing CIA organization as of 1950 prior to the reorganization and including the clandestine operational component discussed on pp. 25 ff., See p. 97.

⁹ Matthias Correa, a New York lawyer and a wartime assistant to Secretary Forrestal, was not an active participant in the Survey. Allen W. Dulles, later to become DCI, and Jackson were its principal executors.

¹⁰ There is some indication that Jackson assumed his position with the understanding that he and Smith would act on the Survey's recommendations.

The IAC and the Office of National Estimates

In an August 1950 memorandum to Smith, CIA General Counsel Lawrence R. Houston stressed that the Intelligence Advisory Committee had assumed an advisory role to the NSC and functioned as a supervisory body for the DCI—contrary to the initial intention.^{10a} The IAC's inflated role had diminished the DCI's ability to demand departmental cooperation for the CIA's national estimates responsibility. Houston advised that the DCI would have to exert more specific direction over the departmental agencies, if coordinated national intelligence production was to be achieved. Smith acted on Houston's advice and informed the members of the IAC that he would not submit to their direction. At the same time, Smith encouraged their participation in the discussion and approval of intelligence estimates. Basically, Smith cultivated the good will of the IAC only to avoid open conflict. His extensive contacts at the senior military level and his pervasive prestige freed him from reliance on the IAC to accomplish his ends.

Smith's real attempt to establish an ongoing process for the production of national estimates focused on the Office of National Estimates (ONE). At the time Smith and Jackson took office, there were at least five separate proposals for remedial action in ORE, all of which recommended the establishment of a separate, independent office for the production of national estimates.¹¹ Jackson himself had been the strongest advocate of such an office during his participation in the Dulles-Jackson-Correa Survey, and he was prepared to act quickly to implement a separation of the research and reporting function from the estimates function. As a first step, ORE was dismantled.

To organize the Office of National Estimates, Smith called on William Langer, the Harvard historian who had directed the Research and Analysis Branch of OSS during the war. In addition to his intellectual capacities, Langer possessed the bureaucratic savvy and personal dynamism to carry out the concept of ONE. He was determined to keep the organization small and loosely run to avoid bureaucratic antagonisms.¹²

As organized in 1950, the Office of National Estimates had two components, a group of staff members who drafted the estimates and a senior body, known as the Board, who reviewed the estimates and coordinated the intelligence judgments of the several Departments. Jackson envisioned the Board members as "men of affairs," experienced in government and international relations who could make sage, pragmatic contributions to the work of the analysts. At first all staff members were generalists, expected to write on any subject, but gradually the staff broke down into generalists, who wrote the estimates and regional specialists, who provided expert assistance.

With the help of recommendations from Ludwell Montague, an historian and a senior ORE analyst, and others, Langer personally selected each of the ONE staff members, most of whom were drawn

^{10a} See p. 25 for more discussion of the Intelligence Advising Committee.

¹¹ The individuals who advanced the recommendation included John Bross of the Office of Policy Coordination, General Magruder of SSU, Ludwell Montague of ORE, and William Jackson in the Dulles-Jackson-Correa Survey.

¹² One story, perhaps apocryphal, has Bedell Smith offering Langer 200 slots for ONE, to which Langer snapped back, "I can do it with twenty-five."

from ORE. By the end of November, ONE had a staff of fifty professionals. Seven Board members were also hired. They included four historians, one former combat commander, and one lawyer.¹³

As a corrective to what he regarded as the disproportionate number of academics on the Board, Jackson devised the idea of an outside panel of consultants who had wide experience in public affairs and who could bring their practical expertise to bear on draft estimates. In 1950 the "Princeton consultants",¹⁴ as they came to be called, included George F. Kennan, Hamilton Fish Armstrong, the editor of *Foreign Affairs*, and Vannevar Bush, the atomic scientist.¹⁵

As ONE was conceived in 1950, it was to be entirely dependent on departmental contributions for research support. Although Langer found the arrangement somewhat unsatisfactory for the predictable reasons and considered providing ONE with its own research capability, the practice continued. However, as a result of the CIA's gradual development of its own independent research capabilities over the next twenty years, ONE increasingly relied on CIA resources. The shift in ONE's sources meant that the initial draft estimates—the estimates over which the Departments negotiated—became more CIA products than interdepartmental products.

The process of coordinating the Departments' judgments was not easy. A major problem was the nature of IAC representation and interaction between the IAC and the Board. At first, the IAC members as senior officers in their respective agencies were too removed from the subjects treated in the estimates to provide substantive discussions. An attempt to have the Board meet with lower-ranking officers meant that these officers were not close enough to the policy level to make departmental decisions. This problem of substantive background vs. decisionmaking authority was never really resolved and resulted in a prolonged negotiating process.

Almost immediately the military challenged ONE on the nature of the estimates, demanding that they be factual and descriptive. Montague, however, insisted that they be problem-oriented in order to satisfy the needs of the NSC. Jackson, Langer, Montague and others viewed the NIEs as providing senior policymakers with essential information on existing problems.

ONE's link to policymakers existed through the NSC, where meetings opened with a briefing by the DCI. Bedell Smith's regular attendance and his personal stature meant that the Agency was at least listened to when briefings were presented. Former members of ONE have said that this was a period when they felt their work really was making its way to the senior level and being used. The precise way in

¹³ The historians: Sherman Kent, Ludwell Montague, DeForrest Van Slyck, and Raymond Sontag. General Clarence Huebner, retired U.S. Commander of all U.S. forces in Europe, represented the military. Maxwell Foster, a Boston lawyer, and Calvin Hoover, a professor of economics at Duke University, were the other two members. Both resigned within a few months, however.

¹⁴ They met at the Gun Club at Princeton University.

¹⁵ ONE's practice of using an outside group of senior consultants for key estimates continued into the 1960's, although the consultants' contribution became less substantial as the ONE analysts developed depth of background and understanding in their respective fields.

which these NIEs were used is unclear. Between 1950 and 1952 ONE's major effort dominated by production of estimates related to the Korea War, particularly those involving analyses of Soviet intentions.

The Office of Research and Reports

The estimates problem was only symptomatic of the Agency's broader difficulties in intelligence production. By 1950 ORE had become a directionless service organization, attempting to answer requirements levied by all agencies related to all manner of subjects—politics, economics, science, technology. ORE's publications took the form of "backgrounders," country studies, surveys, and an occasional estimate. In attempting to do everything, it was contributing almost nothing. On November 13, 1950, the same order that created ONE also renamed ORE the Office of Research and Reports (ORR), and redefined the Agency's independent intelligence production mission.

The Dulles-Jackson-Correa Survey had recommended that out of ORE a division be created to perform research services in fields of common concern that might be usefully performed centrally. Specifically, the report suggested the fields of science, technology, and economics. The report pointedly excluded political research, which it regarded as the exclusive domain of the State Department's Office of Intelligence Research. Once again, having participated in the Survey group, Jackson was disposed to implement its recommendations.

The issue of responsibility for political research had been a source of contention between ORE and State, which objected to the Agency's use of its data to publish "Agency" summations on subjects which State believed were appropriately its own and which were covered in State's own publications. Jackson had already accepted State's claims and was more than willing to concede both the political research and coordination functions to the Department. In return, the Office of Research and Reports was to have responsibility for economic research on the "Soviet Bloc."

There were three components of ORR: the Basic Intelligence Division and Map Division, both of which were maintained intact from ORE, and the newly created Economic Research Area (ERA). Basic Intelligence had no research function. It consisted of a coordinating and editing staff in charge of the production of National Intelligence Surveys, compendia of descriptive information on nearly every country in the world, which were of primary interest to war planning agencies.¹⁶ The Map Division consisted of geographers and cartographers, most of whom were veterans of OSS. As the only foreign map specialists in the government, the division provided government-wide services.

The Economic Research Area became the focus of the Agency's research and analysis effort, and the Agency's development of this capability had a major impact on military and strategic analysis of the Soviet Union in the decade of the 1950's. ERA benefitted enormously from Jackson's appointment of Max Millikan as Assistant Director of ORR. A professor of economics at the Massachusetts Institute of Technology, Millikan had participated in the Office of Price

¹⁶ ORE had assumed this function in 1948.

Administration and War Shipping Administration during the war and later served in the State Department's Office of Intelligence Research.

Millikan came to ORR in January 1951 and devoted his exclusive attention to organizing ORR's economic intelligence effort. He divided ERA into five areas: Materials, Industrial, Strategic, Economic Services, and Economic Analysis, and embarked on an extensive recruitment program among graduate students in corresponding specialties. In July 1951, ORR personnel numbered 461, including the Map and Basic Intelligence Divisions and some ORE personnel who had been retained. By January 1952, when Millikan left to return to MIT, ORR's strength had increased to 654, with all of that growth in ERA. ORR continued to grow, and in February 1953, it employed 766 persons.

This remarkable and perhaps excessive escalation was a result of the redefinition of the Agency's research and analysis mission and the immediate pressures of the Korean War. Although the Agency was limited to economic research, its intelligence had to service virtually all levels of consumers. Unlike ONE, ORR's intelligence was never intended to be directed to senior policymakers alone. Instead, ORR was to respond to the requests of senior and middle-level officials throughout the government, as well as serving a coordinating function. The breadth of ORR's clientele practically insured its size. In addition, the fact that ORR was created at the height of the Korean War, when the pressure for information was at a consistent peak, and when budgetary constraints were minimal, meant that personnel increases could be justified as essential to meet the intelligence needs of the war. After the war there was no effort to reduce the personnel strength.

Despite ORR's agreement with State regarding jurisdiction for political and economic intelligence, there remained in 1951 *twenty-four government departments and agencies producing economic intelligence*. Part of ORR's charge was to coordinate production on the "Soviet Bloc." In May 1951 the Economic Intelligence Committee (EIC) was created as a subcommittee of the IAC. With interdepartmental representation, the EIC, under the chairmanship of the Assistant Director, ORR, was to insure that priority areas were established among the agencies and that, wherever possible, duplication was avoided.¹⁷ The EIC also had a publication function. It was to produce reports providing "the best available foreign economic intelligence" from U.S. Government agencies. The EIC papers were drafted in ORR and put through the EIC machinery in much the same way that ONE produced NIEs. Because of ORR's emerging expertise in economic intelligence, it was able to exert a dominant role in the coordination process and more importantly, on the substance of EIC publications.

The Agency's assumption of the economic research function and the subsequent creation of the EIC is a prime example of the ill-founded attempts to exert control over the departmental intelligence components. While the Agency was given primary responsibility for eco-

¹⁷ The EIC included representatives from State, Army, Navy, Air Force, CIA, and the JCS sat on the EIC.

conomic research on the "Soviet Bloc," other departments still retained their own intelligence capabilities to meet what they regarded as their specific needs. Senior officials, particularly the military, continued to rely on their departmental staffs to provide them with information. The EIC thus served primarily as a publication body. Yet the assignment of a publication role to the EIC only contributed to the already flooded intelligence paper market within the government.

The fundamental problem was one of accretion of additional functions without dismantling existing capabilities. To assume that a second-level committee such as the EIC would impose real control and direction on the entrenched bureaucratic interests of twenty-four government agencies was at best misplaced confidence and at worst foolhardy optimism. The problem grew worse over the next decade as developments in science and technology created a wealth of new intelligence capabilities.

The Office of Current Intelligence

Completely contrary to its intended functions, ORE had developed into a current intelligence producer. The Dulles-Jackson-Correa Survey had sharply criticized CIA's duplication of current intelligence produced by other Departments, principally State. After his appointment as Deputy Director of Central Intelligence, Jackson intended that CIA would completely abandon its current political intelligence function. State's Office of Intelligence Research would have its choice of personnel not taken into ONE and ORR, and any former ORE staff members not chosen would leave.

In spite of Jackson's intention, all former ORE personnel stayed on. Those who did not join State, ONE, or ORR were first reassigned the task of publication of the *Daily*. Subsequently, they joined with the small COMINT (communications intelligence) unit which had been established in 1948 to handle raw COMINT data from the Army. The group was renamed the Office of Current Intelligence (OCI) on January 12, 1951. Drawing on COMINT and State Department information, OCI began producing the *Current Intelligence Bulletin* which replaced the *Daily*. As of January 1951 this was to be its only function—collating data for the daily CIA publication.

Internal demands soon developed for the Agency to engage in current political research. Immediately following the disbandment of CIA's current political intelligence functions, the Agency's clandestine components insisted on CIA-originated research support. They feared that the security of their operations would be jeopardized by having to rely on the State Department. As a result of their requests, OCI developed into an independent political research organization. Although OCI began by providing research support only to the Agency's clandestine components, it gradually extended its intelligence function to service the requests of other Departments. Thus, the personnel which Jackson never intended to rehire and the organization which was not to exist had survived and reacquired its previous function.

The Office of Scientific Intelligence

The Office of Scientific Intelligence (OSI) had been created in 1949, and like other CIA components, had confronted military resistance

to the execution of its coordination role.¹⁸ OSI's real conflict with the military lay with the division of responsibility for the production of scientific and technical intelligence. The chief issue was the distinction between intelligence relating to weapons and means of warfare already reduced to known prototypes and intelligence at the pilot-plant stage, anterior to prototypes. The military resisted OSI's intrusion into the first area and fundamentally, wished to restrict OSI to research in the basic sciences.

In August 1952 the military succeeded in making the distinction in an agreement which stipulated that the services would have primary responsibility for the production of intelligence on all weapons, weapons systems, military equipment and techniques in addition to intelligence on research and development leading to new military material and techniques. OSI assumed primary responsibility for research in the basic sciences, scientific resources and medicine. Initially, this order had a devastating effect on the morale of OSI analysts. They regarded the distinction which the military had drawn as artificial, since it did not take into account the inextricable links between basic scientific research and military and weapons systems research. Ultimately, the agreement imposed few restraints on OSI. With technological advances in the ensuing years, OSI developed its own capability for intelligence on weapons systems technology and continued to challenge the military on the issue of basic science-technology research.

The OSI-military agreement included a provision for the creation of the Scientific Estimates Committee (SEC) which, like the EIC, was to serve as a coordinating body as well as a publication source for inter-agency scientific intelligence. Like the EIC, the SEC represented a feeble effort at coordination and a source for yet another publication.

In January 1952, CIA's intelligence functions were grouped under the Directorate for Intelligence (DDI). In addition to ONE, the DDI's intelligence production components included: the Office of Research and Reports (ORR), the Office of Scientific Intelligence (OSI), and the Office of Current Intelligence (OCI). Collection of overt information was the responsibility of the Office of Operations (OO). The Office of Collection and Dissemination (OCD) engaged in the distribution of intelligence as well as storage and retrieval of unevaluated intelligence.

The immediate pressures for information generated by the Korean War resulted in continued escalation in size and intelligence production. Government-wide demands for the Agency to provide information on Communist intentions in the Far East and around the world justified the increases. By the end of 1953 DDI personnel numbered 3,338. Despite the sweeping changes, the fundamental problem of duplication among the Agency and the Departments remained. Smith and Jackson had painstakingly redefined the Agency's intelligence functions, yet the Agency's position among the departmental intelligence services was still at the mercy of other intelligence producers.

¹⁸ OSI's creation was prompted by the Dulles-Jackson-Correa Survey's evaluation of the poor state of scientific intelligence in the CIA.

C. Departmental Intelligence Activities

Apart from their role in the production of coordinated national estimates CIG and CIA were intended to exercise some direction over the intelligence activities of the State Department and the military—determining which collection and production functions would most appropriately and most efficiently be conducted by which Departments to avoid duplication.

The intention of CIA's responsibility in this area was essentially a management function. The extent to which Souers, Hillenkoetter, Vandenberg and Bedell Smith saw this as a primary role is difficult to determine. Each DCI was concerned with extracting the cooperation of the Departments in the production of national intelligence. That was a difficult enough task.

A major problem related to the coordination of departmental activities was the role of the Director of Central Intelligence, specifically his relationship to the military intelligence chiefs. The Director had no designated authority over either the departmental intelligence components or over the departmental intelligence chiefs.^{18a} Thus, he could not exert any real pressure on behalf of the Agency and its objectives. Confronted with objections or a challenge from the Army G-2 chief, for example, the Director had no basis on which to press his arguments or preferences except in terms of the Agency's overall mission. This gave him little or no leverage, for the intelligence chiefs could appeal to their Department heads, who served as the DCI's supervisors. The military chiefs of intelligence and the military staffs acted in a way which assumed that the DCI was one among equals—or less.

By the end of his term Vandenberg had become convinced that the only means by which CIG could accomplish its coordination mission was through control of the departmental intelligence agencies. Approaching the Intelligence Advisory Board, Vandenberg asked that they grant the DCI authority to act as "executive agent" for the departmental secretaries in matters related to intelligence. In effect, the DCI was to be given authority for supervision of the departmental intelligence components. The IAB approved Vandenberg's request and drafted an agreement providing for the DCI's increased authority. However, Hillenkoetter preferred not to press for its enactment and instead, hoped to rely on day-to-day cooperation. By failing to act on Vandenberg's initiative, Hillenkoetter undermined the position of the DCI in relation to the Departments.

Consideration of the 1947 National Security Act by the Congress was accompanied by active deliberation in the Executive about the newly constituted Central Intelligence Agency. The DCI's relationship to the departmental intelligence components, the Departments' authority over the Agency, and the Departments' roles in the production of national intelligence continued to be sources of contention. The fundamental issue remained one of control and jurisdiction: how much would the CIA gain and how much would the Departments be willing to concede?

^{18a} Through the 1947 Act the DCI was granted the right to "inspect" the intelligence components of the Departments, but the bureaucratic value of that right was limited and DCIs have traditionally not invoked it.

As the bill took shape, the Departments resented the DCI's stated role as intelligence advisor to the NSC, thereby responsible to the President. The military intelligence chiefs, Inglis of the Navy and Chamberlin of the Army, favored continuation of the Intelligence Advisory Board. They advocated providing it with authority to grant approval or dissent for recommendations before they reached the NSC. If enacted, this arrangement would have given the Departments veto power over the Agency and, in effect, would have made the IAB the advisory body to the NSC.

Robert Lovett, Acting Secretary of State, made a similar recommendation. He proposed an advisory board to insure "prior consideration by the chiefs of the intelligence services" for matters scheduled to go before the NSC. The positions of both Lovett and the military reflected the reluctance of the Departments to give the CIA the primary intelligence advisory role for senior policymakers.

More specifically, the Departments themselves resisted conceding a direct relationship between the President and the DCI. Such an arrangement was perceived as limiting and threatening the Secretaries' own advisory relationships to the President.

Between 1946 and 1947, in an effort to curb the independence of the DCI, the military considered successive pieces of legislation restricting the Director's position to military careerists. Whether the attempted legislation was prompted by the concern over civilian access to military intelligence or by a desire to gain control of the Agency is unknown. In either case, the Departments were tenaciously protecting what they perceived to be their best interests.

In spite of continued resistance by the Departments the National Security Act affirmed the CIA's role in coordinating the intelligence activities of the State Department and the military. In 1947 the Intelligence Advisory Committee (IAC) was created to serve as a coordinating body in establishing intelligence requirements¹⁹ among the Departments. Chaired by the DCI, the IAC included representatives from the Department of State, Army, Air Force, the Joint Chiefs of Staff, and the Atomic Energy Commission.²⁰ Although the DCI was to "establish priorities" for intelligence collection and analysis, he did not have the budgetary or administrative authority to control the departmental components. Moreover, no Department was willing to compromise what it perceived as its own intelligence needs to meet the collective needs of policymakers as defined by the DCI.

V. Clandestine Activities

A. Origins of Covert Action

The concept of a central intelligence agency developed out of a concern for the quality of intelligence analysis available to policymakers. The 1945 discussion which surrounded the creation of CIG focused on the problem of intelligence coordination. Two years later debates on the CIA in the Congress and the Executive assumed only the coordination role along with intelligence collection (both overt and clandestine) and analysis for the newly constituted Agency.

¹⁹ Requirements constitute the informational objectives of intelligence collection, e.g., in 1947 determining Soviet troop strengths in Eastern Europe.

²⁰ Note: With the creation of the CIA and NIA and the IAB were dissolved.

Yet, within one year of the passage of the National Security Act, the CIA was charged with the conduct of covert psychological, political, paramilitary, and economic activities.²¹ The acquisition of this mission had a profound impact on the direction of the Agency and on its relative stature within the government.

The precedent for covert activities existed in OSS. The clandestine collection capability had been preserved through the Strategic Services Unit, whose responsibilities CIG absorbed in June 1946. The maintenance of that capability and its presence in CIA contributed to the Agency's ultimate assumption of a covert operational role.

The United States, initiation of covert operations is usually associated with the 1948 Western European elections. It is true that this was the first officially recorded evidence of U.S. covert political intervention abroad. However, American policymakers had formulated plans for covert action—at first covert psychological action—much earlier. Decisions regarding U.S. sponsorship of clandestine activities were gradual but consistent, spurred on by the growing concern over Soviet intentions.

By late 1946, cabinet officials were preoccupied with the Soviet threat, and over the next year their fears intensified. For U.S. policymakers, international events seemed to be a sequence of Soviet incursions. In March 1946, the Soviet Union refused to withdraw its troops from the Iranian province of Azerbaijan; two months later civil war involving Communist rebel forces erupted in Greece. By 1947, Communists had assumed power in Poland, Hungary, and Rumania; and in the Phillipines the government was under attack by the Hukbalahaps, a communist-led guerrilla group.

For U.S. officials, the perception of the Soviet Union as a global threat demanded new modes of conduct in foreign policy to supplement the traditional alternatives of diplomacy and war. Massive economic aid represented one new method of achieving U.S. foreign policy objectives. In 1947, the United States embarked on an unprecedented economic assistance program to Europe with the Truman Doctrine and the Marshall Plan. By insuring economic stability, U.S. officials hoped to limit Soviet encroachments. Covert operations represented another, more activist departure in the conduct of U.S. peacetime foreign policy. Covert action was an option that was something more than diplomacy but still short of war. As such, it held the promise of frustrating Soviet ambitions without provoking open conflict.

The suggestion for the initiation of covert operations did not originate in CIG. Sometime in late 1946, Secretary of War Robert Patterson suggested to Forrestal that military and civilian personnel study this form of war for future use. What prompted Patterson's suggestion is unclear. However, from Patterson's suggestion policymakers proceeded to consider the lines of authority for the conduct of psychological operations. Discussion took place in the State-War-Navy Coordinating Committee (SWNCC), whose members included the Secretaries of the

²¹ Psychological operations were primarily media-related activities, including unattributed publications, forgeries, and subsidization of publications; political action involved exploitation of dispossessed persons and defectors, and support to political parties; paramilitary activities included support to guerrillas and sabotage; economic activities consisted of monetary operations.

three Departments, Byrnes, Patterson and Forrestal.²² In December 1946, a SWNCC subcommittee formulated guidelines for the conduct of psychological warfare in peacetime and wartime.²³ The full SWNCC adopted the recommendation later that month.

Discussion continued within the Executive in the spring and summer of 1947. From all indications, only senior-level officials were involved, and the discussions were closely held. From establishing guidelines for the possibility of psychological warfare, policymakers proceeded to contingency planning. On April 30, 1947, a SWNCC subcommittee was organized to consider and actually plan for a U.S. psychological warfare effort. On June 5, 1947, the subcommittee was accorded a degree of permanency and renamed the Special Studies and Evaluations Subcommittee. By this time, the fact that the U.S. would engage in covert operations was a given; what remained were decisions about the organizational arrangements and actual implementation. Senior officials had moved from the point of conceptualization to determination of a specific need. Yet it is not clear whether or not they had in mind specific activities geared to specific countries or events.

In the fall of 1947 policymakers engaged in a series of discussions on the assignment of responsibility for the conduct of covert operations. There was no ready consensus and a variety of opinions emerged. DCI Hillenkoetter had his own views on the subject. Sometime in October 1947 he recommended "vitaly needed psychological operations"—again in general terms without reference to specific countries or groups—but believed that such activities were military rather than intelligence functions and therefore belonged in an organization responsible to the JCS. Hillenkoetter also believed congressional authorization would be necessary both for the initiation of psychological warfare and for the expenditure of funds for that purpose. Whatever Hillenkoetter's views on the appropriate authorization for a psychological warfare function, his opinions were undoubtedly influenced by the difficulties he had experienced in dealing with the Departments. It is likely that he feared CIA's acquisition of an operational capability would precipitate similar problems of departmental claims on the Agency's operational functions. Hillenkoetter's stated preferences had no apparent impact on the outcome of the psychological warfare debate.

Within a few weeks of Hillenkoetter's statement, Forrestal, the Secretaries of the Army, Navy, and Air Force, along with the JCS, advanced their recommendations regarding the appropriate organization to conduct covert psychological warfare. In a proposal dated November 4, they held that propaganda of all kinds was a function of the State Department and that an Assistant Secretary of State in consultation with the DCI and a military representative should be responsible for the operations.

²² SWNCC was established late in 1944 as an initial attempt at more centralized decisionmaking.

²³ In peacetime, psychological warfare would be directed by an interdepartmental subcommittee of SWNCC with the approval of the JCS and the National Intelligence Authority. During war, a Director of Psychological Warfare would assume primary responsibility under a central committee responsible to the President. The committee would consist of representatives from the SWNCC and from CIG.

On November 24, President Truman approved the November 4 recommendation, assigning psychological warfare coordination to the Secretary of State. Within three weeks, the decision was reversed. Despite the weight of numbers favoring State Department control, the objections of Secretary of State George Marshall eliminated the option advanced by the other Secretaries. Marshall opposed State Department responsibility for covert action. He was vehement on the point and believed that such activities, if exposed as State Department actions, would embarrass the Department and discredit American foreign policy both short-term and long-term.

Apart from his position as Secretary of State, the impact of Marshall's argument derived from the more general influence he exerted at the time. Marshall had emerged from the war as one of America's "silent heroes." To the public, he was a quiet, taciturn, almost unimpressive figure, but as the Army Chief of Staff during the war, he had gained the universal respect of his civilian and military colleagues for his commitment, personal integrity, and ability.

In the transition from military officer to diplomat, he had developed a strong sense that the United States would have to adopt an activist role against the Soviet Union. Immediately after his appointment as Secretary in February 1947, he played a key role in the decision to aid Greece and Turkey and quickly after, in June 1947, announced the sweeping European economic recovery program which bore his name. It was out of concern for the success and credibility of the United States' recently articulated economic program that Marshall objected to State Department conduct of covert action. Marshall favored placing covert activities outside the Department, but still subject to guidance from the Secretary of State.

Marshall's objections prevailed, and on December 14 the National Security Council adopted NSC 4/A, a directive which gave the CIA responsibility for covert psychological operations. The DCI was charged with ensuring that psychological operations were consistent with U.S. foreign policy and overt foreign information activities. On December 22 the Special Procedures Group was established within the CIA's Office of Special Operations to carry out psychological operations.

Although Marshall's position prevented State from conducting psychological warfare, it does not explain why the CIA was charged with the responsibility. The debate which ensued in 1947 after the agreement on the need for psychological warfare had focused on control and responsibility. At issue were the questions of who would plan, direct, and oversee the actual operations.

State and the military wanted to maintain control over covert psychological operations, but they did not want to assume operational responsibility. The sensitive nature of the operations made the Departments fear exposure of their association with the activities. The CIA offered advantages as the organization to execute covert operations. Indeed, in 1947 one-third of the CIA's personnel had served with OSS. The presence of former OSS personnel, who had experience in wartime operations, provided the Agency with a group of individuals who could quickly develop and implement programs. This, coupled with its overseas logistical apparatus, gave the Agency a ready capability. In addition, the Agency also possessed a system

of unvouchered funds for its clandestine collection mission, which meant that there was no need to approach Congress for separate appropriations. With the Departments unwilling to assume the risks involved in covert activities, the CIA provided a convenient mechanism.

During the next six months psychological operations were initiated in Central and Eastern Europe. The activities were both limited and amateur and consisted of unattributed publications, radio broadcasts, and blackmail. By 1948 the Special Procedures Group had acquired a radio transmitter for broadcasting behind the Iron Curtain, had established a secret propaganda printing plant in Germany, and had begun assembling a fleet of balloons to drop propaganda materials into Eastern European countries.

Both internally and externally the pressure continued for an expansion in the scope of U.S. covert activity. The initial definition of covert action had been limited to covert psychological warfare. In May 1948, George F. Kennan, Director of the State Department's Policy Planning Staff, advocated the development of a covert political action capability. The distinction at that time was an important and real one. Political action meant direct intervention in the electoral processes of foreign governments rather than attempts to influence public opinion through media activities.

International events gave force to Kennan's proposal. In February 1948, Communists staged a successful coup in Czechoslovakia. At the same time, France and Italy were beleaguered by a wave of Communist-inspired strikes. In March 1948, near hysteria gripped the U.S. Government with the so-called "war scare." The crisis was precipitated by a cable from General Lucius Clay, Commander in Chief, European Command, to Lt. General Stephen J. Chamberlin, Director of Intelligence, Army General Staff, in which Clay said, "I have felt a subtle change in Soviet attitude which I cannot define but which now gives me a feeling that it [war] may come with dramatic suddenness."

The war scare launched a series of interdepartmental intelligence estimates on the likelihood of a Soviet attack on Western Europe and the United States. Although the estimates concluded that there was no evidence that the U.S.S.R. would start a war, Clay's cable had articulated the degree of suspicion and outright fear of the Soviet Union that was shared by policymakers at this time. Kennan proposed that State, specifically the Policy Planning Staff, have a "directoriate" for overt and covert political warfare. The director of the Special Studies Group, as Kennan named it, would be under State Department control, but not formally associated with the Department. Instead, he would have concealed funds and personnel elsewhere, and his small staff of eight people would be comprised of representatives from State and Defense.

Kennan's concept and statement of function were endorsed by the NSC. In June 1948, one month after his proposal, the NSC adopted NSC 10/2, a directive authorizing a dramatic increase in the range of covert operations directed against the Soviet Union, including political warfare, economic warfare, and paramilitary activities.

While authorizing a sweeping expansion in covert activities, NSC 10/2 established the Office of Special Projects, soon renamed the Office of Policy Coordination (OPC), within the CIA to replace the Special Procedures Group. As a CIA component OPC was an anomaly. OPC's budget and personnel were appropriated within CIA allocations, but the DCI had little authority in determining OPC's activities. Responsibility for the direction of OPC rested with the Office's director, designated by the Secretary of State. Policy guidance—decisions on the need for specific activities—came to the OPC director from State and Defense, bypassing the DCI.

The organizational arrangements established in 1948 for the conduct of covert operations reflected both the concept of covert action as defined by U.S. officials and the perception of the CIA as an institution. Both the activities and the institution were regarded as extensions of State and the military services. The Departments (essentially the NSC) defined U.S. policy objectives; covert action represented one means of attaining those objectives; and the CIA executed the operations.

In a conversation on August 12, 1948, Hillenkoetter, Kennan, and Sidney Souers discussed the implementation of NSC 10/A. The summary of the conversation reveals policymakers firm expectation that covert political action would serve strictly as a support function for U.S. foreign and military policy and that State and the services would define the scope of covert activities in specific terms. The summaries of the participants' statements as cited in a CIA history bear quoting at length:

Mr. Kennan made the point that as the State Department's designated representative he would want to have specific knowledge of the objectives of every operation and also of the procedures and methods employed in all cases where those procedures and methods involved political decisions.

Mr. Souers indicated his agreement with Mr. Kennan's thesis and stated specifically that it has been the intention of the National Security Council in preparing the document that it should reflect the recognition of the principle that the Departments of State and the National Military Establishment are responsible for the conduct of the activities of the Office of Special Projects, with the Department of State taking preeminence in time of peace and the National Military Establishment succeeding the pre-eminent position in war-time.

Admiral Hillenkoetter agreed with Mr. Kennan's statement that the political warfare activity should be conducted as an instrument of U.S. foreign policy and subject in peacetime to direct guidance by the State Department.

Mr. Kennan agreed that it was necessary that the State Department assume responsibility for stating whether or not individual projects are politically desirable and stated that as the State Department's designated representative he would be accountable for providing such decisions.

Likewise, reflecting on his intentions and those of his colleagues in 1948, Kennan recently stated:

. . . we were alarmed at the inroads of the Russian influence in Western Europe beyond the point where the Russian troops had reached. And we were alarmed particularly over the situation in France and Italy. We felt that the Communists were using the very extensive funds that they then had in hand to gain control of key elements of life in France and Italy, particularly the publishing companies, the press, the labor unions, student organizations, women's organizations, and all sort of organizations of that sort, to gain control of them and use them as front organizations. . . .

That was just one example that I recall of why we thought that we ought to have some facility for covert operations. . . .

. . . It ended up with the establishment within CIA of a branch, an office for activities of this nature, and one which employed a great many people. It did not work out at all the way I had conceived it or others of my associates in the Department of State. We had thought that this would be a facility which could be used when and if an occasion arose when it might be needed. There might be years when we wouldn't have to do anything like this. But if the occasion arose we wanted somebody in the Government who would have the funds, the experience, the expertise to do these things and to do them in a proper way.²⁴

Clearly, in recommending the development of a covert action capability in 1948, policymakers intended to make available a small contingency force that could mount operations on a limited basis. Senior officials did not plan to develop large-scale continuing covert operations. Instead, they hoped to establish a small capability that could be activated at their discretion.

B. The Office of Policy Coordination, 1948-1952

OPC developed into a far different organization from that envisioned by Forrestal, Marshall, and Kennan in August 1948. By 1952, when it merged with the Agency's clandestine collection component, the Office of Special Operations, OPC had expanded its activities to include worldwide covert operations, and it had achieved an institutional independence that was unimaginable at the time of its inception.

The outbreak of the Korean War in the summer of 1950 had a significant effect on OPC. Following the North Korean invasion of South Korea, the State Department as well as the Joint Chiefs of Staff recommended the initiation of paramilitary activities in Korea and China. OPC's participation in the war effort contributed to its transformation from an organization that was to provide the capability for a limited number of *ad hoc* operations to an organization that conducted continuing, ongoing activities on a massive scale. In concept, manpower, budget, and scope of activities, OPC simply skyrocketed. The comparative figures for 1949 and 1952 are staggering. In 1949 OPC's total personnel strength was 302; in 1952 it was 2,812 plus 3,142 overseas contract personnel. In 1949 OPC's budget figure was \$4,700,000; in 1952 it was \$82,000,000. In 1949 OPC had personnel assigned

²⁴ George F. Kennan testimony, October 28, 1975, pp. 8-10.

to seven overseas stations; in 1952 OPC had personnel at forty-seven stations.

Apart from the impetus provided by the Korean War several other factors converged to alter the nature and scale of OPC's activities. First, policy direction took the form of condoning and fostering activity without providing scrutiny and control. Officials throughout the government regarded the Soviet Union as an aggressive force, and OPC's activities were initiated and justified on the basis of this shared perception. The series of NSC directives which authorized covert operations laid out broad objectives and stated in bold terms the necessity for meeting the Soviet challenge head on. After the first 1948 directive authorizing covert action, subsequent directives in 1950 and 1951 called for an intensification of these activities without establishing firm guidelines for approval.

On April 14, 1950, the National Security Council issued NSC 68, which called for a non-military counter-offensive against the U.S.S.R., including covert economic, political, and psychological warfare to stir up unrest and revolt in the satellite countries. A memo written in November 1951 commented on the fact that such broad and comprehensive undertakings as delineated by the NSC could only be accomplished by the establishment of a worldwide structure for covert operations on a much grander scale than OPC had previously contemplated. The memo stated:

It would be a task similar in concept, magnitude and complexity to the creation of widely deployed military forces together with the logistical support required to conduct manifold, complex and delicate operations in a wide variety of overseas locations.

On October 21, 1951 NSC 10/5 replaced NSC 10/2 as the governing directive for covert action. It once again called for an intensification of covert action and reaffirmed the responsibility of the DCI in the conduct of covert operations. Each of these policy directives provided the broadest justification for large-scale covert activity.

Second, OPC operations had to meet the very different policy needs of the State and Defense Departments. The State Department encouraged political action and propaganda activities to support its diplomatic objectives, while the Defense Department requested paramilitary activities to support the Korean War effort and to counter communist-associated guerrillas. These distinct missions required OPC to develop and maintain different capabilities, including manpower and support material.

The third factor contributing to OPC's expansion was the organizational arrangements that created an internal demand for projects. The decision to undertake covert political action and to lodge that responsibility in a group distinct from the Departments required the creation of a permanent structure. OPC required regular funding to train and pay personnel, to maintain overseas stations (and provide for the supporting apparatus), and to carry out specific projects. That funding could not be provided on an *ad hoc* basis. It had to be budgeted for in advance. With budgeting came the need for ongoing activities to justify future allocations—rather than leaving the flexibility of responding to specific requirements.

To fulfill the different State and Defense requirements OPC adopted a "project" system rather than a programmed financial system. This meant that operations were organized around projects—individual activities, e.g. funding to a political candidate—rather than general programs or policy objectives, and that OPC budgeted in terms of anticipated numbers of projects. The project system had important internal effects. An individual within OPC judged his own performance, and was judged by others, on the importance and number of projects he initiated and managed. The result was competition among individuals and among the OPC divisions to generate the maximum number of projects. Projects remained the fundamental units around which clandestine activities were organized, and two generations of Agency personnel have been conditioned by this system.

The interaction among the OPC components reflected the internal competition that the project system generated. OPC was divided between field personnel stationed overseas and Headquarters personnel stationed in Washington. Split into four functional staffs (dealing with political warfare, psychological warfare, paramilitary operations and economic warfare) and six geographical divisions, Headquarters was to retain close control over the initiation and implementation of projects to insure close policy coordination with State and Defense. Field stations were to serve only as standing mechanisms for the performance of tasks assigned from Washington.

The specific relationship between the functional staffs, the geographical divisions and the overseas stations was intended to be as follows: With guidance from the NSC, the staffs would generate project outlines for the divisions. In turn, the divisions would provide their respective overseas stations with detailed instructions on project action. Very soon, however, each of the three components was attempting to control project activities. Within the functional staffs proprietary attitudes developed toward particular projects at the point when the regional divisions were to take them over. The staffs were reluctant to adopt an administrative support role with respect to the divisions in the way that was intended. Thus, the staffs and the divisions began to look upon each other as competitors rather than joint participants. In November 1949 an internal study of OPC concluded that:

. . . the present organization makes for duplication of effort and an extensive amount of unnecessary coordination and competition rather than cooperation and teamwork. . . .

A reorganization in 1950 attempted to rectify the problem by assigning responsibility for planning single-country operations to the appropriate geographical division. This meant that the divisions assumed real operational control. The staffs were responsible for coordinating multiple country operations as well as providing the guidance function. In principle the staffs were to be relegated to the support role they were intended to serve. However, the break was never complete. The distinctions themselves were artificial, and staffs seized on their authority over multiple country activities to maintain an operational role in such areas as labor operations. This tension between the staffs and the divisions continued through the late 1960's as some staffs achieved maximum operational independence. The situation is a commentary on the project orientation which originated with OPC and

the recognition that promotion and rewards were derived from project management—not from disembodied guidance activities.

The relationship between Washington and the field was subject to pressures similar to those that influenced the interaction between the divisions and the staffs. Predictably, field personnel began to develop their own perspective on suitable operations and their mode of conduct. Being “there”, field personnel could and did argue that theirs was the most realistic and accurate view. Gradually, as the number of overseas personnel grew and as the number of stations increased, the stations assumed the initiative in project development.

The regional divisions at Headquarters tended to assume an administrative support role but still retained approval authority for projects of particular sensitivity and cost. The shift in initiative first from the staffs to the divisions, then to the stations, affected the relative desirability of assignments. Since fulfillment of the OPC mission was measured in terms of project development and management, the sought-after places were those where the projects originated. Individuals who were assigned those places rose quickly within the Directorate.

C. Policy Guidance

Responsibility for coordination with the State and Defense Departments rested with Frank G. Wisner, appointed Assistant Director for Policy Coordination (ADPC) on September 1, 1948. Described almost unanimously by those who worked with him as “brilliant,” Wisner possessed the operational instincts, the activist temperament, and the sheer physical energy required to develop and establish OPC as an organization. Wisner also had the advantages of independent wealth and professional and social contacts which he employed skillfully in advancing OPC’s position within the Washington bureaucracy.

Wisner was born into a prominent Southern family and distinguished himself as an undergraduate and a law student at the University of Virginia. Following law school, Wisner joined a New York law firm where he stayed for seven years. After a brief stint in the Navy, Wisner was assigned to OSS and spent part of his time serving under Allen Dulles in Wiesbaden, Germany. At the end of the war he returned to law practice, but left again in 1947 to accept the post of Deputy to the Assistant Secretary of State for Occupied Areas. It was from this position that Wisner was tapped to be ADPC.

Although the stipulation of NSC 10/2 that the Secretary of State designate the ADPC was intended to insure the ADPC’s primary identification with State, that did not occur. Wisner quickly developed an institutional loyalty to OPC and its mission and drew on the web of New York law firm connections that existed in postwar Washington as well as on his State Department ties to gain support for OPC’s activities.

The guidance that State and Defense provided OPC became very general and allowed the maximum opportunity for project development. Approximately once a week Wisner met with the designated representatives of State and Defense. Given that Kennan had been a prime mover in the establishment of OPC, it was unlikely that as the State Department’s designated representative from 1948 to 1950 he would discourage the overall direction of the organization he had helped create. From 1948 to 1949 Defense was represented by General

Joseph T. McNarney, the former Commander of U.S. Forces in Europe. Having stood "eyeball to eyeball" with the Russians in Germany, McNarney was highly sympathetic to the OPC mission.

With the broad objectives laid out in NSC 10/2, the means of implementation were left to OPC. The representatives were not an approval body, and there was no formal mechanism whereby individual projects had to be brought before them for discussion. Because it was assumed that covert action would be exceptional, strict provisions for specific project authorization were not considered necessary. With minimal supervision from State and Defense and with a shared agreement on the nature of the OPC mission, individuals in OPC could take the initiative in conceiving and implementing projects. In this context, operational tasks, personnel, money and material tended to grow in relation to one another with little outside oversight.

In 1951, DCI Walter Bedell Smith took the initiative in requesting more specific high-level policy direction. In May of that year, after a review of NSC 68, Smith sought a clarification of the OPC mission from the NSC.²⁶ In a paper dated May 8, 1951, entitled the "Scope and Pace of Covert Operations" Smith called for NSC restatement or re-determination of the several responsibilities and authorities involved in U.S. covert operations. More importantly, Smith proposed that the newly created Psychological Strategy Board provide CIA guidance on the conduct of covert operations.²⁷

The NSC adopted Smith's proposal making the Psychological Strategy Board the approval body for covert action. The body that had been responsible for exercising guidance over the CIA had received it from the DCI. Whatever the dimensions of the growth in OPC operations, the NSC had not attempted to limit the expansion.

D. OPC Activities

At the outset OPC activities were directed toward four principal operational areas: refugee programs, labor activities, media development, and political action. Geographically, the area of concentration was Western Europe. There were two reasons for this. First, Western Europe was the area deemed most vulnerable to Communist encroachment; and second, until 1950 both CIA (OSO) and OPC were excluded from the Far East by General Douglas MacArthur, who refused to concede any jurisdiction to the civilian intelligence agency in the Pacific theater—just as he had done with OSS during the war.

OPC inherited programs from both the Special Procedures Group (SPG) and the Economic Cooperation Administration (ECA). After the issuance of NSC 10/2 SPG turned over to OPC all of its resources, including an unexpended budget of over \$2 million, a small staff, and its communications equipment. In addition to SPG's propaganda activities OPC acquired the ECA's fledgling labor projects as well as the accompanying funds. Foreign labor operations continued and be-

²⁶ Soon after his appointment as DCI in October 1950, Smith succeeded in having OPC placed directly under the jurisdiction of the DCI, making Wisner responsible to him rather than to the Department of State and Defense. See pp. 37-38.

²⁷ The Psychological Strategy Board (PSB) was an NSC subcommittee established on April 4, 1951 to exercise direction over psychological warfare programs. Its membership included departmental representatives and PSB staff members.

came a major focus of CIA activity on a worldwide basis throughout the 1950's and into the mid-1960's.

The national elections in Europe in 1948 had been a primary motivation in the establishment of OPC. By channeling funds to center parties and developing media assets, OPC attempted to influence election results—with considerable success. These activities formed the basis for covert political action for the next twenty years. By 1952 approximately forty different covert action projects were underway in one central European country alone. Other projects were targeted against what was then referred to as the "Soviet bloc."

During his term in the State Department Wisner had spent much of his time on problems involving refugees in Germany, Austria and Trieste. In addition, his service with OSS had been oriented toward Central Europe. The combination of State's continuing interest and Wisner's personal experience led to OPC's immediate emphasis on Central European refugee operations. OPC representatives made contact with thousands of Soviet refugees and emigrés for the purpose of influencing their political leadership. The National Committee for Free Europe, a group of prominent American businessmen, lawyers, and philanthropists, and Radio Free Europe were products of the OPC program.

Until 1950 OPC's paramilitary activities (also referred to as preventive direct action) were limited to plans and preparations for stay-behind nets in the event of future war. Requested by the Joint Chiefs of Staff, these projected OPC operations focused, once again, on Western Europe and were designed to support NATO forces against Soviet attack.

The outbreak of the Korean War significantly altered the nature of OPC's paramilitary activities as well as the organization's overall size and capability. Between fiscal year 1950 and fiscal year 1951, OPC's personnel strength jumped from 584 to 1531. Most of that growth took place in paramilitary activities in the Far East. In the summer of 1950, following the North Korean invasion of South Korea, the State Department requested the initiation of paramilitary and psychological operations on the Chinese mainland. Whatever MacArthur's preferences, the JCS were also eager for support activities in the Far East. This marked the beginning of OPC's active paramilitary engagement. The Korean War established OPC's and CIA's jurisdiction in the Far East and created the basic paramilitary capability that the Agency employed for twenty years. By 1953, the elements of that capability were "in place"—aircraft, amphibious craft, and an experienced group of personnel. For the next quarter century paramilitary activities remained the major CIA covert activity in the Far East.

E. OPC Integration and the OPC-OSO Merger

The creation of OPC and its ambiguous relationship to the Agency precipitated two major administrative problems, the DCI's relationship to OPC and antagonism between OPC and the Agency's clandestine collection component, the Office of Special Operations. DCI Walter Bedell Smith acted to rectify both problems.

As OPC continued to grow, Smith's predecessor, Admiral Hillenkoetter, resented the fact that he had no management authority over OPC, although its budget and personnel were being allocated through

the CIA. Hillenkoetter's clashes with the State and Defense Departments as well as with Wisner, the Director of OPC, were frequent. Less than a week after taking office Smith announced that as DCI he would assume administrative control of OPC and that State and Defense would channel their policy guidance through him rather than through Wisner. On October 12, 1950, the representatives of State, Defense and the Joint Chiefs of Staff formally accepted the change. The ease with which the shift occurred was primarily a result of Smith's own position of influence with the Departments.

OPC's anomalous position in the Agency revealed the difficulty of maintaining two separate organizations for the execution of varying but overlapping clandestine activities. The close "tradedcraft" relationship between clandestine collection and covert action, and the frequent necessity for one to support the other was totally distorted with the separation of functions in OSO and OPC. Organizational rivalry rather than interchange dominated the relationship between the two components.

On the operating level the conflicts were intense. Each component had representatives conducting separate operations at each station. Given the related missions of the two, OPC and OSO personnel were often competing for the same agents and, not infrequently, attempting to wrest agents from each other. In 1952 the outright hostility between the two organizations in Bangkok required the direct intervention of the Assistant Director for Special Operations, Lyman Kirkpatrick. There an important official was closely tied to OPC, and OSO was trying to lure him into its employ.

The OPC-OSO conflict was only partially the result of overseas competition for assets. Salary differentials and the differences in mission were other sources of antagonism. At the time of its creation in 1948 OPC was granted liberal funding to attract personnel quickly in order to get its operation underway. In addition, the burgeoning activities enabled people, once hired, to rise rapidly. The result was that OPC personnel held higher-ranking, better-paid positions than their OSO counterparts.

Many OSO personnel had served with OSS, and their resentment of OPC was intensified by the fact that they regarded themselves as the intelligence "purists," the professionals who engaged in collection rather than action and whose prewar experience made them more knowledgeable and expert than the OPC recruits. In particular, OSO personnel regarded OPC's high-risk operations as a threat to the maintenance of OSO security and cover. OPC's favored position with State and Defense, its generous budget, and its visible accomplishments all contrasted sharply with OSO's silent, long-term objectives in espionage and counterespionage. By June 1952 OPC had overtaken OSO in personnel and budget allocation. Soon after his appointment as DCI, Smith addressed the problem of the OPC-OSO conflict. Lawrence Houston, the CIA's General Counsel, had raised the issue with him and recommended a merger of the two organizations.²⁸ Sentiment in OSO and OPC

²⁸ The Dulles-Jackson-Correa survey had also advised a merger of OPC, OSO and the Office of Operations, the Agency's overt collection component.

favored the principle of a merger. Lyman Kirkpatrick, the Executive Assistant to the DCI, Major General W. G. Wyman, Assistant Director for Special Operations, Wisner, and William Jackson all appeared to have favored a merger—although there was disagreement on the form it should take.

Between 1951 and 1952 Smith made several cosmetic changes to foster better coordination between OPC and OSO. Among them was the appointment of Allen W. Dulles as Deputy Director for Plans in January 1951.²⁹ Dulles was responsible for supervising both OPC and OSO, although the two components were independently administered by their own Directors. During this period of “benign coordination” Smith consulted extensively with senior officials in OPC and OSO. OPC’s rapid growth and its institutional dynamism colored the attitude of OSO toward a potential merger. In the discussions which Bedell Smith held, senior OSO personnel, specifically Lyman Kirkpatrick and Richard Helms, argued for an integration of OPC functions under OSO control rather than an integrated chain of command down to station level. Fundamentally, the OSO leadership feared being engulfed by OPC in both operations and in personnel. However, by this time Bedell Smith was committed to the idea of an integrated structure.

Although some effort was made to combine the OSO and OPC Western Hemisphere Divisions in June 1951, real integration at the operations level did not occur until August 1952, when OSO and OPC became the Directorate of Plans (DDP). Under this arrangement, Wisner was named Deputy Director for Plans and assumed the command functions of the ADSO and ADPC. Wisner’s second in command, Chief of Operations, was Richard Helms, drawn from the OSO side to strike a balance at the senior level. At this time Dulles replaced Jackson as DDCI.

The merger resulted in the maximum development of covert action over clandestine collection. There were several reasons for this. First was the orientation of Wisner himself. Wisner’s OSS background and his OPC experience had established his interests in the operational side of clandestine activities. Second, for people in the field, rewards came more quickly through visible operational accomplishments than through the silent, long-term development of agents required for clandestine collection. In the words of one former high-ranking DDP official, “Collection is the hardest thing of all; it’s much easier to plant an article in a local newspaper.”

F. Congressional Review

The CIA was conceived and organized as an agent of the Executive branch. Traditionally, Congress’ only formal relationship to the Agency was through the appropriations process. The concept of Congressional oversight in the sense of scrutinizing and being fully informed of Agency activities did not exist. The international atmosphere, Congress relationship to the Executive branch and the Congressional committee structure determined the pattern of interaction between the Agency and members of the legislature. Acceptance of the

²⁹ Dulles had been serving as an advisor to successive DCIs since 1947. Smith and Jackson prevailed upon him to join the Agency on a full-time basis.

need for clandestine activities and of the need for secrecy to protect those activities contributed to Congress' relatively unquestioning and uncritical attitude regarding the CIA, as did the Executive branch's ascendancy in foreign policy for nearly two decades following World War II. The strong committee system which accorded enormous power to committee chairmen and limited the participation of less senior members in committee business resulted in informal arrangements whereby selected members were kept informed of Agency activities primarily through one-to-one exchanges with the DCI.

In 1946, following a Joint Committee review Congress enacted the Legislative Reorganization Act which reduced the number of committees and realigned their jurisdictions.³⁰ The prospect of a unified military establishment figured into the 1946 debates and decisions on Congressional reorganization. However, Congress did not anticipate having to deal with the CIA. This meant that after the passage of the National Security Act in 1947 CIA affairs had to be handled within a committee structure which had not accommodated itself to the existence of a central intelligence agency.

In the House and Senate the Armed Services and Appropriations Committees were granted jurisdiction over the Agency. No formal CIA subcommittees were organized until 1956. Until then small *ad hoc* groups composed of a few senior committee members reviewed the budget, appropriated funds, and received annual briefings on CIA activities. The DCIs kept senior committee members informed of large-scale covert action projects at the approximate time of implementation. There was no formal review or approval process involved; it was simply a matter of courtesy to the senior members. The initiative in gaining information on specific activities rested with the members.

For nearly twenty years a small group of ranking members dominated these relationships with the Agency. As Chairman of the House Armed Services Committee, Representative Carl Vinson, a Democrat from Georgia, presided over CIA matters from 1949 to 1953 and from 1955 to 1965. Clarence Cannon served as chairman of the House Appropriations Committee from 1949 to 1953 and from 1955 to 1964 and chaired the Defense Subcommittee which had supervising authority over CIA appropriations. Cannon organized a special group of five members to meet informally on CIA appropriations. In the Senate between 1947 and 1954 chairmanship of the Armed Services Committee was held by Chan Gurney, Millard Tydings, Richard Russell and Leverett Saltonstall. In 1955 Russell assumed the chairmanship and held the position until 1968.

Because the committee chairmen maintained their positions for extended periods of time, they established continuing relationships with DCIs and preserved an exclusivity in their knowledge of Agency activities. They were also able to develop relationships of mutual trust and understanding with the DCIs which allowed informal exchanges to prevail over formal votes and close supervision.

Within the Congress procedures governing the Agency's budget assured maximum secrecy. The DCI presented his estimate of the

³⁰ The Act limited members' committee assignments, provided for professional staffing, tried to regularize meetings, and made some changes in the appropriations process as well as legislating other administrative modifications.

budget for the coming fiscal year broken down into general functional categories. Certification by the subcommittee chairmen constituted approval. Exempt from floor debate and from public disclosure, CIA appropriations were and are concealed in the Department of Defense budget. In accordance with the 1949 Act the DCI has only to certify that the money as appropriated has been spent. He does not have to account publicly for specific expenditures, which would force him to reveal specific activities.

To allow greater flexibility for operational expenditures the Contingency Reserve Fund was created in 1952. The Fund provided a sum independent of the regular budget to be used for unanticipated large projects. For example, the initial funding for the development of the U-2 reconnaissance aircraft was drawn from the Contingency Reserve Fund. The most common use of the Fund was for covert operations.

Budgetary matters rather than the specific nature of CIA activities were the concern of Congressional members, and given the perception of the need for action against the Soviet Union, approval was routine. A former CIA Legislative Counsel characterized Congressional attitudes in the early 1950s in this way :

In the view of the general public, and of the Congress which in the main reflected the public attitude, a national intelligence service in those days was more or less a part and parcel of our overall defense establishment. Therefore, as our defense budget went sailing through Congress under the impact of the Soviet extension of power into Eastern Europe, Soviet probes into Iran and Greece, the Berlin blockade, and eventually the Korean War, the relatively modest CIA budget in effect got a free ride, buried as it was in the Defense and other budgets. When Directors appeared before Congress, which they did only rarely, the main concern of the members was often to make sure that we [the CIA] had what we needed to do our job.

Limited information-sharing rather than rigorous oversight characterized Congress relationship to the Agency. Acceptance of the need for secrecy and Congressional procedures would perpetuate what amounted to mutual accommodation.

By 1953 the Agency had achieved the basic structure and scale it retained for the next twenty years.^{30a} The Korean War, United States foreign policy objectives, and the Agency's internal organizational arrangements had combined to produce an enormous impetus for growth. The CIA was six times the size it had been in 1947.

Three Directorates had been established. In addition to the DDP and the DDI, Smith created the Deputy Directorate for Administration (DDA). Its purpose was to consolidate the management functions required for the burgeoning organization. The Directorate was responsible for budget, personnel, security, and medical services Agency-wide. However, one quarter of DDA's total personnel strength was assigned to logistical support for overseas operations. The DDP commanded the major share of the Agency's

^{30a} For chart showing CIA organization as of 1953, see p. 98.

budget, personnel, and resources; in 1952 clandestine collection and covert action accounted for 74 percent of the Agency's total budget;³¹ its personnel constituted 60 percent of the CIA's personnel strength. While production rather than coordination dominated the DDI, operational activities rather than collection dominated the DDP. The DDI and the DDP emerged at different times out of disparate policy needs. There were, in effect, separate organizations. These fundamental distinctions and emphases were reinforced in the next decade.

³¹ This did not include DDA budgetary allocations in support of DDP operations.