PART TWO

THE MIDDLE YEARS (1914–1939)

Sometime in 1915 the Japanese warship *Asama* went aground in Turtle Bay in the Gulf of Lower California. The presence of this vessel in that part of the world was not a total surprise as Japanese fleet units had been previously sighted a few times in the area. Earlier the Grand Admiral of Nippon had paid a visit to Mexico, expounding a blood brother theme. What appeared to be somewhat incredible about this incident was that the formidable veterans of Tsushima could be so inept as to allow this accident to happen. Indeed, it subsequently became questionable that the event was an accident at all. According to Sidney Mashbir, an intelligence officer destined to gain fame with General Douglas MacArthur’s Allied Translator and Interpreter Section during World War II, there were “unquestionable proofs that whole companies of Japanese soldiers had traversed a part of southern Arizona in 1916 during secret exercises, proceedings that could only have been associated with the *Asama*’s wallowing in the mud the previous year.”

As an intelligence officer in 1916 with the First Arizona Infantry he had been detailed by that General Funston of Aguinaldo fame on a mission to seek the truth of rumors among Indians of Japanese columns present in northern Sonora in Mexico. Mashbir, who later acted as a spy for America in Manchuria, tramped across the desert (which he knew well enough to make the first map of it our Army ever had). His knowledge of the desert told him that even the Japanese, incredible marchers that they were, could not have made the trip without violating Arizona territory to the north for water. He made his estimate and headed for the area he believed they would have to touch. There he discovered Japanese ideographs written in charcoal upon the rock walls of passes of the Tinajas Atlas Mountains. They were, he estimated, the notes of column commanders who had gone before to those who would follow. His own Indian scouts told him that parties of fifty came ashore at intervals and made the killing march.

Mashbir hastened to send a detailed report to Washington. But in 1916, a General Staff that had no intelligence section for receiving and assessing information, appended a comment to the report that the ideograph “had no military value.” Even in retrospect, as he was telling the story, Mashbir’s mustachios bristled. The point completely missed by that commentator was, of course, that any indication of Japanese presence in Arizona or northern Mexico at that time had the
highest military implication. One can imagine how a similar bit of information indicating the presence of Americans on Hokkaido would have been treated by Tokyo intelligence analysts at that time.3

Although war had been raging in Europe for two years when this incident occurred, military intelligence was practically non-existent in the United States. The Military Information Division had become the second section (G-2) of the new General Staff organization in 1908. However, because it had no champions among the army’s leadership, it was transferred to the War College in 1908 and fell under an unappreciative and insensitive committee leadership within that institution in 1910. Its forces and identity dwindled: when the United States entered the world war, the new Chief of Staff, General Peyton C. March, discovered his intelligence personnel consisted of two officers and two clerks.2

Returning from Asian duty in 1915 where he had seen intelligence service as organizer and head of the Philippines Military Information Bureau, Major Ralph H. Van Deman came to the information branch of the War College.

He was delighted but soon found reason to be appalled. He discovered that reports had been coming in from all over a warring world, gathered by conscientious military attaches and from intelligence organizations of belligerents on both sides, a treasure trove of information. But these priceless documents had never left the War College building; Van Deman found them in tall, dusty piles. In other piles were telegrams marked urgent filed by an information officer especially assigned to General [John J.] Pershing, then engaged on the Villa punitive expedition in the same regions of northern Mexico that were giving so much concern to Washington. These had never left the room where they had been filed.3

Van Deman attempted to correct this situation by appealing first to the president of the Army War College, urging that the Military Information Division be re-established but correspondence endorsing this recommendation was ignored by the Chief of Staff, General Hugh Scott. Next, Van Deman sought the relocation of the Division, naming the Command and General Staff School at Fort Leavenworth as a possible site. But shortly after Leavenworth endorsed the plan, officials in Washington and London became aware of it and condemned the action. General Scott quashed the proposal and almost did the same for Van Deman’s assignment. America would be at war before the revival of the Military Information Division occurred.

I. Military Intelligence

The political balance of the Great Powers of Europe in 1914 constituted a delicate Newtonian system: any weakening or strengthening on the part of one resulted in a corresponding oscillation on the part

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3 Ind. op. cit., p. 133.
of all the others. A jolt to the arrangements had the potential for unleashing aggressions of enormous magnitude. With three pistol shots at Sarajevo, a match was flung into the powder-keg of European politics. On August 1, Germany declared war on Russia and on France two days later while simultaneously invading Belgium. Britain came to war against the Kaiser on the next day. During the rest of the month, President Wilson issued a series of neutrality proclamations (38 Stat. 1999-2024). American intelligence activities, however, were already underway in the war zone.

Colonel Richard H. Williams, a captain of coast artillery when sent abroad with the group of American military observers in the summer of 1914, was one who not only experienced some of the hazards of a spy inside the enemy's lines—being repeatedly bathed in chilling German suspicion—but who also was destined to take part in striking and important—and officially authenticated—secret service exploit of the A.E.F. Williams observed the war for three years before becoming another of its multitude of combatants. His first duty, assisting Americans stranded in Europe, took him to Belgium and he was there when the steel-tipped tide of Von Klück's and Von Bülow's armies inundated that land, after which he was sent to Constantinople aboard the USS North Carolina to serve as military attache under Ambassador Henry Morgenthau. He was the only attache with the Turkish forces on the Gallipoli peninsula and the only American who saw, from the defender's side, the desperate landings and attacks of the British and colonial troops of Sir Ian Hamilton.

After the British, ably commanded by Sir Charles Monro, effected their masterly evacuation of the peninsula, Colonel Williams accompanied a Bulgarian army to the Dobrudja and watched Bulgars and Germans mopping up strong contingents of Roumanians and Russians. In January 1917 the War Department in Washington ordered its widely experienced attache home.4

Random observers, however, were no substitute for a continuous and mature military intelligence organization. As the war raged on in Europe, Major Van Deman became increasingly worried over the prospect of the United States entering the hostilities with virtually no intelligence arrangements established. When, on April 6, 1917, a declaration of war against Germany was effected (40 Stat. 11), Van Deman met personally with the Chief of Staff to plead for an intelligence unit. General Scott said no. The plea was again made, but to no avail. With his third try, Van Deman was told to cease his efforts and to not approach Secretary of War Newton D. Baker with the idea. Van Deman circumvented this order. Shortly after his last meeting with the Chief of Staff, he found himself escorting novelist Gertrude Atherton on visits to training camps in the Washington area. Convincing her of the perilousness of the intelligence situation, he asked her to put his case before Baker. The next day he planted the same

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story with the District of Columbia police chief who was not only Van Deman's friend but also breakfasted regularly with the Secretary of War.

The dual attack brought results. By April 30, Baker was on the phone instructing the president of the Army War College to have Van Deman report to him at once. After an hour's conversation, Baker told Van Deman that within forty-eight hours an order would be on its way to the president of the War College setting up a new intelligence section. By May 3, Van Deman had his intelligence bureau and complete charge of it. He also had been promoted from major to lieutenant colonel.

From that time on, the Military Intelligence force had grown by means of commissioning civilians in the Army Reserve and by use of volunteer investigators. Van Deman's agents were soon scattered about the country, working undercover among the IWW in the Northwest and among the enemy aliens in New York, Philadelphia, and Chicago. In July, 1917, Van Deman had started a Plant Protection Section which placed undercover operatives in defense plants. By August, his men were so involved in investigating and arresting civilians that Attorney General Gregory had to complain to Baker, whereupon Baker had ordered Military Intelligence agents report all enemy agents to the Justice Department instead of pursuing investigations and causing arrests.6

Ultimately, Van Deman's ventures into civilian law enforcement would cost him his intelligence leadership. In the spring of 1918, while Congress was enacting the Sedition Act (40 Stat. 553), Van Deman continued to build his network of secret agents, spies, and volunteer operatives. From the beginning of America's entry into the war, Van Deman had utilized the services of volunteer patriots eager to report on their neighbors. Some of this information might have been reliable; most of it was gossip and some amounted to lies and slurs. While the American Protective League, an organization of voluntary sleuths, had been established with the encouragement of the Justice Department as an auxiliary informer-enforcement body, Van Deman had eagerly utilized its services and nourished its development. Now he cultivated a very select cadre of secret agents in the Midwest.

He was inclined to avoid going to the state councils of defense [sub-national affiliates of the Federal Council of National Defense which functioned as an administrative coordinating body during the world war]. Too likely to be involved

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6 Joan M. Jensen. The Price of Vigilance. Chicago, Rand McNally and Company, 1968; Jensen consistently places an extra letter in Van Deman's name in her book, misspelling it "Van Dieman," but there is no doubt as to the actual identity of the person she is discussing. The error in spelling has been corrected in the above quotation. Van Deman's effort to have the Military Information Division re-established as a separate structure with sufficient manpower and resources to carry out the military intelligence function is also recounted in Ind. op. cit., pp. 176-180.
in politics, he thought. He had different men in mind: a retired brigadier general in Minnesota, a retired army officer in Nashville, Tennessee, members of the Volunteer Medical Service Corps, American Federation of Labor informants, groups of private detectives from mining and industry. An agent of the Norfolk and Western Railway Company volunteered to supply operatives. A Denver man promised to obtain the services of detectives hired by mining and industrial companies in Colorado. An agent for a railway in Virginia promised to do the same. A lawyer from Kansas City was to organize Missouri, another from Indianapolis was to organize Indiana. Three attorneys from Kansas City, Kansas, were to form the nucleus of a group for their state. And all of these would be working entirely for the military.6

When Secretary of War Baker returned to Washington from a tour in Europe, he learned of Van Deman’s recruitment efforts and promptly attempted to restrain the military sleuths. Van Deman was ordered to overseas duty and Lieutenant Colonel Marlborough Churchill was detailed to head the Military Intelligence Division. The immediate spy network Van Deman was attempting to establish was abandoned but other operating secret agent arrangements appear to have remained in place.7 The effect of Baker’s disciplinary action was that of driving military intelligence underground. While there would be greater caution in the arrest of civilians, surveillance remained active and pervasive.

6 Jensen, op. cit., p. 123.
7 Van Deman’s interest in intelligence and concern for internal security remained strong after he departed M.I.D. He seemingly retained his ties to old volunteer intelligence operatives and, when he retired from the Army in 1929, he was given two civilian employees, filing cabinets, and working materials by the military to start a private intelligence organization. He apparently built a huge store of files on American left-wing political activists, ranging from responsible liberals to avowed communists. These files were divided, the major portion being taken over by Sixth Army headquarters which maintained them until 1968 when they were sent to Fort Holabird in Maryland. In 1970, when the Army was under congressional investigation for its political surveillance practices, the decision was made to give up custody of the papers, to not subject them to the scrutiny of Army historians as they were too politically sensitive materials, and to donate them, instead, to the Senate Internal Security Subcommittee which had, by prearrangement, officially requested them. These papers are apparently still within the Subcommittee’s control.

The portion of Van Deman’s files not taken over by the Army remained in California at the San Diego Research Library, a private institution created in 1962 by three of Van Deman’s closest associates: Major General George W. Fisher of the California National Guard, Colonel Frank C. Forward, commander of intelligence operations of the California Guard, and Alfred Loveland, a San Diego businessman. The files were maintained and built upon until 1962. During this time three California Governors utilized the files to check on the backgrounds of prospective state appointees. In 1962, California Attorney General Stanley Mosk seized the files on the grounds that they had been used “by unauthorized persons for political purposes.” After a threatened court suit by the San Diego Research Library, the files were returned and were placed in a vault in the San Diego Trust and Insurance Company, of which Colonel Forward was an officer. When asked in 1971 if the files were still in San Diego, Colonel Forward said yes but “I can’t tell you where.” When asked who was in charge of them, he responded: “I am not at liberty to talk about that.” See New York Times, July 9, 1971; also Ibid., September 7, 1971.
The son of a professor of sacred rhetoric at the Andover Theological Seminary, Marlborough Churchill was born in 1878 at Andover, prepared for college at Phillips Academy there, and was subsequently graduated from Harvard in 1900. After teaching English at his alma mater for one year, he obtained a commission as a second lieutenant of artillery and launched on a military career. Having served in various artillery commands, Churchill became editor of the Field Artillery Journal (1914–1916) while also performing duties as inspector-instructor of the national guard field artillery of Virginia, Pennsylvania, and the District of Columbia. From January, 1916, to June, 1917, he served as a military observer with the French army in the field, next was detailed to General Pershing’s staff until February, 1918, when he became acting chief of staff of the army artillery, First Army Division. In May, 1918, he returned to the United States and became assistant chief of staff and director of the Military Intelligence Division, holding that position until 1922. He retired from active duty in 1930 and died in 1947. He appears to have had no intelligence experience before assuming command of M.I.D. and to have had no association with intelligence operations after leaving the Division.

While Churchill inherited and retained Van Deman’s private spy network and an official structure of regional domestic personnel, defense plant operatives, overseas attaches and observers, the A.E.F. intelligence structure and a variety of “special agents,” his tenure of office at M.I.D. did have its own unique aspects. General Peyton C. March was brought back from France to become Chief of Staff in March, 1918, and he effected certain changes in Army structure. Under General Order No. 80 of August 26, 1918, a variety of organizational refinements were made within the Army and certain units of the War Department. One of these was the upgrading of the Military Intelligence Division, “which had previously been a branch first of the War Plans Division and later of the Executive Division, as a separate and coordinate division of the General Staff.” Also, because the Wilson Administration was unwilling to impose wartime price controls and organized labor retaliated with a series of crippling strikes, Federal troops were pressed into duty to man facilities or maintain peace where labor unrest prevailed. When the Army became interested in labor disturbances, Military Intelligence took to the field. A vast counter-espionage network resulted and unions became suspicious of Churchill’s intentions.

Writing in the Journal of the United States Artillery for April, 1920, Churchill outlined functions which M.I.D. had performed dur-

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8 One of these special agents was Mrs. Arthur M. Blake, a newspaper correspondent accredited to the New York Evening Post and the Baltimore Sun, who was in the employ of Churchill, sending messages and observations out of Moscow during the war with Jewish refugees fleeing across the border into Finland. She later provided similar services while stationed in Japan, Sakhalin, and Manchuria. See Ind. op cit., pp. 195–197.
ing the war and armistice. Formally, General Orders 80 of August 26, 1918, had said that the Military Intelligence Division

shall have cognizance and control of military intelligence, both positive and negative, and shall be in charge of an officer designated as the director of military intelligence, who will be an assistant to the Chief of Staff. He is also the chief military censor. The duties of this division are to maintain estimates revised daily of the military situation, the economic situation, and of such other matters as the Chief of Staff may direct, and to collect, collate, and disseminate military intelligence. It will cooperate with the intelligence section of the general staffs of allied countries in connection with military intelligence; prepare instructions in military intelligence work for the use of our forces; supervise the training of personnel for intelligence work; organize, direct, and coordinate the intelligence service; supervise the duties of military attaches; communicate direct with department intelligence officers and intelligence officers at posts, camps, and stations, and with commands in the field in matters relating to military intelligence; obtain, reproduce, and issue maps; translate foreign documents; disburse and account for intelligence funds; cooperate with the censorship board and with intelligence agencies of other departments of the Government.

By Churchill's own account, M.I.D. had responsibility for (1) retention of combat intelligence experience information, (2) application of combat intelligence historical information to training programs, (3) awareness of combat intelligence developments in other armies, (4) conducting internal service loyalty investigations ("... if a state of war makes such investigation necessary, we want it done by agencies under our own control, and not be unsympathetic civilian bureaus."), (5) detection of sabotage, graft, and fraud within the Army, (6) foreign map collection, (7) preparation of terrain handbooks, (8) supervision of information collection by military attaches, (9) preservation of the history and experiences of international duty expeditions, (10) "initiating and sustaining the interest and knowledge of

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12 "The information obtained by Attaches is of two kinds—general and technical. The general information is subdivided into military, economic, political and psychological information. . . . The technical information consists of all data connected with scientific developments as they relate to the military profession. In the large capitals, officers who have specialized in aviation and ordnance are assigned as assistants in order that these matters may be handled properly. As soon as such information is received, M.I.D. at once makes a distribution which aims to place the information in the hands of the technical service or the civil official who can best evaluate it and see that it is used." Churchill, op. cit., pp. 301–302.
13 Examples of such expeditions offered by the author included General Leonard Wood's administration of Cuba, the China Relief Expedition, the Military Government of the Philippine Islands, the Siberian Expeditionary Force, United States forces at Archangel, duty at the Paris Peace Conference, General Harry Bandholtz' mission to Hungary, and General James Harbord's mission to Turkey.
officers in general in foreign languages, foreign countries and in the
currents of historical events which produce world situations," 14 (11)
determining the tactical intelligence duties of the Troop Subsection,15
(12) forecasting international and domestic security situations in
what was called a "normal product," 16 (13) making translations,17

14 Churchill, op. cit., p. 299.
15 According to the author, these duties included:

1. Preparation of instructions for Intelligence work with troops and methods
to be used in Intelligence instruction in the Army. (Liaison with W.P.D. [War
Plans Division], U.S.M.A. [United States Military Academy at West Point],
Air Service and Garrison Schools and with G-2 of Departments and troop units.)

2. Preparation of Tables of Organization insofar as they concern Intelli-
gencc work with troops, revision of General Orders, Army Regulations, etc., in-
sofar as they affect troop intelligence work. (Liaison with War Plans Division.)

3. Consideration of questions pertaining to troop Intelligence work: (a) Ob-
servation, (b) Transmission of information, (c) Location of our own front lines,
(d) 'Listening in' both of enemy lines and of our own, (e) General subject of
Wireless Interceptions, (f) General subject of 'Trench Codes,' (g) Information
to be obtained from Flash and Sound Ranging Services, etc. (Liaison with Equip-
ment Branch, Operations Division and Artillery and Branch Information
Services.)

4. Consideration of subject of tactical information to be obtained from and
furnished to Artillery Information Service. (Liaison with Artillery Information
Service.)

5. General subject of Branch intelligence work. (Liaison with Air Service
Information Service.)


7. Consideration of needs for special tactical manuals, handbooks, maps, etc.,
for use of troops or in Intelligence training. (Liaison with Operations and War
Plans Division when necessary.)

8. Consideration of the general question of the use of 'false information' and
of the methods by which it should be used. (Liaison with Psychologic Section,
MI2.)

9. Intelligence personnel for duty with troops; utilization of trained person-
nel now in the army and in civil life.

10. The 'spotting' of new foreign tactical methods, devices, plans and projects.

11. The maintenance of liaison with all American G.H.Q's. that may now or
hereafter be in existence.

16 "This normal product, with the exception of map and terrain handbook
information, consists of:

(a) The Current Estimate of the Strategic Situation.

(b) The Situation Monographs.

(c) The Weekly Summary and, in emergencies, The Daily Summary.

(d) The Original Sources, or Supporting Data, upon which (a), (b), and
(c) are based.

(e) The Weekly Survey of the United States.

The [Current] Estimate of the [Strategic] Situation is arrived at by the cor-
rect use of a 'check list' known as the 'Strategic Index' which guides not only
the officer who collates the information but also the officer or agent who collec-
tes it. The Strategic Index is based upon the assumption previously stated that the
situation in any given country may be divided into four main factors: the combat
factor, the economic factor, the political factor and the psychologic factor. Each
of these factors is divided, subdivided and redivided until every point from
which constitute the supporting data upon which rest the summarized statements
is assigned a number which serves not only as an identification but also as a
convenient paragraph number when observers' reports are prepared and a page
number for the 'Situation Monographs' in which information is collated and
which constitute the supporting data upon which rest the summarized statements
of the 'Estimate of the Situation.' The method thus briefly outlined constitutes
(14) developing codes and ciphers, and (15) various systematic counterintelligence efforts.

To accomplish these duties, the Military Intelligence Division under Churchill, in accordance with General Orders No. 80, was organized what may be considered a system of philosophy applied to the gathering and presentation of information." Churchill, op. cit., pp. 304–305.

Of the Translation Section (MI6), the author writes: "Theoretically, all War Department translation is centralized in this section. As a practical necessity many of the technical bureaus during the war maintained separate translation sections. With the reduction of personnel and appropriations in other bureaus, MI6 will more and more be called upon to serve the entire Army. During the past year this section has translated sixty technical works in seven foreign languages, all the 'suspect lists' furnished by the French and Italian intelligence services, 1438 letters in thirty-one different languages, as well as 3562 citations of American officers and men. In addition, thirty-eight foreign daily papers in ten different languages from thirteen different countries are read and the important parts extracted for the other sections of the division or for the Historical Branch of the War Plans Division. The personnel of this section is competent to translate nineteen foreign languages; and, by utilizing the services of temporary personnel, seventeen additional languages can be translated. Thirty nine Government offices habitually make use of the services of this section." Churchill, op. cit., p. 307.

"The Code and Cipher Section or 'MIS' was a war-time agency which it is not practicable to continue in peace. It was secretly maintained after the war until 1929 and was to become known as the American Black Chamber and will be discussed later in this narrative. The work of this section concerned an important field of endeavor which, before the war with Germany, was almost entirely unknown to the War Department or to the Government of the United States as a whole. Early in 1917 it was realized not only that secret means of communication were essential to the successful prosecution of the war, but also that, in order to combat the means employed by a skillful and crafty enemy, a War Department agency was required in order to make an exhaustive study of this complicated subject and to put to practical use the results of such study. As finally developed this section comprised five bureaus, as follows:

"The Shorthand Bureau—Organized in response to demands which came chiefly through cooperation with the postal censorship because of the fact that it was almost impossible for examiners to discriminate between unusual shorthand systems and cipher, this bureau was in a few months able to transcribe documents written in some 300 shorthand systems in seven different languages.

"Secret Ink Bureau—By direct liaison with the French and British intelligence services, this bureau built up a useful fund of knowledge covering this hitherto little-known science which is at once so useful and so dangerous. Over fifty important secret-ink spy letters were discovered which led to many arrests and prevented much enemy activity. Prior to the lifting of the postal censorship an average of over 2000 letters per week were tested for secret inks.

"Code Instruction Bureau—This bureau provided the necessary practical instruction in codes and ciphers given to prospective military attaches, their assistants and clerks, and to officers and clerical personnel designated for duty in similar work in the American Expeditionary Forces in France and Siberia.

"Code Compilation Bureau—the 1915 War Department code soon fell into the hands of the enemy, and this bureau was required to compile Military Intelligence Code No. 5 which succeeded it, as well as two geographical codes specifically adapted to the sending of combat information from France. A casualty code designed to save errors and time in connection with the reporting of battle casualties was commenced in September, 1918. It was not published on account of the signing of the armistice, but the work on it is complete and available for future use.

"Communication Bureau—This bureau was the nerve center of a vast communication system covering the habitable globe. By special wire connections and a twenty-four hour service maintained by skillful and devoted operators except-
into an Administrative Section and three branches as detailed below:  

Military Intelligence Division Administrative Section  
(M.I. 1)  
(a) Records. Accounts, and General Section.  
(b) Interpreters and intelligence police sections.  
(c) Publication (Daily Intelligence Summary, Weekly Summary, Activities Report).

The Positive Branch  
(a) Information Section (M.I. 2 Prepared the strategic estimate which attempted to answer the questions, “What is the situation today?” and “What will it be tomorrow?” by analyzing the situation in each country under the military, political, economic, and psychological headings.)  
(b) Collection Section (M.I. 5 Administered the military attaché system.)  
(c) Translation Section (M.I. 6).  
(d) Code and Cipher Section (M.I. 8).  

(Continued)

tionally fast and confidential communication was established with our forces overseas and all important news centers at home and abroad. Messages from Paris were received and decoded within twenty minutes after sending; and the average time necessary to communicate with Vladivostok and Archangel was less than twenty-four hours. From September 1918 to May 1919 this bureau sent and received 25,000 messages containing 1,300,000 words.

“The only remaining agency of MIS is the present telegraph or code room which functions as a part of the Administrative Section or M.II. To a limited extent it operates as the Communication Bureau did during the war. [At this time the American Black Chamber was operating secretly in New York City but Churchill may not have known about its existence or activities.]”


“The counter-intelligence section, titled the Negative Branch, was formally organized by Colonel K. C. Masteller in August, 1918. Reduced in size and reorganized after the war, the Negative Branch consisted of the following three sections by Churchill’s description:

“The Foreign Influence Section (M14) is the parent Section from which grew the Negative Branch. As delimited by the diversion of specialties to other Sections, the duty of this Section in general is the study of espionage and propaganda directed against the United States or against its allies, and also the study of the sentiments, publications and other actions of foreign language and revolutionary groups both here and abroad, in so far as these matters have a bearing upon the military situation. Individuals are not investigated.

“The News Section (M110) is a combination of a radio interception section and a press summary section. In addition to the frontier stations, it maintains a trans-oceanic interception station in Maine which enables the War Department to follow promptly foreign events. Under the war-time organization of M.I.D., M110 performed such censorship functions as were assigned the War Department.

“The Fraud Section (M13) originated in the Quartermaster Corps in the Spring of 1918, when, at the request of the Quartermaster General, an officer of Military Intelligence was detailed to organize a force to detect and prevent fraud and graft in the purchase and handling of Quartermaster stores. On July 13, 1918, this force was transferred to the Military Intelligence Division and the scope of its duties enlarged to include the detection of any case of graft or fraud in or connected with the Army. At the beginning this group constituted a subsection of M13, but the work developed to such an extent that on September 24, 1918, it was made a separate section.” Churchill, op. cit., pp. 313–314.

(e) Shorthand Bureau.
(f) Secret Ink Bureau.
(g) Code Instruction Bureau.
(h) Code Compilation Bureau.
(i) Communication Bureau.
(j) Combat Intelligence Instruction Section (M.I. 9).

The Geographic Branch (maps and military monographs of all countries).
(a) May Section (M.I. 7).
(b) Monograph and Handbook Section (M.I. 9).

The Negative Branch (collects and disseminates information upon which may be based measures of prevention against activities or influences tending to harm military efficiency by methods other than armed force).
(a) Foreign Influence Section (M.I. 4).
(b) Army Section (M.I. 3).
(c) News Section (M.I. 10).
(d) Travel Section (M.I. 11).
(e) Fraud Section (M.I. 13).

At the time of the signing of the Armistice in November, 1918, M.I.D. consisted of 282 officers, 29 noncommissioned officers, and 948 civilian employees. It is impossible to estimate how many thousands of volunteer and secretly recruited private agents were assisting this staff. By August, 1919, M.I.D. had been reduced to 88 officers and 143 civilians. Its forces would continue to wane during the next two decades.

Paralleling this structure of M.I.D. was the intelligence section of the General Staff of the American Expeditionary Forces under General John J. Pershing. Created by General Orders No. 8, of July 5, 1917, the General Staff was directed by General James G. Harbord, Chief of Staff, who has commented:

The Intelligence Section dealt with a line of work in which Americans were less experienced than in any other war activity. America had never admittedly indulged in a secret service, in espionage, or in developing the various sources of information which furnish what comes under the general designation of Military Intelligence. The Military and Naval Attaches serving with our legations and embassies abroad, while alert for information which might be of advantage to the United States, were without funds for procuring such matter, and were generally dependent upon military and naval publications open to anyone who cared to obtain them. Occasionally they were thrown a few crumbs in some foreign capital, under the seal of confidence, and more, perhaps, in the hope that some third power would be embarrassed, than by the thought that any real use of them would be made by the careless and sometimes amusing Americans. Certainly

21 March, op. cit., p. 226.
22 Nelson, op. cit., p. 265.
censorship was an unknown activity anywhere under the American flag.

Intelligence services were highly developed by our Associates, and by our enemies—especially had Germany before the World War maintained a network that spread through many countries. Our Intelligence Section endeavored to embody in its organization the best that could be borrowed from French and British sources. It was responsible for information on the enemy order of battle; his war trade and economic resources; recruiting and manpower; strategical movements and plans. The examination of prisoners of war, and of enemy documents, situation maps from all sources, and information of the theater of war immediately behind the enemy lines, all were Intelligence. Compiling information from aerial photographs and reconnaissances; the enemy wireless and ciphers; signal communication; carrier pigeons; it disseminated information on these and kindred subjects of military interest. Counterespionage, regulation of passes for travel; the preparation of maps of all kinds, surveys, and the personnel and activity of the topographical engineers lay within its jurisdiction. Its duties with regard to censorship were very comprehensive, touching the censorship of the press, of correspondence by mail, messenger and telegraph, as well as that of official photographs and moving pictures. The visitor's bureau, and the intelligence personnel, vehicles, and police, besides a multiplicity of detail involved in these and kindred matters, came under it. 23

The man in charge of the A.E.F. intelligence organization was Major Dennis E. Nolan, born in 1872 at Akron, N.Y., of Irish immigrant parents. A West Point graduate, he served in infantry and cavalry units prior to general staff duty in 1903, seeing service in Cuba, the Philippines, and Alaska. Arriving in France in June, 1917, he served as chief of intelligence operations until demobilization. He was awarded the Distinguished Service Medal in 1918 “for organizing and administering the A.E.F. intelligence service” and also various combat decorations. After the war Nolan saw duty at the Army War College and with the General Staff, becoming a deputy chief of staff in 1924. In 1926–1927 he was chief of the Army representation with the preparatory commission on reduction and limitation of armaments meeting at Geneva. He completed his military career as commander of the Fifth Corps area (1927–1931) and Second Corps area (1931–1936), retiring in 1936.

Nolan apparently had autonomy of command apart from M.I.D., although there seems to have been close cooperation in information exchange and dissemination between the two organizations. It is very likely that Nolan and Churchill were personally acquainted as both men joined Pershing’s staff in France in June, 1917.

According to Harbord, the A.E.F. intelligence unit was organized into five sections with the following areas of supervisory responsibility specified: 24

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(a) Information

1. Enemy's order of battle; enemy organization.
   Preparation of diagrams and statements showing distribution of enemy's forces.
   War trade and enemy's economic resources.
2. German recruiting and classes; man power.
   Examination of prisoners and documents.
   Information on German armament and equipment.
   Translations.
   German lines of defense.
   Strategical movements of enemy and plans.
   Air reconnaissance and photographs.
   Road and bridge maps and area books. Summary of foreign communiques and wireless press.
5. Collation of information regarding enemy's artillery.
   Preparation of daily and weekly summaries of enemy's artillery activity.
   Preparation of periodical diagrams showing enemy's artillery grouping.
   Enemy's signal communications.
   Policy regarding preparation and issue of ciphers and trench codes.
   Listening sets.
   Policy as regards carrier pigeons.
   Training of listening set of interpreters.
7. Dissemination of information.
   Custody and issue of intelligence publications. Information of theater of war (except portion immediately in rear of enemy's front).
   Intelligence Diary.

(b) Secret Service

1. Secret service in tactical zone and co-ordination with War Department and with French, English and Belgian system.
   Atrocities and breaches of international law.
   Counter-espionage; direction and policy.
   Secret service personnel.
2. Dissemination of information from secret service sources.
   Ciphers, selection and change of.
   Examining of enemy's ciphers.
   Intelligence and secret service accounts.
3. Counter-espionage; index of suspects; invisible inks and codes.
   Dissemination of information from English, French and Belgian counter-espionage systems.
   Control of civil population as affecting espionage and all correspondence with the missions on the subject.
Censorship as affecting counter-espionage.
Counter-espionage personnel.
Regulations regarding passes in the Zone of the Armies.

(c) Topography
1. Preparation and issue of maps and charts; all lithography and photography in connection with map reproduction.
   Survey and topographical work and topographical instruction of engineer troops.
   Topographical organization—Attached from engineers.
   Experimental sound and flash ranging section—Liaison with engineer troops.

(d) Censorship
1. Press correspondents.
   Press censorship.
   Examination of U.S., British, French and other foreign newspapers.
2. Compilation and revision of censorship regulations.
   Issue of censor stamps.
   Postal and telegraph censorship.
   Breaches of postal and telegraph censorship rules.
   Cooperation with Allied censorhips.
   Control of censor personnel under A.C. of S. (G–2).
3. Official photographs and moving pictures.
   Military attaches.
   Press matters.
   Visitors.

(e) Intelligence Corps
1. Policy with regard to the establishment of the intelligence corps.
   Records, appointments and promotions of intelligence corps officers.
   Intelligence police.
   Intelligence corps, motor-cars.
   Administration of intelligence corps.

Generally, the organization and structure of A.E.F. intelligence operations may be characterized as follows: (1) combat intelligence forces attached to ground troop units and whose primary responsibility was to provide support to the operations of their immediate command and forward findings to A.E.F. G–2 headquarters; 25 (2) special support agencies, such as the air corps, signal corps, or artillery intelligence, which provided relevant information to field com-

manders and to A.E.F. G-2 headquarters; and (3) special agencies
directly subordinate to G-2, such as interpreters, cryptographers,
and secret service-counter-intelligence forces who supplied some relevant
information to other special support agencies and to field commanders
but who also exercised some internal security and crime control pow-
ners resulting in the collection and maintenance of derivative informa-
tion which was autonomously held by intelligence headquarters. These
arrangements seem to have existed until the withdrawal of
troops from Europe and demobilization of the armed forces at the
end of the war.27

During the world war, the Signal Corps continued to be a major
supplier of intelligence support services, though it had little direct
responsibility for intelligence operations. In April, 1917, just prior to
the United States' declaration of war on Germany, the Signal Corps
consisted of 55 officers and 1,570 enlisted men of the Regular Army
forces.28 At the time of the Armistice, the strength of the Corps had
risen to 2,712 officers and 53,277 enlists divided between the A.E.F.
and forces in the United States. Their organization at this peak
strength included 56 field signal battalions (10 Regular Army and 8
domestically stationed), 33 telegraph battalions (5 Regular Army
and 7 domestically stationed), 12 depot battalions (1 domestically
stationed), 6 training battalions (all domestically stationed), and 40
service companies (21 domestically stationed).29 The support pro-
vided by the Corps for intelligence operations, though not exclusively
for these activities in every case, included communications facilities
and services,30 photographic assistance and products,31 meteorologic
information,32 and code compilation.33 These duties would remain as
basic intelligence support services provided by the Signal Corps until
surpassed by more specialized national security entities in the after-
math of World War II.

II. Naval Intelligence

When war broke out on the Continent in August, 1914, the Office of
Naval Intelligence had immediate access to situational information
through the naval attache system begun in 1882. These official observa-
tion stations existed in London, Paris, St. Petersburg, Berlin, Rome,
Vienna, Madrid, and The Hague and gave the Navy a reason for a
less obtrusive presence amidst the hostilities than the Army's observer
arrangements.

D.C.I.: Department of Criminal Investigation. New York, Doubleday, Page and
Company, 1926; — — —. True Adventures of the Secret Service. New York, Dou-
27 For an academic overview of military intelligence organization and op-
erations during World War I see Walter C. Sweeney. Military Intelligence: A New
Weapon In War. New York, Frederick A. Stokes Company, 1924.
28 United States Army, Signal Corps. Report of the Chief Signal Officer to the
29 Ibid., p. 543.
31 See Ibid., pp. 341–347.
33 See Ibid., pp. 536–539.
No better work was done in the war than that conducted and covered by the offices of some of our naval attaches. Their work primarily of course was to acquire purely naval information; secondarily, military, economical and political news that could be of any benefit to America or her associates in the war. In some cases, however, a great deal of the work was not strictly either naval or military, though indirectly of vast import to both branches. Affiliations were established with influential men in the Country—men in government positions or in business—and their sympathy for the Entente and America encouraged, and in some cases enlisted—for in Spain and the Northern neutral countries there was a strong tide of pro-Germanism to fight. In collaboration with the Committee on Public Information means were taken through the channels of the newspapers, movies, etc., to influence public opinion, and give it the Allies' point of view.

Among the most important things which came under the jurisdiction of our Naval attaches were the investigation of officers, crews and passengers on ships bound for and coming from America; the senders and receivers of cablegrams, inspections of cargoes and shipments, and investigations of firms suspected of trading with the enemy. Under the naval attaches too, the coasts were closely watched for the detection of enemy vessels or persons who might be giving aid or information to them. In every foreign country to which an American naval attaché was accredited they carried on for the Navy in line with her best traditions.34

In the spring of 1915, Congress established (38 Stat. 928 at 929) a central administrative structure within the Navy with the creation of the Chief of Naval Operations. Shortly after this office was established, the Office of Naval Intelligence was transferred to it and renamed the Naval Intelligence Division. This heightened organizational status provided Naval Intelligence with continuous access to the higher levels of Navy administration and decision-making, extending all the way to the Secretary, Josephus Daniels.35 Unlike Military Intelligence, the naval counterpart seems to have enjoyed some degree of acceptance with the officer corps and had various leaders, rather than one champion, from the inception through the war years.


35 See, for example, E. David Cronon, ed. The Cabinet Diaries of Josephus Daniels, 1913-1921. Lincoln, University of Nebraska Press, 1968, pp. 117, 209, 211-12, 246, and 293.
DIRECTORS OF NAVAL INTELLIGENCE

T. B. M. Mason, 1882-85.
Raymond P. Rodgers, 1885-89.
French E. Chadwick, 1892-93.
Frederic Singer, 1893-96.
Richardson Clover, 1897-98.
John R. Bartlett, 1898-99.
Richardson Clover, 1898-1900.
Charles D. Sigsbee, 1900-03.
Seaton Schroeder, 1903-06.
Raymond P. Rodgers, 1906-09.
Charles E. Vreeland, 1909-09.
Templin M. Potts, 1909-12.
Henry F. Bryan, 1913-14.
James H. Oliver, 1914-17.
Roger Welles, 1917-19.
Albert P. Niblack, 1919-20.

At the time of American entry into the world war, Naval Intelligence consisted of 18 clerks and 8 officers. With the Armistice, the division counted 306 reservists, 18 clerks, and over 40 naval attaches and assistant attaches. By July, 1920, this force was reduced to a staff of 42. During the war years the division was organized into four sections: administrative, intelligence (or incoming information), compiling (or processing), and historical (or “by products”).

In by-products, for instance, we include (1) the naval library; (2) the dead files, which include war diaries of all ships and stations and their correspondence during the war; (3) statistics; and (4) international law questions and cases which arose during the war. The compiling section works over a good deal of information that comes in to put it in more useful form. A monthly bulletin of confidential information on naval progress is issued and this section also prepares monographs of various kinds on various countries and subjects. All information that is received is routed out to the various Government departments to which it is considered it will be of use. The State Department and Military Intelligence receive, of course, practically all that we get of general value. Special information we send to the various departments of the Government such as the Department of Justice. The attitude of the office is that it is its duty to collect and furnish information but not necessarily to advise or suggest.36

By this, and other accounts, it would seem that Naval Intelligence collected, maintained, and supplied raw data, but engaged in little analysis of this material other than the most rudimentary assessments. The intelligence product it offered was crude.

The information collection arrangements instituted by Naval Intelligence reflected both ambition and sophistication.

The home work was divided under fifteen aids for information, one of these aids being attached to the Admiral in

36 U.S. Navy Department. Division of Operations. The History and Aims of the Office of Naval Intelligence by Rear Admiral A. P. Niblack. Washington, U.S. Govt. Print. Off., 1920, pp. 23-24. Copies of this study bear the marking “Not for publication,” indicating limited distribution; the copy utilized in this study was supplied by the National Archives and Records Service.
command of each Naval District. Each aid had the supervision of intelligence work in his district, but he worked, of course, in conjunction with and under instructions from the main office in Washington. His duty included information about all shipping and information necessary for its protection against possible unfriendly acts of agents or sympathizers of the Central Powers. He had to arrange for the observation of the coast and to establish information services for the report of any suspicious vessel or coast activities; to discover the location and establishment, actual or proposed, of bases for submarines, and to detect illegal radio stations, or the location of enemy goods in storage. Under the Naval aids came the duty of detecting and combatting espionage or sabotage, incipient or actual, along the water fronts, in the navy yards, or in the factories or works connected with the yards. That included any investigations that were required in connection with the naval personnel of the district. In order to prevent damage to ships, guards were placed on every ship entering the harbors of the United States and remained on board until the ship cleared. In addition to this, all crews were inspected in order to see that each member had his proper identification papers, and suspicious members of a crew or a passenger list were thoroughly searched, together with their baggage. All cargoes were inspected and manifests checked in order to thwart any illegal shipments from the Country, and to prevent bombs and incendiary devices from being placed on ships. Later this work was taken over by the Customs Division of the Treasury Department, and controlled by them, though the Navy continued the work with them. 

While the above account provides some indication of the tasks performed by Naval Intelligence during the hostilities, "the specific orders under which the office operates for war purposes is best given in the instructions to naval attaches and others in regard to intelligence duty, issued in 1917:"

(1) The fleets of foreign powers.
(2) The war material of foreign powers.
(3) The nautical personnel of foreign powers, and a general record of the strength, organization, and distribution of all foreign naval forces.
(4) The war resources of foreign powers.
(5) Doctrine of foreign powers. Foreign policies and relations.
(6) Characteristics of foreign naval officers of command rank.
(7) Defenses and armaments of foreign ports.
(8) Time required for the mobilization of foreign navies and the probable form and places of mobilization.
(9) The lines and means of water communication of foreign countries and their facilities for transporting troops overseas.

The adaptability of foreign private-owned vessels to war purposes and the routes followed by regular steamer lines.

The facilities for obtaining coal, fuel, oil, gasoline, and supplies, and for having repairs made in all foreign ports of the world.

Climatic, sanitary, and other peculiarities of foreign countries which can have a bearing upon naval operations.

The facilities on foreign coasts for landing men and supplies and means for supporting detached bodies of troops in the interior.

The canals and interior waterways of the United States and foreign countries available for the passage of torpedo boats and other naval craft.

The collating and keeping up to date of data relating to the inspection and assignment of merchant vessels under United States registry and of such foreign private-owned vessels as may be indicated.

Through correspondence with owners, consulting trade journals, and by any other practical means keeping track of the status and location of different United States merchant vessels listed as auxiliaries for war; of sales to other lines; and of changes in trade routes or terminal ports which may make necessary a change in the yard designated for war preparation; and to report such changes in the list of ships to the department for its information, the information of the General Board, and the Board of Inspection and Survey, in order that a further inspection of particular ships may be made, if necessary.

Another dimension of Naval Intelligence operations was its secret service facility.

In the Fall of 1916 a small branch office had been established under cover in New York. Thus began what was to prove one of the largest and most useful phases of the war work of Naval Intelligence. The New York office was used as a model for the others which it was later found necessary to establish in Philadelphia, Boston, Baltimore, Chicago, Pittsburgh and San Francisco. These branch offices worked directly under the control of Washington, covering work which could not properly be turned over to the aids for information. Their work was of paramount importance and a whole job in itself. To them fell the investigation and guarding of plants having Navy contracts. Over five thousand plants were thus surveyed and protected and hundreds of aliens and many active energy agents were removed and thus prevented from fulfilling their missions. In a district such as Pittsburgh for instance, with its large foreign population, that work assumed such proportions that it became necessary to establish our Pittsburgh office to handle it.

It would also appear that some of these special undercover agents served in overseas duty. One documented example is George F. Zim-
mer, a Los Angeles attorney who, after secret service in the New York and Washington districts, toured in the Middle East and on the European Continent. For some portion of these duties he traveled on credentials representing him as working for the United States Food Administration "for the sole purpose of food relief." After the Armistice he went on a photographic mission, concentrating on conditions in Europe and taking him into portions of Russia. It is not immediately clear as to how many agents of this type Naval Intelligence sponsored during and shortly after the war, but their number would seem to be relatively few. With peace restored in the world, the attaches once again assumed their stations in the territory of recent enemies, reducing the necessity for roving special operatives.

III. Bureau of Investigation

Created on his own administrative authority in 1908 by Attorney General Charles J. Bonaparte in the face of congressional opposition for reasons of statutory obligations and practical need, the Bureau of Investigation had virtually no intelligence mission until European hostilities in the summer of 1914 precipitated a necessity for Federal detection and pursuance of alleged violations of the neutrality laws, enemy activities, disloyalty cases, the naturalization of enemy aliens, the enforcement of the conscription, espionage, and sedition laws, and surveillance of radicals. These duties evolved as the United States moved from neutrality to a state of declared war and then, in the aftermath of peace, found its domestic tranquility and security threatened by new ideologies and their practitioners.

The Bureau's principal function during the war years was that of investigation. During this period, agents had no direct statutory authorization to carry weapons or to make general arrests. In the field, they worked with and gathered information for the United States Attorneys. Direction came from the Attorney General or the Bureau chief. In the frenzy of the wartime spy mania, Washington often lost its control over field operations so that agents and U.S. Attorneys, assisted by cadres of volunteers from the American Protective League and other similar patriotic auxiliaries, pursued suspects of disloyalty on their own initiative and in their own manner. To the extent that their investigative findings underwent analysis with a view toward policy development, an intelligence function was served, but for the most part this type of contribution appears to have been lost in the emotionalism and zealotry of the moment.

BUREAU OF INVESTIGATION LEADERSHIP, 1908-25

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<thead>
<tr>
<th>Attorneys General</th>
<th>Bureau Chiefs</th>
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<tr>
<td>Charles J. Bonaparte (1906-09)</td>
<td>Stanley W. Finch (1908-12)</td>
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<tr>
<td>George W. Wickersham (1909-13)</td>
<td>A. Bruce Bielaski (1912-19)</td>
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<td>James C. McReynolds (1913-14)</td>
<td>William E. Allen (1919)</td>
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<td>Thomas W. Gregory (1914-19)</td>
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<td>A. Mitchell Palmer (1919-21)</td>
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<td>Harry M. Daugherty (1921-24)</td>
<td>J. Edgar Hoover (1924-25)</td>
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<td>Harland F. Stone (1924-25)</td>
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In 1915, the first full year of the war, the Bureau, in the words of one sympathetic chronicler of its development and activities, consisted of a “small and inept force of 219 agents” which “was totally unequipped to deal with the clever espionage and sabotage ring of World War I which was organized by German Ambassador Johann von Bernstorff.” Two years later, when America entered the hostilities, the Bureau’s agent force was increased from 300 to 400, “a puny squad for policing more than 1,000,000 enemy aliens, protecting harbors and war-industry zones barred to enemy aliens, aiding draft boards and the Army in locating draft dodgers and deserters, and carrying on the regular duties of investigating federal law violators.” This state of affairs was one of the reasons the Justice Department welcomed the assistance of the American Protective League.

In many of its initial wartime activities, the Bureau was still searching for a mission.

Early in 1917, the Bureau proclaimed that it was in charge of spy-catching and the Department’s representative called it “the eyes and ears” of the Government.

However, the Army and Navy were the armed forces endangered or advanced on the European battlefields by espionage operations, and their own detectives necessarily had primary control of stopping the movements of enemy spies and of war materials and information useful to the enemy, everywhere in the world, including the homefront. The military authorities associated with their own agents the operatives of the State Department, traditionally charged with responsibility for foreign affairs.

The military departments seemed primarily to want the help of the specialized forces of the Treasury, the War Trade Board, and the Labor Department for cutting off the flow of enemy spies, goods, and information; those of the Agriculture and Interior Departments for safeguarding production of food and raw materials; and the local police departments throughout America, as well as the Treasury detectives, for protecting American war plants, waterfront installations, and essential war shipping against sabotage and carelessness.

This attitude brought the Treasury police to the forefront. The Treasury’s agents possessed not only vast equipment immediately convertible to wartime espionage in behalf of the United States, but also the necessary experience. They possessed the specific techniques that enabled them to find enemy agents in ship’s crews, among passengers, or stowed away; to pick them up at any port in the world where they might embark or drop off the sides of ships; to foil their mid-ocean signals to German submarines.

Moreover, the Treasury’s men knew how to discover, in the immense quantities of shipments to our allies and to our neutrals, the minute but vital goods addressed to neutral lands, actually destined to reach the enemy. Treasury operatives had the right training for uncovering the secret information trans-

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Ibid., p. 88.
mitted to the enemy in every medium—in ships' manifests and mail, in passengers' and crews' papers, in phonograph records, in photographic negatives, and in motion picture film. They had the experience for the job of protecting the loaded vessels in the harbors, the warehouses, and the entire waterfront.

The Justice Department police were invited to participate in various advisory boards. But when invited by the Post Office detectives, old hands at inspection of enemy mail, to sit on an advisory board, the Justice police spoke with self deprecation; perhaps after all, there was "no use in littering up the board" with one of their men.43

What did evolve as a major wartime Bureau function, and one having intelligence implications in light of espionage (40 Stat. 217) and sedition (40 Stat. 553) law, was the investigation and cataloging of the political opinions, beliefs, and affiliations of the citizenry. This Bureau activity also had a menacing aspect to it in terms of guaranteed rights of speech and association; also, it did not come to public notice until after the Armistice.

The disclosure came as an indirect consequence of a political quarrel between ex-Congressman A. Mitchell Palmer (a Pennsylvania lawyer and corporation director who became Alien Property Custodian, and was soon to become Attorney General of the United States) and United States Senator Boies Penrose of Pennsylvania. Mr. Palmer had accused the Senator of receiving political support from the brewers and of being a tool for their anti-prohibition propaganda. The attack was made while the war was still going on, and Mr. Palmer added the charge that the American brewers were pro-German and unpatriotic. The "dry" element in the United States Senate promptly seized on the publicity thus provided and pushed through a resolution to investigate both charges, political propaganda and pro-Germanism. In the course of the hearings dealing with pro-Germanism, the investigating committee turned to A. Bruce Bielaski, wartime chief of the Bureau of Investigation, and others connected with the Bureau. They revealed the fact that the Bureau had already been cataloging all kinds of persons they suspected of being pro-German. They had found suspects in all walks of American life. Among those of whose "pro-Germanism" the public thus learned, were members of the United States Senate, other important officials (e.g., William Jennings Bryan, President Wilson's first Secretary of State, and Judge John F. Hylan, soon to become mayor of New York City), and many persons and organizations not connected with the Government (e.g., William Randolph Hearst, his International News Service and various newspapers, his New York American, and the Chicago Tribune); Americans agitating for Irish independence (including edi-

tors of the *American Catholic Weekly* and the *Freeman's Journal*; some of the foremost men in academic life; political leaders such as Roger Sullivan of Chicago; and men of prominence in the financial and business world.  

During the course of the congressional investigation, the Bureau's offerings were found to abound with factual inaccuracies and to have resulted in wrong conclusions even when the facts were correct. The occasion did not instill much public confidence in the Bureau's intelligence activities or product.

When confronted with a series of bombings directed against public officials during late 1918 and 1919, the Bureau's analytical skills again appeared to be deficient.

As in the case of the 1918 bombing, the Justice Department detectives made a prompt announcement of who the criminals in the 1919 cases were. The bombing jobs, they said, were the work of radicals, whose purpose was the assassination of Federal officials and the overthrow of the Government. To support this deduction, they pointed out that some of the bombs arrived at their destination shortly before the first of May, 1919, and others shortly after that time, and that May Day is the date traditionally chosen by some radicals to celebrate their doctrines by parading. However, another series of bombs was sent in June, posing the question how the detectives could attribute these new bomb attempts to May Day radicalism.

The theory that the bombs were sent by radicals was beset with further embarrassments. The Government officials to whom the bombs were addressed included some men who were hostile to radicalism, but prominent public men whom the Bureau of Investigation suspected of being themselves radicals, and unsympathetic with the program against the radicals were included among the addressees. Indeed, some of the men were targets of denunciation from Capitol Hill as dangerous radicals. Critics who disagreed with the detectives' conclusion asked why radicals with bombs should select as victims the very men who might be their friends. Why, in particular, should they seek to bomb ex-Senator Hardwick of Georgia, who had asked the Senate to vote against the very wartime sedition law under which the IWW [International Workers of the World] leaders and other radicals had been convicted?

A further difficulty arose out of the fact that some of the bombs were sent to minor businessmen and to relatively minor local officeholders, while most of the top Government officials whose death would have been of particular importance to revolutionaries were not included among the potential victims selected by the bombers.

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Radicalism captured the attention of the Bureau in the aftermath of the world war. Preoccupation with the ideology, its leadership, and organizations became so great that, on August 1, 1919, a General Intelligence Division was established within the Bureau to devote concentrated scrutiny to the subject.

There was, however, a difficulty with respect to the expenditure of the money appropriated for the Bureau’s use by Congress. It specified that the appropriations were for the “detection and prosecution of crimes.” A provision for the detection of seditious speech and writings, however, might some day be passed, and the detectives concluded that preparation would be useful, in the form of an advance job to ascertain which individuals and organizations held beliefs that were objectionable. With this information in hand, it could go into action without delay, after Congress passed a peacetime sedition law, similar to the wartime sedition laws enacted in 1917 and 1918. The Bureau notified its agents on August 12, 1919, eleven days after the creation of the anti-radical Division, to engage in the broadest detection of sedition and to secure “evidence which may be of use in prosecutions . . . under legislation . . . which may hereafter be enacted.”

The new intelligence unit thus appears to have been created and financed in anticipation of a valid statutory purpose and seems, as well, to have engaged in investigations wherein the derivative information was not gathered in pursuit of Federal prosecution(s).

Coincident with the creation of the new Division, the Bureau selected J. Edgar Hoover as Division chief. He had joined the Department of Justice two years earlier, shortly after America entered the war, and shortly before Congress enacted the wartime sedition law. He had been on duty at the Justice Department during the entire war period, and obviously he was in a position to obtain a view of the detective activities against persons prosecuted or under surveillance for their statements. He had also been in a position to note the pre-eminence of the military detective services during the war and the connotations of success attached to their names—Military and Naval Intelligence Services. Besides, the new unit at the Department of Justice was in the business of detecting ideas. He called it an intelligence force, in substitution for the names with which it started—“Radical Division” and “Anti-Radical Division.” Mr. Hoover avoided one action of the War and Navy Intelligence agencies; their scope had been narrowed by the qualifying prefixes in their titles. He named his force the General Intelligence Division—GID.

In 1920, when “one-third of the detective staff at Bureau headquarters in Washington had been assigned to anti-radical matters, and over one-half of the Bureau’s field work had been diverted to the subject of radicalism, GID reported that “the work of the General

47 Ibid., p. 84.
48 Ibid., pp. 84–85.
Intelligence Division . . . has now expanded to cover more general intelligence work, including not only ultra-radical activities but also to [sic] the study of matters of an international nature, as well as economic and industrial disturbances incident thereto.” And as its mission developed, so too did the GID’s manner of operation and techniques of inquiry.

The Bureau of Investigation faced and solved one problem in the first ten days of the existence of Mr. Hoover’s division, the problem of the kind of data the detectives should send to headquarters. They were going to receive material from undercover informers, from neighbors, from personal enemies of the persons under investigation. The detectives were going to hear gossip about what people were said to have said or were suspected of having done—information derived, in some instances, from some unknown person who had told the Bureau’s agents or informers or the latter’s informants. Some of the information received might relate to people’s personal habits and life.

The Bureau’s decision was that everything received by the special agents and informers should be reported to headquarters; the agents were specifically directed to send whatever reached them, “of every nature.” But they were warned that not everything that they gathered could be used in trials where men were accused of radicalism. Some items about personal lives, however interesting to the detectives, might not be regarded as relevant in court proceedings against alleged radicals. Furthermore, despite the fact that the Bureau instructed its agents to transmit to headquarters everything that they picked up, “whether hearsay or otherwise,” it warned them that there was a difference between the sources from which the GID was willing to receive accusations and statements for its permanent dossiers and the evidence which trial judges and tribunals would accept as reliable proof. In judicial proceedings, the Bureau of Investigation informed all its agents, there was an insistence on what it called “technical proof,” and judges would rule that the rumors and gossip which the detectives were instructed to supply to GID had “no value.”

In order to assess the program and thinking of the radicals, it was necessary to study the literature and writings of the ideologues. Gathering such printed material became a major GID project and acquisitions were made on a mass basis.

Detectives were sent to local radical publishing houses and to take their books. In addition, they were to find every private collection or library in the possession of any radical, and to make the arrangements for obtaining them in their entirety. Thus, when the GID discovered an obscure Italian-born philosopher who had a unique collection of books on the theory of anarchism, his lodgings were raided by the Bureau.
and his valuable collection became one more involuntary contribution to the huge and ever-growing library of the GID.

Similar contributions came from others, among them the anarchist philosophers who had retired to farms or elsewhere. A number of them had, over the years, built up private libraries in pursuit of their studies; these are discovered by the General Intelligence Division, and it was soon able to report that “three of the most complete libraries on anarchy were seized.” The Bureau took over the contents of a school library which it discovered in a rural community of radicals. It also obtained the library of a boys’ club, and assured Congress that the library was “in possession of this department....” Catalogs of these acquisitions were prepared, including a “catalog of the greatest library in the country which contains anarchistic books.”

In the search for literature, the Bureau sent many of its men to join radical organizations, to attend radical meetings, and to bring back whatever they could lay their hands on. The book-seekers, and the raiding detectives tipped off by them, were directed to find the places where specially valuable books, pamphlets, and documents might be guarded against possible burglary; they were to ransack desks, to tap ceilings and walls; carpets and mattresses had to be ripped up, and safes opened; everything “hanging on the walls should be gathered up”—so the official instructions to the detectives read.51

In an attempt to improve upon the wartime surveillance records of the Bureau, and to enhance the GID information store, Hoover created a card file system containing “a census of every person and group believed by his detectives to hold dangerous ideas.”

The index also had separate cards for “publications,” and for “special conditions”—a phrase the meaning of which has never been made clear. In addition, Mr. Hoover’s index separately assembled all radical matters pertaining to each city in which there were radicals. Each card recorded full details about its subject—material regarded by the detectives as revealing each man’s seditious ideas, and data needed to enable the Government’s espionage service to find him quickly when he was wanted for shadowing or for arrest. The Intelligence Division reported that its task was complicated by reason of “the fact that one of the main characteristics of the radicals in the United States is found in their migratory nature.”

The GID assured Congress that Mr. Hoover had a group of experts “especially trained for the purpose.” This training program was directed to making them “well informed upon the general movements in the territory over which they have supervision;” they were also trained to manage and develop the intricate index; and they had to keep up with its fabulous growth. The first disclosure by the GID showed 100,000 radicals on the index; the next, a few months later, 200,000;

51 Ibid., pp. 87–88.
the third, a year later, 450,000. Within the first two and one-half years of indexing, the General Intelligence Division had approximately half a million persons cataloged, inventoried, and secretly recorded in Government records as dangerous men and women.

A considerably older unit of the Department of Justice, its Bureau of Criminal Identification, had long maintained an index of actual criminals. In 1923, after several years of trying, the Bureau of Investigation took over the older bureau and the 750,000-name index it had developed in the course of a quarter of a century. Whether the two indices were merged or kept separate has not been announced. Hence, when Mr. Hoover stated in 1926 that his Bureau's index contained 1,500,000 names, it is not clear whether this was the total for both indices or for one only.52

Also, in addition to indexing radicals, GID prepared biographical profiles of certain of them deemed to be of special importance.

The writing up of lives and careers proceeded rapidly, so that within three and one-half months of the GID's existence its biographical writers had written "a more or less complete history of over 60,000 radically inclined individuals." according to the official information supplied the Senate. Included were biographies of persons "showing any connection with an ultra-radical body or movement," in particular "authors, publishers, editors, etc."

Rigorous secrecy has been imposed on the list of names of newspapermen, authors, printers, editors, and publishers who were made the subjects of GID's biographical section. How many additional biographies have been written since the middle of November 1919, who were the GID's first or later biographers, how they were trained so promptly, and how they managed to write 60,000 biographies in 100 days—these questions have never been answered.53

Besides all of this activity, the General Intelligence Division prepared and circulated a special weekly intelligence report.

For this purpose, the Division first "engaged in the collection, examination, and assimilation of all information received from the field force or from other sources." On the basis of such preparation, it drafted a report, every week, on the state of radicalism in America that week. Only top echelon people in the Government of the United States were allowed to see these secret reports: their names could not be disclosed, nor could the GID describe them to Congress any more revealingly than to say that they were "such officials as by the nature of their duties are entitled to the information." Every copy that left the closely guarded Washington headquarters of GID left only "under proper protection." Congress was informed that the weekly GID bulletin covered three classes of

52 Ibid., pp. 90–91.
53 Ibid., p. 91.
facts: First, "the entire field of national and international operations;" second, "the latest authoritative statements or definitions of tactics, programs, principles or platforms of organizations or movements;" and third, "a bird's eye view of all situations at home or abroad which will keep the officials properly informed." 54

Such were the Bureau of Investigation's efforts at intelligence operations and the generation of an intelligence product during World War I and the years immediately following. As a consequence of both presidential and public displeasure with Attorney General Harry M. Daugherty, new leadership came to the Justice Department in 1924; Harlan F. Stone became Attorney General and J. Edgar Hoover assumed the leadership of the Bureau of Investigation. Official concern with radicals diminished when a more conscientious effort at responsible law enforcement was made by Stone in his attempt to instill public confidence in the agency which Daugherty had sullied and which had to deal with the bold advances of organized crime and the gangsterism brought on by National Prohibition.

IV. American Protective League

The understaffed nature of the Federal intelligence institutions and mounting fears of internal subversion, disloyalty, and espionage conspiracies among the American public during the world war prompted an extraordinary development in intelligence practices: the cultivation of a private organization to provide supplementary assistance to government agencies having responsibilities for the detection surveillance, and capture of individuals thought to be a threat to the nation's security. Just before the eruption of hostilities in Europe, the Bureau of Investigation had fostered an informer network in efforts to combat white slave traffic.

In 1912, Bureau Chief A. Bruce Bielaski directed his agents to ask waiters, socialites, and members of various organizations to eavesdrop on private conversations and to forward tips to Bureau offices if their suspicions were aroused. Many prosecutions had resulted from these tips. From using volunteers against organized vice to using them against conspiracy to commit espionage and sabotage was an easy transition.55

What made the espionage-sabotage detection arrangement unique was its private organization character: it functioned as an institution in parallel to the Federal intelligence agencies. Called the American Protective League, the group was a product of the efforts of Chicago advertising executive Albert M. Briggs and two other wealthy businessmen, Victor Elting and Charles D. Frey.56 In late 1916, Briggs became concerned about the inadequate strength and equipment of the Bureau of Investigation and subsequently urged Bureau Chief Bielaski and Attorney General Thomas W. Gregory to establish an auxil-
inary force to assist in pursuing security risks. As presented to the Justice Department, Briggs’ proposal gave the following details.

Its Purpose: A volunteer organization to aid the Bureau of Investigation of the Department of Justice.

The Object: To work with and under the direction of the Chief of the Bureau of Investigation, of the Department of Justice, or such attorney or persons as he may direct, rendering such service as may be required from time to time.

Membership: This organization is to be composed of citizens of good moral character who shall volunteer their service and who may be acceptable to your Department.

Construction: It is proposed that national headquarters be established either in Washington, or perhaps, Chicago, because of its geographical location, and that branch organizations be established in such cities as your Department may direct.

Finances: It is proposed that headquarters organization and branch organizations shall finance themselves either by outside subscriptions or by its members.

Control: It is proposed that each unit of this organization shall be under the control of the Government but will report to and be under the direction of the nearest Department of Justice headquarters.57

Approval of the idea was given on March 20, 1917, and cities with high alien populations were targeted as organization centers for the A.P.L. “Notices went out the same day to Bureau agents across the country announcing that Briggs was forming ‘a volunteer committee or organization of citizens for the purpose of co-operating with the department in securing information of activities of agents of foreign governments or persons unfriendly to this Government, for the protection of public property, etc.’” 58 The group would supply information upon request and at its own volition, was to operate in a confidential manner, and could exercise no arrest power “except after consultation with the Federal authorities,” according to Bielaski’s notices.

APL organizing activities proceeded with great speed and amazing secrecy, in view of the method of recruiting and the numbers of individuals involved, during the first war months. Not until September, 1917, did miniscule newspaper notices acknowledge publicly the existence of the league; Justice Department requests to publishers for cooperation in retaining APL anonymity achieved results. In midsummer, 1917, the league numbered 90,000 members organized in 600 locals. By war’s end 350,000 APL agents staffed 1,400 local units across the country. By January, 1918, every Federal attorney had an APL local at his disposal. From a free taxi service in Chicago, the APL developed swiftly into a nationwide apparatus.59

57 Jensen, op. cit., pp. 22-23.
58 Ibid., pp. 24-25.
With the national office in Washington, League locals received instructions through State directors, who also functioned as internal inspectors general for the organizations, and directly from headquarters.60 Out of the capital command post flowed circular instructions to locals, manuals of operation, assignments to investigations, and the League's weekly journal, the *Spy Glass.* Funding appears to have been entirely private, deriving from contributions and membership fees.

At the local level, organization followed a military pattern with ranks, badges, and sworn oaths of loyalty. Large factories and businesses with many League members in their employ became self-contained divisions with a pyramid-structured leadership.61 But, while the A.P.L. was a mass membership group, recruitment was selective and class conscious.

With great acuity the league directors searched among the upper social, economic, and political crust of each community for local chiefs and members. Bankers, businessmen, mayors, police chiefs, postmasters, ministers, attorneys, newspaper editors, officers of religious, charitable, fraternal, and patriotic societies, factory owners and foremen, YMCA workers and chamber of commerce leaders, insurance company executives, and teachers were favored sources of league personnel. Such men possessed means and leisure to devote to APL work, and opened their professional, business, and official records for APL use. Many were also members of draft boards, war-bond sale committees, food- and fuel-rationing units, and state defense councils, affording the league illicit access to information denied even to commissioned government investigators.62

The intelligence mission which most often inspired Leaguers to probe privileged files and otherwise private depositories of personal information was its responsibility as primary loyalty investigator for the civil and military services.

When the war started no adequate mechanism existed for security clearances. The APL, with Gregory's permission, assumed this task. APL instruction manuals and special issues of the *Spy Glass* offered neophyte APL investigators advice on how to make character investigations. One such article suggested that the final success or failure of American arms would depend upon the quality of officer leadership. Every applicant for a military commission, every civil servant with more than clerical responsibilities, all welfare group officials who were to do overseas work, rated loyalty investigations. The APL newspaper warned leaguers that a loyalty inquiry implied no guilt, and that unjustified innuendos of disloyalty might ruin a career and a life. A confidential APL manual warned that "no two cases are exactly alike for the reason that no two men are exactly alike." The pamphlet advised all APL loyalty testers to examine a substantial cross section of the subject's ancestors in enemy countries, his social, po-

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60 See Jensen, *op. cit.*, pp. 130-134.
itical, and church affiliations, his attitude toward the Lusi-
tania sinking and the rape of Belgium, what he had said
about war bonds, draft dodgers, and the Espionage Act. Had
he purchased enough bonds, dug victory gardens, and ap-
peared at patriotic rallies? Did neighbors recall untoward
statements he might have made, did he own stock in enemy-
held corporations, was his labor union respectable? But cau-
tion was the watchword in loyalty-hunting, and the manual
pleaded for objectivity and fullness in reporting. Officials
would normally put full credence in the decision of the
loyalty investigator; APL reports received almost complete
acceptance in Washington. Thus the APL agents became
the judge, the jury, and sometimes the executioner in the lives
of many who knew nothing of its existence.63

The League became active in other Federal policy areas apart from
loyalty investigation, including capturing suspicious immigrants,64
enforcing liquor and vice control around military cantonments,65
investigating the background of certain passport applicants,66 and
probing the qualifications of persons applying for American
citizenship.67

Aside from the Bureau of Investigation, the League's other great
champion and supporter was Colonel Ralph Van Deman and the Mili-
tary Intelligence Division of the War Department. Van Deman had
sought League assistance shortly after it was established.68 Later,
M.I.D. crushed efforts to create a competitor to the A.P.L. and directed
that field personnel use only League assistance in civilian investiga-
tions.69 In the matter of policing war material production plants under
strike, the League and Military Intelligence worked closely to control
labor unrest.70

Eventually, both Justice and War would sour on the zealous antics
of the A.P.L., trampling personnel sanctities, privacy, and civil lib-
erties. Badges, which bore the legend “Secret Service” for a time,
were flaunted as official authority to do about anything the bearers
wanted to do; Treasury Secretary McAdoo protested that they gave
the public the impression that their holders were agents from his De-
partment, a viewpoint which Leaguers did little to discourage.71
A.P.L. raiders made arrests without proper authorization and many
carried firearms on their missions. In an effort to assist the Justice
Department, some League locals even tapped and tampered with tele-
graph and telephone lines.72

Even when APL'ers contented themselves with investiga-
tions, the result was wholesale abuse of civil liberties and in-
vasions of privacy. An investigation typically began with a
request forwarded from APL headquarters in Washington
to the city chief, who assigned the case to one of his opera-

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63 Ibid., pp. 276-277.
64 Jensen, op. cit., p. 127.
67 Ibid., p. 243.
68 Ibid., p. 86.
69 Ibid., p. 122.
70 Ibid., pp. 276, 279-280, 286.
71 Ibid., pp. 48-49.
72 Ibid., pp. 149-150.
tives. Once the operative received this request, he had numerous investigative weapons from which to choose. Membership in the APL provided each operative with an entree to the records of banks and other financial institutions; of real estate transactions, medical records, and, inevitably, legal records. Any material ordinarily considered confidential by private firms or corporations could be made available to operatives. Even institutions customarily regarded as repositories of confidence and trust compromised their standards. Bishop Theodore Henderson helped to spread the APL throughout the Methodist Church, with the result that Methodist ministers could often be approached for information about members of their congregations. Liaison was also established with Catholic, Jewish, and Protestant churches. The Maryland Casualty Company of Baltimore asked its agents throughout the country to join the League so that insurance information was readily available. Private detective agencies would check old records and disclose their contents. Anti-labor and nativistic groups opened their secret files to the APL.

Official interest in the services of the A.P.L. waned with the arrival of Attorney General A. Mitchell Palmer in the spring of 1919. The death knell sounded with the arrival of the Republicans two years later. Still the old ties were not easily broken.

As late as 1924 Military Intelligence officers were being instructed to maintain friendly relations with former APL members as well as other counterradical groups who might be called upon in time of trouble. Counterespionage investigations had been discontinued, but questionnaires were being sent out to collect information on domestic affairs. A few men in the Military Intelligence realized that the MID's roving activities among the civilian population had given them an "evil reputation" that they must live down by scrupulously avoiding civilian investigations in the future. One book on Military Intelligence, published in 1924, alarmed some officers because it told how the secret service of the general staff had operated far beyond military limits. But 1924 marked the end of anti-radical activity for both the War Department and the Justice Department.

No agency of the Federal government would ever again attempt to cultivate so ambitious and visible an intelligence auxiliary as the American Protective League.

— Ibid., p. 148.
— Ibid., p. 288.
V. Other Factors

In addition to the War, Navy, and Justice Department intelligence organizations, there were also various Federal investigative agencies which, during and immediately after the war, engaged in activities bearing upon the intelligence function but not clearly resulting in an intelligence product.

By authority of its organic act (22 Stat. 403) of 1883, the Civil Service Commission was empowered, indeed, required, to make investigations in the enforcement of its rules. Trained personnel, however, were not immediately available for this task.

Without a staff of investigators, the Civil Service Commission couldn’t make any personal investigations to determine the character or fitness of the job applicants. The Commissioners had to rely on questionnaires filled out by the job-hunters and vouchers certifying they were of “good moral character.”

In 1913, however, Congress for the first time allowed [38 Stat. 465] the Commission to hire investigators. To get trained men, the Commission tapped the Postal Inspection Service for four investigators who concentrated mainly on charges of misconduct.

In 1917, President Wilson made the first stab at the type of investigation that occupies most of the time of the Civil Service Commission’s sleuths today. He issued an order requiring the commission to investigate the experience, fitness, character, success and adaptability of applicants for the job of postmaster where the incumbent was not to be reappointed. For the first time, the investigators were to look behind the answers on questionnaires and make personal investigations into the background of the job-seekers.76

It was also in 1917 that the Chief Executive, by confidential directive, instructed the Commission to

... remove any employee when ... the retention of such employee would be inimical to the public welfare by reasons of his conduct, sympathies, or utterances, or because of other reasons growing out of the war. Such removal may be made without other formality than that the reasons shall be made a matter of confidential record, subject, however, to inspection by the Civil Service Commission.

Commenting on the Commission’s operationalization of this authority, one expert in this policy area has said:

The Civil Service Commission assumed the power to refuse all applications for employment “if there was a reasonable belief that ... [this] appointment was inimical to the public interest owing to ... lack of loyalty.” Its agents conducted 135 loyalty investigations in 1917, and 2,537 more in 1918. In the latter year 660 applicants were debarred from federal employment for questionable loyalty, a tiny percentage of the total of federal workers. But there were many agencies not under com-

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mission control, and thousands of loyalty investigations were conducted by other internal security agencies. Despairing of slow civil service recruiting practices, federal departments employed tens of thousands of workers outside civil service procedures, with the result that the established loyalty regulations were only partially effective in their coverage.\textsuperscript{77}

This type of investigation virtually ceased with the end of the war. The Commission did, however, continue its inquiries into the fitness and character of certain new applicants, such as those seeking postmaster positions, and loyalty-security checks would not enter consideration again until warfare once more engulfed Europe.\textsuperscript{78}

The new kind of investigative work prompted the Commission to establish a separate Division of Investigation and Review in 1920. The following year, the President ordered the Civil Service Commission to investigate postmasters for reappointment as well as for their original appointment.

Law enforcement officers were the next to come under the personal scrutiny of the Civil Service Commission's investigators. When Congress, in 1927, brought all positions in the Bureau of Prohibition into the classified civil service, the Commission decided the prohibition enforcers should be investigated because of the special temptations that came their way. To carry out this chore, the Commission hastily recruited and trained 40 investigators.

In two years, the investigators completed more than 3,000 investigations into the background of Bureau of Prohibition employees. The results were startling. About 40 per cent of those investigated—including many already working for the Bureau of Prohibition—had records which showed them unfit for Federal service.

The Commission, with the blessing of Congress, decided it had better take a look into the background of other law enforcement officers. It doubled its investigative staff and started making personal investigations of customs inspectors and border patrolmen.

By 1939, the Commission's investigative program required investigations of the character and fitness of job applicants wherever practicable. Since its sights were set higher than its funds, however, it could only use its authority to check on the background of those going into key positions.

Up to this time, the question of loyalty to the Government had been recognized as something to consider, but it hadn't played a major part in investigations. Congress and the Commission had been more concerned with cleaning up political favoritism in Federal Jobs and rooting out criminal elements and grafters.\textsuperscript{79}

\textsuperscript{77} Hyman, \textit{op cit.}, p. 269; the portion of the President's confidential directive quoted above appears in \textit{Ibid.}, pp. 268-269.

\textsuperscript{78} The most ambitious loyalty-security program was established after World War II; see Eleanor Bontecou, \textit{The Federal Loyalty-Security Program}. Ithaca, Cornell University Press, 1953.

\textsuperscript{79} Ottenberg, \textit{op. cit.}, pp. 233-234.
On the eve of World War II, the Civil Service Commission had both the techniques and available loyalty-security files to again screen Federal employees. The files could have been scrutinized by other government agencies in pursuit of an intelligence objective or utilized by the Commission itself to contribute to an intelligence product. It would seem quite apparent, in any regard, that the Commission's investigative files had a potential for intelligence matters.

The Post Office Department, temporarily established in 1789 (1 Stat. 70) and given Cabinet status in 1872 (17 Stat. 283), also developed the potential for providing an intelligence product with regard to both criminal detection and internal security matters. Investigations on behalf of this agency trace their origins to the pre-Federal era when Benjamin Franklin, appointed Postmaster General by the Continental Congress, created the position of "surveyor of the Post Office," the predecessor to modern postal inspectors. When Congress created (21 Stat. 177) the Chief Post Office Inspector position in 1880, a force of ninety men were ready for investigative duties within the department. Prior to World War I, the inspectors cooperated with the Treasury and Justice Departments in preventing frauds against the government, robberies of mail, and other crimes within the Federal purview and postal service jurisdiction. During the war, inspectors assisted the military and naval authorities and the Justice Department in monitoring foreign mail traffic and identifying espionage networks. To the extent that an information store was maintained on these criminal and security matters, such materials would seem to have a potential for contributing to an intelligence product. As in the case of the Civil Service Commission, these holdings could have been examined by other government agencies in pursuit of an intelligence objective or utilized by the Post Office Department itself for such purpose.

From the earliest days of the Republic, special care had been taken to protect American diplomatic communications through the use of codes and ciphers, the creation of secure facilities, and qualification tests for all persons entrusted with such communiques.

It took the twentieth century, however, with its international stresses, its hot and cold wars, to propel the State Department into establishing a security force. In 1916, Secretary of State Robert Lansing created a Bureau of Secret Intelligence headed by a Chief Special Agent. It was such a hush-hush outfit that the Chief Special Agent drew his operating funds from a confidential account and even paid his agents by personal check.

The Chief Special Agent's job was to advise the Secretary of State on matters of intelligence and security. By 1921, his staff amounted to 25 men.

One of the first problems of these special agents involved passports and visas. Beginning in 1914, European nations began demanding proof of identity. The United States had previously issued passports on request but most people didn't

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 bother to get them. With the outbreak of World War I, United States missions abroad were authorized to issue emergency passports but by the end of 1918, Congress passed a law [40 Stat. 559] requiring every departing American to have a passport from the State Department and every alien to show a passport from his homeland and a visa from one of our consular offices before he could enter this country.

The Chief Special Agent's force started sorting out American Communists seeking passports for trips to Moscow and Soviet agents using fraudulent passports. Through the 1920's and 1930's, the State Department investigators uncovered passport frauds world wide in scope and involving chains of subversive agents on four continents. The investigators pinned down the Soviet use of American passports taken from American volunteers in the Spanish civil war, exposed several elaborate passport frauds to supply traveling Communists and thwarted at least two Nazi espionage plots centering on the use of American passports.

With the outbreak of World War II, the Chief Special Agent's office was expanded to cope with the problem of internment and exchanging diplomatic officials of enemy powers and screening Americans—or those claiming American citizenship—after they were expatriated from enemy controlled areas.81

Granted authority (12 Stat. 713 at 726) in 1863 to appoint not more than three revenue agents, the Treasury Department, by the time of American entry into World War I, had a variety of investigative arms, each with a potential for contributing to the intelligence effort. In addition to the Customs Division, the Secret Service gathered information pursuant to its mission of protecting the President, conducted security investigations of government and war production facilities, made loyalty checks on the employees of some agencies, cooperated with the Food Administration and War Trade Board in uncovering violations of the Food and Fuel Control Act (40 Stat. 276), and uncovered fraudulent activities in connection with war risk insurance. Often during the war years the Secret Service and Justice Department's Bureau of Investigation duplicated each other's efforts and quarreled over jurisdictions.82 Treasury Secretary McAdoo also vigorously protested the use of the "Secret Service" referent on American Protective League badges and documents, arguing that the Attorney General should halt this practice by his auxiliary allies. In his disputes with Justice over these various matters, Secretary McAdoo had proposed the creation of a central intelligence agency to coordinate the various intelligence activities and operations occurring during the war.83

Additional wartime taxes and controls on the production of distilled spirits and intoxicating liquors also added to the Treasury Department's surveillance duties.

83 See ibid., pp. 40-41, 94, 95-96.
Internal Revenue's Intelligence Division started out more as a weapon against corruption within the service than crime without. Early in 1919, Commissioner of Internal Revenue Daniel C. Roper, who later became Secretary of Commerce, began to hear sordid complaints that some of his tax-collecting employees were taking bribes or extorting money from taxpayers. Mr. Roper had previously served as First Assistant Postmaster General and knew the work of the postal inspectors in ferreting out dishonest employees as well as mail fraud. He wanted a similar unit in Internal Revenue, and he wanted to man it with postal inspectors.

On July 1, 1919, six postal inspectors were transferred to the Bureau of Internal Revenue. Their assignment: to investigate serious violations of revenue laws through collusion, conspiracy, extortion, bribery or any other manipulation aimed at defrauding the government of taxes.*

During the war the Justice Department bore the responsibility of controlling aliens and alien property. The Bureau of Immigration and Naturalization (then located in the Department of Labor) apparently had no investigators, as such, of its own and seems to have utilized agents from the Justice Department's Bureau of Investigation to monitor espionage suspects entering the United States as aliens. The Secret Service also was active in alien surveillance.

Within the Justice Department there was established, under the authority of the Trading With the Enemy Act (40 Stat. 415), an Office of Alien Property Custodian which was to receive, administer, and account for money and property within the United States belonging to a declared enemy or ally of such enemy. A. Mitchell Palmer held the Custodian's position until he became Attorney General in 1919 and Francis P. Garvan took over the duties of the office. The unit had its own investigation bureau, created shortly after the agency was established, which lasted until 1921. As noted with other investigative bodies, the Office of Alien Property Custodian had a potential for contributing to an intelligence product, but it is not known to what extent, if any, such actually occurred.

There is also evidence of some type of intelligence activity on the part of the Federal government with regard to foreign trade. After the United States formally entered the war, the President, in August, 1917, created the Exports Administrative Board, which replaced the Exports Licenses Division of the Commerce Department, to administer and execute the laws relating to the licensing of exports. The Board had a War Trade Intelligence Section which apparently did some investigative work. In October, 1917, the War Trade Board was created (E.O. 2729–A), succeeding the Exports Administrative Board. Three days after this entity came into being, a War Trade Intelligence Bureau was established to replace the War Trade Intelligence Section of the E.A.B. The duties of the Bureau were to determine the enemy or non-enemy status or affiliations of persons trading with any individual or firm in the United States, to supply the Enemy Trade Bureau

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* Ottenberg, op. cit., p. 252.
* See Willoughby, op. cit. pp. 319-327.
with information concerning applicants for licenses to trade with the enemy, and to act as a clearinghouse for war trade intelligence for the United States and its allies.\textsuperscript{86} Once again, the intelligence potential for such an investigative body is recognized, but its actual contribution to an intelligence product cannot be determined. In May of 1919 the Intelligence Bureau was absorbed by the Enemy Trade Bureau and a month later the entire War Trade Board was transferred to the State Department.

\textbf{VI. Red Scare}

In the closing weeks of World War I, fears of revolutionaries, anarchists, Bolsheviks, radicals and communists began to mount in America. A series of bombings aimed at public officials, labor unrest, remnants of wartime hysteria and xenophobia, and zealous government investigators eager to prove their worth in ferreting out the despoilers of democracy contributed to the frenzy.\textsuperscript{87} Reflective of this mood, Congress, in late 1918, enacted (40 Stat. 1012) legislation designed to exclude and expel from the United States certain aliens belonging to anarchistic groups or otherwise found to be in sympathy with the tenets of anarchism. The opening paragraph of the statute stipulated,

\begin{quotation}
That aliens who are anarchists; aliens who believe in or advocate the overthrow by force or violence of the Government of the United States or of all forms of law; aliens who disbelieve in or are opposed to all organized government; aliens who advocate or teach the assassination of public officials; aliens who advocate or teach the unlawful destruction of property; aliens who are members of or affiliated with any organization that entertains a belief in, teaches, or advocates the overthrow by force or violence of the Government of the United States or of all forms of law, or that entertains or teaches disbelief in or opposition to all organized government, or that advocates the duty, necessity, or propriety of the unlawful assaulting or killing of any officer or officers, either of specific individuals or of officers generally, of the Government of the United States or of any other organized government, because of his or their official character, or that advocates or teaches the unlawful destruction of property shall be excluded from admission into the United States.
\end{quotation}

Although this law was not a criminal statute, did not outlaw specified beliefs and actions, and contained no authority for prosecution, it soon became a punitive device in the hands of the new Attorney General, Alexander Mitchell Palmer. A former Democratic Member of the House of Representatives from Pennsylvania (1909–1915) and recently the Alien Property Custodian (1917–1919), Palmer came to the Wilson Cabinet as the country's chief legal officer in March, 1919.

\textsuperscript{86} See \textit{Ibid.}, pp. 128–143.

\textsuperscript{87} On the mood of the country at this time, see Murray B. Levin, \textit{Political Hysteria In America}. New York, Basic Books, 1971; for a concise history of this episode, see Robert K. Murray, \textit{The Red Scare: A Study in National Hysteria}. Minneapolis, University of Minnesota Press, 1955.
He rode the tide of prevailing sentiment and launched an attack upon radicals of all persuasion, perhaps in an effort to marshal public opinion in an eventual bid for the White House.

The atmosphere which prevailed after World War I was such that anti-radicalism and xenophobia became inseparably fused. Thus, the deportation statute was made to order for an Attorney General who combined with his own person an overdose of the spirit of the times and a will to propel himself into the limelight as the very model of a modern anti-radical.

The anti-radicalism of that period was not much ado about nothing. Rather, it was much too much ado about something: a gross over-reaction. For a host of Americans, a real problem had assumed fictional proportions.

Radical violence existed. Its advocates were, for the most part, members of the Industrial Workers of the World, Bolsheviks, or members of one wing of the anarchist movement—the other wing being pacifist. The hopes to which the revolutionary radicals geared their actions were wildly unrealistic. There was no danger of their overthrowing the Government. But there was danger of their causing an intolerable destruction of life and property.88

The wonder of the episode is that the intelligence agencies failed so badly in conveying the reality of the situation; the truth of the experience is that accurate intelligence was not sought and political expedience otherwise ruled the day. Palmer gave the Bureau of Investigation the primary investigative/enforcement mission. The other intelligence units were either incapable or unwilling to temper, qualify, or modify the assault which manifested itself in raids, harassments, arrests, and expulsions from the land.

The Labor Department had jurisdiction over the deportation statute. Secretary of Labor [William B.] Wilson was responsible for deciding which bodies, by reason of their beliefs and practices, so clearly fitted the terms of the statute that membership in them would be sufficient basis for an alien’s being deported. He named the Communist Party; and the Department’s Solicitor, called upon to make a decision when the Secretary was absent, named the Communist Labor Party—a decision which Mr. Wilson reversed some months later. These two parties were the prime targets of Palmer’s “Red raids.”

Arrest warrants had to be issued by Labor; but Justice, in a cooperating capacity, could request their issuance—and did so in wholesale lots. After arrests were made, the evidence was turned over to the Secretary of Labor. The Assistant Secretary, Louis B. Post, had the task of evaluating the evidence to determine whether or not it justified, in individual cases, the signing of deportation orders.

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88 Overstreet, op. cit., p. 41.
These details may seem academic. But one factor which led, in the end, to Congressional hearings and an aroused public interest was a collision between the Attorney General’s policy of mass arrests and Post’s policy of judging cases on an individual basis—and cancelling a host of warrants.89

The first raids on alleged anarchists and radicals occurred in November, 1919, but it was in January the following year when massive dragnet operations began in earnest. In spite of Post’s cautious administration, it has been estimated that more than 4,000 suspected alien radicals were imprisoned during the winter of 1919–1920 and eventually the deportation of “a wretched few hundred aliens, who never had the opportunity to plead their innocence and whose guilt the government never proved.” 90

And what were the techniques of the Bureau of Investigation in pursuing the radical quarry? Tactics utilized included reliance on undercover informants to identify and locate suspects,91 keeping State and local authorities ignorant of moves against suspects so that Federal supremacy in this area of arrests would be assured,92 and engaging in the physical entrapment of suspects.

The radicals seemed so numerous that GID [Hoover’s General Intelligence Division] decided to try to herd big groups of them into meeting halls on the nights assigned for raiding their membership. The way this was done in the case of the Communists was revealed in the secret instructions to the Bureau’s special agents from its headquarters dated December 27, 1919 in a document which the Bureau’s agents, were required to produce in . . . [a] . . . Boston trial. It read:

“If possible, you should arrange with your undercover informants to have meetings of the Communist Party and Communist Labor Party held on the night set.

“I have been informed by some of the Bureau officers that such arrangements will be made. This, of course, would facilitate the making of arrest.” 93

Other practices included night raids to facilitate obtaining confessions and to discourage interference by counsel,94 coordination of all raids from Washington by communications with intelligence chief Hoover,95 simultaneous arrest of all suspects, whether at the target meeting halls or in their homes,96 and a hierarchy of arrest locations.

The places where the largest hauls might be expected were the meeting rooms of the radical organizations. Next in im-
portance were the choral societies and the schools for foreign-born adults. Here the Bureau’s agents picked up both teachers and students, including those on their way to class, and others on the street suspected of having that destination.

Next in importance were small shops operated by suspected radicals, in which the police picked up the customers as well as the businessmen—this was the case at an East St. Louis tailor’s shop, where men were standing about in the evening hours, chatting with the proprietor. In some exceptional cases, customers were left behind; thus, when a barber was arrested in his Bridgeport, Conn., place of business, and the raiders were in too big a hurry to let him get his overcoat and to permit him to make his premises secure, they did not bother to wait for the half-shaved customer in the chair.

Other places for arresting customers in considerable numbers were restaurants, cafes, bowling alleys, billiard and pool parlors, social rooms for playing checkers and other games, and similar points of resort. In cases where concerts or lectures, no matter on what subject, were being given at halls frequented by radicals, the raiders arrested everyone present.\textsuperscript{97}

The campaign became so enthusiastic that American citizens who had spent the war period overseas were seized,\textsuperscript{98} raiders engaged in violence, the destruction of radical’s presses, threatened suspects at gunpoint, and made incarcerations without arrest warrants.\textsuperscript{99} Those imprisoned were harassed, coerced, and otherwise forced into confessions of guilt which were frequently thrown out by Assistant Secretary Post or rejected by the courts.\textsuperscript{100} Similarly, the Bureau delayed and denied bail to jailed suspects or demanded exorbitant bonding.\textsuperscript{101}

All in all, the episode demonstrated a shameless disregard for human rights on the part of the Justice Department, evoked a contemptuous attitude toward the Bureau of Investigation on the part of both Congress and the public, and undoubtedly contributed in some degree to the failure of the Democrats to retain control of the White House in 1920. Better intelligence and/or the proper use of available intelligence might have averted the fiasco. But politics was in ascension and intelligence activities were in decline in the aftermath of the war. What was to follow was the further disintegration of the Justice Department under Harry Daugherty, the Teapot Dome scandal, crime wars, and the decomposition of the intelligence structure.

\textbf{VII. American Black Chamber}

Not everyone within the Federal intelligence community, however, succumbed to the pronouncements of idyllic world peace in the aftermath of the European conflagration which witnessed the collapse of

\textsuperscript{97} Ibid., pp. 157–158.
\textsuperscript{98} See Ibid., pp. 159–160.
\textsuperscript{100} See Ibid., pp. 209–223.
\textsuperscript{101} See Ibid., pp. 223–237.
the Hapsburg, Hohenzollern, the Romanov empires. For some with intelligence responsibilities, the war had brought their organizations into full flower and provided an opportunity to scrutinize the intelligence capabilities of both ally and enemy. Thus, there was an unwillingness to return to prewar intelligence infancy. And it was this climate of opinion which fostered the creation of the secret cryptanalysis structure which came to be known as the American Black Chamber.

Born in April 1889, in Worthington, Indiana, Herbert O. Yardley had wanted to become a criminal lawyer but, after learning the skills of a telegraph operator, he came to the State Department in 1913 and, imbued with a strong sense of history and penchant for deciphering masked communications, he soon discovered that existing American codes could be easily broken. Having attempted, with little effect, to encourage improvements in the diplomatic codes, Yardley obtained a commission in the Army at the time of United States entry into world hostilities and went to work for Ralph Van Deman and the Military Intelligence Division. Within the War Department he organized and directed the Cryptographic Bureau which eventually became MI-8. In August, 1918, he sailed for England where he studied British cryptographic and decoding methods and then went on to Paris to assist the American delegation to the peace conference. In April, 1919, Yardley returned to the United States for the scaling down of Military Intelligence for peacetime conditions.

After several conferences with responsible officials of the State, War and Navy Departments, we decided to demobilize the Shorthand Subsection; demobilize the Secret-Ink Subsection, transfer the Code Compilation Subsection to the Signal Corps ( . . . Army regulations required the Signal Corps to compile codes); and restore Military Intelligence Communications to the Adjutant-General of the Army.

This, then, left only the Code and Cipher Solution Section. My estimate for an efficient Cipher Bureau called for one hundred thousand dollars per annum. The State Department agreed to turn over to Military Intelligence forty thousand dollars per annum out of special funds, provided the Navy Department was entirely excluded, for they refused to share their secrets with the Navy. This left a deficit of sixty thousand dollars, which Military Intelligence managed to obtain from Congress after taking some of the leaders into their confidence. I was told that there was a joker in the Depart-

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102 The “lust” for world peace was apparent in the organization of the League of Nations and the treaties resulting from the Washington armament conference of 1921–1922. It reached its zenith in 1928 with the curious Kellogg-Briand Pact which outlawed war. Simultaneous with these developments were embittering encroachments and manipulations of the economies and politics of the recently defeated central powers by certain victors in the world war, ambitions of empire by the Japanese in the Pacific, and the rise of totalitarian regimes in both Europe and Asia.


104 See Yardley, op. cit., pp. 11–15.


ment of State special funds: they could not legally be expended within the District of Columbia.

Since it seemed that we could not remain in the District of Columbia I was commissioned to go back to New York and find a suitable place where the famous American Black Chamber could bury itself from the prying eyes of foreign governments.107

On the first of October, the unit set up initial operations at 3 East 38th Street in Manhattan, a former town house owned by T. Suttern Tailer, a New York society figure and political leader.

It stayed there little more than a year, however, before moving to new quarters in a four-story brownstone at 141 East 37th Street, just east of Lexington Avenue. It occupied half of the ornate, divided structure, whose high ceilings did little to relieve the claustrophobic construction of its twelve-foot-wide rooms. Yardley's apartment was on the top floor. All external connection with the government was cut. Rent, heat, office supplies, light, Yardley's salary of $7,500 a year, and the salaries of his staff were paid from secret funds. Though the office was a branch of the Military Intelligence Division, War Department payments did not begin until June 30, 1921.108

All employees were relegated to civilian status. The mission: "We were to read the secret code and cipher diplomatic telegrams of foreign governments—by such means as we could. If we were caught, it would be just too bad!"109 Materials first came to the unit in the form of documents held by the State Department.110 Japanese secret codes were of special interest.111 During the Washington armament conference of 1921–1922, the unit made over five thousand decipherments and translations.112 According to Yardley's own reminiscences:

We solved over forty-five thousand cryptograms from 1917 to 1929, and at one time or another we broke the codes of Argentine, Brazil, Chile, China, Costa Rica, Cuba, England, France, Germany, Japan, Liberia, Mexico, Nicaragua, Panama, Peru, Russia, San Salvador, Santo Domingo, Soviet Union and Spain.

We also made preliminary analyses of the codes of many other governments. This we did because we never knew at what moment a crisis would arise which would require quick solution of a particular government's diplomatic telegrams. Our personnel was limited and we could not hope to read the telegrams of all nations. But we drew up plans for an offensive, in the form of code analyses, even though we anticipated no crisis. We never knew at what moment to expect a telephone call or an urgent letter demanding a prompt solution

107 Yardley, op. cit., pp. 166-167.
108 Kahn, op cit., p. 173.
109 Yardley, op cit., p. 167.
110 See Ibid., p. 168.
112 Yardley, op. cit., p. 225; also see Ibid., pp. 190–225 and Kahn, op cit., pp. 176–177.
of messages which we had never dreamed would interest the Department of State.\footnote{Yardley, op. cit., p. 235.}

By the late 1920's, the Black Chamber had gained access to diplomatic telegraph traffic through cooperative arrangements with the Western Union Telegraph Company and the Postal Telegraph Company.\footnote{Kahn, op. cit., p. 177.}

In 1929, with the arrival of the new administration, Yardley, upon hearing Herbert Hoover's first presidential address to the nation, sensed a high moralism had gripped government leadership, a moralism which would not tolerate the continuance of the Black Chamber. Shortly after the new Secretary of State, Henry L. Stimson, took office, a series of important code messages, deciphered by the Black Chamber, was forwarded to acquaint the Secretary with the existence and activities of the cryptanalysis operation. The reaction was the one anticipated by Yardley.\footnote{See Yardley, op. cit., pp. 262-263.}

[Stimson] was shocked to learn of the existence of the Black Chamber, and totally disapproved of it. He regarded it as a low, snooping activity, a sneaking, spying, keyhole-peering kind of dirty business, a violation of the principle of mutual trust upon which he conducted both his personal affairs and his foreign policy. All of this it is, and Stimson rejected the view that such means justified even patriotic ends. He held to the conviction that his country should do what is right, and, as he said later, "Gentlemen do not read each other's mail." In an act of pure moral courage, Stimson, affirming principle over expediency, withdrew all State Department funds from the support of the Black Chamber. Since these constituted its major income, their loss shuttered the office. Hoover's speech had warned Yardley that an appeal would be fruitless. There was nothing to do but close up shop. An unexpended $6,666.66 and the organization's files reverted to the Signal Corps, where William Friedman had charge of cryptology. The staff quickly dispersed (none went to the Army), and when the books were closed on October 31, 1929, the American Black Chamber had perished. It had cost the State Department $230,404 and the War Department $98,808.49—just under a third of a million dollars for a decade of cryptanalysis.\footnote{Kahn, op. cit., pp. 178-179.}

Yardley could not find work in Washington and returned to his family home in Worthington where the Depression quickly devoured his existing resources. Out of financial desperation, he set about writing the story of the Black Chamber, serializing portions of the account in the \textit{Saturday Evening Post} and then producing a book for Bobbs-Merrill in June 1931. Though the volume was an instant success, it was denounced by both the State and War Departments. In all, it sold 17,931 copies in America and appeared in French, Swedish, an unauthorized Chinese version, and in Japanese. In the Land of the Ris-
ing Sun the book quadrupled American sales with 33,119 copies sold amidst much outrage over its revelations. Yardley was already at work on a second expose entitled *Japanese Diplomatic Secrets*, an account utilizing Japanese diplomatic cables transmitted during the 1921–1922 naval disarmament conference, when the State Department learned of his efforts and, subsequently, "United States marshals seized the manuscript on February 20, 1933, at the office of The Macmillan Company, to whom Yardley had submitted it after Bobbs-Merrill had declined it, on the grounds that it violated a statute prohibiting agents of the United States government from appropriating secret documents."  

Yardley next turned his attention to writing fiction, at which he proved moderately successful, and some real estate speculation in Queens, New York. In 1938 he was hired by Chiang Kai-shek at about $10,000 a year to solve the messages of the Japanese who were then invading China. Two years later he returned to the United States where he made a brief effort at being a Washington restauranteur, attempted to establish a cryptanalytic bureau in Canada though Stimson and/or the British forced the reluctant Canadian government to dispense with his services, and then served as an enforcement officer in the food division of the Office of Price Administration until the end of World War II. After the war he turned to his old card playing talent and offered instruction in poker. Out of this experience came another book, *The Education of a Poker Player*, which appeared in 1957. A year later, in August, he died of a stroke at his Silver Spring, Maryland, home.

**VIII. Intelligence at Twilight**

While the period between the two world wars was largely one of dormancy or disintegration with regard to Federal intelligence activities and operations, there were certain exceptions to this situation, developments which, due to a few outstanding personalities and/or monumental events, marked the continued, but slow, evolution and advancement of intelligence capabilities.

In 1920, Marine Corps Commandant John A. Lejeune overhauled the headquarters staff in a manner emulating the Army's general staff reorganization of 1903 and the Navy's central administrative structure of 1915 when the Chief of Naval Operations position came into existence. Within the Operations and Training Division, which was one of seven administrative entities reporting directly to the Commandant, an intelligence section was instituted. Little is known about the resources or activities of this unit but it appears to have developed combat intelligence products for the Corps and to have cooperated with Naval Intelligence in preparing war plans and strategic information.

One of the Marine officers who was concerned with such planning during the early 1920s was Major (later Lieutenant

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117 Ibid., p. 181.
118 Ibid., pp. 181–183.
Colonel) Earl H. Ellis. Like many other military officers, Ellis was cognizant of the Japanese threat in the Pacific. In 1920, the Office of Naval Intelligence prepared a study concerning the possibility of a transpacific war against Japan, and various agencies within the Navy Department were directed to implement the study with plans of their own. The Marine Corps contributed to what ultimately became known as the “Orange Plan,” and Ellis made a major contribution to that portion of the plan which dealt with advanced base operations. The document he wrote, Operation Plan 712 (Advanced Base Operations in Micronesia), was approved by the Commandant on 23 July 1921.

In his writing, Ellis pointed out:

“... it will be necessary for us to project our fleet and landing forces across the Pacific and wage war in Japanese waters. To effect this requires that we have sufficient bases to support the fleet, both during its projection and afterwards.

To effect [an amphibious landing] in the face of enemy resistance requires careful training and preparation to say the least; and this along Marine lines. It is not enough that the troops be skilled infantrymen or artillerymen of high morale; they must be skilled watermen and jungle-men who know it can be done—Marines with Marine training.”

Though the observations of Earl Ellis were prophetic, he never lived to realize their actuality for he was to become a martyr to the intelligence cause he served so well. A Kansas farm boy born in 1880, Ellis joined the Marine Corps at the turn of the century and sufficiently distinguished himself that he received a commission before American entry into World War I, advanced to major during the conflict and won four decorations as well. Closely associated with Lejeune since 1914, Ellis was brought to Washington when his superior assumed command of the Corps in 1920. He was apparently put to immediate work on Orange Plan studies which consumed so much of his time and energy that he was rarely seen outside of his office and eventually fell ill shortly after completing his paper. During his recovery, his views drew harsh criticism from the peace proponents and disarmament advocates of the hour.

Discharged after three months' hospitalization, he returned to duty. Two weeks later, with considerable casualness, he asked for 90 days leave “to visit France, Belgium and Germany.”

There were two curious circumstances connected with his request for leave. In the first place the request was approved by the Secretary of the Navy the same day it was received.

Returned the following day, the letter set an all-time record for prompt handling of official correspondence.

The second oddity was noticed by Gen Lejeune’s secretary. Prior to his departure, Ellis called at the Commandant’s office to say goodbye. During the apparently normal conversation between the two officers, the secretary noticed Ellis pass a sealed envelope to the General. Without comment, Lejeune unobtrusively slipped it into his desk drawer.

Having said his goodbyes, LtCol Ellis walked out of the front door of Marine Corps headquarters—and vanished.121

Ellis was never seen in Europe. No communication was received from him for almost a year. When his official leave expired and an inquiry was made as to how he was to be carried on the muster roll, the Adjutant Inspector ordered “Continue to carry on leave.” Finally a friend received a cryptic cablegram from Ellis who was in Sydney, Australia. He had been treated for a kidney infection there and was enroute to Japan. Some six weeks later he was in the Philippines where he sent a classified and coded dispatch to Marine Corps Headquarters inquiring about the extension of his leave. The response, sent “Top Priority,” was a single sentence: “Leave extension granted for period six months.”

In mid-August, the U.S. Naval Hospital in Yokohama, Japan, was asked to attend to a desperately ill American at the Grand Hotel. The man was Ellis, again suffering from nephritis. He identified himself, indicating he was a Marine officer touring the Orient on leave. Two weeks later he was released, only to be admitted the following week with the same acute condition. Believing him to be an alcoholic, Navy medical authorities gave Ellis the choice of returning to the United States by the next transport or by Mail Steamer to facilitate his recuperation. Ellis chose the latter, wired his American bank for a thousand dollars on October 4, received the money two days later, and vanished that night from his hospital bed.

Nothing was heard about Ellis for six months. Then, on May 23, 1923, the State Department received the following from the American Embassy in Tokyo: “I am informed by the Governor General of Japanese South Sea Islands that E. H. Ellis, representative of Hughes Trading Company, #2 Rector Street, New York City, holder of Department passport No. 4249, died at Koror, Caroline Islands on May 12th. Remains and effects in possession of Japanese Government awaiting instructions.”

As a matter of standard procedure, the State Department checked with the Hughes Trading Company. By a strange coincidence, the company’s president turned out to be a retired Marine colonel. From him, State was surprised to learn that E. H. Ellis was not a commercial traveller at all. He was, in fact, a Marine Corps officer on an intelligence mission. At that point, a lot of Washington telephones began ringing; followed by a noticeable increase in Pacific cable traffic.122

121 P. N. Pierce. The Unsolved Mystery of Pete Ellis. Marine Corps Gazette, v. 46, February, 1962: 36-37. This is the most complete account of the Ellis case to date and the material which follows is taken from this story.
122 Ibid., p. 38.
In many regards, the phones are still ringing, in need of someone to answer. Badgered by reporters, Lejeune reinforced his claim of innocence regarding Ellis’s activities by finally claiming that the officer had been AWOL for some time; he apparently could not bring himself to use the contents of the sealed envelope which Ellis had given him—supposedly an undated letter of resignation, which the Commandant burned.

From various piecemeal sources it would appear that Ellis was, indeed, on an intelligence mission, surveying Japanese held islands in the Pacific, probably with a view to gathering as much information to support the Orange Plan suppositions regarding Japanese strategic power as he could observe. It would also seem that Ellis did not have a credible cover posing as a trader, had too much unaccounted for money with him, and was given to drinking bouts during which he very likely dropped his guard. In any event, the Japanese were aware of his real identity and mission in their territory. Confirmation of his true purposes for being in the Pacific has yet to be made through documentation and records. And, of course, the manner of Ellis’s death, the reason for his remains being cremated, and the loss of his personal effects all still remain a mystery.

The Army and the Navy continued their less daring attaché arrangements during the period between the wars, though there was reluctance on the part of the United States armed services to appoint air attachés during most of these years. There were various tribulations which intelligence operatives faced at this time due to the prevailing disarmament fervor and the inability of defense leaders to appreciate the intelligence product when it was available. Captain Ellis M. Zacharias was a career Navy officer who went to Japan in 1920 to study the culture and language of the country and to report on strategic developments coming to his attention as well. Within the Office of Naval Intelligence, however, the whole Far East Section occupied just one room, holding one officer and one stenographer. ONI itself comprised a handful of officers and a few yeomen, filing the occasional reports of naval attachés about naval appropriations of the countries to which they were attached, a few notes on vessels building or projected, most of them clipped from local newspapers, and descriptions of parties given in honor of some visiting American celebrity. The last-named usually represented the most illuminating and comprehensive of these so-called intelligence reports.

After three years and six months in Japan, Zacharias returned to Washington filled with trepidation and information regarding the plans and activities of imperialist Japan. However, his greeting at ONI was not enthusiastic.

122 See Ibid., pp. 39-40.
123 Alfred Vagts. The Military Attaché. Princeton, Princeton University Press, 1967, p. 67. This account surveys the growth and development of the military attaché system in international politics, tracing its evolution from the 17th Century to the modern diplomatic period.
The director listened to my report with gentlemanly boredom and evident condescension and then suddenly closed the discussion without any indication of a follow-up job for me. I soon found out that no one had given it the slightest thought. It was not in the routine. I had spent three years studying a forbidding language, penetrating the mind of a strange people, gathering data of vital importance, participating in secret missions—and now it was my turn for sea duty. To put it bluntly, I was to forget all extraneous matters and refit myself into the general routine of a naval career. I went to the Far East Section of Naval Intelligence, but there, too, I found but yawning indifference and complacency, regardless of the hostile attitudes then displayed by the Japanese in their vitriolic press. My reports were gratifyingly acknowledged but completely overlooked. I was concerned and frustrated, a state of mind which was hardly conducive to ingratiating myself to my superiors, but I could not arouse them to the dangers of the day.

While in Japan, Zacharias and his colleagues had also experienced this indifference to intelligence operations and products in the limitation of their resources and number.

The limited means at our disposal prevented us from observing the Japanese in their administration of the mandated islands. Neither did we have means or men to find out Japanese intentions and aggressive plans beyond what we could pick up in the open market of peacetime intelligence. Captain Watson was concerned about these mandated islands, where the Japanese were reliably reported to be going about merrily violating the mandate which prohibited their fortification. The few reports which reached us from these Pacific islands indicated feverish activities: merchantmen discharging material obviously designed for the building of gun emplacements, bunkers, and underground passages; naval vessels calling at those islands and delivering heavy-caliber coast guns and other equipment—all contraband according to the provisions of the mandate. Although greatly concerned, Watson could not obtain permission to establish an effective check on these activities or to ascertain the accuracy of the numerous reports coming to his ears.

Concern over the fortification of the mandated islands had also apparently prompted the mission of Earl Ellis, whom Zacharias and his colleagues scrutinized, but lost, in Yokohama. Ironically, when the islands were seized during World War II, "we discovered that it was their weakness rather than strength that the Japanese were so anxious to conceal."

Before his second tour of duty in Japan, Zacharias, in 1926, gained acquaintance with the Navy's cryptanalytic organization.

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My days were spent in study and work among people with whom security had become second nature. Hours went by without any of us saying a word, just sitting in front of piles of indexed sheets on which a mumbo jumbo of figures or letters was displaced in chaotic disorder, trying to solve the puzzle bit by bit like fitting together the pieces of a jigsaw puzzle. We were just a few then in Room 2646, young people who gave ourselves to cryptography with the same ascetic devotion with which young men enter a monastery. It was known to everyone that the secrecy of our work would prevent the ordinary recognition accorded to other accomplishments. It was then that I first learned that intelligence work, like virtue, is its own reward.  

Zacharias had a second tour of duty in Japan, monitored and deciphered Japanese Navy radio messages from a station in Shanghai, headed the Far East Section of ONI at the time of the outbreak of war in Europe, became the director of Naval Intelligence in 1942, saw combat duty, was assigned to the Office of War Information at the time of the Japanese surrender, and retired from active duty in 1946 as a rear admiral. An author and lecturer on intelligence operations, he died in 1961.

Military Intelligence also had its professional problems during this period too, as was graphically demonstrated during the Bonus March. In the summer of 1932, President Hoover faced one of the most trying problems imaginable, the presence in the nation's capital of thousands of needy veterans who were determined to force the immediate payment of the soldiers' bonus. From every part of the country, by almost every conceivable means of transportation, veterans flocked to Washington to demand that Congress relieve, by a flood of cash, the economic paralysis which had settled over the United States. Reminiscent of the followers of Coxey 40 years before, the veterans seized trains in East St. Louis and Baltimore and took temporary possession of the Pennsylvania Railroad yard at Cleveland. Their presence in Washington was described as a "supreme escape gesture."  

Although the House passed a bill allocating the funds sought by the marchers, the President let it be known he would not approve the measure. The legislation failed in the Senate and Congress, shortly thereafter, adjourned. Before leaving Washington, however, the Legislative Branch, at the Chief Executive's urging, provided $100,000 to transport the veterans home. Still they came to the capital and tracing their advance was Military Intelligence which had sent the following request, in secret code, to all Corps Area commanders: "With reference to any movement of veteran bonus marchers to Washington originating or passing through your corps area, it is desired that a brief radio report in secret code be made to War Department indicating presence, if any, of communistic elements and names of leaders of known communistic leanings."

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130 Ibid., p. 89.
Most of the replies to this were reasonably sane, if not too astute. Ninth Corps Area for example, could not discover when the Oregon contingent left Portland, a fact that was reported in the local newspapers. It did correctly evaluate the political complexion of Royal W. Robertson's Californians, pointing out not only the absence of Communist activity, but also that its leader was "firm in stand that [Communists] will not be tolerated." In neighboring Eighth Corps, however, an almost undiluted paranoia prevailed. The intelligence reports emanating from Fort Sam Houston, Texas, are simply incredible, and lend verisimilitude to at least the last proviso of the army legend that the brainy go to the engineers, the brave to the infantry, the deaf to the artillery, and the stupid to intelligence. In any event, the Texas-based intelligence experts convinced themselves that the Californians were dangerous Communists (with a leader named Royal P. Robinson) and that Metro-Goldwyn-Mayer was financing the whole movement. In case Washington didn't know what it was, Colonel James Totten told them:

Metro-Goldwyn-Mayer Picture Corporation is known to be 100 per cent Jewish as to controlling personnel, and that high officers of this company are in politics. An unconfirmed rumor circulated many months ago, stated that agents of U.S.S.R. had contacted motion picture companies in California, and contributed to some of them with a view to inserting propaganda and support of U.S.S.R. policies.

Other reports spoke of machine guns in the hands of bonus marchers, forged discharges available for fifty cents from "any pawn broker in Chicago" (this from an officer in Philadelphia), while another report, early in July, claimed that [Bonus Army leader Walter W.] Waters had the "assistance of gunmen from New York and Washington . . . [and] that the first blood shed by the Bonus Army in Washington is to be the signal for a communist uprising in all large cities." 132

Of course, there was blood shed in Washington that summer, but not necessarily due to the ineptitude of Military Intelligence. The communist uprising? Some marchers took advantage of the congressional funds made available for their return home. But it was estimated that some 11,000 persons located at 24 separate camps in the capital remained behind. As a result of disturbances in and around Federal buildings undergoing demolition and a brief riot which followed one eviction scene where one veteran was killed at the scene and another fatally wounded, Federal troops, requested by the District of Columbia government, were brought into the city. A tank platoon and a cavalry squadron, together with an infantry battalion, were called into action. About 500 troops were located in the District with another 1,000 held in reserve at nearby military installations.

On the afternoon of July 28, these forces, under the command of General Douglas MacArthur, advanced on the Pennsylvania Avenue encampment of the veterans.

The cavalry led the way, followed by tanks, machine gunners, and infantry, all headed toward the “fort” of the B.E.F. [Bonus Expeditionary Force], a skeletonized building at Third Street. After a half hour’s wait the troops donned gas masks and in a few minutes of tear gas bombing completely cleared the “fort”. The troops were deployed in such a fashion as to drive the Marchers away from the business area and toward the encampment at Anacostia. This was accomplished without the troops firing a shot although, apparently, there was a considerable display of swinging cavalry sabres and prodding bayonets.133

After a brief halt at the edge of the Anacostia encampment of the veterans, the troops moved into the shacktown and, throughout the night, completed its destruction. Without any shelter, penniless, and unwanted, the veterans fled the District, reportedly “aghast at the failure of their confident prediction that no soldier would move into action against them.” 134

There were, of course, higher plateaus of Army intelligence during this time, the pinnacles being held by William F. Friedman and his Signal Corps colleagues who broke the intricate and sophisticated Japanese cipher known to Americans as the “purple” code. Born in Russia in 1891, Friedman emigrated to the United States with his parents the following year. He matriculated as one of ten honor students in a class of 300 at Pittsburgh Central High School in 1909 and received an undergraduate degree in genetics from Cornell University in 1914. Through an interest in the authorship of the plays of William Shakespeare and related literary questions, Friedman became a skilled cryptologist. During 1917 and 1918 he taught cryptanalysis to Army officers and produced some writing on the subject. In 1921 Friedman and his wife, also a skilled cryptologist, entered into a six-month contract with the Signal Corps and continued the relationship as civil servants on the War Department payroll until 1922 when he became Chief Cryptanalyst and head of the Code and Cipher Compilation Section, Research and Development Division, Office of the Chief Signal Officer.

Meanwhile, the Army had been studying its divided cryptologic operation and, shortly before the State Department withdrew support for Yardley’s bureau, had decided to integrate both cryptographic and cryptanalytic functions in the Signal Corps. The closing of the Black Chamber eased the transition, and on May 10, 1929, cryptologic responsibility devolved upon the Chief Signal Officer. To better meet these new responsibilities, the Signal Corps established a Signal Intelligence Service in its War Plans and Training Division, with Friedman as director. Its officially stated mission was to prepare the Army’s codes and ciphers, to intercept and

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solve enemy communications in war, and in peace to do the training and research—a vague enough term—necessary to become immediately operational at the outbreak of war. To carry out these duties, Friedman hired three junior cryptanalysts, all in their early twenties, at $2,000 a year—the first of the second generation of American cryptologists. They were Frank Rowlett, a Virginian, and Solomon Kullback and Abraham Sinkov, close friends who had taught together in New York City high schools before coming to Washington and who both received their Ph. D.'s in mathematics a few years later. It was the beginning of an expansion that led to the PURPLE solution, the triumphs of World War II, and the massive cryptologic organization of today. At his death on November 2, 1969, he was widely regarded as the greatest cryptologist that science had ever seen.

The breaking of the complicated “purple” code was part of a continuous effort by the Army and Navy to decipher and monitor Japanese communications. Largely under the immediate leadership of Friedman since its creation sometime in 1936, the project had been dubbed MAGIC.

The cipher machine that Americans knew as PURPLE bore the resounding official Japanese title of 97-shiki O-bun In-ji-ki. This meant Alphabetic Typewriter '97, the '97 an abbreviation for the year 2597 of the Japanese calendar, which corresponds to 1937. The Japanese usually referred to it simply as “the machine” or as “J,” the name given it by the Imperial Japanese Navy, which had adapted it from the German Enigma cipher machine and then had lent it to the Foreign Ministry, which, in turn, had further modified it. Its operating parts were housed in a drawer-sized box between two big black electrically operated Underwood typewriters, which were connected to it by 26 wires plugged into a row of sockets called a plugboard. To encipher a message, the cipher clerk would consult the YU GO book of machine keys, plug in the wire connections according to the key for the day, turn the four disks in the box so the numbers on their edges were those directed by the YU GO, and type out the plaintext. His machine would record the plaintext while the other, getting the electrical impulses after the coding box had twisted them through devious paths, would print out the ciphertext. Deciphering was the same, though the machine irritatingly printed the plaintext in the five-letter groups of the ciphertext input.

The Alphabetic Typewriter worked on roman letters, not kata kana. Hence it could encipher English as well as roman—and also roman-letter codetexts. . . . Since the machine could not encipher numerals or punctuation, the code clerk first transformed them into three-letter codewords, given in a small code list, and enciphered these. The receiving clerk

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would restore the punctuation, paragraphing, and so on, when typing up a finished copy of the decode.

The coding wheels and plugboards produced a cipher of great difficulty. The more a cipher deviates from the simple form in which one ciphertext letter invariably replaces the same plaintext letter, the harder it is to break. A cipher might replace a given plaintext letter by five different ciphertext letters in rotation, for example. But the Alphabatical Typewriter produced a substitution series hundreds of thousands of letters long. Its coding wheels, stepping a space—or two, or three, or four—after every letter or so, did not return to their original positions to re-create the same series of paths, and hence the same sequence of substitutes, until hundreds of thousands of letters had been enciphered. The task of the cryptanalysts consisted primarily of reconstructing the wiring and switches of the coding wheels—a task made more burdensome by the daily change of plugboard connections. Once this was done, the cryptanalyst still had to determine the starting position at the coding wheels for each day’s messages. But this was a comparatively simple secondary job.\footnote{Ibid., pp. 21-22.}

The first complete solution of a “purple” communique was made in August, 1940.\footnote{Ibid., p. 25.} By the time of the Pearl Harbor attack, decoded Japanese messages were circulating at the highest levels of the Federal government. Though this decipherment advantage was not sufficient, in itself, to prevent the surprise bombing of Hawaii and simultaneous aggression against American Pacific outposts, the ability to decode Japanese communications served military and naval strategists well during the war.

But there was another war, of sorts, fought within the United States prior to the outbreak of hostilities once again in Europe and also in Asia. This was the war against organized crime. A variety of law enforcement agencies were involved in the Federal government’s attack upon the lawless and various intelligence developments occurred during this effort.

With the arrival of Harlan F. Stone at the Justice Department as the new Attorney General in March, 1924, the General Intelligence Division of the Bureau of Investigation began to be phased out of existence. But the interests of G.I.D. did not fail to continue to receive attention upon its demise if only because the unit’s leader, J. Edgar Hoover, ultimately became, on December 10, 1924, the head of the entire Bureau. Other intelligence resources which were developed at this time included special capabilities with regard to the identification of kidnappers and their victims and a fingerprint data bank.

On July 1, 1936 the Bureau had on file 6,094,916 fingerprint records, consisting of 5,371,995 criminal records and 522,921 personal identification, Civil Service, and miscellaneous non-criminal records. On that date, 9,904 law-enforcement officials and agencies throughout the United States and foreign countries were contributing 4,700 fingerprint cards daily.
Six months later, that is, on December 31, 1936, the number of fingerprint records had increased to 6,682,609; and the number of contributing agencies, to 10,229.\textsuperscript{138}

Not only did this elementary intelligence information prove useful in the necessity of establishing a basic positive identification of certain individuals, but it also provided a basis for information exchange between the Bureau and sub-national law enforcement agencies as well as a relationship between the Bureau and international or foreign law enforcement units.

The Bureau also established a technical laboratory during the latter part of 1932. While the facility is largely concerned with the application of scientific techniques to criminal evidence, certain aspects of its program might be viewed as having a potential for contributing to an intelligence product.\textsuperscript{139}

Increased responsibilities with regard to taxation, narcotics control, and National Prohibition during this period brought about various intelligence function developments within the units of the Treasury Department.

Most of the other federal crime-control agencies are in the habit of filing identification material on a comparatively small scale. The Secret Service maintains an identification file of single fingerprints of all known makers of counterfeit money and their associates arrested since 1928. The names of these offenders and their aliases are arranged alphabetically for convenient reference. The Service also maintains an identification file of regular fingerprints of persons arrested and convicted for counterfeiting, which also contains the photographs and previous criminal records of such offenders. The Enforcement Division of the Alcohol Tax Unit operates an elaborate filing and cross-reference system for identification and classification purposes. An identification file is maintained in the Bureau of Narcotics. Included are the fingerprints, photographs, and criminal records of persons arrested for violation of the federal narcotics laws. The field offices of the Customs Agency Service, including the Customs Patrol, maintain identification files of individuals and also indexes of various known smuggling vessels.\textsuperscript{140}

With regard to its special mission of protecting the President, the Secret Service continued, during this time, to "exercise, in general, a tactful but effective surveillance over all those who come into contact with the Chief Executive."\textsuperscript{141}

The United States Coast Guard, created (38 Stat. 800) in 1915 by combining the Life-Saving Service and the Revenue Cutter Service, had a single intelligence officer attached to the Commandant's staff until prohibition era duties prompted the creation of intelligence units within field offices. The first such intelligence group was established in


\textsuperscript{139} See Millspaugh, *op. cit.*, pp. 94-96; Whitehead, *op. cit.*, pp. 166-178.

\textsuperscript{140} Millspaugh, *op. cit.*, pp. 92-93.

the New York office in 1930 with San Francisco, Mobile, and Boston being favored with intelligence personnel during the next four years. In 1936 the Coast Guard not only obtained (48 Stat. 1820) general criminal law-enforcement powers, but also created an Intelligence Division at its Washington headquarters. 142

The purpose of these special intelligence field units was largely to monitor radio communications between ships hovering outside the 12-mile limit laden with illegal liquor and distilled spirits and their land-based accomplices.

The operation was directed from clandestine shore radio stations, but since the smugglers were aware that the radio messages could be intercepted, they communicated the time and place of rendezvous between speedboats and supply vessels by way of complex codes. Obviously, if the Coast Guard could break the ever-changing codes in a hurry, it could catch up with the liquor-laden speedboats much more effectively than through a blind search of the coast line.

By the spring of 1927, an enormous number of code messages had accumulated on the desk of the one-man intelligence office at Coast Guard headquarters. The secret communications had been intercepted on both the Atlantic and Pacific coasts and the volume was increasing daily. At that point, an expert cryptanalyst, Mrs. Elizabeth Smith Friedman, was brought into the Coast Guard to solve the hundreds of messages on file. Within two months, she had reduced the mass of coded messages from unknown to known. It was then that the Coast Guard decided to launch an intelligence service based on fast translation of whatever secret messages fell into its hands. 143

The Coast Guard’s expert was the wife of William F. Friedman, the man who directed the MAGIC task force destined to break the Japanese “purple” code. As a consequence of her efforts, the Coast Guard, prior to World War II, maintained an intelligence staff of investigators and cryptanalysts which did not exceed 40 individuals during the 1930s. 144

And within the Bureau of Internal Revenue there was the Intelligence Unit which one contemporary account described, saying:

The Intelligence Unit is located in the immediate office of the Commissioner of Internal Revenue. At the end of 1936 the Unit consisted of three divisions: (1) the Personnel, Enrollment, and Records Divisions; (2) the Fraud Division; and (3) the Field Districts. The district were fifteen in number; and the field force on June 30, 1936 numbered 196 men.

In addition to the investigation of violations of internal revenue laws, the Intelligence Unit is concerned with serious infractions of disciplinary rules or regulations on the part of officials and employees of the Bureau of Internal Revenue; and, when directed by the Secretary of the Treasury, the Unit investigates alleged irregularities by officials and employees

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142 See Ottenberg, op. cit., pp. 136–137.
143 Ibid., p. 136.
144 Ibid., p. 137.
of other branches of the Treasury Department. In addition, a large part of the work of the Unit relates to investigations of applicants for positions in the Bureau and in certain other branches of the Department. To the Unit is also assigned the investigation of applicants for admission to practice before the Treasury Department as attorneys and agents, and the investigation of charges against enrolled attorneys and agents.\(^{145}\)

These were the intelligence forces engaged in warfare against organized crime, racketeers, and gangsterism. But a larger scale and far more ominous warfare was in the offering as the 1930s spent themselves and international politics witnessed the arrival of totalitarianism in Europe and Asia. Adolf Hitler came to power in Germany in 1933 and in six years led that nation in rearmament, a fanatic belief in racial supremacy, dictatorial government, and a territorial expansion which included portions of Czechoslovakia, all of Austria, and threatened the Polish corridor and the Saar region. Japan, in the meantime, had colonized Manchuria (renamed Manchukuo) and Korea and continued to pressure the Chinese for more territory as troops spilled southward toward the Nanyang peninsula. While these developments occurred, the United States espoused and continued to maintain an official policy of strict neutrality with regard to diplomatic entanglement and brewing overseas hostilities. However, this position of international neutrality did not mean that the United States would not prepare for its own defense or fail to take steps to maintain its own domestic well-being during the period of crisis. If conscientious intelligence personnel were not alerted to the gravity of the world situation prior to the outbreak of war in Europe, then they soon became so informed when, one week later, on September 8, 1939, President Roosevelt declared (54 Stat. 2643) a condition of "limited" national emergency, thereby making certain extraordinary powers available to the Chief Executive and "limited" only in the sense that neither the defense of the country nor its internal economy would be placed upon a war footing.\(^{146}\) It was a time of watching and waiting.

\(^{145}\) Millspaugh, op. cit., pp. 205-206.

\(^{146}\) Such a proclamation had apparently been contemplated in late 1937 at the time Japanese aircraft bombed the American gunboat Panay on the Yangtze River in China. The desire was to seize Japanese assets and investments in the United States and to extract payment for damages. The idea for a national emergency proclamation on the matter was outlines by Herman Oliphant, a Treasury Department legal expert and close personal assistant to Treasury Secretary Henry Morgenthau who was also involved in developing the plan. Although a memorandum on the scheme reached President Roosevelt's desk, he did not implement it and there is no evidence to indicate it was consulted on the occasion of preparing the 1939 proclamation. Oliphant died in January, 1939. See John Morton Blum, Roosevelt and Morgenthau. Boston, Houghton Mifflin Company, 1970, pp. 225-230.