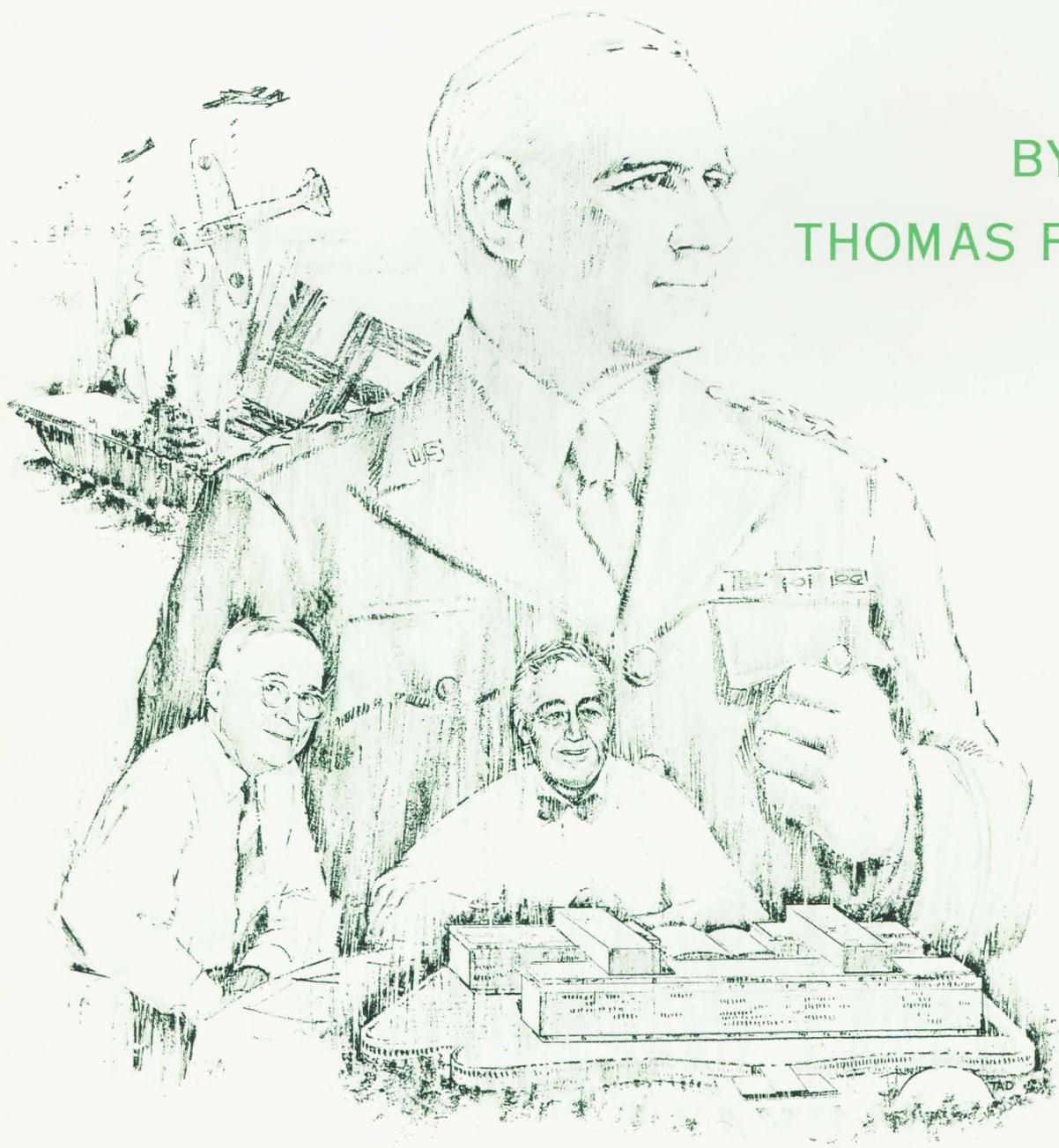


# DONOVAN AND THE CIA

A HISTORY OF THE ESTABLISHMENT  
OF THE CENTRAL INTELLIGENCE AGENCY

BY  
THOMAS F. TROY



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CENTRAL INTELLIGENCE AGENCY  
CENTER FOR THE STUDY OF INTELLIGENCE

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*This volume, though the product of official research, is the work of the author alone. It must be construed as personal only and not as constituting the official position of the Director of Central Intelligence or of the Central Intelligence Agency.*



William J. Donovan—"an activist, full of imagination and energy" (p. 92).

Roosevelt Library

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## Preface

As conceived, this history was aimed at satisfying the need of employees of the Central Intelligence Agency, especially new or young professional ones, for a comprehensive and detailed account of the agency's origin. It was completed in 1975, classified SECRET, and reproduced in sets of two volumes each.

The security classification has recently been reviewed, and the manuscript, shorn of no more than six typewritten pages of material, is now declassified. Thus released for leisurely reading outside the office, and printed in one volume, this history should better serve its original purpose.

It has, of course, been re-edited. For reasons of accuracy and clarity, and because of changes in judgment, I have added or deleted some words, phrases, and a sentence or two in the text. I have been permitted by the family of the late James Grafton Rogers to add a score of lines from his unpublished diary. I have not felt it necessary to revise or rewrite this history, although I know it would read differently here and there if it had been written at the end, rather than the beginning, of the last several years of accusations, revelations, investigations, and reforms that have centered on the CIA and American intelligence generally.

The work has not otherwise been revised. There are, consequently, three matters which particularly need updating here as a result of additional research or recent developments.

The first of these is the unexpected decision of President Hoover in 1929 not to appoint the then Colonel Donovan as Attorney General in the new administration. The text says (p. 26) that the reason had "something to do with Donovan as a Catholic." It is clear from Hoover's own handwritten statements, which I have reviewed at the Hoover Library in Iowa, that the explanation is complex, personal, and even contradictory rather than simple as the text suggests and as has hitherto been proposed.

While Hoover and Donovan were reputedly long-standing personal friends, the new President felt for a variety of reasons touching Donovan—his "immaturity of mind," administrative inexperience, pressure tactics involving religion, philosophical and policy differences on prohibition, and political liabilities agitating powerful senators—that Donovan could not be brought into the Cabinet either as Attorney General or as Secretary of War, an alternative position often considered open to him.

At the same time, however, Hoover offered Donovan, as a substitute, the governor-generalship of the Philippines, which was, wrote Hoover, "the greatest position at the disposal of the President—greater than any Cabinet position"; but he felt he was doing so "at great personal risk in case through immaturity he (Donovan) should fail." Clearly this was a decision which needs greater study than can be given here.

A second subject requiring comment is the role of Sir William S. Stephenson as Britain's intelligence chief in the United States in World War II. His story was first told in H. Montgomery Hyde's *The Quiet Canadian* or, in its American edition, *Room 3603*. It has been recently retold, more successfully but not more reliably, in *A Man Called INTREPID* by the homonymously-named William Stevenson. The story, an impressive and fascinating one, has never been told, however, on the basis of publicly available primary sources, and consequently many claims or details remain undocumented. Two of these need mention here.

## *preface*

The first is the remarkable quotation attributed by author Stevenson to Donovan (p. 5 of *A Man Called INTREPID*) detailing the time, place, and subject of conversation of the first meeting of Donovan and INTREPID—1916, England, and German military and psychological weaknesses. This quotation directly contradicts the assertion made by Donovan himself in 1944 (p. 36, *infra*) that he “did not know” INTREPID in July 1940 but “met him only after [my] return” from London in August. How Donovan and INTREPID can be reconciled on the latter’s claim to a long-standing, pre-1940 acquaintanceship with Donovan remains an open question.

Another controversial point is the equally, perhaps more, remarkable claim put forward by author Stevenson that INTREPID regularly met with President Roosevelt in 1940-41 in Washington not only clandestinely but also without the knowledge of any other American or local British officials. Until evidence for this claim can be advanced it must be treated with reservation. My own opinion is that whatever contact INTREPID had with Roosevelt prior to Pearl Harbor went through either J. Edgar Hoover or FDR’s personal friend Vincent Astor.

A final subject for comment is the “leak” in 1945 to reporter Walter Trohan of the *Chicago Tribune* of both the Donovan and the JCS plans for a postwar, peacetime central intelligence organization (pp. 255-60, *infra*). As for the identity of the culprit, Donovan’s suspicion fell immediately upon J. Edgar Hoover, and his suspicion has become the conventional wisdom on the subject. As the text indicates, however, I had developed doubts about Hoover’s sole, if any, guilt in the matter. The pattern of similar leaks later in the year suggested that elements in G-2 might well have been involved. Even so, I was not ready for the revelation made to me, first in correspondence, then in face-to-face meetings, by Trohan himself, when I was finally able to get in touch with him.

Who “leaked” the documents? Trohan says he was called by Steve Early, the President’s secretary, given the documents, and told that “FDR wanted the story out.” How this revelation can be squared with what I have written here about the Donovan-Roosevelt relationship, how FDR’s purpose, strategy, and tactics can be determined and assessed, also requires more exploration than can be offered here. Suffice it to say that I think, and Trohan agrees, that both history and fairness to Hoover require that Trohan’s story at last be put in the record.

## Preface to First Edition

The coupling “Donovan and CIA” in the title of this work is intended to focus attention on a felt need of people interested in the origins of the Central Intelligence Agency.

Such people have never felt too sure as to the precise connection—if any—between the man and the organization. They have known of course that his Office of Strategic Services preceded CIA in time and left it a legacy of personnel, experience, techniques, principles, and traditions. They have known that late in 1944 Donovan sent to President Roosevelt a plan for the establishment of a permanent, peacetime central intelligence organization.

They have also known, however, that the OSS was abolished by President Truman on September 20, 1945, that some salvageable parts were sent to the State and War departments, and that Donovan went back to New York to the practice of law. They have also known that four months later Truman, using the remains of OSS, created the Central Intelligence Group and then eighteen months later he and Congress replaced that by the present CIA.

What, then, asks the inquiring reader, was the connection between Donovan and CIA? Was Donovan merely a testator leaving property to a distant and unrelated heir? Was OSS anything more than a valuable precedent and example? Had Truman actually created a new building out of old bricks? Or is there, asks the more perceptive reader, an organic—a substantial, lineal—connection between Donovan and OSS? Is there, in fact, a “missing link” which makes CIA not only a successor but also a descendant—a blood relative—of OSS?

The thesis of this volume is that there is such a “missing link”\* and that CIA historically and substantively embodies Donovan’s creative conception of a central intelligence organization. What follows in these pages, then, is not a series of episodes in intelligence history but a continuous narrative tracing the evolutionary development of CIA as an integral element of the structure of the U.S. government.

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\* Those readers who cannot wait to discover that missing link may turn to p. 409 for a preliminary slaking of their curiosity.

## Acknowledgments

Rather belatedly I acknowledge my indebtedness to Amb. Richard Helms, who, when Director of Central Intelligence, yielded to Col. Lawrence K. White, Hugh T. Cunningham, Lawrence R. Houston, and Walter L. Pforzheimer and authorized me to undertake some research which has led—undoubtedly to the surprise of all of us—to the open publication of this history.

This volume, in this edition, owes its existence immediately to Mr. James P. Hanrahan, Director of the Center for the Study of Intelligence. It was his initiative that set the publication process in motion, and it was his support that made available to me valuable time for coordinating the elements of that process and especially for reviewing, editing, indexing, and proofreading the entire work. I am much indebted to him.

Also at the Center and deserving of my thanks are several present and past associates who helped me resolve many problems of fact, syntax, style, and punctuation. I think particularly of George W. Allen, Paul H. Corscadden, James M. Dunn, and Richard Kovar. Our secretaries, Patricia A. Herchenroder and Geraldine A. Simchick were unfailingly cooperative. Kathleen F. Seroskie provided last-minute assistance with the index.

The entire manuscript was very carefully read by another colleague, Hayden B. Peake; and portions of it were read by Lawrence R. Houston and Walter L. Pforzheimer, and by Vernon E. Davis formerly of the JCS Historical Division. Shortly after it was written it was also read in its entirety by Otto C. Doering, Jr., now deceased, and Thomas G. Belden, then with the Intelligence Community Staff.

All of the people mentioned above made many valuable comments or suggestions for change—not all of which I could or would accept—and hence whatever shortcomings are contained here are mine alone.

For much help at the FBI and for many hours of enjoyable, profitable discussion of the subject of this book I owe thanks to Lawrence McWilliams, now retired.

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I also thankfully acknowledge the permission of Ranger Rogers, Lorna Rogers Hart, and Hamilton Rogers—all of Denver, Colorado—to quote from the valuable unpublished diary of their late father James Grafton Rogers, a diary which is in their possession and for which they claim copyright.

The job of putting out this printed edition involved many persons in the Office of Logistics, Printing and Photography Division. My thanks are extended to all of the production personnel in that Division, especially to the members of the Composing Branch.

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I recall with gratitude the large number of people who in one way or another have given me their support in the research and writing of the pages that follow. Heading that list are four men whose support was actually indispensable.

Three of these have served successively as CIA's Director of Training during the years I have worked on this volume and on its predecessor, "COI and British Intelligence: An Essay on Origins." In order of time they are John Richardson, Hugh T. Cunningham, and Alfonso Rodriguez. The first helped me get started, the second provided what some called "the Cunningham fellowship," and the third—beginning as Deputy Director of Training—has steadily and generously encouraged me.

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Digging out material in numerous archives and libraries would not have been possible without the knowledge, experience, and cooperation of such as the following: at Washington's National Archives, Thomas Hohmann, William Cunliffe, John Taylor, and William G. Lewis; at the Franklin D. Roosevelt Library in Hyde Park, N.Y., Jerome V. Deyo, Joseph W. Marshall, Robert H. Parks, and Paul McLaughlin; at the Naval History Division in Washington, Dr. Dean C. Allard, Mrs. Kathleen M. Lloyd, and Mrs. Mae Seaton; at the Truman Library in Independence, Missouri, Philip D. Lagerquist; and Melvin Margerum at the Office of Management and Budget in Washington.

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The former Governor of New York, Nelson A. Rockefeller, gave me access to his private papers and placed at my assistance Mr. John E. Lockwood of his staff and Dr. Joseph W. Ernst, Archivist of the Rockefeller Family and Associates. For the text of Donovan's off-the-record speech to The Union League of Philadelphia, I am indebted to Mr. Maxwell Whiteman, Archival Consultant of that organization.

Mely Becker, Cathy Adams, and Renee Perrin have helped me ready this volume for reproduction by the Printing and Photography Division of the Office of Logistics.

## Abbreviations

A-2	Army Air Forces Intelligence
AFHQ	Allied Forces Headquarters, London
BEW	Board of Economic Warfare
BSC	British Security Coordination
CCS	Combined Chiefs of Staff
CIA	Central Intelligence Agency
CIAA	Coordinator of Inter-American Affairs
CICA	Central Intelligence Coordinating Agency
CIG	Central Intelligence Group
CIPA	Central Intelligence Planning Agency
CIS	Central Intelligence Service
CIS	Central Intelligence Services (CIG)
CNO	Chief of Naval Operations
COI	Coordinator of Information
CominCH	Commander in Chief, U.S. Fleet
COS	Chief of Staff
CRS	Central Reports Staff, CIG
CWIP	Committee on War Information Policy, OWI
DCI	Director of Central Intelligence
DDIC	Deputy Director of Central Intelligence
EBD	Economic Defense Board
FBI	Federal Bureau of Investigation
FBIS	Foreign Broadcast Information (or Intelligence) Service
FCC	Federal Communications Commission
FEA	Foreign Economic Administration
FID	Federal Intelligence Directorate
FIS	Foreign Information Service, COI
FN	Foreign Nationalities Branch, COI
G-2	Intelligence Division, War Department General Staff
IAB	Intelligence Advisory Board
IIC	Interdepartmental Intelligence Committee (or Conference)
IRIS	Interim Research and Intelligence Service, State Department
JCS	Joint Chiefs of Staff
JIA	Joint Intelligence Agency
JIC	Joint Intelligence Committee
JIS	Joint Intelligence Staff
JPS	Joint Staff Planners
JPWC	Joint Psychological Warfare Committee
JSC	Joint Security Control
JSSC	Joint Strategic Survey Committee
MID	Military Intelligence Division
MIS	Military Intelligence Service
MI-6	Military Intelligence: Section 6 (U.K.)
MOI	Ministry of Information, U.K.

## ***abbreviations***

NDRC	National Defense Research Council
NIA	National Intelligence Authority
NSA	National Security Act
NSC	National Security Council
OCD	Office of Civilian Defense
OCL	Office of Intelligence Coordination and Liaison, State Department
OEM	Office of Emergency Management
OEM/DI	Office of Emergency Management/Division of Information
OFF	Office of Facts and Figures
OGR	Office of Government Reports
ONI	Office of Naval Intelligence
OPD	Operations Division, War Department General Staff
OPM	Office of Production Management
ORE	Office of Research and Evaluation (later Office of Reports and Estimates), CIG
ORI	Office of Research and Intelligence, State Department
OSS	Office of Strategic Services
OWI	Office of War Information
PG	Planning Group, OSS
PW	Psychological Warfare
PWE	Political Warfare Executive, U.K.
R&A	Research and Analysis, OSS
SA/B	Special Activities/Bruce, COI
SA/G	Special Activities/Goodfellow, COI
SHAEF	Supreme Headquarters, Allied Expeditionary Force
SI	Secret Intelligence
SIS	Secret Intelligence Service (MI-6), U.K.
SIS	Special Intelligence Service, COI
SIS	Special Intelligence Service, FBI
SIS	Special Intelligence Service, ONI
SO	Special Operations, OSS
SOE	Special Operations Executive, U.K.
SOS	Special Operations Service, COI
SSG	Special Study Group, G-2
SSU	Strategic Services Unit
WT	War Trade Intelligence, State Department

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# Part One

## PREWAR—THE COI STORY

### Chapter I

#### A QUESTION OF PATERNITY

The Central Intelligence Agency, like success, has many fathers. Among them are two presidents, a handful of Army and Navy officers, a British intelligence official, and a civilian soldier. Their claims, briefly sketched and assessed here, will introduce not only the hero of this story and a few of the myriad characters who people its pages but will also uncover a convenient place to begin—a coincidence in 1929.

Pearl Harbor is hardly a father, but something ought to be said preliminarily about its significance in this matter. The Hoover Commission was not far wrong in 1955 when it declared that

the CIA may well attribute its existence to the attack on Pearl Harbor and to the postwar investigation into the part Intelligence or lack of Intelligence played in the failure of our military forces to receive adequate and prompt warning of the impending Japanese attack.<sup>1</sup>

Certainly after that event there were few, if any, people in this country who were not convinced of the necessity for obtaining and utilizing whatever information would enable the country's leaders to anticipate and forestall another power's hostile designs on the nation's internal and external security. This unanimity of opinion was summed up with death and disaster in the slogan "Remember Pearl Harbor!" It undoubtedly set the climate of opinion which made the debate in the immediate postwar world about a permanent foreign intelligence establishment a debate not about its necessity but about its powers and functions. CIA's establishment in 1947 represented the public determination that Pearl Harbor would not be repeated.

In 1939, however, long before this climate of opinion was fixed, President Franklin D. Roosevelt, according to former Amb. George S. Messersmith, had taken the "initiative" and conceived "the original idea" that led to CIA.<sup>2</sup> Messersmith was referring to the Inter-departmental Intelligence Committee (IIC) which was essentially a counterintelligence setup with, however, nothing positive among its potentialities—as events will show. Roosevelt's contribution, considerable indeed, will be seen to lie elsewhere, especially in his establishment of the Coordinator of Information (COI) under the leadership of then Col. William J. ("Wild Bill") Donovan.

The other President to be credited with CIA is Harry S. Truman. Certainly his *Memoirs* make it clear that he had no small idea of the role he played; it was his felt need for coordinated intelligence that caused him to push the idea of a CIA and be the President who signed it into law. His daughter Margaret, a score of years later, counted the agency among her father's "proudest accomplishments."<sup>3</sup> As President his role was indispensable, but it was not creative; the snowball had already grown large when he put his shoulder to it.

Claims for the military and naval officers are three. First, the Army's Col. Sidney F. Mashbir has maintained that he and the Navy's Capt. (later Rear Adm.) Ellis M. Zacharias "at the direction of Fleet Adm. Ernest J. King . . . prepared the first draft and implementing

## *1/a question of paternity*

directives for what has since become the Central Intelligence Agency.”<sup>4</sup> So it may have seemed to them; but, as events will show, that was understandable myopia. Second, another rear admiral, C. M. Cooke, Jr., has been credited with the idea, the “major factor,” that started “the first official step to provide a unified war intelligence service.”<sup>5</sup> This was his proposal late in 1942 for the establishment of an “Office of War Intelligence.” Cooke, however, like Zacharias and Mashbir, was not in the mainstream of events but in military backwaters. Third, Col. Ludwell L. Montague, later a civilian with CIA’s Board of National Estimates, traced the agency’s origins not to Donovan’s proposal in 1944, as he maintained people frequently do, but “to the much more sophisticated doctrine of the Army G-2 Policy Staff,” especially as that doctrine was drafted by Montague himself.<sup>6</sup> While this subject will be treated extensively later on, let it be maintained at the outset that Donovan forced the Army and others to raise their sights much higher than they ever would have done under their own powers.

The British claim for CIA fame has actually been expressed in terms of parentage. William S. Stephenson, knighted by His Majesty King George VI for his intelligence labors in the United States in World War II, has said that his organization “had a considerable part in the upbringing” of Donovan’s COI “of which it was in a sense the parent.”<sup>7</sup> This claim will be fully aired in these pages. It need only be said now that the Stephenson story, a genuinely intriguing one, must be read in the light of the Donovan story.

The reader has by now surely suspected that the protagonist of this drama is the civilian soldier, the Irish Catholic New Yorker, William J. Donovan, a colonel in the Great War, a major general in World War II, and in between a lawyer, public official, public servant, and political figure. “It’s a good thing,” FDR told Colonel Donovan at 2:00 a.m. on December 8, 1941, “that you got me started on this [intelligence agency].” It was Donovan indeed who “got” the President “started,” who served the country as its first chief of foreign intelligence collection and coordination, and who, by his imagination, drive, and leadership, compelled others to complete his building after he, like the Biblical cornerstone, had been rejected.

Donovan was not the first, however, to perceive the need in the United States for a central organization to coordinate the intelligence gathered and produced by the government’s various intelligence services. Fully a decade before Donovan became Coordinator of Information, one John A. Gade, until today hardly known to history, had turned his attention to the inadequacy of what now is called “the intelligence community” and had prescribed a central intelligence organization as the remedy. Coincidentally enough, Gade, in New York, was doing so at the very time, the spring of 1929, when Donovan was leaving government service in Washington to start his Manhattan law firm. Gade wrote a seven page, single spaced analysis and prescription that provide us with a convenient introduction to the intelligence setup into which Donovan would barge eleven years later as the country’s first chief of central intelligence.

## Chapter II

### THE PREWAR U.S. INTELLIGENCE SERVICES

John A. Gade, born in 1875, had been an architect, naval attaché in Copenhagen in 1918-19, and a representative of the Department of State in the Baltic countries. In 1929 he was with the New York banking firm of White, Weld & Company. What caused him at that time to concern himself with intelligence is not known, but early in the spring he broached to the Navy's district intelligence officer in Manhattan, Comdr. Glen Howell, a proposal for "some sort of a central Intelligence Agency [sic], reporting directly to Mr. [Pres. Herbert C.] Hoover." Gade planned to present this idea to the President "at some future time."<sup>1</sup>

On April 25, 1929, Gade and Commander Howell met at Governors Island with the local Army intelligence officer, Maj. O. H. Saunders, and the three men read and discussed the text of Gade's proposal.

#### 1. A "NATIONAL INTELLIGENCE SERVICE"

Gade described the "foreign information service" of the United States as "poorly and inadequately informed," suffering from a lack of organization, and particularly lacking two things, coordination of the various services and a "clearing house" in which all information, regardless of its source, could be "classified, analyzed, compared, sifted and rendered available" to those who needed it. True it was, he noted, that our foreign commercial, military, and naval attachés were under instructions to exchange information believed to be of value to one another, but, he said, such exchange was hindered by "differences in point of view, petty jealousy and other obstacles," such as the fear of disclosure of confidential sources. The services also suffered from a "sad" and "costly duplication of efforts," often in the same embassy where the different attachés could be found "gathering news on the same topic or situation."

In comparison with foreign countries "we were amateurs where they were past masters." The World War had given us an unusual opportunity to see at work the British and French "highly developed military and naval intelligence services" and "their far reaching secret services." The United States learned much, made many valuable contacts, but has now lost "most" of this gain. One thing Gade at least retained was appreciation for the British intelligence system—at least as he understood it—which he now put forth as a model for the reform of the American structure.

British "tentacles" reached out to every corner of the world; the system's "arms" represented "an incredible number of responsible British citizens . . . be they recognized government servants or not." Each government service—Navy, Army, Board of Trade, Home Office, Foreign Office, Colonial Office, Secret Service—was "constantly informing" its headquarters of interesting and important news. On receipt in London, the news was "sifted," and "if deemed of possible national importance" was "forwarded" to a "liaison officer functioning" between the department and "a Central Source, in constant touch with the Chief Government Executive." Here at this "Source" were pieced together "all the bits

## *II/the prewar u.s. intelligence services*

of separate unintelligible or unlikely information." Such were, in Gade's terminology and in his view, "the Wheel of British intelligence" and "the Central hub of the Wheel of Information."

From "the Central hub" radiated, of course, "spokes," which terminated in the various reporting "stations," government agency or private citizen. The "Wheel" turned as well in peacetime, when it turned on trade, business, and economics, as in wartime when it was easily and smoothly, so wrote Gade, expanded to meet the military emergency. In peace or war the "Wheel of British intelligence" effected great economies in cost, involved only a "little overlapping," and quickly checked "misdirected efforts." "Gum shoe methods," declared this booster of British intelligence, "are frowned upon and discouraged."

An American wheel, he contended, would work just as effectively. Raw data would be more profitably exploited; the chief executive would be better informed; law enforcement, for instance, prohibition—remember this was 1929—would be strengthened. Mindful of whom he was dealing with, Gade was additionally quick to point out that a national governmental information service would not impair the functioning of the existing services; indeed, in terms of morale, efficiency, and productivity these services would actually thrive by being "constantly reacted upon by the Central hub of the Wheel of Information." Mindful of the Congress and the public, Gade stressed that this Wheel would not be "an intricate national secret service," which "the sentiment of every American of common sense bitterly opposed."

Gade laid out a procedure for researching his idea and getting it approved by the President, the Army and Navy, and "the Chief Intelligence Officer of the Department of State, Commerce, and Justice." He thought that the State Department, "the senior service," was the natural ultimate location for "the so-called 'National Intelligence Service'" but that temporarily it was better to let it function independently; such, he said, was found to be the case in England. Since no funds were now available for operating this clearinghouse, personnel could be borrowed from the services, and "certain particularly fitted persons" might serve without pay. Perhaps these last included himself, for he would return to the attaché service in 1933 for six more years of overseas service, in Brussels and Lisbon, before retiring at age sixty-five. For a chief of the service he again referred to his British model where, he said, the "Chief Central Officer" is generally an admiral whose job was known to none but the top people. Finally, and naturally, the service must eschew publicity.<sup>2</sup>

Now John Gade, whatever his merits as architect, banker and attaché, was not, as far as any record shows, any great authority on the merits and demerits of the American intelligence service. He certainly had an overblown conception of the merits of the British system, which was not, in fact, a nicely integrated system at all. Certainly also he had a naive view of the extent to which the British, who had a long secret service record reaching back to Queen Elizabeth's Sir Francis Walsingham, frowned upon "gum shoe methods."

Nevertheless, Gade was sufficiently experienced in the workings of several diverse and often conflicting American intelligence services to spot a fundamental weakness. This enabled him to be the first to perceive the need for some better organization of their activity. Hence, he laid out in 1929, ahead of his time, the idea of a central intelligence agency. He had fingered the problem, proposed a solution, and considered some of the arguments, but his proposal would have no organic relationship to the discussion of the subject which would come up ten years later. Gade impressed none of his contemporaries.

Both Commander Howell and Major Saunders immediately dispatched copies of Gade's proposal to their superiors in Washington. In the Office of Naval Intelligence (ONI) Capt. H. C. Cocke, USN, noted that the proposal "seems very fine in theory, and might

work well in practice, but would slow up dissemination of information." In any case, "the Central Office" could not replace naval intelligence, which must continue to deal not only with its own but also the foreign attachés assigned to Washington. Cocke concluded, as every intelligence service would henceforth similarly conclude about itself, that "ONI cannot give up its duty of War Service Information."<sup>3</sup>

The proposal had a rougher review in the Military Intelligence Division (MID) where it was doubted if Gade had any idea of the size of organization he was proposing; he had probably been reading about some "story book hero" whose intelligence activities enabled him to save the country. Did he have any idea who would do the evaluating? Who would distribute the information? Who would be responsible if an agency acted on incomplete or inaccurate intelligence?

The questioner, a Colonel Cooper, admitted that there was "room for improvement in a number of the governmental information services," but he saw the remedy "in evaluation . . . rather than consolidation." Each service should gather its own information, have it evaluated by its own qualified people, and then distribute it; and if there were proper liaison established among the services, there would be "little overlap." Under Gade's system, wrote Cooper, there would have to be new sections "devoted to each of the using agencies (navy, army, commerce, etc.)," and this would just be "additional overhead" without any compensation. "I see nothing," he concluded, "to be gained and many difficulties to be overcome."<sup>4</sup>

He was not the only one who saw it that way. On May 9 his chief, Col. Stanley H. Ford, returned his review with this scribbled conclusion: "File this . . . I have talked to Maj. Saunders and Capt. Johnson, O.N.I. and all seem to be in agreement with your comment."<sup>5</sup>

Thus ended Gade's attempt to coordinate the product of the American intelligence services. It failed, because the intelligence chiefs said no, and their negative reflected their unwillingness to be coordinated. For them coordination meant consolidation, i.e., a merger, a union, a combining into one; Colonel Cooper, it should be recalled, had seen the remedy "in evaluation . . . rather than consolidation," which, incidentally, Gade had not proposed. It would be the same no and the same fear of consolidation when, eleven years later, Donovan broached substantially the same idea. But before we pick up Donovan, we must take a closer look at those services which Gade proposed linking up in a "Wheel of Information."

## **2. THE INTELLIGENCE SERVICES, 1929-36**

When this New Yorker envisioned "the Central hub of the Wheel of Information," he dimly perceived the post-World War II "Director of Central Intelligence" and "the intelligence community." In 1929, however, there was neither. There certainly was no "hub," not even a president who, by any stretch of the imagination, thought of himself as collecting, evaluating, coordinating, and synthesizing raw or finished intelligence systematically forwarded to him by agencies consciously fulfilling his informational requirements as the prerequisite to policy-making. There was no intelligence community.

There were, in the fields of information and intelligence, only separate and uncoordinated agencies, which must be viewed in the context of their time. Nineteen twenty-nine was not the heyday of foreign affairs. The retiring President Calvin Coolidge had declared the business of America was business, and appropriately enough he turned over the reins of government to his Secretary of Commerce, the newly elected President Hoover. The new Secretary of State, Henry L. Stimson, began his term in March "with fewer worries about American foreign relations than almost any of his predecessors."<sup>6</sup> Congress, reflecting the

## II / the prewar u.s. intelligence services

isolationism and pacifism of the country, had been stingy with funds for the national defense establishment, and the Great Depression would soon cut budgets drastically. Nobody placed any store in the systematic study of the capabilities, intentions, and vulnerabilities of foreign, even hostile, powers. Indeed, there really was no such thing as "intelligence" as the product of consciously directed and coordinated effort.

While the word had been used for centuries in the sense of information, news, the obtaining of information, the agency for secret information, or a secret service, it was not until 1921 that it showed up in *The Reader's Guide to Periodical Literature*, and then it did so, like a leftover from the World War, under the entry of "military intelligence," a *Literary Digest* piece on MID. Even this heading did not reappear until 1939, and it actually was not until 1970 that "intelligence service" was used as a separate topical entry. "Intelligence community" has not yet appeared. In the meantime, "spies," "espionage," and "secret service" were annually chronicled, but such things seemed to be found, except in times of war fever, in countries other than the United States.

In 1929 no U.S. agency conducted clandestine foreign intelligence operations abroad. In 1929 no U.S. agency had foreign intelligence as its primary interest or activity, though several were collecting information and intelligence abroad. In 1929 there was no adequate machinery for liaison, for the sharing of the information collected in and about foreign countries; too often, instead, cabinet secretaries almost ceremoniously had "the honor of transmitting" to one another run-of-the-mill documents. In 1929 intelligence was neither a profession nor a career; at best it was a one-time activity in an army or navy officer's service. Hence, when closely scrutinized, the intelligence services, which Gade proposed to coordinate, will be revealed as small, weak stepchildren of their parent organizations.

Actually the State Department, "the senior service," which Gade thought the logical place for a "clearing house" of information, had no specific intelligence section or function in 1929, and it would not get one until 1945 when it took over elements of the recently abolished Office of Strategic Services (OSS).

State had had a "Division of Foreign Intelligence," but this, a new version in 1917 of the earlier "Division of Information," was clearly a press office which distributed to everybody—the department itself, the Congress, the state governors, universities, chambers of commerce, and the domestic and foreign press—"items of any news value."

State had supported the code-breaking "Black Chamber." It was begun before the war by H. O. Yardley, who was surprised to discover, shortly after joining the department as a code clerk in 1913, the schoolboyishness of State's own codes and ciphers. It was then moved to the War Department, more hospitable to the idea than State, and proved a wartime success. It continued after the war, still with the military but largely financed by State. In 1929 State's Mr. Stimson was shocked by the discovery of the chamber within his own bailiwick, albeit prudently located in New York City, and on that occasion struck his memorable blow for gentlemanliness in foreign affairs. He closed up the chamber.

Gentlemen did not spy on one another either. Writing in 1967, George F. Kennan recalled that the "suspicious Soviet mind" had labeled the Russian research section in the Riga embassy, where he worked from 1931 to 1933, as a "sinister espionage center," but, observed the former ambassador, "the United States Government had not yet advanced to that level of sophistication." The section, said Kennan, "had no secret agents, and wanted none," and was content to rely on "careful, scholarly analysis of information legitimately available."<sup>7</sup> In 1929 State undoubtedly shared Gade's opposition to "an intricate national secret service." As late as 1941 some officials in State were disturbed to learn that "in some

manner" agents of the Federal Bureau of Investigation (FBI) were obtaining in South America copies of foreign official correspondence.<sup>8</sup>

In 1929 State could look back, and not without some pride, on a long history of overtly collecting information on foreign countries through the medium of a relatively large number of diplomatic, consular, and special missions abroad. State had begun to do so almost one hundred years before the Army and Navy established their intelligence departments and sent attachés to foreign posts. While State's people were by no means all qualified, full-time, careerists, ably assisted and fully operative, they at least were in the field and provided the bulk of Washington's official foreign files.

Unfortunately, the information was not collected against any systematic requirements, and "wide lacunae"<sup>9</sup> were found when World War II erupted. When collected, the information was centered almost exclusively in the dominant geographical bureaus or "desks," and was inadequately coordinated not only with other agencies but even with other bureaus of State. Even so, the information was generally handled in the light of specific events and problems and not analyzed in the light of basic developments and trends.

Writing in 1969, former Secretary of State Dean G. Acheson found the department, as late as 1941, lacking any "ideas, plans, or methods for the painstaking and exhaustive collection and correlation of foreign intelligence."<sup>10</sup> A competent student of the department had observed in 1949 that "although a successful foreign policy requires a complete and accurate knowledge of all pertinent facts . . .," State had "no centralized agency . . . to perform this function" until OSS was liquidated.<sup>11</sup>

Of the military members of the State-War-Navy triumvirate, the Navy was the first to establish a separate foreign intelligence department. The new "Office of Naval Intelligence" was organized in 1882, under the impact of such developments as the switch from wood to steel and sail to steam in the construction of ships, to collect and record such information as would be useful to the department in peace and war. Originally in the Bureau of Navigation, it was moved three times in the next three decades before finally settling down in 1915 as one of nine subdivisions in the newly-created Office of the Chief of Naval Operations (CNO) where it remained down to and throughout World War II.

At the outset collection was centered on detailed and technical data on the characteristics of foreign navies, their ships and weapons, rather than on ship movements, their dispositions, and the naval intentions of foreign powers. By the thirties, however, more attention was being given to foreign naval strength and war capacity. Extensive work was being done on the compilation of files and writing of monographs on naval science in foreign countries, on the latter's commercial interests, and on all aspects of foreign navy organization and operation.

ONI conceived its duty "merely to collect its information and to place it in readily usable form in the hands of those who can make use of it, leaving its evaluation and conclusions to be drawn from it to be determined by the ultimate consumer."<sup>12</sup> ONI was "in effect a post office," according to one naval historian.<sup>13</sup> While this view appears, in the light of the many studies and monographs produced by ONI, to be an oversimplification, it was not until 1937 that evaluation was made an official ONI function, and even then many naval officers outside ONI considered its personnel not qualified to evaluate intelligence.

The chief source of all of ONI's information was the attaché system, which had been established within a few months of ONI itself. The first attaché was posted to London, and others soon followed to other European capitals. Attachés acquired their information from

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the navy departments to which they were accredited, the naval and military officers with whom they could associate, and from prominent political and industrial figures. The attachés were expected to visit ships, dockyards, other government establishments, industrial plants, and ports and to read all the relevant government releases, the newspapers, and journals.

Attachés were like the gentlemen in Mr. Stimson's State Department. In 1930, for instance, they were informed that the Navy did not "countenance" the frequently quoted assertion that a naval attaché was a spy under the protection of international law. They were instructed to shun the use of "dubious methods" in collecting information lest it bring a loss of prestige to both them and the service. They were told that while espionage is necessary in wartime there was no justification for the employment in peacetime of "secret agents." Still, their instructions did not mean that the attaché "must ignore the employment of agents where they were required in investigations bearing on national defense and loyalty to one's country"; but they were left, perhaps to their confusion, with the warning that in all cases where zeal had led an individual into "questionable activities" his "reputation and career did not profit."<sup>14</sup>

The attaché system in the interwar period had problems. First, attachés were never very numerous, perhaps eight to ten in all at one time, and it was even difficult to keep that number in the field. Second, they were often spread thin, covering too many countries, as in 1923, for instance, when the attaché in Berlin also covered Copenhagen, Oslo, Stockholm and Helsinki. Third, funds were often in short supply, so that in some cases, Havana and Warsaw in the early twenties, attachés, because they were paid out of State's funds,<sup>15</sup> were practically employees of State. Fourth, ONI headquarters was not any better off.

Not the most prestigious division of the Navy, ONI was never very large; in 1931 total personnel in Washington numbered eighteen officers, thirty-eight civilians, and a small number of enlisted men; in 1934 there were twenty-four officers and a clerical force of eighteen.<sup>16</sup> The naval districts throughout the United States were always understaffed; their personnel had too many nonintelligence functions, and they often were not qualified as intelligence personnel. The Naval Intelligence Volunteer Service, established in 1925, suffered all kinds of serious deficiencies. Finally, sections of ONI, espionage and censorship, for instance, were inactive in peacetime. Indeed, in many respects ONI functioned primarily as a nucleus for a wartime operation.

The Navy initiative in establishing ONI may well have been "the principal reason," according to a historian of Army intelligence, for the Army following suit in 1885 with the establishment of its own "Division of Military Information," which soon became the Military Information Division (MID).<sup>17</sup> Not that the Army disdained intelligence, its wartime collection, or having on hand a body of qualified intelligence personnel; it disdained none of these; but there was much opposition to the establishment of a separate departmental agency for the performance of military information duties. Such opposition persisted, even after MID was established, so much so that the same historian, writing at the end of the Korean war, could assert that "the most striking feature in regard to the progress of the departmental military intelligence agency from . . . 1885 . . . seems to be that it was almost constantly under attack and usually on the defensive."<sup>18</sup> As an aside, it might be noted here that this long experience of constant insecurity could well have been a basic cause of the bitter hostility that Army intelligence officials would offer Donovan, his intelligence organization, and his postwar plans for a permanent American central intelligence establishment.

The new-born Military Information Division had more growing pains than its Navy counterpart. Originally established, seemingly tucked away, in the Military Reservations

Division of the Miscellaneous Branch of the Adjutant General's Office, MID rose to some prominence in 1903 when it became one of three divisions in the newly created General Staff. Within five years the three divisions became two, and this meant MID was merged with, literally buried in, the War College, and there it remained until 1917.

The Great War brought MID into greater prominence, albeit temporarily. Its personnel, three people in 1916, a drop from a total of four in 1885, skyrocketed to 209 in 1917, and to 1,441 in 1918. So with funds; from zero in 1885 and amounts of one, three, ten, and eleven thousand dollars annually for the next thirty years, the budget went to \$1,000,000 in 1918, and to \$2,500,000 in 1919.<sup>19</sup> Such mushrooming brought organizational changes, which, because of MID's importance to this study, need to be noted here.

On February 12, 1918, MID became the "Military Intelligence Branch" of the Executive Division of the five-part General Staff. On August 26 the branch rose to divisional status as one of four divisions of the staff, and its chief was now the "Director of Military Intelligence, Assistant Chief of Staff," and a brigadier general occupied the post. Intelligence held on to this relatively lofty position until September 1921 and the reorganization, once again, of the General Staff. A fifth division, War Plans, was added. Since there was no legal authority for the assignment of a fifth general officer, one of the divisions had of necessity to be headed by a colonel. The lot fell to the director of military intelligence, who, for the better part of the next twenty years, was a colonel, inferior in rank to his colleagues on the staff and often to a number of foreign military attachés. This status was "an embarrassment"<sup>20</sup> which was promptly extended throughout subordinate echelons of military intelligence and handicapped the service for years afterwards.

Meanwhile some important changes in terminology had occurred. "Intelligence" had appeared for the first time in Army use when it replaced "information" in the "Military Intelligence Branch" established in 1918.<sup>21</sup> This followed from the decision to base the organization of the American intelligence system on that of the British with which it expected to collaborate on the European battlefields. So also the continental army terms of "espionage" and "counterespionage" appeared. From the British came "positive" and "negative" intelligence, the former being concerned with the military, political, economic, and social situation abroad, and the other with the discovery and suppression of enemy activity in the United States. "Negative" intelligence would yield to "counterintelligence," but "positive intelligence" remains standard terminology. Also from the British came "Military Intelligence, Section One (MI-1)" and "Military Intelligence, Section Two (MI-2)" and so forth to denominate the functional units in military intelligence.<sup>22</sup> From the French, via General Pershing's headquarters, came the system of denominating staff functions as "G-1," "G-2," etc. Hence the Army's intelligence chief became titled "Director of Military Intelligence, Assistant Chief of Staff (G-2)."<sup>23</sup>

MID, or G-2, as military intelligence was now popularly known, suffered a postwar decline in funds, personnel, prestige, and governmental and public support. The personnel roster gradually declined from ninety in 1922 to seventy-four in 1929; it hovered around the figure until 1936 when it dropped to sixty-six, an interwar low. There was, of course, a corresponding decrease in funds; the Depression, coming on top of isolationism and pacifism, saw to that. Within the War Department itself, intelligence, headed by a colonel, was quickly recognized as not the quickest way to stars. Aspiring officers shunned the attaché system, which became the haven, with some notable exceptions, for wealthier officers who were attracted to the social life of foreign military service.<sup>24</sup> Between the years 1919 and 1939, according to G-2, the Army itself did not fully understand the function, importance, and scope of military intelligence in modern warfare. The prewar inadequacy of MID—data

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and records on subjects and regions—was “the direct result,” wrote a wartime chief of military intelligence who will figure prominently in these pages, Brig. Gen. George V. Strong, “of the years of neglect of the Military Intelligence organization in our Army.”<sup>25</sup>

While John A. Gade was primarily concerned with coordinating the intelligence produced by State, War, and Navy, the big three of foreign reporting, he knew his “Wheel of Information” would pull in data from such agencies as Treasury, Post Office, Commerce, Agriculture, Interior, and the FBI, for they also were spokes in a wheel.

Since the preceding century, Treasury had been sending people abroad on regular assignment. The first agents had been sent to audit the collection of consular fees; others were later sent to monitor the performance of the consuls in the issuance of consular invoices. Medical officers overseas helped enforce the quarantine laws and regulations. Other Treasury agents reported on counterfeiting, smuggling, the drug traffic, and income tax evasion. Indeed, Treasury, with its Coast Guard, Secret Service, Narcotics Bureau, Customs, Alcohol Tax and Internal Revenue services, was, in effect, in itself an intelligence community which often did pick up information pertinent to foreign affairs, but this was only incidental to its major concentration on domestic affairs; and the information might or might not be routed to all possible consumers.

Commerce, Agriculture, and Interior came into the foreign field long after Treasury. In 1927 Secretary of Commerce Hoover persuaded Congress to establish a separate foreign commerce service in order to handle the current boom in American exports which Commerce thought had become too much for the regular Foreign Service. In 1930 Agriculture succeeded in gaining authority from Congress to have its own agricultural attachés stationed abroad. Finally, in 1935 even Interior’s Bureau of Mines got in on the foreign act, when it too was allowed to have representatives abroad. This proliferation of attachés abroad, reporting each to his own departmental headquarters and, admittedly, often providing excellent coverage on specialized subjects, did nevertheless provoke confusion, duplication of effort, and jurisdictional disputes within the diplomatic and consular missions.<sup>26</sup> This development only accentuated the lack of proper coordination of information and intelligence in Washington.

The FBI had no foreign mandate until 1940; but because of its investigation of crime in the United States, it inevitably acquired considerable amounts of information on persons, organizations, and activities that had some real or suspected relationship to the foreign interests or national security of the United States. The bureau apparently had some long-standing liaison with British security officials, and it could be called upon by the State Department to undertake some special investigations overseas, as it did in London in 1940 when it took up the case of Tyler Kent’s release of secret State cable traffic to pro-Nazi groups.<sup>27</sup> As with Treasury, perhaps even more so, this foreign activity was incidental to the bureau’s primary interest, the investigation of crime with an eye to prosecution and conviction.

This last point about the FBI was equally true, *mutatis mutandis*, of the other information and intelligence services: they all pursued interests and fulfilled responsibilities which were essentially the limited fields, respectively, of their parent executive departments. Moreover, they worked according to their own traditions, procedures, and styles and did so with all the zealously guarded independence appropriate to those autonomous and coequal cabinet offices. Hence, the individual departmental interests were served, albeit not always satisfactorily; but, in classical fashion, the general interest, in the absence of a concerned president or a coordination mechanism, was regularly neglected.

Nothing—least of all the reform proposals of a private citizen, a New York banker—would change this situation, even dent it, until Hitler, Pearl Harbor, and World War II brought the intelligence services to the belated recognition of the need for strengthening and reorganizing their capabilities.

This recognition began to dawn, oh so slowly, about 1936, when the country's attention began to shift from the Depression to the possibility of war. The intelligence services—small and, uncoordinated, neglected by their superiors, Congress, and the public—found themselves really worrying about foreign spies in their midst.

### **3. SPYING AND COUNTERINTELLIGENCE, 1936–39**

In 1936 the United States began to feel the effect of the intensification of spy activity that had occurred after the rise of Hitler and the accompanying aggressiveness of Italy and Japan. In March 1936 an ex-U.S. Navy officer, one H. T. Thompson, was accused of stealing and selling naval secrets to a Japanese officer and was convicted and jailed in July. In the same month another former naval officer, one J. S. Farnsworth, was arrested, and subsequently convicted, on a similar charge, also involving a Japanese officer. Unsurprisingly, the Navy warned the country that espionage always increased in times of naval expansion. Rep. Samuel Dickstein had already warned the country against Communist and Nazi spy activity, and at the end of the year Rep. J. Parnell Thomas urged action against suspicious Japanese activity in the Panama Canal Zone.

For its part, the government, worried about the security of personnel, information, and installations, began to take some protective measures. The FBI, at Roosevelt's request, began to investigate activities of Communists and Nazis. G-2 and the Navy, always concerned about Japanese activity in California and near the Mexican border, tightened security, especially regarding photography and flying near militarily sensitive areas. In 1937 the Navy's "estimate of the situation" particularly emphasized the need for counterintelligence to protect fleet and naval shore establishments and industrial plants with a Navy-related interest.<sup>28</sup> Interestingly enough, the Navy cited the lack of a "central intelligence service as a clearing house" as justification for pushing its counterintelligence program beyond the traditional limit of matters having a "naval interest" into areas normally covered by other departments.<sup>29</sup>

Then in 1938 spy activity in the United States broke out into an unprecedented rash: the FBI handled 634 cases of espionage whereas in previous years the average of such cases was thirty-five. Easily the most sensational of these, indeed it was the country's first major espionage case, was the Rumrich case, which involved an Army deserter, Guenther Gustave Rumrich, who was hooked up with a German spy ring targeted on U.S. military secrets. This case would be especially instrumental in pushing the counterintelligence services toward more cooperation in the fight against spies.

In this case, so many investigators—FBI, G-2, State Department security officers, American and British postal authorities, and the New York police—were involved in the detection and attempted apprehension of the eighteen persons who were finally indicted, that fourteen of them managed successfully to become fugitives from justice. The FBI director and the prosecuting attorney clashed at one point over responsibility for these escapes, and at trial's end the court castigated the investigative agencies for the disappearance of so many defendants.<sup>30</sup> This fiasco provoked President Roosevelt to confer with the prosecutor, announce the tightening of counterespionage activities as part of the military and naval expansion, and then late in December 1938, to declare—somewhat prematurely, as events would show—that the federal agencies were all coordinated.<sup>31</sup>

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Actually it would be another six months before any coordination was definitely achieved, and that would occur only after a major row among the investigating agencies. According to Whitehead's *The FBI Story*, President Roosevelt's approval of a \$50,000 appropriation for the bureau's conduct of espionage investigations gave it, in the absence of any similar funds for any other nonmilitary agency, primary responsibility in the civilian field. Accordingly, the bureau and G-2 worked out, with the approval of ONI, a cooperative program, which was approved in principle by the new Attorney General, Frank Murphy, and then communicated on February 7, 1939, to other investigative agencies of the government. This communication, however, "kicked up an immediate storm"; State and other departments concerned "balked."<sup>32</sup>

At the storm's center was one of State's assistant secretaries, career ambassador George S. Messersmith, who had recently played a major role in Roosevelt's consolidation of the commercial and agricultural attachés into State's Foreign Service. Messersmith, according to the Whitehead account, "called a conference of representatives from War, Navy, Treasury, the Post Office, and Justice—but no one was invited from the FBI"—and announced that Roosevelt had asked him to coordinate and control investigations of subversion. War and Navy, says Whitehead, wanted the FBI as the coordinating agency, but Messersmith, at a subsequent conference, wanted to divide espionage investigations among the various agencies. Hoover, writing to Murphy, "waded into the scrap" denouncing Messersmith's suggestion and arguing that espionage cases required "centralization of all information . . . in one agency."<sup>33</sup> Murphy's biographer, writing of the Attorney General's role in the matter, pictured the former Michigan governor as taking "charge of the nation's internal security program" and asking the President to centralize all investigations involving espionage, counterespionage, and sabotage in the FBI, G-2, and ONI. Murphy thereby eliminated State, Treasury, and the Post Office from this field.<sup>34</sup>

Messersmith saw the situation differently. Writing long after the event, he declared that he was specifically called in by Secretary Hull and informed that the President had a new task for him. Roosevelt was quoted by Hull as saying that he had been for a long time concerned with the duplication of activities by MID, ONI, and the FBI; they were, in Messersmith's recall of the conversation with Hull, "often following the same matter at the same time and constantly crossing each other's tracks"; and often getting into the same act were "the Secret Service . . . certain agents which we had in the Department of State,\* and the Treasury agents." The President found the duplication inefficient and costly and, in the existing perilous circumstances, intolerable. What was needed, said the President, was the coordination of the activities of these agencies, and he particularly stated he did not mean the elimination of any of them.

Not only did Messersmith protest the assignment on grounds of health and overwork, but he told Hull he was "extremely doubtful" that anything could be accomplished. This was because in his experience there were no agencies in government more zealous in protecting their preserves than these intelligence services; there were none more loath to exchange information; they had their separate ways of working, would not disclose their sources of information, and just did not trust one another. To all of which Hull replied that it was the President's desire that Messersmith get the heads of the agencies together.

So it was done. They were all invited to Messersmith's Georgetown home for dinner and business. All appeared except the FBI's J. Edgar Hoover, a fact duly reported the next

\* These seem never to have constituted a separate unit or service and have never been given adequate historical treatment.

day to Hull, and then to the President, who, according to the Ambassador, immediately got the FBI director on the telephone and told him to be present at the next Georgetown dinner or hand in his resignation! On the occasion of this meeting the President for the first time personally explained to Messersmith his unhappiness with the duplication, his intention to respect the present organization and work of each of the agencies involved, and his desire that Messersmith meet regularly with the intelligence chiefs, facilitate open discussion of problems, effect an exchange of information, and, if necessary in case of a dispute or difference of opinion, decide which agency should follow up on a particular matter. At the next dinner, with the FBI chief on hand, and thanks to Messersmith's tactful handling—each chief was “closed up in his own box”—and Mrs. Messersmith's good dinner, the gathering loosened up and agreed on the establishment of machinery for collaboration, weekly meetings, and a flexible agenda.<sup>35</sup>

However accurate and complete these accounts of the Messersmith conferences, the President did issue a confidential directive providing for coordination, at least self-coordination, of the country's investigative agencies. This he did on June 26, 1939, in a confidential message to the Secretaries of State, Treasury, War, Navy and Commerce, and to the Attorney General and the Postmaster General. They were informed that all responsibility for the investigation of espionage, counterespionage, and sabotage cases was being concentrated in the FBI, MID, and ONI and that the heads of these services were being directed to function “as a committee to coordinate their activities.” The others were directed to stay out of these fields and immediately to turn over to the nearest FBI office any information they had on such cases.<sup>36</sup> On September 6, after the outbreak of war in Europe, all the other law enforcement officials in the United States were publicly requested similarly to contact the FBI. Thus, the internal security field was limited to the two military services and the civilian FBI.

Pursuant to the directive, the heads of FBI, MID, and ONI constituted themselves the “Interdepartmental Intelligence Committee (IIC),” which commenced holding regular meetings for the exchange of information and the discussion of such problems as the members cared to raise.<sup>37</sup> While the President's directive made no provision for State's participation in the IIC, first George Messersmith and then, after his assignment as ambassador to Cuba in 1940, Assistant Secretary of State Adolf A. Berle, Jr. attended its meetings as the members' friendly link with FDR. Certainly State's man never functioned as the *coordinator* of the other three; these—and their successors—did their own coordinating. Representatives of other agencies attended meetings when their interests were involved.

Both the June directive and the IIC constituted a small step forward in the limited field of “negative” intelligence. While the directive was only a general statement which was productive of numerous jurisdictional disputes and had to be supplemented by subsequent revisions, it did remain throughout the war as the basic document delimiting the areas of operations of the three agencies in regard to espionage, counterespionage, sabotage, and subversion. While the IIC lacked, as a Bureau of the Budget study would note, a chairman, powers to command anybody, and formal machinery for coordination,<sup>38</sup> it did at least provide for the voluntary exchange of information and served to bring the heads of the investigative agencies together for mutual discussion.

Small as was this progress, both directive and committee figure importantly in this story. First, they represent the nation's first modern peacetime coordination of the intelligence services. Second, they embody the ideal—self-coordination by a committee—which the services would henceforward trumpet as the answer to the problem of improving their capabilities. Third, they laid the groundwork for the FBI's acquisition of a mandate for

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operations in South America, and hence, as will be shown, for conflict between Hoover's FBI and Donovan's COI and OSS. Fourth, they played a role in the development of the country's first feeble efforts soon to be taken in the field of foreign clandestine collection of both negative and positive intelligence.

### 4. G-2 AND ONI ON THE EVE OF WAR

However, apprehending spies was not the only problem confronting the intelligence services, especially G-2 and ONI. Keeping up with what was happening in the worsening international situation was considerably more challenging and difficult.

By the summer of 1939 the world was on the edge of war. The Japanese had sunk the U.S. gunboat *Panay* in the Yangtze River in December 1937. The Germans had absorbed Austria, in the *Anschluss*, in March 1938. The tense situation had seemed eased, in September, with the Munich Agreement, but by the end of 1938 new fears had been created by the Japanese proclamation of a "New Order" in the Far East. Germany had absorbed Czechoslovakia in March 1939, and in August, less than a month after Roosevelt had ordered the intelligence services to get organized against spying at home, the Nazis and Soviets had signed their nonaggression pact.

On September 1 the Germans invaded Poland, and then quickly tumbling upon one another in such fashion as to challenge men's knowledge, reference books, maps and files, came such events as the entry of Soviet troops into Poland, the sinking of the *Athenia*, the German use of magnetic mines, the establishment of a 300-mile safety zone in the Western Hemisphere, the Battle of the River Platte, the expulsion of the USSR from the League of Nations, concern for the defense of Malaya, British staff talks with the Turks at Aleppo, and the debacle in Norway.

The Germans' 1940 spring offensive eventuated in the sudden collapse of France, the Allies' material losses at Dunkirk, and the frantic shoring up of beleaguered Britain. Many diplomats and attachés had to leave their posts, and others had innumerable new problems to handle; German psychological warfare was grinding out rumor after rumor; there was a general worrying about new weapons of war. Normal sources of information were thus badly disrupted or completely eliminated; new sources of misinformation were multiplied; and new kinds of information became urgent necessities.

In G-2 a twenty-year old complaint had surfaced again in 1937. The chief, a colonel among generals, Francis H. Lincoln, urged the Army Chief of Staff, who also had other problems, to press for an amendment of the National Defense Act of 1920 so that the G-2 could wear stars like the other heads of the General Staff divisions. Lincoln explained how bad it was for an inferior G-2 to have to deal with a rear admiral in ONI and other U.S. civilians and even foreign representatives who outranked him.<sup>39</sup> Not until 1939, however, was the complaint satisfied.

In 1938 the "disturbed international situation," wrote the head of MID's foreign intelligence branch, George V. Strong, placed a heavy burden on his branch, and its "satisfactory functioning" was "seriously handicapped," he reported, by a "shortage of funds and lack of adequate clerical and stenographic personnel." This complaint was dutifully forwarded to the Chief of Staff and incorporated in the next annual report,<sup>40</sup> but personnel, for instance, remained at an almost all-time low for the crucial years of 1937, 1938, and 1939. In those years headquarters personnel numbered sixty-nine; not since 1916, and excepting 1936 when the figure was sixty-six, had a lower total been reached. In 1940 the sixty-nine became eighty, the highest since 1923.<sup>41</sup>

The attaché system, unappreciated generally by the Army and somewhat detached from other Army elements, because of "overzealous security policies," was only slightly better off than it had been in 1922. Then there were thirty attachés in thirty overseas posts; in subsequent years attachés were as few as twenty.<sup>42</sup> At the outbreak of hostilities in 1939 there were thirty-four attachés and assistants, eleven of them in belligerent countries; by June 1940 these figures increased to fifty-seven and twenty-eight, respectively, but, because of the German advance, would soon drop to forty-eight and eighteen.<sup>43</sup>

The shortage of personnel and funds, General Strong would write in 1943, did not permit an intelligence coverage "much beyond the combat intelligence training in our skeleton combat units and keeping track of the main military trends and developments in the important world capitals." Gen. George C. Marshall, in 1945, would be less generous when he would observe that "prior to entering the war we had little more than what a military attaché could learn at a dinner, more or less, over the coffee cups. . . ." <sup>44</sup>

ONI had been calling since 1935 for an increase in funds for intelligence, but expansion to meet the emergency had moved hardly faster than in G-2. Headquarters, which in 1938 was considered well-organized and ready for expansion, had in September 1939 only seven more officers than the eighteen officers and thirty-eight enlisted men and civilians it had in 1931.<sup>45</sup> The Naval Reserve was still deficient in 1938. By July 1939 two-thirds of the naval districts had acted upon a directive outlining organizational and personnel needs.

The overseas establishment was described in 1938 as "woefully small": twenty-seven officers, thirty civilians and enlisted personnel, and a small number of naval officers, twenty-two student officers, for instance, on specialized duty. The estimate in that year called for an expansion abroad, especially in the Far East, Central America, and the Pacific. By July 1939, however, there were only seventeen attaché posts, of which nine were in Europe and the rest in South America.<sup>46</sup>

Even so, ONI considered itself to be in fairly good shape. Answering the question "Are We Ready?" the Chairman of the Navy's General Board informed the Secretary of the Navy on August 31, 1939, the day before Hitler launched the war, that "generally speaking, the Naval Intelligence Service is approaching adequacy as deficiencies of funds and personnel are being remedied."<sup>47</sup> Six months later, with the continent reeling under the Nazi blitzkrieg, the Director of ONI, Rear Adm. Walter S. Anderson, answering the same question, informed the Chief of Naval Operations, Adm. Ernest J. King, that "generally speaking, we are in a much better position now to meet any emergency than we were last August." Writing less than two years before Pearl Harbor, Anderson noted

. . . that the Naval Intelligence Service Operating Plans are considered sufficient and effective, at home and abroad, to execute the task assigned Naval Intelligence in basic War Plans. Given the personnel and material required for M-day we can carry on. The present personnel situation in the Districts is favorable and satisfactory. Additional personnel and funds are required here in ONI now and I believe these will be forthcoming shortly. . . .<sup>48</sup>

There was at least one area in which the Navy considered itself unprepared. It had been singled out back in August when Anderson wrote the report which formed the basis of the General Board's reassurance to the Secretary about ONI's readiness. At that time, August 18, Anderson, noting that ONI's service abroad consisted only of attaché reports and such material as was received from War, State, Commerce, some commercial concerns, and from some reserve officers traveling abroad, warned that "a real undercover foreign intelligence

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service, equipped and able to carry on espionage, counterespionage, etc. does not exist." When compared with the activities of foreign nations, this "lack on the part of ONI," said the Director, is

. . . a distinct weakness. Naval intelligence is spending nothing. The amount of intelligence received is in direct ratio to the amount of money made available, and spent in support of such undercover work. The lack of a real undercover Intelligence Service, in the foreign field, is considered a serious defect that should be remedied.<sup>49</sup>

When reported to the Secretary on August 31, this warning read:

. . . The network of information [from abroad] is good as far as it goes, but the information obtained consists primarily of that which foreign countries are willing to release. More adequate coverage in the Foreign Field is considered essential, especially undercover. Further study of this matter is being made.<sup>50</sup>

Now, on June 10, when reporting to King on how good things were, Admiral Anderson again noted the lack of any "intelligence network abroad," but he confidently added—Dunkirk evacuated, Mussolini declaring war on France, and four days from the fall of Paris—that "when and if the need for 'agents' appears, I believe we can handle the situation." For some reason or other, perhaps it was the fall of Paris on June 14, the need appeared very shortly, for within a week Anderson established an embryonic foreign intelligence network, which, however, he himself admitted thirty years after the event, "never got off the ground, because Donovan's outfit took it over."<sup>51</sup> In that same June Anderson and his counterparts in the Interdepartmental Intelligence Committee were cautiously setting up another foreign intelligence network, which, however, was basically oriented to "negative" intelligence. Since both these activities seem to have developed together, their origins must be briefly unraveled together.

## **5. TOWARDS CLANDESTINE FOREIGN INTELLIGENCE**

On May 21, 1940, about a year after the IIC had been established, Assistant Secretary of State Berle was reported worried about the security of railroads, warehouses, utilities and the like and as thinking the Army and FBI should make definite plans for their protection. The G-2, Brig. Gen. Sherman Miles, thought there was need for a strict line of demarcation among the activities of the three investigating agencies. Anderson's representative agreed with the others that they had to meet again "to get something on paper."<sup>52</sup>

About a week later both J. Edgar Hoover and General Miles brought forward proposals for the coordination of activities. Basically there was agreement that the FBI should handle investigations in subversion cases involving civilians in the United States and some of its territories and that G-2 and ONI would handle those cases involving the military and naval establishments, including civilians connected therewith, in the United States and in the Panama Canal Zone, Panama, the Philippine Islands, Guam and American Samoa. Uncertainty settled on the question of responsibility for cases originating in foreign countries.

On this point Hoover pointed out that until recently the bureau had not extended its activities into foreign countries. "He explained confidentially that upon the instructions of the President the bureau was arranging to detail men to Mexico City and Havana but that this was the limit of the bureau's operations in foreign countries." Discussion then followed on the jurisdiction and operations of the military and naval attachés, with Admiral Anderson

pointing out that naval attachés were never allowed to maintain “paid informants” in the countries to which they were accredited. The conclusion was twofold: that a decision had to be reached as to “the identity of the investigative agency” which should handle subversion directed from abroad, and that Edward A. Tamm of the bureau would consult with Berle in order to get that decision.<sup>53</sup>

At their next meeting, June 3, they returned to Hoover’s proposals for coordination. Again, they had problems with foreign-directed espionage, counterespionage, sabotage, and subversion. They did agree, and they embodied this in the agreement they soon signed, that the FBI would handle any foreign-directed cases upon the request of State, War, or Navy. Even so, they had already “undertaken a discussion of a special intelligence service, possibly to function at this time only in the Western Hemisphere.” On this new topic, General Miles said he did not want his attachés compromised. All agreed that trends in South America, especially Colombia and Venezuela, should be watched closely. Berle said State would happily cooperate if the Army and Navy wanted the FBI, which seemed the case, to “establish a Special Intelligence Service on the east coast of South America.” Anderson, who frowned on paid informants, stated “the Navy would be not only glad but anxious to cooperate in setting up a foreign intelligence service.” The discussion ended appropriately enough with the appointment of a subcommittee “to prepare a study of a proposed set-up for a Special Intelligence Service.”<sup>54</sup>

The subcommittee, reporting June 6, proposed the selection of a “Chief of the Service” with a satisfactory business cover to be located in a metropolitan industrial center, preferably New York City, and to have assigned to him by the “governmental departments subscribing to this agreement” highly qualified people who could “develop as sources of information nationals of the country in which they are to operate.” The government’s interest in this service should be zealously protected. There should be a “Technical Committee” to administer the service and facilitate the flow and distribution of information to and from the operatives as well as the subscribing agencies.<sup>55</sup>

This report was approved by Berle, Hoover, Miles, and Anderson when they discussed it on June 11. Miles had already received from Under Secretary of State Sumner Welles two letters suggesting individuals whom the “Chief of the Service” might want to use. Anderson thought the assignment of personnel and other detailed work on the service ought to be held in abeyance pending approval of the idea by both the President and the Secretary of War. Berle was expected to get FDR’s consent.<sup>56</sup>

When this came, on June 24, it contained a surprise. Talking on the telephone with Berle, with Miles in the latter’s office, President Roosevelt answered Berle’s question about the formation of a unit for foreign intelligence work by saying “he wished that the field should be divided.” He wanted the FBI, on the request of State, to “handle foreign intelligence work in the Western Hemisphere,” and he wanted G-2 and ONI to “cover the rest of the world, as and when necessity” arose. This arrangement, he made clear, should not supersede any existing intelligence work or preclude State from requesting the FBI, in special circumstances, to conduct investigations outside this hemisphere.<sup>57</sup>

With this go-ahead signal, a “Special Intelligence Service” was established under the auspices of the FBI. All IIC members agreed to support it financially.<sup>58</sup> Hoover placed in charge of it his Assistant Director, Percy E. (“Sam”) Foxworth and soon announced the bureau would augment its undercover staffs in Mexico and Cuba but said he did not contemplate sending intelligence officers to Canada or Greenland.<sup>59</sup> Controversy soon developed over an FBI official’s description of the work of the SIS as “encyclopedic” in

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Rear Adm. Walter S. Anderson, ONI director, who in 1940 established the country's first World War II organization to "run secret agents."



In 1940 at FDR's direction, J. Edgar Hoover, FBI director, established a "Special Intelligence Service" for operations in the Western Hemisphere, particularly Latin America.

Roosevelt Library

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character. Miles wanted it kept strictly to subversive matters and not, in effect, infringing on what was being collected by his attachés. Anderson thought no restriction should be placed on its operations. While Miles and Hoover would debate the matter by correspondence into October, the conclusion of the IIC in July was that no restriction should be placed on the SIS's operations but that primary emphasis should be put on subversive activities.<sup>60</sup>

Meanwhile, on the day Berle announced the President's decision to the IIC, and after a lengthy discussion of the necessity for extending government intelligence operations abroad, Admiral Anderson "advised he was undertaking a program to send out retired officers to seaports to get acquainted with shipping operations, industrial conditions, etc., in order to have sources of information in time of emergency."<sup>61</sup> Apparently he was referring to the action he had taken a week earlier, on June 17, when he virtually leap-frogged the IIC by establishing within the Foreign Intelligence Branch of ONI his very own "Special Intelligence Section" (SIS). He had placed in charge a retired officer and given him a yeoman as an assistant. The first directive to the new SIS described it as "practically a new field for ONI" and ordered a study of available literature on the subject, consultation with other government agencies, and a study of fields of operations, personnel, requirements, communications, and administration. The SIS, known in Navy terminology as "OP-16-F-9," was established "to obtain, train and run secret agents," and it was set up only seven days after Admiral Anderson had advised the CNO that he could handle the situation when and if the need for agents appeared.<sup>62</sup>

Thus by mid-June 1940, when France was falling and Britain seemed next to go, the U.S. intelligence agencies had taken two small steps toward the initiation of the clandestine collection of intelligence overseas. The U.S. had not one but two SISes.<sup>63</sup> One, under the auspices of the IIC and operated by the FBI, was restricted to the Western Hemisphere and mainly sought counterintelligence but also picked up positive intelligence on request. The other SIS, run by the Navy, was theoretically world-wide in scope; in fact, it had hardly a score of people when, almost stillborn, it was taken over by Donovan over a year later.

Meanwhile, nothing beyond the IIC had been established to take care of that problem of coordination with which John A. Gade had been concerned in 1929. Hardly anything was even said on the subject. "Hardly" is used because of two fragmentary notes, which may, in fact, have been just one.

First, in October 1940, according to Whitehead's *The FBI Story*, J. Edgar Hoover and Robert H. Jackson, then Attorney General, "discussed a proposal advanced by President Roosevelt that Hoover take over the direction of all federal investigative and intelligence agencies, coordinating their work from his FBI headquarters or from a special office." Refusing, however, Hoover said that "that plan would be very good for today, but over the years, it would be a mistake."<sup>64</sup> In view of the date of this alleged proposal it is quite possible that it had some connection with the correspondence and controversy which Hoover was then having with Gen. Sherman Miles over the scope of the work of the new SIS. Such problems were often taken by Hoover to the President. It is idle, however, to speculate any further since nothing ever came of the proposal, whatever it was.

Second, someone else had a similar suggestion, about the same time, about the FBI playing such a coordination role. The someone—unknown, but judging from the proposal itself, a Navy man—wrote a page and a half, dated it November 1, 1940, and entitled it simply "Information."

The writer began by contrasting the United States as “a ‘no snooping’ nation” with those other great powers which maintained “elaborate and expensive” organizations for the acquisition, collation, and maintenance not only of military and naval information but also of information about “natural resources, economics, industry and social characteristics.” He complained that the United States military and naval forces “at the beginning of every hostile era” were “in great distress for the lack of information,” and he concluded that basic military necessities and present and future “mechanical and scientific developments” require us to “change our passive efforts to positive action.”

The writer said the U.S. should establish under the FBI “a Foreign Information Bureau whose primary object would be to obtain complete information concerning foreign countries.” It should be run by a “Division Head,” an experienced investigator, accountable only to the Director of the FBI or to the President. It should be organized somewhat like ONI though its subdivisions would follow not geographical areas but “world ethnological classifications,” and these units should be headed by Army and Navy officers who would thereby be serving a “tour” in the information bureau. It should be under the FBI because of that organization’s “particular mission,” the prior training of FBI personnel, and, frankly because it would relieve the military and naval services of a source of possible embarrassment.

In outlining its advantages, the writer argued that the proposed bureau would insure the best possible information for all concerned, would insure “vitaly essential coordinated efforts by all Departments and a minimum of duplication,” and would make all information simultaneously available to every interested party. “In effect it would be a single central information source for all government activities.”<sup>65</sup>

The writer’s page and a half, but not his identity, are all that remain of that particular proposal.

## Chapter III

### COL. WILLIAM J. (“WILD BILL”) DONOVAN

By coincidence John A. Gade was in New York City drafting his proposal for a “National Intelligence Service” just about the time William J. Donovan, the future chief of such a service, was leaving the government in Washington to start a new career in Manhattan.

In 1929 Donovan was leaving the Department of Justice where he had been an assistant attorney general for five years under Harding and Coolidge. He was leaving because the new President Hoover had, by all accounts, reneged on a promise to make him Attorney General.<sup>1</sup>

At 46 Donovan could look back, if he were so inclined, on a career that had brought him national and legendary fame and that offered him, despite the disappointment of the hour, the promise of private advancement and public service in the early future.

#### 1. A LOOK BACKWARDS, 1883–1929

Donovan was at birth, New Year’s Day in 1883, an Irishman, a Catholic, a New Yorker, and a Republican, and he would die in that status seventy-six years later on February 8, 1959. His grandparents, both Irish Catholics, had emigrated from the old country and settled in Buffalo, New York, in the predominantly Irish neighborhood of the First Ward down by the waterfront. His parents, also Irish and Catholic, lived in the grandparents’ “big, high-stooped brick house at 74 Michigan Street.” Their first born was William, who added the name Joseph at Confirmation. There were eight other children, of whom four died early of spinal meningitis. The home on Michigan Street was a center for Irish immigrants, neighbors, and politics; “in our neck of the woods,” recalled one member of the family, “you were born and died a Republican.”<sup>2</sup>

Donovan’s father never finished school; he played hookey instead and was finally allowed by his father to go to work for the railroads and eventually wound up as a superintendent. Having regretted not getting an education, he started building a library at home before any children were born. When they did come, they “grew up in the midst of books.”<sup>3</sup> The young William was an omnivorous reader, and he remained one throughout his life—buying, reading, and collecting books, making notes of them in his diaries or journals, and copying out pertinent facts and quotable lines. Young William Joseph attended the Christian Brothers’ School, and subsequently thought of becoming a priest, a Dominican, but left that vocation to a younger brother, Vincent. Instead, William chose the law.

Donovan went to Niagara University, then switched to Columbia, where he worked his way through school, during the year as well as summers. He rowed on the second varsity crew and earned his letter as quarterback on the 1904 team but did not distinguish himself as a student. He graduated in 1905 and stayed at Columbia to get a law degree in 1907. One of his classmates was Franklin Delano Roosevelt, the Democratic Hudson Valley squire, who in the 1932 campaign “referred condescendingly to ‘my old friend and classmate

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Bill Donovan,' " but Donovan said later he "always reminded people that Roosevelt never knew me in law school." <sup>4</sup> One of Donovan's teachers was Harlan Stone, the future Supreme Court justice.

Out of law school, the young Donovan returned to Buffalo and took up with the small firm of Love & Keating. In 1912 he formed a partnership with Bradley Goodyear, and later that year they joined the city's leading law firm which then became O'Brian Hamlin Donovan & Goodyear. In 1914 he took himself a bride, Ruth Rumsey, the daughter of one of the wealthiest and most prominent families in the city, and they would have a son David, still living, and a daughter Patricia whose death in an automobile accident in 1940 was a very great personal loss to her father.

Meanwhile, he had taken up—and it is not too far fetched to put it this way—another bride, the military life. He did so in 1911 when he joined with others in Buffalo to organize Troop I of the First New York Cavalry of the National Guard. Even though he had hardly ridden a horse more than three or four times, he was, within six months, captain of the troop. The outbreak of war in 1914 saw him spending as much time as possible on military duties. The war provided him with his first overseas service, though not as a soldier; in 1916 he was on the continent, in France, Germany, and Poland as a member of the Polish Commission which had been established under the American War Relief Commission to work with the belligerents in the distribution of food and clothing to the suffering population of Poland. In London he worked with Herbert Hoover, who was then in charge of Belgian relief. This association led to a close friendship, which turned sour, however, in 1929.

While he was in Europe, where he first saw war and its effects, his Troop I was called up to serve on the Mexican border to curb the depredations on American lives and property of the bandit leader Pancho Villa. He hurried home to join his men and serve 8½ months under Gen. John J. ("Black Jack") Pershing. It was at this time, according to his brother Vincent, that he earned the soubriquet of "Wild Bill." Reportedly, his men, collapsing after an exhausting ten-mile hike, heard their captain taunt them with "Look at me, I'm not even panting. If I can take it, why can't you?" The answer, from somewhere in the ranks was: "We ain't as wild as you, Bill." <sup>5</sup> So it stayed with him, and he liked it.

When the United States entered the World War, "Wild Bill" Donovan, then a major, turned down a colonelcy in the Twenty-seventh Division to join up with New York's "Fighting Irish" of Civil War fame, the Sixty-ninth Regiment of the N.Y. National Guard, which had been conducting a vigorous recruiting campaign. The Sixty-ninth was drafted into the Regular Army and was proud to be selected New York's representative in the newly formed Forty-second Division, the "Rainbow Division," where it was redesignated the 165th Regiment. It remained "the old Sixty-ninth," however, and for the better part of his twenty-two months of service Donovan was the commander of its First Battalion. It was in that capacity, a lieutenant colonel, that he saw combat, was several times wounded, and demonstrated such outstanding qualities of leadership and moral courage that he emerged from the war with "more medals than any other 42nd officer." <sup>6</sup> He received the Distinguished Service Cross (1918), the Distinguished Service Medal (1922), and the Medal of Honor (1923).\* By war's end he was a colonel, in command of the 165th as it paraded down Fifth Avenue to a ticker-tape welcome home, and henceforward known as "Col. William J. ('Wild Bill') Donovan." He was always "Colonel" Donovan, at least until he became "General" Donovan in World War II; the press always spoke of him as "Wild Bill" Donovan, and everybody knew of him simply as "Bill Donovan."

\* He was awarded the National Security Medal in 1957. He was thus the first to receive the country's four highest medals. In 1946 he was awarded the First Oak Leaf Cluster for the DSM he received in 1922.

He was soon back overseas; indeed, he was and would remain a constant overseas traveler, for pleasure, business, and for war. This time, 1919, it was a deferred honeymoon to Japan which was interrupted by a request from the American ambassador in Tokyo to journey to Siberia to report on events connected with the White Russian government of Adm. Alexander Kolchak. Donovan traveled with Maj. Gen. William S. Graves, who commanded the American troops sent there largely to help maintain internal order in the area. Donovan spent two months in Siberia. Next year he spent almost six months in Europe on business, most of it with a New York banker, Grayson M. P. Murphy.

The trip with Murphy provides an opportunity to stop and take a look at Donovan the fact-finder and reporter. During the war, in the middle of combat, he had kept a diary, in which he not only recorded events personal to him but also included his observations on soldiering, weapons, tactics, some mention of books he had read, thoughts that appealed to him, and even a poem "To My Wife." The Siberian journal was less personal, more political and sociological. Current events he never missed, but he dug deeper into the historical background of peoples and societies; he was a keen observer of the socio-economic condition of cities, troops, countryside; he cited dates, figures, sources, and always made a clear distinction between his own opinion and what he was reporting. The Murphy trip resulted in a full-sized volume—over 200 single-spaced typewritten pages—of detailed reporting on business and politics in almost a score of European countries. Two or three lines here cannot do justice to the wealth of material gathered daily by him in conversations with businessmen, bankers, industrialists, members of governments, politicians, and other well-placed personalities. These pages show him constantly reading reports, questioning specialists, observing conditions, summarizing conferences, studying languages, and always meeting, talking, and dining with people.<sup>7</sup>

Back in the States, he was back at his Buffalo law firm, and soon took his first fling at elective politics, as Republican candidate for lieutenant governor of New York in 1922. He never did succeed in politics, not then, nor in 1932 when he ran for governor, nor in 1946 when he considered seeking the senatorial nomination. Defeated in 1922, he was then made U.S. Attorney for the Western District of New York and proceeded to let his sense of duty get himself ostracized from Buffalo society by raiding, after due warning, his own club, the prestigious Saturn Club, for violation of the Eighteenth Amendment. He was not a WCTU'er, but duty, whether military or civil, always held a high place in his scale of values.<sup>8</sup> In 1924 he moved to Washington when the new Attorney General, Harlan Stone, his former teacher, professor of equity at Columbia, asked him to join the Department of Justice as an assistant attorney general.

He ran the Criminal Division from August 1924 to March 1925; in that time he had under him the young J. Edgar Hoover, but historians and biographers have shed no light on that relationship which in the war years would develop into struggle and competition. From March 1925 to March 1929 he handled the more important Anti-Trust Division, and in the summer of 1928 he had been Acting Attorney General. One of the important cases he won was the Supreme Court's upholding of convictions in the *Trenton Potteries* case in 1927. So well had he performed in the five years in the department that he and everyone else expected he would become Attorney General when Hoover took over.<sup>9</sup>

A bright political future had often been predicted for the now legendary Col. "Wild Bill" Donovan. Fr. Duffy, chaplain of the Sixth-ninth, had told him that, if he lived, he would go far and should go into politics. His young adjutant reported someone had said Donovan would "be sure to be governor of New York." In 1925 a journalist, waxing enthusiastic, described him as ". . . ready and fit now, whether he should be called upon to

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die, to box Jack Dempsey, or to be President." Indeed, a former law partner, John Lord O'Brian, declared: "Bill has a driving ambition. He won't be satisfied until he's the first Catholic President of the United States," and President Roosevelt later observed that "if Bill Donovan had been a Democrat, he'd be in my place today."<sup>10</sup>

As it was in 1929, he was expected to be Attorney General, possibly Secretary of War. All other talk about the cabinet, reported one commentator, was "nothing but gossip." It all came to naught, however. When Donovan called upon the President-elect at his Georgetown home, he was not asked to take either job. "We sat there rather embarrassed," reported Donovan, "and finally he (Hoover) asked me what I thought of the governor-generalship of the Philippines. I told him I wasn't interested. By that time it was becoming most uncomfortable, and I left." Whatever the reason, something to do with Donovan as a Catholic, the result was, according to Mrs. Donovan forty years later, "the greatest disappointment in his life; he knew he could handle the job."<sup>11</sup>

## 2. LAW AND NATIONAL POLITICS, 1929-37

So Donovan left Washington and went to New York City where he established the law firm which today is known as Donovan Leisure Newton & Irvine. It stood for years at Two Wall Street, in the heart of Manhattan's financial district, with the Stock Exchange, historic Trinity Church, and the site of Washington's first inaugural less than the proverbial stone's throw away, but in 1973 it moved uptown to 30 Rockefeller Plaza. The firm grew and prospered. It became and remains large and diverse enough to handle, on a team basis, the important and complicated legal cases spawned by corporate, financial, and industrial America. It not only provided Donovan with a living, but it also gave him a platform for speaking out on a wide range of legal, political, social and economic issues confronting the country.

In his law practice, both paid and unpaid, he methodically resorted to the systematic collection, evaluation, synthesis, and presentation to clients, courts and the public of vast amounts of detailed, topically diverse, and complicated data. Especially illustrative of this capacity are two anti-trust cases, the *Appalachian Coals* case of 1932 and the *Madison Oil* trial, 1936-37. In the former, a successful defense of 135 coal companies charged with violation of the anti-trust laws, Donovan undertook a vast factual analysis of competition within the Appalachian and national coal industry and of the competition from the natural gas and oil industries and then statistically and graphically presented this evidence in more than ninety exhibits, almost triple those presented by the government. In the Madison case, involving indictments against twenty-four of the largest oil companies, fifty-six of their principal officers and three oil market journals for conspiracy to raise gasoline prices, the Donovan firm conducted a very extensive factual investigation and field audit and then devised a new system of indexing and cross-referencing some eighteen tons of documents which had been subpoenaed by the government. While Donovan lost the case, many of the corporate and individual defendants were acquitted.

As unpaid counsel in two other investigations, he further foreshadowed the work of research and analysis that he introduced to the government as Coordinator of Information. In the first of these, in 1929, he was counsel for the New York State Commission on Revision of the Public Service Commissions Law, and as such he headed a team of his own lawyers plus an outside engineer, public administrators, accountants, and economists and held forty-three public hearings resulting in 2,830 pages of printed testimony by ninety-six witnesses. In the second case, in 1929-30, he was unpaid counsel for the Joint Commission of Bar Associations which was set up in New York to investigate and report upon abuses and illegal and

improper practices in bankruptcy cases. Assisted by a Yale Law School staff, Donovan examined 1,000 court files of cases, took testimony from 4,000 witnesses, and issued a report based upon twelve volumes of documents on bankruptcy administration throughout the United States and abroad.<sup>12</sup>

In the meantime, he was putting down on paper, in various law journals, the fruit of his experience in the anti-trust division of the Department of Justice and in his private and public practice of the law. Articles written by him or in conjunction with colleagues appeared in 1929, 1930, 1931, 1932, 1936 and 1937 in the law reviews of, for instance, the American Bar Association and the New York State Bar Association, and in such university law reviews as those of Temple, Marquette, Cornell, and Harvard. He wrote on the anti-trust laws, on their practical aspects, on consent decrees in the enforcement of the anti-trust laws, and on the need for their revision. On constitutional law he wrote on the president's power of removal and on the authority of states to deal jointly with social problems. Finally he authored articles on such miscellaneous matters as the origin and development of radio law, the Federal Trade Commission, and state compacts as a method of solving problems common to several states.

At the same time he was speaking out publicly on these and other issues. He spoke to the Women's University Club, and to the American Academy of Political and Social Sciences on the regulation of public utilities. He lectured at New York University on the desirability of drafting radio laws on an international basis. To other groups he spoke on the limitations on oil production, the need for regional compacts, the need for a commerce court and for state regulation of utilities.

Inevitably he returned to politics. In 1930 he proposed that the Republican Party stand for the repeal of prohibition. In the same year he warned a Republican rally that Democratic control of the Congress would be a disaster. In 1932 he was the choice of New York Republicans to run against Herbert Lehman for governor. Once again defeated, in the landslide that put FDR in office, he took up the Republican cudgels against Roosevelt and the New Deal in speeches in defense of the Constitution, state governments, property rights, and democracy. In the 1936 election Donovan was a principal source of support in New York for an old friend, the Republican vice presidential candidate, Col. Frank Knox, who as Secretary of the Navy in Roosevelt's coalition cabinet would play the major role in 1940 in bringing Donovan back into the government. In 1937, however, Donovan won an important case which had distinct political and anti-Roosevelt tones; this was *Humphrey's Executors vs. the United States* in which Donovan persuaded the Supreme Court to reject Roosevelt's claimed authority to dismiss without cause the head of an independent regulatory commission, in this case, the head of the Federal Trade Commission.

By the time Donovan was assailing the New Deal and challenging Roosevelt in the Supreme Court he had already begun to move toward an identity of views with the President on foreign affairs and thus begun the process which would bring him, an anti-New Deal Republican, into the Roosevelt administration as Coordinator of Information. This process had begun in the fall of 1935 when Donovan, like others in the country, began to shift his attention from domestic to foreign affairs.

### 3. FOREIGN TRIPS AND FOREIGN AFFAIRS, 1935-39

In September 1935, Donovan, just back from one of his regular trips to England and the continent, wrote the Army's Chief of Staff, Gen. Douglas MacArthur, a wartime colleague in the Rainbow Division, that he was "impressed with the fact that this little

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adventure of Italy [into Ethiopia] may resolve itself . . . into something that could include us all." He further thought that "a close view of the situation at this time might help later." He had already discussed with MacArthur, at the last reunion of the division, the possibility of his going to Ethiopia, on the Italian side at MacArthur's suggestion, and now wanted advice from the General on how to proceed in setting up the trip with the War Department in Washington.<sup>13</sup>

From the department, rather than from MacArthur who had just left the city for the job in the Philippines which Donovan had turned down in 1929, Colonel Donovan received encouragement "to go abroad and look over the situation along the Mediterranean." The Deputy Chief of Staff considered Donovan's offer of service "thoroughly in accord with your past record in the Army," and told Donovan that he was "most sympathetic with your desire to get a look-in on this impending fracas." Unfortunately, he added, the Army had no funds for such service on the part of a reserve officer, but to this Donovan replied that he had no intention of having "any charge against the government at all."<sup>14</sup>

By the end of the year Donovan was in Rome, meeting with Mussolini, and—to the surprise of on-the-spot advisers—getting all the authorization he needed for the trip. He traveled via Cairo, Luxor, and Khartoum to Ethiopia where he spent ten days visiting the front, meeting with the commander-in-chief, General Badoglio, as well as corps, division, and brigade commanders, inspecting battle positions, motor transport headquarters, a hospital ship, and the S-81—"a huge bomber . . . much like the new Boeing the [U.S.] Army is getting out," and recording daily in his diary data and observations on such items as camp layouts, the soldiers' diet and morale, the condition of army mules and horses, and Italian military strategy and foreign policy. His return journey took him to Libya where he spent a night in Benghazi with the Commissioner of the Province and had "several long talks" in Tripoli with General Balbo. Before returning to Washington he met again with Mussolini, reported to Amb. Hugh Wilson in Berlin, was prevented by the death of King George from meeting in Geneva with Britain's new Foreign Minister, Sir Anthony Eden, and met with top British officials in London.<sup>15</sup> Back in Washington he reported to the War Department, which officially commended him for a report "replete with pertinent and valuable information" which the department "would have been unable to secure in any other way."<sup>16</sup>

In rough fashion the Ethiopian trip set the pattern—on the spot observations and consultations with top military and political figures—of overseas trips which he subsequently made in 1937, 1938, 1939, and 1940-41. In 1937 in Germany he attended maneuvers of the Reserve Artillery Officers, observed their training, and inspected new German tank and artillery equipment. The next year he toured the defenses of Czechoslovakia, observed conditions in the Balkans and Italy, and on his own obtained permission to visit the Spanish front where he "met most of the Commanding Generals and discussed their methods with them." He was with "the 4th Spanish Army in their attacks to regain the heights at the Ebro River." Then he went to Nuremberg where he saw the German army in exercises and maneuvers."<sup>17</sup> In 1939, "believing that war was imminent," and "anticipating the possibility of attacks" in the Low Countries, Donovan surveyed conditions and discussed military and economic problems in France, Belgium, Holland, Germany, and the Scandinavian countries. Some idea of the impression he made and the reception he received comes from a British official who reported of him that he ". . . is an active man, of attractive temperament, who has visited Balbo in Libya, Mussolini in Rome and has many contacts in Berlin with the Foreign Office and General Staff. He has just flown around Europe and renewed contacts, particularly in Berlin. His main impression is that the German army, as he put it, is 'set for a fight' to achieve their aims at all costs." Donovan was quoted, however, as advising his business friends to put their money against war, though he warned that Britain would have "an exciting summer."<sup>18</sup>

Before he made his next trip overseas, a momentous trip to London in 1940, Donovan, always the public speaker, had some important things to say to the American people about the war that had just erupted. In November 1939 he warned the American Legion that while Britain and France now only wanted American machines that did not mean that the United States "was not going to contribute manpower at some time." He further warned against giving foreign nations "the impression that under no circumstances will we fight." Said Col. "Wild Bill" Donovan: "In an age of bullies, we cannot afford to be a sissy." Then with a reference to those steps which the government was taking to curb spying in the United States, Donovan advised the Legion not "to be a bunch of vigilantes" but to leave the job where it belonged, with the government.<sup>19</sup>

Donovan had, from the point of view of this narrative, even more important advice to give. That came on November 27 when he proposed the creation of a nation-wide commission to investigate and report on the problems and desired direction of American foreign and military policy. Discussing the topic "Is America Prepared for War?" the much-traveled Donovan raised one by one those questions of America's defense which had been provoked by the outbreak of hostilities. To meet these issues intelligently, said Donovan, the American people must first understand them; and then he advanced his proposal which leads so unmistakably to the research and analysis function in the future COI that it deserves to be quoted at length:

To this end I should like to propose here tonight [before the Sons of Erin in New York] the creation of a civilian body of representative citizens to make an exhaustive study of the problems and to lay its findings and recommendations as soon as possible before the President, the Congress, and the people of the United States.

The group or committee making such a study should include, in addition to civilians, representatives of all our military departments and of the Department of State.

An inquiry into the underlying facts, the mobilization of these facts, and then an interpretation of them, to my mind is the one effective way to inform and enlighten public opinion. The great issues of our defense policy are now presented to Congress piece-meal in terms of an appropriation for a specific purpose by a particular bureau.

Recommendations by a commission such as I now propose would offer Congress an integrated and comprehensive view from which to judge the isolated defense problems on which they are asked to legislate.

This is what we need today—a whole view of preparedness by the whole body of American citizens.<sup>20</sup>

Such pronouncements, coming from so famous a person as Donovan, who was clearly no isolationist, had the effect of linking his name with a development that would soon make him an overseas emissary of the President.

#### **4. ROOSEVELT'S EMISSARY, JULY 1940**

That development centered on the idea of a coalition cabinet<sup>21</sup> as a device for achieving greater national unity in the face of the increasingly obvious peril from abroad. Just as the British had broadened their government immediately after war erupted, so also, went the suggestion, FDR should broaden his by taking in some Republicans. Actually Roosevelt had

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given some thought to the idea even before war broke out. After that event, he and Harold L. Ickes, Secretary of the Interior, took note of Republican suggestions for the inclusion of some such Republicans as Herbert Hoover, Arthur H. Vandenberg, "young (Henry Cabot) Lodge," and "even (Thomas E.) Dewey," and tartly agreed that omission of the titular leaders of the party, Alf Landon and Frank Knox, the candidates in 1936, proved the Republicans were only interested in building up a candidate for the 1940 election.<sup>22</sup>

Interestingly enough, it was the name of Bill Donovan that provoked the first public White House comment on the subject of a coalition cabinet. On December 9, 1939, the President's press secretary, Stephen T. Early, discounted a rumor that Donovan would be made Secretary of War in place of Secretary Harry Woodring, whom everybody knew Roosevelt wanted to unload. "I don't think it is likely," said Early, "the President will put a Republican in as a member of his Cabinet."<sup>23</sup> As a matter of fact, the President made just such a proposal the next day, December 10, when he had a lengthy Sunday afternoon review of the world situation with Donovan's friend Frank Knox.

On that occasion FDR asked Knox to become Secretary of the Navy, but the publisher of the *Chicago Daily News* thought the situation not grave enough to warrant such an unorthodox move. More than likely, said Knox, he would be "classified from one end of the country to the other as a political Benedict Arnold." In any case he thought the President should put "several Republicans" in the cabinet and he particularly "urged that a strong man be found for the War Department."<sup>24</sup> Five days later, writing the President from Chicago, Knox indicated who that "strong man" should be:

I have heard during the month even more rumors of your taking my good friend, Colonel William J. Donovan into your Cabinet as Secretary of War than I have heard of your thinking of me in connection with a cabinet post. . . . I know Bill Donovan very well and he is a very dear friend. He not only made a magnificent record in the world war, but he has every decoration which the American government can bestow for bravery under fire. Frankly, if your proposal contemplated Donovan for the War Department and myself for the Navy, I think the appointments could be put solely upon the basis of a nonpartisan, nonpolitical measure of putting our national defense departments in such a state of preparedness as to protect the United States against any danger to our security that might come from the war in Europe or in Asia. . . .<sup>25</sup>

This strong testimonial evoked from FDR his own appreciation of Donovan:

Bill Donovan is also an old friend of mine—we were in the [Columbia] law school together—and frankly, I should like to have him in the Cabinet, not only for his own ability, but also to repair in a sense the very great injustice done him by President Hoover in the Winter of 1929. Here again the question of motive must be considered, and I fear that to put two Republicans in charge of the armed forces might be misunderstood in both parties.<sup>26</sup>

In reply, Knox told the President that he was "delighted to learn that you, like myself, hold Bill Donovan in high esteem and readily understand the point you make concerning my suggestion in that direction."<sup>27</sup> Roosevelt may have been fearful of putting two Republicans "in charge of the armed forces," but that of course is just what he did six months later when he made Knox and Stimson Secretaries of Navy and War, respectively. Also, Roosevelt may have wanted Donovan in the Cabinet because of his ability and to repair the injustice done him by Hoover, yet he never actually took one step in that direction.

Actually it is very doubtful that Roosevelt and Donovan were anywhere near as close as Knox and Donovan. Indeed, FDR and Donovan were not "close" in any personal sense of the word. Neither the Roosevelt papers at Hyde Park nor the Donovan papers show any significant contact between the two men prior to 1940. Likewise, the White House presidential diaries, which catalogue the names of the many people visiting, dining, and overnighing at the executive mansion, show no entry for Donovan in 1940 or early 1941. Furthermore, there seems to have been little in the personal and public lives of the two men that would have brought them together, and in Roosevelt's New Deal years, there was much to pit them against one another, as witness *Humphrey's Executors vs. the United States*. More than likely the relationship between them in the prewar years was nothing more than the friendliness that came easily to public men of common sense, geniality, and manners but of different backgrounds and political views.

While Knox failed to get Donovan made Secretary of War, it was Knox who continued to bring Donovan to FDR's attention. Hence it is important to see how Knox became Secretary of the Navy. From the beginning, whenever FDR thought of a coalition cabinet, he thought of Landon and Knox. An early meeting in September 1939 with both men, in the company of others, ended with a liking for Knox but doubts about Landon. The liking for Knox persisted throughout coming months, and so in May 1940 FDR tried again with Landon. Once again the effort failed, foundering, as in the first instance, on Landon's fear of the consequences of a coalition cabinet on the conduct of the 1940 elections and the health of the two-party system in a war-threatened United States. Meanwhile, the name of Stimson, a more eminent but less partisan Republican, a servant of four Republican presidents, was successfully suggested to the President by Supreme Court Justice Felix Frankfurter and Grenville Clark, a prominent New York lawyer, as an ideal choice for the War Department. So it was that on June 20 FDR announced the appointment of Knox and Stimson.<sup>28</sup>

The only aspect of the appointment process that need detain us here is that which involves Bill Donovan. Almost the first thought of Knox on hearing from the President was to ask Donovan to serve as Under Secretary of the Navy. While the Colonel was unable, for some unknown reason, to do so,<sup>29</sup> he was on hand to meet the Chicago newsman when he arrived in Washington for his meeting with the Senate Naval Affairs committee. They immediately repaired to Donovan's Georgetown home—Knox, in fact moved in—where they were joined by Senator Scott Lucas of Illinois for lunch, and the three then spent the afternoon readying Knox for the hearings on his confirmation.<sup>30</sup> Knox was confirmed by the Senate on July 10 and was sworn in by the President on the eleventh.

Meanwhile, Donovan was called to the White House. "Being what I am [a Republican]," he said years later, "that was a very surprising invitation to me." At the White House, where he found assembled the Secretaries of State, War, and Navy, he was asked to "go abroad, go to England," to learn about Britain's handling of the Fifth Column problem. But who originated the idea of Donovan's taking a trip? According to a British version, which we shall take up shortly, it was Britain's intelligence chief in this country, William S. Stephenson. Chances are, however, that it was Knox who suggested, as he and his colleagues worried about Britain, that his friend Donovan be asked to make a survey of the situation.<sup>31</sup>

Whatever the origin of the journey, Donovan left New York on July 14, on a secret mission to London as the official representative of the newly installed Secretary of the Navy—whose sponsoring of this trip was almost his first official act—and as the unofficial representative of the President of the United States.

## 5. DONOVAN IN LONDON

Donovan was off on a fact-finding mission, ostensibly gathering information on the Fifth Column, in reality seeking to determine the ability of Britain to survive the expected German assault. The Low Countries had fallen, France had collapsed, the British had barely managed to get off the beaches of Dunkirk, and now Britain looked to its home defenses. If Britain fell, what happened to the Empire? To Africa? The Atlantic? South America? The Panama Canal? The United States? For Washington's policymakers the questions were deeply troubling, and the answers coming from Amb. Joseph P. Kennedy in London had provided little guidance to an administration that was less prepared than its representative to write off the British.

While Donovan was accustomed to dealing with prominent people, this trip was like none other he had ever taken; indeed, historians of the Roosevelt administration will have to say whether FDR had ever before sent a private citizen on so important a mission. The Colonel had discussed the trip at the White House. He had letters of introduction from Knox, Hull, William S. Knudsen, James Forrestal, Clarence Dillon and John D. Biggers to prominent Londoners. He also had a letter from Rear Admiral Anderson, then working on the establishment of his SIS, to the head of Britain's ONI. The night before Donovan departed from Washington for New York and London, he and Knox dined at the British embassy with the Ambassador, Lord Lothian, and Minister Casey of Australia. Lothian and Stephenson, ostensibly Britain's Passport Control Officer in New York, sent on to London their own recommendations for giving Donovan full cooperation.

In the British capital Donovan saw everybody on both the British and American sides. He met the King and Queen, dined with Churchill, had sessions with numerous British ministers, the top army, navy, and air force officers, and many other prominent persons—"an extraordinary list of well-posted people."<sup>32</sup> While it would be tedious in the extreme to list all their names and titles, there are at least two who ought to be singled out because of their connection with intelligence. One of these was the head of MI-6 or the British Secret Intelligence Service (SIS), Col. (later Maj. Gen.) Stewart Menzies, whose name was pronounced, to the dismay of many, as "Meng-eez," and who was known in the service, according to a recent custom, simply as "C." Menzies, new to his job since November, was in daily touch with Donovan, stressed British determination to fight and the need for the destroyers but put most emphasis on ensuring that Donovan saw all the leading and relevant personalities. The other intelligence official was the head of Britain's ONI, Rear Adm. John H. Godfrey. Relations between the two men became and continued cordial. They met for an evening's discussion at Godfrey's home the night before Donovan returned to the States and went over a list of things that Donovan would take up in Washington.<sup>33</sup>

On the American side Donovan did, despite statements to the contrary, meet and dine with Ambassador Kennedy. He had much to do with the naval attaché, Capt. Alan G. Kirk, who handled the Navy's responsibilities for the Secretary's high-level representatives. He met several times with the military attaché, Col. Raymond E. Lee, who recorded in his diary, a week after Donovan's arrival, that Donovan had come to learn about conscription and to find out "what sort of legislation is required to successfully operate a counter-espionage organization."<sup>34</sup>

Thus armed and heralded, Donovan scurried about London and its environs visiting every important government office and inspecting many of the military, naval, and air installations then girding for the defense of the islands. His discussions ranged encyclopedically over the full gamut of military, political, economic, and social factors

relevant to the country's defense. These included expansion and training of the army, shipping problems, food production, conscription, the morale of the British population and the very pressing need for destroyers, flying boats, bomb sights, pilots and the training of pilots. He discussed such subjects as intelligence, propaganda, the organization of the information ministry, subversion, and the Fifth Column. This last subject was the special province of Edgar Ansel Mowrer, the *Chicago News* correspondent whom Knox had commissioned to join Donovan in London. Donovan had gone to London to make a "brief survey," but he covered the British waterfront in such comprehensive and detailed fashion that a British observer was justified in having noted that his "real object" in coming was "to collect as much information as would be useful in the event of America coming into the war."<sup>35</sup>

His task of collecting information, however, did not end when he departed Britain on August 3. To nearly everybody he spoke to he had addressed a request for documents, a report, a study, or answers to questions put forth in his own name or at the behest of some official in Washington. Thus, he had asked for copies of training syllabi for various arms, for copies of militia regulations, even for stories about RAF experiences. He had asked for reports on the European food situation, on economic controls in Britain, and for reports on such ministries as those of supply, information, and economic warfare. Back in Washington he spent much time on correspondence collecting these documents and routing them to consumers. The future "Coordinator of Information" was already at work.

On his return he was immediately wrapped up in a fast round of briefings. He was with Secretary Knox the morning after his arrival, and that evening he and Mowrer were Knox's guests at a dinner which included Admirals Stark and Anderson, Assistant Secretary of War Patterson, Gen. Sherman Miles, James Forrestal, and John O'Keefe, Knox's secretary and friend of *News* days. On the next evening he was Secretary Stimson's dinner guest. Meanwhile he was meeting with members of both houses of Congress and most of the Cabinet. On August 9 he joined the President at the Hyde Park railroad station for a two-day trip. To all of these people he told essentially the same story: that Britain could and would survive, that British morale was high, that British equipment, however, was deficient, and that much assistance was urgently needed from the United States. In particular he pressed for the consummation of the exchange of destroyers for bases and pursued matters related to flying boats, bombers, bomb sights, and pilots.

His report, he wrote Brendan Bracken in London, had a "healthy effect" on the mood of his listeners. The mood, he later told a friend in London, had been one of "extreme depression to which, he remarked sourly, Mr. Kennedy had himself largely contributed." The friend noted that Donovan took credit, "without any self-conceit," for having been "instrumental in giving impetus to the Destroyers-Bases Agreement, saying that he had been at great pains in an interview with the President . . . to dwell upon our excellent prospects of pulling through." Lord Lothian cabled London that Donovan "helped a lot."<sup>36</sup>

He helped a lot in the public sector also. Before leaving for London he had testified before the Senate Military Affairs Committee in support of the conscription bill, and he returned to that subject in the first radio address he delivered after his trip. He warned that the crisis confronting the country did not permit the delaying of training men for battle until after war had begun. The time for preparedness, he said, is now. On another subject, the Fifth Column, he found that "the Administration was very anxious that something should be said," and so ". . . at the instance of the President," Donovan added his name to that of Edgar Ansel Mowrer as author of the series of articles on the Fifth Column which was widely published in the press and reprinted in pamphlet form.<sup>37</sup>

### III/col. *william j. ("wild bill") donovan*

The London trip also had a "healthy effect" on Donovan himself and on his stature in both Washington and London. For instance, for the first time in his life, the near legendary war hero, "Wild Bill" Donovan, emerged as a man of "mystery" and a "secret envoy" of FDR. Newsmen had been given little idea of what he had been up to; his trip was "one of the mysteries of the Navy."<sup>38</sup> With future developments the President's "secret envoy" would often be described as a "confidant," though he never really was in any personal sense. Secondly, Washington officials were impressed by this much-traveled man. President Roosevelt showed his respect, in effect, by asking him a few months later to take another trip for him and the Navy. Thirdly, London, which hitherto had only seen Donovan as a prominent traveler stopping in town for a few high-level talks, now discovered him as a person of great talent, energy, and influence in Washington. Lord Lothian was even authorized, late in November, "to drop a hint to U.S. authorities" that if Ambassador Kennedy was not returning to London, the "appointment of Colonel Donovan would be welcome."<sup>39</sup>

So important were the trip and its aftermath that it is now time to stop and take a look at the man who claims to have engineered it and who would henceforward play an important role in Donovan's life and the development of American intelligence, namely, Britain's intelligence chief in New York, William S. Stephenson.<sup>40</sup>

## 6. DONOVAN AND STEPHENSON

Stephenson was one of several very influential but relatively unpublicized Britons sent here to carry out important tasks other than those entrusted to the Ambassador, first Lord Lothian, and then, upon his death, Lord Halifax. There was, for instance, Arthur Purvis, a Scots Canadian like Stephenson, who handled the purchase of war supplies. There was Arthur Salter for shipping, Noel F. Hall on economic warfare, and the Queen's brother, David Bowes-Lyon, for British information in the United States. Stephenson claims, however, to have been the only British representative personally chosen by the Prime Minister himself.

Stephenson was, on the outbreak of war, at age forty-three, a man of many accomplishments, much money, many influential friends, great initiative and energy. He had been a flying ace in the World War, an amateur lightweight boxing champion of the world, a successful inventor, an international industrialist and financier, a millionaire by age 30. His interests in German steel production made him a supplier of information on this vital subject to Winston Churchill in the late 1930s when he was inveighing in Parliament against the Nazi danger. The war brought him requests from British intelligence to carry out missions in Sweden, Finland, and the United States.

Only the last mission concerns us here. That apparently took place some time in April 1940 when he was asked by Menzies, the MI-6 chief, to go to Washington "to establish relations on the highest possible level between the British SIS and the U.S. Federal Bureau of Investigation." He visited New York and California, and it is most likely, as he claims, that he met with and worked out some kind of understanding with J. Edgar Hoover regarding cooperation between Americans and the British in the uncovering of enemy plans for espionage, sabotage, and subversion affecting what was shaping up as the allied defense effort. According to Robert E. Sherwood, FDR's speech-writer as well as a playwright, "effectively close cooperation" between the two services had been worked out "by Roosevelt's order and despite State Department qualms."<sup>41</sup>

On returning to London, Stephenson was asked, this time by Churchill himself, to take the New York post of British Passport Control Officer in order to do everything possible "to assure sufficient aid for Britain, to counter the enemy's subversive plans throughout the



"Little Bill" Stephenson, Britain's wartime intelligence chief in the United States.

Passport photo, 1942

### III/col. *william j. ("wild bill") donovan*

Western Hemisphere . . . and eventually to bring the United States into the war.”<sup>42</sup> He and his wife arrived in New York harbor on June 21, 1940—a few days before the French armistice, a day after FDR made the Knox and Stimson appointments.

Stephenson immediately renewed, so he claims, an old acquaintanceship with Donovan and “instinctively” concentrated on him as the individual above all others who could help him in the procurement of badly needed war supplies. Stephenson has recounted how he then suggested to Donovan that he “pay a visit to Britain with the object of investigating conditions at first hand and assessing for himself the British war efforts, its most urgent requirements, and its potential chances of success.”<sup>43</sup>

More than likely Stephenson had had advance knowledge of the visit to London. It surely would have been cleared with Churchill’s personal representative, who had been sent here to handle just such secret, sensitive matters. Stephenson claims that he “arranged” for Donovan to be given “every opportunity to conduct his inquiries” and that consequently he was received by the King, Churchill, and members of the British Cabinet. While Donovan had his own and his government’s access to high places, there is no reason to question the importance of Stephenson’s help in this regard. In 1944 when Donovan read an OSS statement that “Lord Lothian . . . arranged for Donovan to see Churchill himself,” the Colonel struck out Lothian’s name and wrote “Bill Stephenson” in the margin.<sup>44</sup>

But did Bill Stephenson initiate the trip? Bill Donovan has said no, in a marginal note written in 1944 when he was asked to comment on a British account of his relations with Stephenson. Where the text spoke of the President sending Donovan to London “as a result” of discussions between him and Stephenson, Donovan wrote: “Did not know S[tephenson] then. I met him only after return.”<sup>45</sup> There is other evidence to back up the negative on this question. The conclusion here is that while it remains possible that Stephenson originated the trip, it is more likely that his subsequently close connections with Donovan have understandably caused him to push the line of collaboration farther back than the facts justify, to convert, in other words, advance knowledge into inspiration of the trip. It is at the same time just as likely that the new Secretary of the Navy, Frank Knox, just as “instinctively” nominated his good friend and inveterate traveler, Bill Donovan, to take a trip which Knox, a newspaperman, probably wanted to take for himself.

Regardless of the difference between the two men on this point, there is no question but that, on Donovan’s return to Washington, the two quickly became both collaborators and friends. On August 8 Stephenson cabled London that Donovan was strongly urging the British case on the exchange of bases for destroyers. On August 21 Stephenson advised London that “Donovan believes you will have within a few days very favorable news.” That news came the next day when the Canadian announced that “the figure of fifty-four destroyers had been agreed [on] by the President and forty-four were in commission for delivery.”<sup>46</sup> In “the autumn of 1940,” as the next chapter will show, Donovan and Stephenson spent much time discussing intelligence. Finally, in December, came the best indication of their collaboration, Stephenson’s role in Donovan’s second trip as a Presidential emissary.

## 7. ROOSEVELT’S EMISSARY A SECOND TIME

Donovan has said that he was called to Washington on the first of December and, by his own account, the President “asked me if I would go and make a strategic appreciation from an economic, political, and military standpoint of the Mediterranean area.”<sup>47</sup> Stephenson has said that he had discussed with the Colonel the need for American protection of the Atlantic convoys and that Donovan, easily persuaded, had pleaded the case

with Secretaries Hull, Stimson, and Knox, and because of their need for evidence, Donovan proposed to pay another visit to London and go on to the Mediterranean.<sup>48</sup> Knox, in fact, talked with Lord Lothian, who then asked London on November 27, whether Donovan could "pay a short visit to the Middle East front." Two days later Lord Halifax, in London, was reporting that he had "learnt from a private source in the United States"—and to whom did "private source" refer?—that Donovan proposed to pay a visit to England, "certain places in the Mediterranean and to Casablanca and Dakar."<sup>49</sup> On the face of it, Stephenson's account is more satisfying to the curious than Donovan's account of a presidential request out of the blue.

Whatever the origin of the trip, the two men traveled together on the first leg of the journey—and not by accident. The London government was informed that "Mr. Stephenson, Passport Control Officer at New York, will be the fourth in the same plane to Lisbon and both he and Colonel Donovan are most anxious that it should be arranged for them to travel together from Lisbon to London." In London arrangements were made "to see that Mr. Stephenson obtains accommodations on the Lisbon-London aeroplane with Colonel Donovan." Lisbon, in turn, was notified of the importance of the visitor who "is most friendly and useful to this country. Stephenson, Passport Control Officer at New York, is accompanying D[onovan]." <sup>50</sup>

British authorities were uniformly enthusiastic at the prospect of Donovan's return. Duff Cooper minuted: "He is a close friend of mine. . . . I think he was very satisfied with the arrangements we made on the last occasion." The Army Council considered his visit of "the greatest importance from the point of view of Army supplies" from the United States. Lord Lothian, in Washington, described Donovan as "one of our best and most influential friends here with a great deal of influence both with the Service Departments and the Administration." Stephenson, saying that Donovan had Knox "in his pocket" and had "more influence with the President than Colonel House had with Mr. Wilson," cabled SIS that if the Prime Minister "were to be completely frank with Colonel Donovan, the latter would contribute very largely to our obtaining all that we want of the United States."<sup>51</sup>

The travelers departed Baltimore for Bermuda on December 6; Donovan was off on "another mysterious mission," said the *New York Times*.<sup>52</sup> Because of the "waves of Horta" in the Azores, the two men had to spend eight days in Bermuda where Stephenson must have spent much time showing Donovan the intelligence operations that took place in that vital air and water link between Europe and the Americas. All kinds of British authorities checked the passengers, goods, publications, and mail that funneled through their hands.

Two days after arriving in London, Donovan dined at No. 10 Downing Street. The Prime Minister had a "book" message sent to the Balkan-Mediterranean world notifying everybody that Donovan should be afforded "every facility" for appraising the situation. Stephenson, in effect, then turned Donovan over to other SIS authorities. The "book" message indicated that Donovan's trip from London east would be financed by the British. The Prime Minister additionally gave Donovan as a traveling companion "the best man in the Cabinet Secretariat," Lt. Col. Vivian Dykes of the Royal Engineers.<sup>53</sup>

Donovan and his new companion, who left a detailed diary of their journey,<sup>54</sup> then took off on what must be reckoned one of the most extended, varied, and important trips taken to scenes of action by any American, certainly up to that time. Donovan had left on December 6; he did not return until March 18. In that time he traveled to Bermuda, Portugal, Britain, and then went to Gibraltar and Malta, to Cairo, to the battlefield in Libya, back to Cairo and to Athens, Sofia, Belgrade, then back to Greece and the Albanian front, next to

**III/col. william j. ("wild bill") donovan**



**Colonel Donovan, Roosevelt's Balkan emissary in 1941, at the Belgrade railroad station.**

**Donovan Collection**

Turkey, Cyprus and Palestine, back again to Cairo and soon to Baghdad, back to Cairo once again, and then he took off on the homeward journey which still had him stopping at Gibraltar, Malta, Spain, Portugal, and Ireland, and back to England again before finally heading for the States.

As befitting a representative of the President and one who had the full confidence of the Prime Minister, he saw everybody, everybody that is, except Spain's General Franco, who was "very busy," and General Maxime Weygand in North Africa, because the Germans made it clear they did not want Donovan on French-controlled territory. Otherwise, Donovan saw and talked at great length with King Farouk of Egypt, King George and Premier Metaxas of Greece, King Boris of Bulgaria, Prince Regent Paul of Yugoslavia, the Mufti of Jerusalem, Foreign Minister Suñer in Spain, and Premier de Valera in Ireland. He saw no end of British generals and admirals, including Wavell, Dill, Wilson, Cunningham, and Tedder.

It was the Balkan world, along with the problem of supplies for Britain, and protection of the supply line that preoccupied him, although all along the line he discussed local problems and inspected local troops and facilities. In Greece, his talks with the leaders covered Greek preparations, strategy, and tactics for the resistance the Greeks were determined to offer to any German advance in their direction. In Athens, as elsewhere, he communicated his own message that Britain was fighting, that America would support the democracies, and that the President himself was being given "overwhelming support"<sup>55</sup> in this regard. In Bulgaria and Yugoslavia he plumbed the imponderables of the critical Balkan situation in an effort to assess local ability to withstand any German threat. It was this general situation that brought on the high point of his trip, meetings in Cairo with the top British leaders—Eden, Dill and Wavell—as they wrestled with the question of whether and how to help Greece resist a German onslaught.

Wherever he went he discussed whatever pertained to the winning of the war—strategy, tactics, aircraft, ordnance, transportation, training, health, etc. This list includes those subjects which would later be embodied in his plans for COI—intelligence, special operations, psychological warfare, commandos, and guerrilla units. Even before departing Britain, he had had a chance to get in on some of the training operations of a unit of commandos at Plymouth, and in Libya he observed the operation of some long-range desert patrols; on both of these he would later write an enthusiastic report to Secretary Knox. He had frequent contact with personnel of the intelligence and special operations organizations. His trip was being paid for by the British, and Dykes regularly contacted the appropriate local official wherever they went.<sup>56</sup> Clearly there were many meetings and many discussions with British officials. It is not too much to conclude that Dykes and all these local Britishers contributed significantly, at the bidding of Churchill, Stephenson, and Menzies, to Donovan's enlightenment on secret intelligence and special operations.

Back in London he briefed and was briefed. He was asked to go before the Joint Board and discuss the hard decision to aid Greece. He went to lunch with the War Cabinet and with the Chiefs of Staff. He was thoroughly briefed on the organization and operation of SOE and visited some of its training establishments. With the director of censorship he discussed the problem of getting control of enemy communications. With Britain's home security chief he went into the problem of frustrating Nazi efforts to subvert allied and neutral seamen in American ports. As at the end of his first trip, he compiled a long list of things to do on his return; there were plenty of people to see.

### III/col. *william j. ("wild bill") donovan*

He landed in New York on March 18. He immediately telephoned Secretary Knox, who in turn just as quickly notified the White House. There is no record of what, pending a meeting with FDR, Donovan told Knox, but presumably he gave the Secretary a quick summation of the main points on his mind: the Greek situation, the food crisis in England, the primacy of shipping, the question of U.S. policy on convoying. Did he say anything about the need for better intelligence, special operations, propaganda, etc.?

The next morning the two men, scheduled for 15 minutes with the President, who was about to depart on a cruise off the Florida waters, spent an hour with FDR and Harry Hopkins. Again, there is no record of what Donovan told the President. There could have been, as Sherwood said of meetings with FDR, much "wildly irrelevant" talk. Certainly Donovan must have touched upon the Balkan situation and Britain's shipping problem. It has been said by one who was close to Donovan at this time that he "suggested [to the President] the creation of a new agency" to carry out these five special functions: open, or white, propaganda; secret, or black, psychological-political warfare; sabotage and guerrilla warfare; special intelligence; and strategic planning.<sup>57</sup>

On the afternoon of March 19 Donovan spent "an hour, or an hour and a half" with Secretary Stimson, who found Donovan's report "very interesting." The two men "stood over the map for a long time talking only in the way in which two old friends who are both interested in military affairs can do it." Donovan's talk, noted Stimson, "did not develop anything startlingly new," but "it was rather encouraging" to him, and the Secretary recorded that Donovan looked "at the whole situation just as I do."<sup>58</sup>

The next morning at Stimson's invitation, Donovan spoke "to the Officers of our Department." In a typical traveler's report, re-living his arrivals and departures, Donovan came down hard on the question of shipping—"the very dominant point"—and the necessity for the United States to decide whether it was going to help protect British shipping or allow its lend-lease supplies to go down the drain. On such things as special operations he had only a few lines about commandos and the general fear spread by British parachutists in Italy.<sup>59</sup>

On March 26, in a broadcast to the nation, he delivered a similar recital of his Mediterranean travels; shipping again was his main point. He did stress that he had seen with his "own eyes and at close hand" how the Nazi advance in southeast Europe had been facilitated by "political sapping and disintegration." He pointed out that the German army "was used not for fighting but for intimidation," and this was just as it was recorded "in our schoolbooks, where we read that the soldiers of ancient days prepared for the taking of a city by first undermining its walls."<sup>60</sup>

As was the case of his first mission, this one also had a "healthy effect" on his stature in Washington. There are two witnesses, one rejoicing and the other alarmed, to give testimony on the point. The first is the Secretary of the Treasury, Henry Morgenthau, Jr., who told his staff on the afternoon of the twentieth that

Donovan is the first man I have talked to that I would be willing to really back. I saw what he did last summer . . . he has been for a week actually in the trenches up in Albania. He was down in Libya when they took that last town, whatever the last town was. He was with Wavell for over a week. He was with Eden in Cairo. He has been twice in England. He has been in Spain and he has been in Portugal. I think he knows more about the situation than anybody I have talked to by about a thousand per cent. And he is not discouraged.<sup>61</sup>



Brig. Gen. Sherman Miles, G-2 in 1940-41, warned General Marshall about "a movement . . . fostered by Colonel Donovan."

U.S. Army, 1938

### III/col. william j. ("wild bill") donovan

The other was the Assistant Chief of Staff for Intelligence, Brig. Gen. Sherman Miles, who had picked up an interesting report on Donovan's comings and goings. Just three weeks after Donovan's return, General Miles, on April 8, worriedly wrote to the Chief of Staff, General George C. Marshall:

In great confidence O.N.I. tells me that there is considerable reason to believe that there is a movement on foot, fostered by Col. Donovan, to establish a super agency controlling *all* intelligence. This would mean that such an agency, no doubt under Col. Donovan, would collect, collate and possibly even evaluate all military intelligence which we now gather from foreign countries. From the point of view of the War Department, such a move would appear to be very disadvantageous, if not calamitous.<sup>62</sup>

This document is noteworthy. It is the first which categorically links Donovan's ambition with the establishment and operation of a new American intelligence agency. As such, Miles's memorandum poses the questions as to just how Miles and the intelligence chiefs reacted to this apparent threat to their independence and just how precisely it happened that Donovan, soldier, lawyer, and public servant, had managed to become, as he henceforward would be, the *bête noire* of the country's intelligence chiefs.

## Chapter IV

# ESTABLISHMENT OF THE COORDINATOR OF INFORMATION (COI)

In the spring of 1941 the chief of G-2, Gen. Sherman Miles, muffed three opportunities to improve the coordination of intelligence and thereby cleared the way for Roosevelt's appointment of Donovan to undertake the job.

### 1. THE FIRST CHANCE: A JOINT INTELLIGENCE COMMITTEE

The first opportunity came on March 27 when the former military attaché in London, newly promoted to brigadier general, Raymond E. Lee, wrote at the request of General Marshall a memorandum proposing the establishment of a "Joint Intelligence Committee (JIC)." Lee pointed out that his eight months of experience in London had seen the rapid multiplication of "lines of information" between Britain and the United States. New lines were paralleling the established avenues for the exchange of intelligence. For instance, he said, he had learned that Churchill was sending "considerable information" directly to Washington. Other data, he noted, had been sent through "the medium of observers" such as Harry Hopkins, who had recently been in London, and Colonel Donovan. Still more communications were passing between Lord Beaverbrook, the Minister of Aircraft Production, and Treasury Secretary Morgenthau.

Experience had taught Lee that his requests in London for data and statistics had often brought from the British government the reply that such information had already been supplied to some department or other in Washington. He, of course, had no objection to the flow of accurate information between London and Washington, but he did think that at some point it ought all to be brought together so that the United States Government might profitably use all the intelligence actually in its possession.

He therefore proposed the establishment "without delay" of a Joint Intelligence Committee composed of representatives of five civilian and military departments: Army, Navy, State, Treasury, and the Administrator of Export Control (ExCon), this last being the government's early venture in economic warfare. This committee would meet daily for the purpose of exchanging, collating and drawing conclusions from all vital information reaching the government from any source or by any avenue. Gaps in information would thereby be filled, and "the general conclusions" of such a committee would be "far more accurate and authoritative" than those of any single department. Such a committee, Lee concluded, was in his opinion "the only practicable means" for controlling and exploiting the flood of information now coursing through uncoordinated channels.<sup>1</sup>

However, General Miles had "considerable doubts as to the practicability" of the proposal. To be sure, he agreed that all information reaching the government ought to be made available to all who needed it, and such, he pointed out, was "not the condition at present." For instance, the information brought back by Hopkins was never made available

#### ***IV/establishment of the coordinator of information (coi)***

to the War Department, "except perhaps fragmentarily through [his] conversations" with General Marshall or Secretary Stimson. Also, the cables sent by Colonel Donovan during his Mediterranean trip had never been seen in G-2; "there are many other instances of this."

Miles, however, was staggered by the "colossal" (*sic*) size of the organization that Lee's JIC would require. His own division, he said, had approximately fifty-one officers and fifty-six employees devoting full time to the collation and evaluation of "information from abroad." Multiply that staff by five? It was too many. Miles feared that the five agencies would be unable "to reach joint conclusions from all the information at their disposal." Furthermore, the five would have to make room for such others as the Maritime Commission and the proposed office for the administration of lend-lease. Then also there was the White House, without whose information the conclusions drawn by Lee's JIC "might at times be disregarded." Finally, Miles doubted whether the government agencies "would be willing to depend for the conclusions on the work of a joint committee."<sup>2</sup>

That took care of Lee's JIC, the first opportunity in 1941 to control the information flooding into Washington. Nothing more was heard of a JIC until June when the British Military Mission in Washington established a local JIC as an extension of the same organization in London. Then, "someone who knew about the British JIC," wrote Ludwell L. Montague, a G-2 major at the time, "proposed the creation of a joint committee to coordinate Army and Navy intelligence, in order to forestall intrusion into such privileged matters by the President's Coordinator of Information, 'Wild Bill' Donovan."<sup>3</sup>

On July 14, three days after Donovan was officially in business, General Miles, belatedly converted to the JIC idea, and his ONI counterpart, Captain Alan G. Kirk, who had moved up the Navy ladder from his attaché post in London, formally proposed the establishment of such an organization. It was approved by the Secretary of War on September 29 and on October 1 by the Secretary of the Navy. The Joint Intelligence Committee (JIC), however, was not officially activated until two days after Pearl Harbor, because the Navy had trouble finding the office space it had promised the new committee.<sup>4</sup> By that time the Army and Navy were six months late in getting into the field of coordinating intelligence.

## **2. THE SECOND CHANCE: INTERAGENCY DISSEMINATION OF INFORMATION**

Good soldier that he was, General Miles, when in April he rejected Lee's JIC, came up with a counterproposal. Agreeing that something had to be done to "canalize independent sources of information now reaching the Government," he proposed a study by the interested agencies "on the directives necessary to insure that all this information is made available to [them] for their individual collation and evaluation." To that end he suggested Secretary Stimson circularize eight agencies asking them each to appoint a representative to meet for the purpose of "drafting instructions to assure the prompt dissemination, under proper safeguards of security," of the great quantity of information, particularly that from Great Britain, which was reaching the government through various and independent channels.<sup>5</sup>

The first meeting, which took place May 5, was attended by representatives of the Army, Navy, State, Commerce, the Maritime Commission, the Office of Production Management (OPM), the National Defense Research Council (NDRC), the Office of Emergency Management (OEM), and the Office of the Administrator of Export Control. Just what General Miles hoped to see come out of the meeting is not clear.

Originally it was suggested that a committee of representatives be established to handle questions from one another and to provide such information as was sought. When it was quickly pointed out that this was "a large order," it was agreed that at the next meeting each representative would bring both a "survey or chart showing the sources, channels, and character of the information" his agency received from and about the British Empire and a list of officials who could answer queries relative to such information.<sup>6</sup>

Nothing seems to have come from the surveys or charts, which, in any case, gave no secrets away. In fact, the second meeting, on May 19, did not lead, according to State's representative, George A. Gordon, "to any definite conclusion." Apparently it was Miles who proposed that each of the agencies should set up "a clearing house" for answering other agencies' queries, but many objected that in their agencies there was no access to the information which was jealously controlled at higher echelons. Gordon "gathered" that G-2's main object in calling the meetings was obtaining "additional and more expeditious information from the other Government agencies represented at the meeting. In other words, the discussions seemed to take on increasingly the aspect of a fishing expedition, and this view . . . is held by at least several other representatives who expressed themselves at the meeting." Gordon, therefore, recommended to Under Secretary Sumner Welles that he go on record against the "clearing house" and in favor of leaving everything right where it was, with the existing system of interdepartmental liaison, and leaving questions to be answered to the four assistant secretaries, the four advisers, and the chiefs of divisions. "The higher authorities" would thereby be spared the need to divulge their secrets to lesser officials and, of course, other agencies.<sup>7</sup>

Despite this dash of cold water, General Miles, admitting that a single "clearing house" for the entire government was not feasible, nevertheless prepared the first draft of an agreement recommending that each agency set up an office or offices to handle the exchange of important information. Gordon did not like the idea, and he was backed up by Welles. In forwarding a second draft, Miles put some pressure on his colleagues by subtly warning them that Donovan, though his name was not mentioned, was behind the "advocacy of much more radical steps . . . to correct the present lack of systematic liaison between the various agencies." The new draft was a compromise, a proposal, in effect, that the older agencies—minus State—each establish "a single office" and that State and the newer agencies—OEM, OPM, NDRC, Lend-Lease—"designate one or more offices" for exchanging information.<sup>8</sup>

Miles led off a discussion of the draft by reporting that the Truman investigating committee had the previous day raised a question about "the vast masses of information" that apparently were lying unavailable in various agencies. He further reported that there was much talk in Washington of "forming (somewhat after the British pattern) a *Central Secret Bureau of Information*, charged with the duty of receiving and disseminating all information between the . . . agencies." He was "not particularly in favor" of that; it would be too difficult to establish and "slow and cumbersome in function."<sup>9</sup>

If Miles was trying to push the others forward, he made little progress. State was happy with the *status quo*. At the Treasury the Secretary handled all important information, and "no change [was] necessary." That was also true of the Navy, which anyway "didn't have a great deal of information to disseminate" to outsiders; otherwise Miles's plan was good. Commerce, OPM, and Agriculture, like Navy, had little or nothing classified to give away. Commerce was unhappy with what it was getting, and Agriculture did think that State should set up a "Central Information Department," but this idea "did not appear to go

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very well with Mr. Gordon." When it was all over for the day, little "was accomplished," according to the ExCon representative. "It seemed to be the general consensus . . . that the formation of a Central Department of Information would be a mistake"; in the older departments the present system was satisfactory.<sup>10</sup>

There was another meeting. Correspondence indicated that with minor changes Miles's second draft was acceptable. The final draft was signed at the last meeting of the group on July 7. After three drafts and four or five meetings one group of agencies agreed that each would set up "a single office," and the others agreed to "designate one or more offices" for the exchange of information. They also agreed on definitions for "Secret," "Confidential," and "Restricted." After so much labor, that was the mouse that came forth. The conferees then turned their work over to their respective agencies to endorse and implement,<sup>11</sup> and that was the fate of the second chance to coordinate information.

### **3. THE THIRD CHANCE: A COORDINATOR FOR A "TWILIGHT ZONE"**

The next episode, which will eventually take us back to Miles's worry about the Donovan "movement," began at a cabinet meeting on April 4. There came up for discussion, noted Secretary Stimson, "the conflict of the three intelligence agencies of the Government . . . viz: MID, ONI, and FBI, and all parties to the discussion seemed to admit that a certain amount of twilight zone was inevitable and the problem was the solution of that without friction." The President recalled that in France a joint board handled the "twilight zone," or the area of jurisdictional conflict, between military intelligence and the "Sûreté," the civilian prosecutory agency. He also stated that in Great Britain that same zone was presided over by "a gentleman known as 'Mr. X,' whose identity was kept a complete secret." Mr. Roosevelt then asked the three American agencies to "confer as to the institution of a similar solution for our country in case we got into war."<sup>12</sup>

The "conflict" arose shortly after the IIC established a "Special Intelligence Service." Disagreement broke out between General Miles and J. Edgar Hoover over the scope of the work of the new SIS. Miles wanted it restricted to those subversive activities abroad that affected the United States, but the FBI considered the work "encyclopedic" in character. The disagreement was papered over with the understanding that "encyclopedic" it was but emphasis should be placed on subversion, something, Miles said, that Army, Navy, and State were not qualified to handle.<sup>13</sup> The papering hardly survived the summer.

The first tear came in July when G-2, trying to gear up for the crisis that was already enveloping the country, opened, as it had in the Great War, an office in New York. The object was the gathering in New York of intelligence, especially on the Western Hemisphere, from the many, large firms engaged in foreign trade. The office, located on Sixth Avenue, was opened on July 30; beginning in September it was run by Maj. Frederick D. Sharp. From August to October Miles and Hoover continued to disagree on, among other things, the SIS function. Then on October 14 Stimson recorded in his diary that Miles had come to him "with reports of trouble with Edgar Hoover, who seems to be a good deal of a prima donna and has taken offense at some very innocent actions of Miles."<sup>14</sup>

So that there would be "no misunderstanding," Sharp was told in November that his primary purpose was the establishment of liaison with such firms in order to gather military, political, economic, and geographic information and that he would not seek subversive information nor initiate such investigations. Any such information that he or his contacts did pick up should be passed on directly to the FBI. Clear as these instructions may seem in print, they did not prevent a series of charges by the FBI that G-2 was violating the

presidential directive of June 24. Illustrative of the "twilight zone" that was developing was the FBI refusal to handle a case—suspicious items in the personal columns of the *New York Times*—because Sharp's office had conducted a preliminary investigation before turning it over to the FBI. It was ridiculous, Miles countered, to think that every unchecked lead had to be given immediately to the FBI.<sup>15</sup> So it went.

The second tear sundered the paper. About the end of January 1941 the FBI declared that some business firms with an interest in Latin America had complained that they were being asked for the same information by more than one U.S. agency. An IIC subcommittee spent a meeting trying to draw a line of demarcation between the FBI and MID as far as this South American activity was concerned. A subsequent procedural arrangement, having Sharp clear his contacts through the FBI, was turned down by Miles, who then tried unsuccessfully to arrange a meeting with Hoover. Another subcommittee drafted a memorandum which laid out the current operations of MID, ONI, and the FBI in the Western Hemisphere, and this was approved by Miles and sent to the FBI. Again Miles endeavored to meet with Hoover.<sup>16</sup>

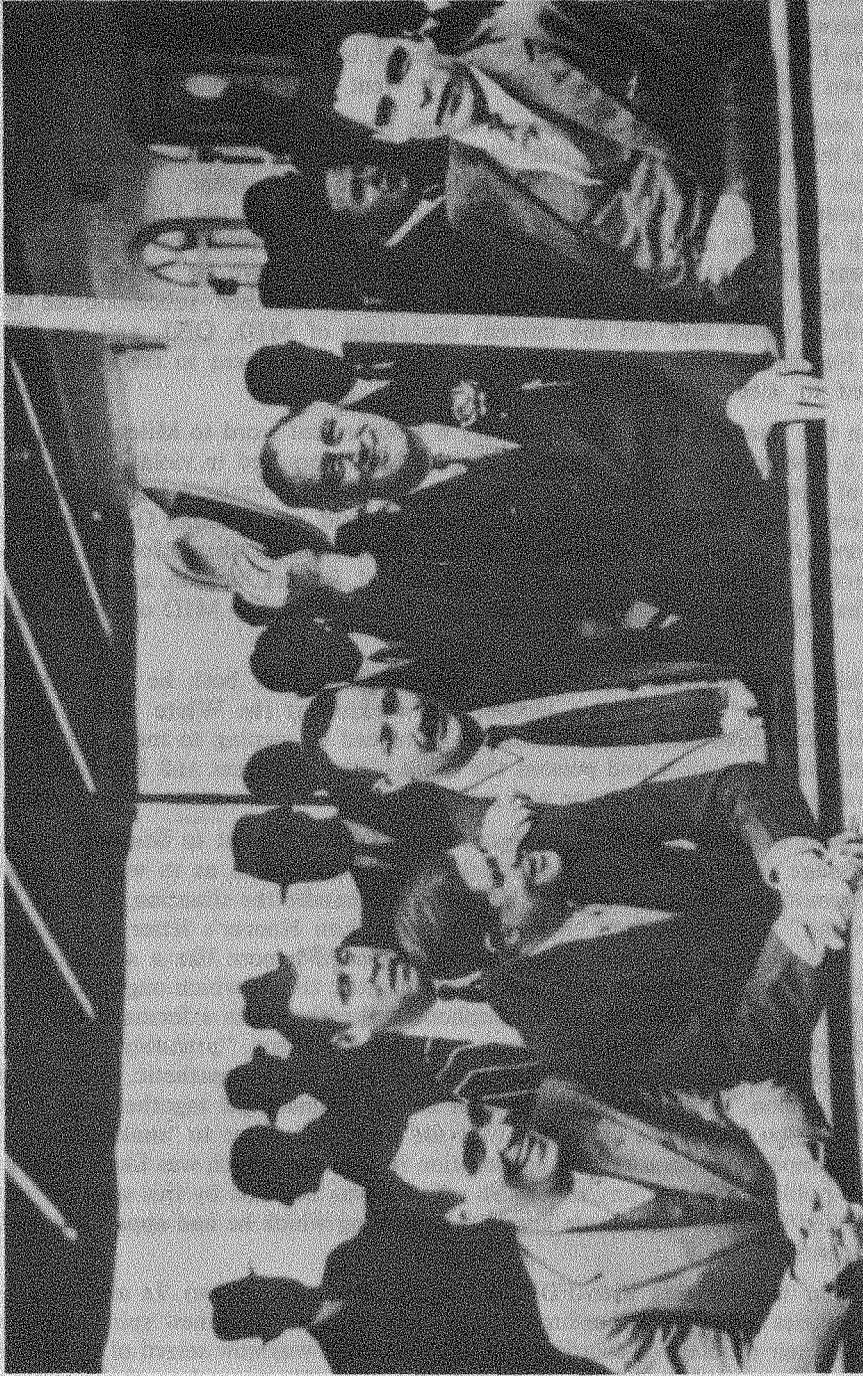
Then the "storm broke." On February 6 Hoover sent word to Miles that there was no basis for a discussion between them as long as MID persisted in violating the presidential directive of June 1940. He stated that the bureau had been "embarrassed" by the activity of G-2 in New York. The only decision to be made, he said, was whether G-2 was going to continue to operate in the field allotted to the SIS. Miles was further informed that when this "storm broke," Hoover went to the Attorney General, Robert Jackson, and told him, that he, Hoover, had never wanted the SIS assignment and that either MID or ONI could take it over.<sup>17</sup>

Within a week Secretary Stimson was recording that both he and Marshall were "troubled" by the "trouble" that Hoover was making at the White House over General Miles. "Hoover apparently," wrote Stimson, "instead of coming to me, goes to the White House with his complaints and poisons the mind of the President and I am going to have a show down to it if I know the reason why [*sic*]." <sup>18</sup>

The next morning Marshall, "in great perturbation," went to Stimson saying he had had a message from the White House asking for information as to who General Miles's successor would be. Telling Marshall that he would handle the situation, Stimson "began to hustle around" to get the facts. Marshall brought him Hoover's letter of charges against G-2—"a very childish, petulant statement which seemed more like a spoiled child than a responsible officer, calling attention to all sorts of little things which ought to have been the subject of mutual collaboration and a telephone call rather than a formal letter." The same letter had been sent to the Budget Bureau and, noted Stimson, "probably . . . to the President also." Stimson then contacted Jackson, who was very sympathetic, who found Hoover "a difficult person," and who suggested that he and Stimson get together with Knox to discuss the situation. Later the same day they did meet and agree to "make another effort to establish a proper collaboration and cooperation in a matter which was likely to be most serious and of public import at any time." So relieved was Stimson by this spirit of cooperation that he looked forward with "more hope" to a meeting which he had apparently laid on with the President.<sup>19</sup>

Whether he ever met with FDR on the matter is not known. In any case, while the three secretaries and their subordinates may have thought their new spirit of collaboration would solve their problem of coordination, the President was now seized of the problem himself, and he proceeded to handle it in his own way. He turned to the wealthy Vincent Astor—a boyhood friend, a sailing companion, a financial supporter, a fellow New Yorker

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Roosevelt and his one-man intelligence unit Vincent Astor (far right) taking off on the latter's yacht *Nourmahal*, Feb. 4, 1933.

Wide World, Roosevelt Library

from Dutchess County. Also, Astor functioned as a one-man intelligence unit for the President. As a naval intelligence reservist, Commander Astor had often coordinated his yachting with ONI and FDR. Early in 1940 he was writing the President about his dealings with the FBI and the head of British intelligence in New York, then Sir Francis Paget. In June Roosevelt informed the Chief of Naval Operations, Adm. Harold R. ("Betty") Stark, that he had requested Astor "to coordinate the Intelligence work in the New York area" and he wanted "great weight given his [Astor's] recommendation on the selection of candidates because of his wide knowledge of men and affairs in connection with general intelligence work." FDR then asked Stark to "pass this on to Walter Anderson," the head of ONI.<sup>20</sup>

It is not possible to say what coordinating Astor did in New York, but shortly after the "storm broke" over Miles's head and Hoover hustled off to the White House, Astor's job in New York was significantly upgraded; this was accomplished with a minimum of reference to the heads of the intelligence agencies themselves. On March 8, Kirk of ONI and Berle of State apparently discussed the subject with the President's naval aide, Captain D. J. Callaghan. On March 12 a "draft" of the idea was sent to Callaghan, and two days later it was sent to FDR, who on the nineteenth, on the way to taking off on his Florida cruise, telegraphed from North Carolina his approval of Kirk's memorandum appointing Astor "Area Controller for the New York Area." Astor's job was the coordination of all intelligence and investigative activities undertaken in the New York area by the representatives of State, War, Navy, and Justice. Astor would be a "clearing house for problems," would be consulted by the agencies' representatives, and would "assign priorities and responsibility" for the various problems these representatives would lay before him.<sup>21</sup> All this was done without consulting either Miles or Hoover, who now had the task of meeting with Astor to work out the details of this new arrangement for the coordination of intelligence in the New York area.

Such was "the conflict of the three intelligence agencies" which came up for discussion at the cabinet meeting on April 4, just after FDR's return from ten days off the Florida coast. When the President wanted the agencies to "confer" on the institution of something comparable to the French "joint board" or Britain's "Mr. X" to settle jurisdictional disputes created by the intelligence "twilight zone," he apparently wanted such a coordinator of intelligence on the national level as he had just established on the local level in New York City.

#### **4. THE IC: OPPOSITION TO A COORDINATOR**

No sooner was General Miles informed through channels of FDR's request than he consulted both ONI and the FBI. He then proposed to Marshall that Colonel Donovan be recommended to the President "as the coordinator between the three intelligence agencies in any conflict which may arise *within the field of countersubversion* (prevention of sabotage and espionage)." It was in this context that he explained "in great confidence" what he had learned from ONI about the "movement . . . fostered by Colonel Donovan, to establish a super agency controlling *all* intelligence." He foresaw such an agency making a "calamitous" move into the field of military intelligence, and therefore he recommended that Donovan's proposed role as coordinator be clearly limited to countersubversion cases. It was only in this field, he added, that conflict among the three agencies was possible—thanks to the 1940 agreement which, he noted, he had drafted and the Attorney General and the Secretaries of War and Navy had approved.<sup>22</sup>

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Capt. (later Vice Adm.) Alan G. Kirk, ONI chief in 1941, joined Miles and Hoover in an effort to forestall FDR's appointment of Donovan as Coordinator of Information.

U.S. Navy, National Archives

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Along with this memorandum Miles forwarded a letter which he suggested Marshall have approved by the three cabinet officers for submission to the President. In it Donovan was put forth as “a referee in countersubversion cases” and the President was advised to let the intelligence chiefs initially draft the instructions under which Donovan would work. After all, it was pointed out, the three services were working successfully under their year-old delimitation agreement and had reduced the “twilight” zone as far as [it] is possible to do so,” and hence their experience in this matter should be utilized in the drafting of the instructions.<sup>23</sup> Thus would Miles control Donovan.

For several weeks after these papers were written nothing much happened. Certainly Miles, Hoover, and Kirk had, in the critical spring of 1941, plenty to keep them busy, and certainly all three had reason to hope that this particular problem would quietly go away. To that end they produced, on May 15, a “Definition of Jurisdiction” which laid out *in extenso* how well the three agencies were collaborating and coordinating. They were carefully watching German, Italian, Soviet, and Japanese agents; they were pushing security in national defense plants, investigating all suspicions of sabotage, maintaining close liaison with friendly intelligence services—especially the British—and were expanding their personnel—but not at the expense of quality—to meet the increasing challenges. The most important point, perhaps, was that the coordination was excellent: the intelligence chiefs met weekly, their subordinates were in daily contact, and similar cooperation existed in the field. “Constant liaison” meant that the entire program of the three agencies was carried out on “a national, coordinated basis.” So pleased were they with this particular document that at their meeting on May 21 they decided to send a copy of it to the President; this Hoover did for them the next day.<sup>24</sup>

They also agreed at that meeting that a coordinator, unless limited to “the very infrequent role of referee” would be “a positive detriment to the swift and secret action required in the Intelligence services.” They further felt they had “every reason to believe that a coordinator named by the President would attempt to operate in the entire field of intelligence.” They could only have been referring to Donovan. Such a coordinator would largely “control the collection and evaluation of military and naval intelligence—a highly undesirable state of affairs.” Consequently they felt that nothing should be done unless the President revived the matter. In that case it should be “discouraged”; if worst came to worst, the coordinator’s function should not extend to military intelligence, and his job description ought to be limited to the role of “referee.”<sup>25</sup>

The intelligence chiefs then decided that they had to send forward a clear and definite statement of their attitude. Two years’ work under the President’s 1939 directive and their 1940 agreement left them with four convictions. First, coordination was working satisfactorily; the “inevitable ‘twilight zone’ . . . [had] been progressively narrowed.” Second, in the countersubversive field there was little need for a coordinator, and outside that field he would be a “positive detriment.” Third, each of the services had more than countersubversive responsibilities, and it would be difficult to keep the coordinator out of such other activity; if they failed, “the resultant super-Intelligence Agency would be far too cumbersome and complicated for effective service to the three Departments, especially in the increased tempo of war.” Finally, as if the point were not already clear, they considered a coordinator “unnecessary,” “a great complication,” if not a “serious detriment to the National Service, while offering only negligible advantages.”<sup>26</sup>

That was on May 29, and that was how the three intelligence chiefs disposed of the opportunity given them by the President to manage their own affairs more efficiently and fruitfully. In two months they had been unable to nip in the bud the Donovan “movement” which had so alarmed General Miles.

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### 5. DONOVAN'S ADOPTION OF AN INTELLIGENCE ROLE

Colonel "Wild Bill" Donovan was, at the outset of the war, a hero in search of a role. Had he wanted to, the Colonel could have kept himself fully occupied with his law business, but he could not resist the pull of public affairs. By late 1935 these, as already noted, were foreign affairs, and his subsequent European and African trips made him unusually well-informed on the changing character of warfare. In December 1939 he was being discussed as a possible Secretary of War. In the following spring he was taking time off from the law to work on "Air Plattsburgs," the conscription legislation, and the preparation of Knox for his Senate examination for the Navy job. Then came the first special mission to London. Following that was work on the destroyers deal. He turned down a senatorial nomination and an offer from Secretary Stimson to run an Army training camp. Then he was off to Army posts for General Marshall and to Hawaii with Secretary Knox.

On the eve of departing with Stephenson for London he brought up with Stimson "the question of his own fortunes after he got back in regard to a command post in the Army." Stimson explained how the Twenty-seventh Division was closed to him because of the change of conditions. "Donovan was very nice about that," noted the Secretary, "and said that what he wanted more than anything else would be the toughest Division of the whole outfit. . . ." Three months later, in fact two days after Donovan had returned from his second presidential mission, Morgenthau's staff heard that he was going to take over the multitudinous chores of the newly-appointed Lend-Lease Administrator, Harry Hopkins, who had just taken off with FDR on that Florida cruise.<sup>27</sup> Other job possibilities would soon open up, but by April 8 Donovan was being seriously pictured as scheming to establish and run "a super agency controlling *all*" American intelligence.

How had the hero taken up with this intelligence role, just one of many possible roles that had come his way? Was it all the work of the British and William Stephenson? Certainly the record of Donovan's prewar activities and writings gives little indication of a future career in secret intelligence and unconventional warfare.

He did tell a Budget Bureau historian in 1942 that "the idea [of COI] had been in the back of his mind for some years. . . . He stated that he felt it was something the government should have recognized long before it did."<sup>28</sup> One must interject here that "the idea" which he had thought about "for some years" prior to the war must have been the government's better handling of its information and intelligence rather than clandestine intelligence, special operations, radio propaganda, guerrillas and commandos. These would only, it seems, have been brought to mind by the growing threat and then imminence of war in the late thirties.

The "some years" received a different formulation in 1943 when, recounting for some Army and Navy officers the origins of OSS, he explained that "for something over twenty years" he had been "going to wars in various parts of the world." He had done this not because he liked wars but because he felt that "we were bound to encounter another war." He said he had noted that, while Americans looked upon an army as something called upon in time of an emergency, other nations used their armies as weapons in the service of their political and economic philosophies. His experiences had "impressed" him with the realization that "unless you were able to *unmask the intention of your enemy*, you were at a tremendous disadvantage." That seemed obvious, he said, but it had been "completely ignored" in this country. It was "in these circumstances," he declared, in the dawning realization of the need to know the enemy's intention, that OSS had its origin.<sup>29</sup>

Allen Dulles, who joined COI shortly after Pearl Harbor, ran Donovan's OSS Swiss nerve center in Bern, and made a career for himself as head of CIA, wrote that "in the thirties" Donovan was "convinced . . . that what we now call 'unconventional' or psychological warfare would have a major place in the battles of the future." Surely Dulles referred to the middle or late thirties. Dulles also wrote that "in the years before the outbreak of World War II he [Donovan] was already at work studying military affairs and planning the type of intelligence organization America would need as soon as we became a belligerent."<sup>30</sup> Perhaps Dulles is correct, but there is no evidence, and no apparent reasoning, to suggest that Donovan was "planning" an intelligence organization "in the years" before September 1939.

Certainly, one must recall that as a battalion commander in the first World War Donovan was familiar with military intelligence; one of his intelligence sergeants was the poet Joyce Kilmer who was killed in battle at the side of "Wild Bill." Some time during the war, it has been said, Donovan "had been training with British intelligence," probably military intelligence.<sup>31</sup> Certainly also, in "going to wars in various parts of the world," especially from 1935 on, he had been at least collecting basic and current intelligence on military, political, economic, sociological, and technological events and trends. Also, one must recall his speech after the outbreak of war wherein he proposed the establishment of a commission of representative citizens to provide "a whole view of preparedness by the whole body of American citizens."

In a single short sentence, however, Donovan himself has distinguished this early connection with intelligence from what happened as a result of his trip to London in 1940. Speaking after the war he recalled that he had had "two main objectives" in going to London: to find out about the Fifth Column and "to learn whether the British were 'falling on their faces,' as everybody said." He recounted how he had talked to everybody, "asked a million questions," and figured out what he could do to "give them life." He said that he "got data from every quarter" and then "made my estimate" that the British could and would fight and survive. "That," he declared, "was the real start of OSS."<sup>32</sup>

Even so, there is but one scrap of evidence to show that "the idea" which had been "in the back of his mind for some years" had achieved any organizational shape in his thinking by mid-1940. That was his remark to Colonel Lee on July 23 that he wanted to find out ". . . what sort of legislation [was] required successfully to operate a counterespionage organization."<sup>33</sup> Donovan and Mowrer, in pursuit of the Fifth Column, did ask for and receive copies of British laws and regulations on, for instance, the control of "enemy aliens and dangerous persons"; and Donovan alone was given more sensitive documents such as one on "Principal subjects recommended for attention by a Security Service in war." Other, however, than recognizing that Donovan had sought information on a myriad of topics, one can build little on Lee's brief entry.

Beyond this scrap, there is nothing to suggest, and Donovan himself never claimed, that he returned from London with any idea of recommending the establishment of a new American intelligence organization and/or finding a role for himself in such an organization. "The real start of OSS" suggests, however, that both ideas were ripening. He was fifty-seven years of age, a vigorous, imaginative, and personable man of affairs who had entré in Washington, had impressed the British, and was now deep in Anglo-American problems and consultations. It was at this point that Stephenson made his entrance.

Stephenson's specialty, recently acquired, was intelligence and special operations. He had taken over the relatively small job of Passport Control Officer and was expanding it into the much more far-flung British Security Coordination (BSC), which was soon mounting

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many offensive, clandestine, and illegal operations throughout the Western Hemisphere against German, Italian, and Japanese personnel and interests. For these delicate operations, which could not help but involve the United States, he needed not only the tacit permission of American authorities but also their active collaboration. Neither the FBI nor G-2 and ONI was prepared or able to provide that help; for this job Stephenson had a felt need for a differently structured American organization.

This is the topic that Stephenson and Donovan had begun to spend so much time on in 1940, probably after the destroyers-bases deal had been consummated in September. There is no better witness to this fact than Donovan himself; his testimony appears in that very document in which he had written the marginal note on not meeting Stephenson until after his return from London. A page later he penciled a large “No,” underscored twice, on a point that need not detain us here. But in between these marginalia are these lines: “Colonel Donovan and Mr. Stephenson kept in close contact through the autumn of 1940. During this period Mr. Stephenson *continually pressed his view* [italics added] that some extension of American intelligence organization was going to be required if the U.S. Government were to be adequately informed, whether under peacetime, non-belligerent or wartime conditions.” Surely General Donovan read and, having read, apparently found no fault with that view of things.<sup>34</sup>

After the death of Donovan in 1959 Stephenson, recounting the story of his relationship with COI and OSS, returned to the above subject with these lines: “from the beginning . . . I had *discussed and argued* [italics added] with him [Donovan] the necessity for the United States Government to establish an agency for conducting . . . secret activities throughout the world—an agency with which I could collaborate fully by virtue of [its] being patterned in the matter of coordination functions after my own organization. Early he agreed in principle. . . .”<sup>35</sup>

In 1944, in response to an OSS request, Stephenson’s organization provided data justifying an award that Donovan wanted the United States to grant “the quiet Canadian” for his services to American intelligence. That data described Stephenson as Donovan’s “earliest collaborator,” credited Stephenson’s discussions with Donovan in 1940-41 as being “largely instrumental in bringing about a clearer conception of the need for a properly coordinated American intelligence service,” declared Donovan’s “keen interest” in improving American intelligence “was stimulated by Mr. Stephenson,” and stated that Donovan’s proposal for COI was “to a considerable extent based on his conversations with Mr. Stephenson and his colleagues.”<sup>36</sup>

While most of this was incorporated in an early draft of the award, it was considerably “fudged” in the paper that Donovan sent to the President. That is, while Donovan twice cited 1940 as the date of the inception of Stephenson’s service to this country’s intelligence apparatus, he referred in a general manner to those contributions made before COI was established but was specific in reference to contributions after that event. Hence he credited Stephenson with making available to the U.S. “the extensive experience” of the British in secret intelligence and special operations; without Stephenson’s help, wrote Donovan, “it would not have been possible to establish instrumentalities” for such purposes in this country in time to aid the war effort; also Donovan credited Stephenson with contributing “assistance and counsel” of “exceptionally meritorious character” at “every step in the creation of these instrumentalities.” On the other hand, after COI was established, noted Donovan, Stephenson had loaned him British officers, opened billets in British schools to

COI personnel, accompanied Donovan to London, made censorship and other secret material available, and made counterespionage facilities available. One wonders whether Donovan felt some indelicacy in detailing Stephenson's pre-COI assistance.<sup>37</sup>

Stephenson's pressing, discussing, and arguing, begun sometime in 1940, undoubtedly continued late in that year when Stephenson "arranged" for Donovan to go off on another trip and when the two men, soon to be known as "the two Bills," —"Big Bill" Donovan and "Little Bill" Stephenson—spent eight days together in Bermuda waiting for "the waves of Horta" to abate so they could continue their flight to Lisbon and London. Then "Big Bill," traveling at the expense of British intelligence, was off for three months with the British in the Mediterranean. "When he returned," an interviewer wrote in 1942, "the idea [of COI] was fairly well formulated in his mind."<sup>38</sup>

While the idea had been in the back of his mind for some years, it had been dislodged and set in forward motion by the trip to London and then brought to the foreground of his thinking by the head of British intelligence in this country.

## **6. "A MOVEMENT . . . FOSTERED BY COL. DONOVAN"**

Since it was "well formulated in his mind," it goes without saying that Donovan—the advocate, the publicist, the concerned citizen—gave expression to it on his return, and to that extent he undoubtedly "fostered" the "movement" that alarmed the intelligence chiefs. Miles's memorandum is reasonably acceptable evidence that Donovan was pushing something new and big in the field of intelligence, but whether he was doing so for himself personally is something to be considered shortly. Additional evidence, from a British historian of economic warfare, not only credited Donovan with having "helped to convince" FDR, Knox, and Stimson of "the possibilities of economic warfare" but also pictured the Colonel as preparing "far-reaching plans that would give him control over the administration of economic warfare, secret service, and political and psychological warfare."<sup>39</sup> Donovan's own accounts of his activity, however, portray him as sought after rather than seeking anything for himself.

In 1943, after telling those Army and Navy officers how "for something over twenty years" he had been "going to wars in various parts of the world," he said that after his London trip he "made a study with some British officers in the Middle East, [and] when I came back I found that there had been a committee of the Cabinet appointed to look into the intelligence situation." The U.S., he said, had long neglected intelligence, and "so . . . the war caught us unprepared"; the U.S. had no experience with subversion and of defense against it. "So . . . a Cabinet committee had been appointed to inquire into it. They talked with me and I made certain suggestions. As a result of that, there was set up what was called the Coordinator of Information."<sup>40</sup> Earlier in 1943 he had written that this committee had "consulted" him and he had "studied the problem" and then "prepared a report with certain recommendations which were accepted and put into effect by Presidential order."<sup>41</sup>

Just what committee Donovan was referring to is not clear. Probably he meant the cabinet officers who were asked by the President on April 4 to find a "referee" to preside over "the twilight zone" touching the FBI, G-2, and ONI. Donovan did have them for lunch, a common occasion for him to transact business; this could have been the "consultation." Otherwise, there is practically nothing to show that this group ever met and carried on any business. In an informal manner Stimson and Attorney General Jackson did discuss the improvement that had taken place in Miles-Hoover relations since the "storm broke" in February. Also Stimson did tell the President in May that "the trouble between Miles and Hoover had smoothed out," and the President concurred with Stimson's decision not to

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replace Miles.<sup>42</sup> Finally, Stimson did nothing about the suggestion to make Donovan a “referee,” and the President did not again return to his question of April 4. The “committee” was not much.

Possibly Donovan referred to the committee which had been appointed by the President in November 1940 to study “the question of a constructive campaign for loyalty in the United States and as a defense against subversive and Fifth Column activities.” The idea had been proposed and initially pushed vigorously by Harold Ickes, the Secretary of the Interior, but was neglected throughout the winter months. The committee—Ickes, Stimson, Knox, Jackson, and others—did meet several times. The President joined in the discussions. Out of them came the Office of Civilian Defense (OCD) under New York’s Mayor LaGuardia. During those discussions Donovan was one of those prominently mentioned by the President as a likely man to head the organization.<sup>43</sup>

The only specific request that reached Donovan from any cabinet member came, understandably enough, from Frank Knox, who sat on both committees. His request brought from Donovan his first important written statement on the establishment of a new intelligence agency. The statement, dated April 26, 1941 (Appendix A), is clear evidence that Donovan was, indeed, pushing for a new agency which would coordinate the nation’s intelligence activities.

Donovan began by acknowledging the Secretary’s “suggestion” that he briefly describe “the instrumentality through which the British government gathers its information on foreign countries.” First, however, he laid down some basic principles governing the operation of a foreign intelligence agency. Such an agency should not be controlled by “party exigencies.” Its head should be appointed by the President and be responsible to him alone. It should have its own funds, and these should be secret and spent solely at the discretion of the President. It should not take over either “the home duties” of the FBI or “the intelligence organizations of the Army and the Navy.” It would have sole charge of intelligence work abroad, would coordinate all collection activity abroad, and would classify and interpret for the President and others all the information from whatever source it was obtained. The head of the organization would probably want an advisory committee consisting at least of assistant secretaries of State, Treasury, War, Navy, and Justice.

Second, Donovan reminded Knox that he was referring “only to intelligence work more narrowly construed.” He wanted the Secretary to “keep . . . in mind” the fact that modern war was conducted on more fronts than battle fronts, that each combatant sought “to dominate the whole field of communications. . . . I mean these things especially: the interception and inspection (commonly and erroneously called censorship) of mail and cables; the interception of radio communications; the use of propaganda to penetrate behind enemy lines; and the direction of active subversive operations in enemy countries.” He said that on all these factors he had obtained firsthand information “which I think better not to set down here. I refer to it now only because I feel that all of these activities should be considered in relation to the necessity of setting up a Coordinator.”

Finally, he outlined the British Secret Service. This had its origin under Henry VII, had no legal standing, and depended on a yearly vote of funds to the Foreign Office for “secret service purposes.” He described the central organization, even provided a sketch of it, and briefly discussed the operation of the overseas sections.<sup>44</sup>

If these were the ideas, and they most likely were, that Donovan immediately upon his return noised about—to Knox, to the President and Harry Hopkins—it is not surprising that, picked up by ONI and relayed to General Miles, they caused him to worry

about Donovan fostering "a movement . . . to establish a super agency controlling *all* intelligence." If this particular document, with its British orientation, had made its way, surreptitiously or not, to interested parties in, for instance, Knox's own Navy Department, other warning signals would have been hoisted. After all, Miles, trying on June 4 to get an improvement in the intra-governmental dissemination of information, warned that "there was a considerable amount of talk going on in Washington of forming (somewhat after the British pattern) a *Central Secret Bureau of Information*." <sup>45</sup>

But did Donovan want the job of running such an organization as he proposed? First, he would tell the President in June that he did not want it and would accept it only on certain conditions. Second, Donovan was a soldier who still looked forward to leading men in combat: early in life he had taken the military as a bride, became a hero, spent years going to wars, indicated to Stimson an interest in forming a commando unit—obviously with himself in uniform—and in February 1942 would ask the President for a command. Third, Donovan was a proud man who, said Otto ("Ole") C. Doering, Jr., a lifelong friend, "would have pushed the idea of COI but would not have pushed himself for the job." <sup>46</sup>

It is probable, as Stephenson claimed, that Donovan had to be talked into the job. A few days after Donovan sent his memorandum to Knox, Stephenson cabled Menzies in London that he had been "attempting to manoeuvre Donovan into accepting the job of coordinating all U.S. intelligence." Stephenson had certainly had time and reason for pushing the idea with Donovan. Stephenson also probably supplied, and even had written, some of the information on the British Secret Service which Donovan sent to Secretary Knox. <sup>47</sup>

Donovan's employment situation, however, remained unclear throughout April and May. There was, of course, no assurance that the idea of COI itself would ever be implemented. There is no indication that the President was yet seized of this idea. He had other problems on his mind, and some of the Cabinet thought he was not sufficiently seized of these. Stimson and Jackson, when they agreed that Miles and Hoover were getting along better, also agreed, along with Knox and Ickes, on "the general apprehension on our part about the indecision and lack of leadership of the whole war movement—the whole crisis." The President, with Britain's position worsening and the American people confused about the future, seemed to do nothing. He had been on a cruise; he had then been incapacitated by a lingering low-grade infection; if he was not ill, he was inaccessible except, grumbled Ickes, to Harry Hopkins. <sup>48</sup>

Donovan's future was also tied up with other organizational uncertainties. FDR had indicated on April 17 that Donovan was one of those he was considering for the job of heading the "bureau for constructive counterespionage work." A month later Roosevelt was thinking of Donovan heading "sort of a ballyhoo committee" under LaGuardia. As late as June 2 FDR was offering Donovan a bond drive job. <sup>49</sup>

The uncertainty and indecision finally got the better of Frank Knox who, writing on May 22 to Felix Frankfurter, FDR's one-man employment agency, complained "frankly and privately" that he was "a little bit disappointed that the Administration is not making better use of Bill Donovan's services." He said the Colonel had "made such tremendous sacrifices and contributed in such an outstanding way, that it seems strange to me that some very important job is not assigned to him." Knox had apparently already been pushing Donovan for the COI or some other job, for he went on to say that he was "getting to be a little sensitive about urging him because it looks as if I were trying to find something for him to do, which is not the case. I am impelled," he averred, "solely by the conviction that his services are of the highest possible value to the country in this crisis." <sup>50</sup>

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Secretary of the Navy Frank Knox was "disappointed" in 1941 that Roosevelt was "not making better use of Bill Donovan's services."

U.S. Navy, National Archives

## 7. A NEW INTELLIGENCE CHIEF

By May 31 the prospect of a COI and of Donovan's involvement had taken shape. By then Donovan had drafted his first formal recommendation of a new American intelligence organization. It was entitled "Memorandum of Establishment of Service of Strategic Information" (Appendix B).<sup>51</sup>

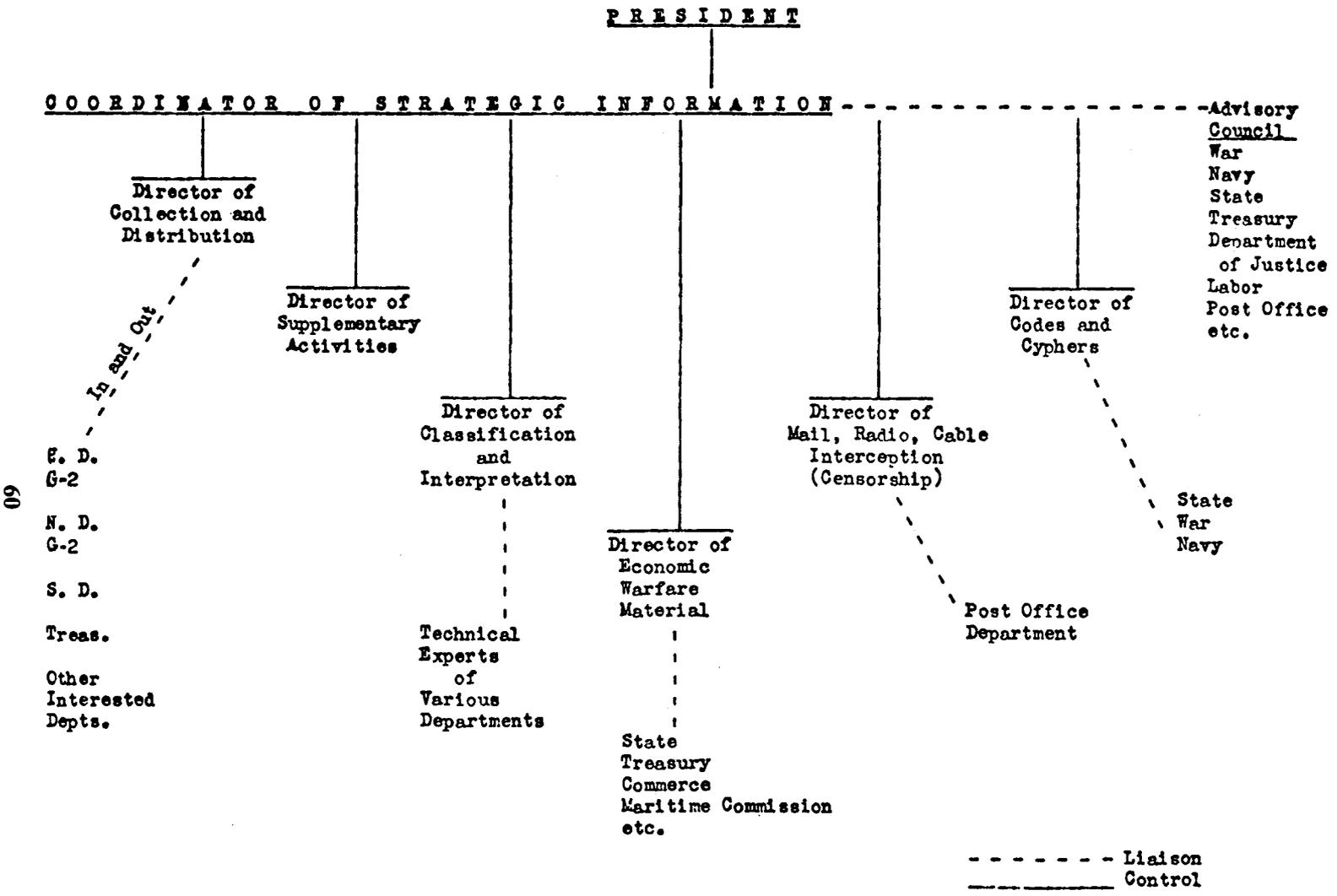
In it Donovan laid out his argument, proceeding from general to particular, for a new information service. The basic proposition was the interrelationship of strategy and information: without the latter, strategy was helpless, and unless directed to strategy, information was useless. The second proposition related the information required to "total war," that is, "the commitment of all resources of a nation, moral as well as material"; Donovan particularly stressed the dependence of modern war on "the economic base." The third proposition was the flat assertion that, despite the activity of the Army and Navy intelligence units, the country did not have an "effective service" for developing that "accurate, comprehensive, long-range information without which no strategic board can plan for the future." The conclusion was the essentiality of "a central enemy intelligence organization which would itself collect either directly or through existing departments of government, at home and abroad, pertinent information" on the total resources and intentions of the enemy.

Such information, he maintained, should be analyzed not only by Army and Navy officers but also by scholars, economists, psychologists, technicians and students of finance. This service should be headed by a coordinator directly responsible to the President and assisted by an advisory panel consisting of the heads of the FBI, MID, ONI, and other interested government agencies. Donovan carefully pointed out that his chart of the organization (Figure 1) showed that "the proposed centralized unit" would neither "displace nor encroach" upon any of these other activities not specifically mentioned in his text, namely, codes and ciphers, communications interceptions, and economic warfare materials.

Donovan discussed this draft "at length" with Knox. A copy was sent to Stimson whose friend, Assistant Secretary of War John J. McCloy, said he wanted to discuss it with the Secretary.<sup>52</sup> While the military would have great trouble with this memorandum, others began to endorse it. Donovan has been quoted as saying that he "talked to everybody who would listen."<sup>53</sup> Undoubtedly Knox pushed it, and perhaps Frankfurter put in a good word. Stephenson, of course, had already been "attempting to manoeuvre" Donovan into the intelligence picture.

Another supporter had arrived from Britain on May 25. This was the British Director of Naval Intelligence, Rear Adm. John H. Godfrey, whom Donovan had met in London in 1940 and who in New York actually stayed in Donovan's apartment. Godfrey, accompanied by his aide, Comdr. Ian Fleming, of future James Bond fame, had come as representative of all the British services with a special mission to press upon the U.S. the integration of the U.S. intelligence services. Godfrey admitted later that he and Fleming "overrated at the time their part in briefing and boosting Big Bill [Donovan] while underrating the skillful preparatory work done by Little Bill Stephenson."<sup>54</sup>

Still another supporter came from Britain. This was FDR's ambassador in London, John G. Winant, the former governor of New Hampshire. An unpublished OSS history cites Winant as one of those to whom Donovan talked about his plans. Winant is described therein as "enthusiastic about the Colonel's proposals," and as going to the White House and urging the President to adopt Donovan's plan and "make the Colonel himself responsible for carrying it out."<sup>55</sup> Winant is also cited by Stephenson as one of those "avenues of influence at the White House" which he exploited; he described Winant as "most persistent and



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Figure 1. Sketch of COI as approved by President Roosevelt, June 18, 1941.

effective” in pushing the proposal. In this category Stephenson also placed Robert Sherwood, who was at this time a very enthusiastic supporter of Donovan’s project, and Vincent Astor was listed as one “who kept the subject alive.”<sup>56</sup>

But this die was not yet cast, for at this time FDR and Morgenthau were actually talking about a different job for Donovan—Administrator for the State of New York for the Defense Savings Program. On June 2 the Secretary told one of his subordinates, Harold Graves, that the President, who had been in Hyde Park since May 29, “said try Donovan first—but he doubted he would take it—and then . . . [James A.] Farley second and third, [Gerard] Swope.” Morgenthau then told Graves: “I tell you what to do. You take Donovan and if he turns you down, I’d like to do Farley myself.”<sup>57</sup>

Three days later Donovan was informed by mail that “the President has suggested that we should draft you to serve” as Administrator. “This,” said the Secretary, “would be a full-time job,” which he and the President agreed would present “an unusual opportunity for public service in these critical times.” In 1969 Stephenson observed that he could have gotten “a dozen men on Wall Street to handle that job but only Donovan could handle the COI job.” The bond job would hang fire for two weeks, much to the impatience of the Secretary, for support was building up behind the COI job. Winant was at the White House on June 3, 4, and 6 with, of course, many problems besides COI on his mind. By June 10 Donovan had added two paragraphs to his memorandum, one on the need for all departments to have the same information on which economic warfare could be waged, and the other stressing the psychological element in modern warfare and the vital importance of radio as a weapon. On the night of the tenth Admiral Godfrey, at a White House dinner, met with the President and endeavored to make “his point” about Donovan and intelligence. On the eleventh, interestingly enough, Grace Tully sent word to General Watson that the President wanted to see both Bill Donovan and lawyer Ben Cohen before the latter returned to England. In view of the role that Cohen would soon play, it is quite possible that this message indicates that the President had by this time made up his mind to make Donovan his coordinator of information.<sup>58</sup>

Certainly that expectation was in the air in the week of waiting that lay ahead. On June 13 Morgenthau, sweating about his bond job, told Graves that Donovan, who was coming to see him, wanted “to tell me something about the President first.” More revealing is Sherwood’s note to Harry Hopkins on the sixteenth: “. . . if Bill’s appointment goes through, I hope to get an appointment on his staff—and Bill says he wants me to work with him.” Also on the sixteenth Sherwood wrote Morgenthau that he was “waiting on the anxious seat for materialization of the job [with Donovan] that I want most to do.” Still on the sixteenth, Sherwood, with Winant clearly in mind, wrote Donovan: “Yesterday evening at your house was a wonderfully interesting one. I saw the Ambassador again today. He’s a honey.” The latter had, in the meantime, on June 12 and 15, lunched with the President.<sup>59</sup>

On the seventeenth Morgenthau was telling his secretary, Mrs. Klotz, to remind him to call up Donovan: “I want to have him give me a yes or no on whether he is going to take the chairmanship in New York State. I am not going to wait any longer.” At 9:10 that morning, Donovan, in conversation with the Secretary, indicated that things had been hanging fire but were reaching a climax:

Morgenthau: Hello.

Donovan: Good morning, Henry.

Morgenthau: Bill?

Donovan: Yeah.

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Morgenthau: I hope you won't think I'm unduly restless.

Donovan: Oh, no.

Morgenthau: But we have to get started in New York.

Donovan: Well, look Henry, I'm down here today because I'm supposed to have a date this morning.

Morgenthau: Uh uh.

Donovan: That's the reason you haven't heard from me.

Morgenthau: I see.

Donovan: I'll get hold of you just as soon as I get through, Henry.

Donovan: I sent word by Frank the other day because I thought that was the quickest.

Morgenthau: Frank?

Donovan: Frank Knox.

Morgenthau: He didn't tell me anything.

Donovan: Oh, that God—I told him to tell you, but I haven't seen him yet.

Morgenthau: No, he never said anything.

Donovan: Well, I thought that was the quickest way of getting to you.

Morgenthau: He must have forgot.

Donovan: I'm sorry, Henry, because I was trying to get that word to you.

Morgenthau: Good, well, you think between now and sunset?

Donovan: Oh, even if I don't hear, I will call you.<sup>60</sup>

Donovan did not call Henry before or after sunset. Donovan clearly had other things on his mind, and in any case his "date this morning" was put off until the next day, the eighteenth. Then at 12:30, he, Knox, and Ben Cohen met with the President.<sup>61</sup> What transpired there and then must be reconstructed from bits and pieces provided by Donovan and Cohen and from the President's action.

Donovan told Bill Stephenson that very day that he had accepted the appointment as Coordinator of Information "after [a] long discussion wherein all points were agreed." He would be the coordinator of all forms of intelligence including offensive operations, would have the rank of major general, and would be responsible only to the President. Interestingly enough, Stephenson, cabling this news to London, then quoted Donovan as "accus[ing] him of having 'intrigued and driven' him into [accepting the] appointment." Stephenson's own comment on the day's news was, significantly enough, self-congratulatory: "You can imagine how relieved I am after three months of battle and jockeying for position in Washington that our man is in a position of such importance to our efforts."<sup>62</sup>

A week later other Britishers cabled the news to London. Reported Lord Halifax: Donovan has been appointed "to supervise United States Intelligence Service and has been promoted to Major-General . . . directly responsible to [the] President." Cabled the consul general in New York: Donovan will "coordinate all security intelligence activities." In London one official observed that Donovan "should prove a very good man from our point of view," and another noted that his office had received "this good news already."<sup>63</sup>

Meanwhile, Donovan, moving into high gear and establishing new contacts at the Treasury, told Morgenthau on the twentieth that the President had "accepted in totem" [*sic*] what he and the Secretary had earlier discussed. Two weeks later, at Stimson's office to iron out problems we shall soon take up, Donovan agreed that his new job should be "essentially and entirely civilian," that that had been his view from the beginning, and that he "had only taken up the point of rank of Major General because the President had suggested it."<sup>64</sup> As will be shown, it would be a long time before Donovan made major general.

Weeks later Donovan wrote a friend in London that he had told the President he did not want the job and would accept it only on the condition that he would report only to the President, that the President's secret funds would be available to him, and that all departments of the government would be instructed to give him what he wanted. Much later still, Donovan wrote FDR reminding him of the fact that both of them had agreed that there would be nothing in writing, presumably about secret activities, especially about the use of radio in the procurement of vitally needed information.<sup>65</sup>

Ben Cohen, legal draftsman for the President, told his fellow draftsmen from the Bureau of the Budget the next day that Colonel Donovan "had persuaded the President" that the new office should be set up outside the framework of the Office of Emergency Management and that it should be set up by virtue of the President's authority as Commander-in-Chief, that it would, thus, "have a military flavor." Cohen also relayed the news that the President had "apparently been struck by the thought that Donovan might take the morale job on temporarily . . . [and that he would] cooperate with LaGuardia on the morale and propaganda aspects."<sup>66</sup>

For his part the President had on the eighteenth scrawled on the cover sheet of Donovan's memorandum of June 10 this message to the Acting Director of the Budget Bureau, John B. Blandford, Jr.: "Please set this up *confidentially* with Ben Cohen—Military—not O.E.M. FDR." The "*confidentially*" probably referred to the use of secret funds and vague language in laying out the new organization's purpose and functions. "Military" meant that Donovan would be a major general. "Not O.E.M." meant that he would not be bracketed with the numerous new war agencies under the O.E.M. umbrella but would report directly to FDR.

While there would be much uncertainty, especially among Donovan's foes, as to just what the President and the Colonel had agreed the latter would do, there is no doubt that FDR had taken an unprecedented step. He had, first of all, authorized the establishment of that "National Intelligence Service" which John A. Gade had proposed a dozen years earlier. He had, secondly, authorized by indirection the use of those "gum shoe methods" and that "intricate national secret service" which Gade found abhorrent to "the sentiment of every American of common sense." Finally, he had done these things with almost no consultation with and to the dismay of the existing intelligence and information agencies of the government. There is also no doubt that Colonel Donovan proceeded to operate like a man fully authorized not only to coordinate intelligence—to construct Gade's "Wheel of Information" with its "Central Hub"—but also to conduct a whole range of operations—psychological, political, or unconventional warfare. President and Colonel had thus taken a giant step in the establishment of the country's pioneer organization for central intelligence and special operations.

When the President's visitors left his office that afternoon, Knox returned to his office to handle more Navy business, Cohen had the 934 words of Donovan's memorandum to put into legal language, and Donovan had a Presidential mandate in hand, a headful of ideas, and a list of people to consult.

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6/10/41

J. B. J.  
Please set this  
up confidentially  
with Sec. Cohen  
Voluntary - not  
C. S. J.  
J. B. J.

FDR authorizes establishment of COI—an unprecedented American service for intelligence and special operations.

Author's Collection

So preoccupied and hurried was he that he completely forgot about the Secretary of the Treasury. At 4:00 p.m. Morgenthau finally got hold of Donovan's secretary, who said the Colonel had caught a 3:30 plane to New York. "Well," explained the secretary, "I guess he must have forgot about it today while he was here. . . . He must have forgot about it because I was with him all the time and almost until the time he got on the plane." Still wanting "a yes or a no," Morgenthau asked to have Donovan call him that night through the Treasury office. Sometime that evening the Colonel "telephoned Mrs. Klotz" and told her he "could not take the position" of the Administrator of the New York bond drive.<sup>67</sup> Donovan was not too hurried or preoccupied, however, to meet with Bill Stephenson, who that night cabled London his account of the important accomplishment of the day.

## **8. ISSUANCE OF THE COI ORDER OF JULY 11, 1941**

The next day Ben Cohen and a Budget Bureau trio of Blandford, William T. Stone, and Bernard Gladieux started drafting the order establishing the proposed "Service of Strategic Information." There is no need here to take up the various drafts and follow them through the many changes that were made. Suffice it to separate those provisions which presented no problem from those which did the opposite. There was no difficulty with the appointment of an advisory committee or with assuring Donovan—at least on paper—access to data held by the other agencies; this was also largely true of the statement of the functions of the new service. What did bother people, especially in the Army, were the type of order, the name of the new service, the status of Donovan, and his relationship to the military.

Cohen, laying out for the Budget people the President's wishes, stressed that Donovan's propaganda effort was directed abroad but that Donovan would cooperate with LaGuardia on internal measures. He further stressed that Donovan's project would not hold up the imminent establishment of the Office of Economic Defense. He apparently left it to his co-drafters to decide whether the order should be an executive order establishing the agency in the Executive Office or a military order designating Colonel Donovan to perform the necessary duties.<sup>68</sup>

One of the Budget trio worked up a tentative outline of the service. There were three functions: (1) to collect, review, analyze, interpret and correlate government information bearing on national defense strategy; (2) to make available such information to the President and others; and (3) to carry out, as requested by the President, "such supplementary activities" as would be helpful in the securing of information not otherwise available to the government. These functions were divided among six units, each headed by a director, and each corresponding to a unit on Donovan's chart. "Supplementary activities" were described as those which were not then being carried on but which would be carried on abroad, which were calculated to assist friendly elements and "undermine hostile elements," and which would necessarily have to be "conducted along unorthodox lines, but with the greatest possible circumspection."<sup>69</sup>

With this as a starter, the Budget men drafted two orders, one which established the "Strategic Information Service" but did not mention Donovan, and the other which designated "Colonel William J. Donovan" as the "Coordinator of Strategic Information." There would be much playing around with Donovan's name and that of the new service. They sent the latter order, a military one, to Cohen, who worked on it with Blandford. Their revision began with the establishment of the new position and ended with the new line: William J. Donovan, United States Army, is hereby designated as Coordinator. . . ." The

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military, however, soon knocked out the "United States Army," as well as other military aspects of the order. Indeed, it was stripped of its military character, contrary to FDR's original directive.<sup>70</sup>

Trouble had been brewing in the Munitions Building on Constitution Avenue where Secretary Stimson and General Marshall had adjoining offices. The G-2, General Miles, had of course, been worried all spring by reports and rumors of Donovan's intelligence ambitions and activities, but he apparently had never been able to engage the attention of these higher officials on this particular problem. The first sign of interest at this echelon appeared on June 3 when Assistant Secretary of War McCloy, obtaining a copy of Donovan's memorandum of May 31, sent it on to the Secretary with a request for a chance to talk it over with him. If they did so, nothing untoward developed. On June 20, when Knox told him the President was going to appoint Donovan "as coordinator of all military, naval, and other intelligence," Stimson commented that he "was inclined to favor it" because he "trusted Donovan." Two days later Donovan talked with Stimson for two hours and explained his plans. Stimson saw in them "a good chance of very useful service," and he was "particularly glad that the President . . . landed on a man" for whom he had "such respect and confidence" and with whom he thought the Army and Navy intelligence services could work "so satisfactorily."<sup>71</sup>

Then Marshall came into the picture. On the twenty-fourth he brought up to Stimson the appointment of Donovan, which had "evidently been worrying him very much and making him extremely angry." Marshall, thought Stimson, had evidently gotten the project "in the wrong end to," and saw behind it "an effort to supplant his responsibilities and duties in direct connection with the Commander-in-Chief." Obviously trying to be a middleman, Stimson thought there was some danger, especially if both men were not "tactful and fair to each other," but he also thought "the proposition of checking up *[sic]* the Intelligence which we get . . . ought to be accomplished." He noted that Knox, with whom he had discussed the plan, thought that it was "all wrong to be suspicious of it."<sup>72</sup>

But the seed of suspicion had been planted, and the plant sprouted either that day or the next. While he still considered the project "very laudable and fruitful," Stimson doubted that Donovan's way was "the right way to do it." So when Ben Cohen arrived with the draft order for Stimson's examination, the Secretary "looked at it with care," worked the thing out in his mind, and finally told Cohen:

That I thought it was such bad planning from the standpoint of military administration that I should not favor it unless Donovan was kept in a purely civilian capacity; that I disapproved wholly of having him made a Major General simultaneously with this assumption of this position. . . . The proposed draft was full of language treating the function as if it were a military one. I told Cohen that this plainly resulted in giving the President two Chiefs of Staff; one, the regular one and one, an irregular one, because no military man could go to the President with military information without giving at the same time some views in the nature of advice based upon that information. I told Cohen that I thought the thing might be worked out if the Coordinator were kept purely as a civilian. I told him also that I was a friend of Donovan's and that I sympathized with his ultimate ambition to get into the fighting if fighting came and that I would have no objection to recommending him at that time as a Major General; but that I was wholly against combining in his person the function of being a Major General and being a Coordinator of Information.

After that presentation, it is not surprising that Stimson was able to record that “Cohen seemed to realize the strength of my argument and said he would go over it and take the military phrases out.” He also agreed, at the Secretary’s suggestion, to add a paragraph to the effect that nothing in the coordinator’s duties and responsibilities would in any way interfere with or impair the duties and responsibilities of the regular military and naval advisors of the President as their Commander-in-Chief. Later that morning Stimson communicated his new views to Knox, who proved “quite rampant on the subject” but then saw Stimson’s “point” and “cooled down.” Even so, it must have been this news that provoked the Navy chief to ask the President to send a reassuring letter about Donovan’s job to the cabinet secretaries whose departments had “their hackles up over the danger that somebody is going to take something away from them.”<sup>73</sup>

No hackles were higher than the Army’s. Indeed, after Miles turned down Lee’s proposed JIC, after Miles’s plan for improving the interdepartmental dissemination of information got nowhere, and after the three intelligence services assured the President of their competency, and after the President had okayed Donovan’s plan for a “Service of Strategic Information,” Army authorities then hurriedly brought forward a new proposition. They proposed the establishment of “an agency to coordinate the various governmental sources of information.” The military, they said “should handle it.” They proposed to establish under the Joint Board “a general Intelligence Service.” [sic] A memorandum to this effect was prepared for the President; it argued that only military men, judging all elements in the light of the entire strategic situation, could correctly evaluate the military implications of economic and political factors. As for stopping Donovan, it was too late; the proposal seems never to have reached the President.<sup>74</sup>

Meanwhile Cohen had set about trying to mollify Stimson and Marshall. A new draft kept the order as a “Military Order,” but eleven times Cohen struck the word “strategic” from the document and replaced it by either “defense” or “national security.” He changed Donovan’s title to “Coordinator of Defense Information” and related his activity to “national security” rather than military strategy. He did retain the line that the coordinator “shall perform his duties and responsibilities, which include those of a military character, under the direction and supervision of the President as Commander-in-Chief . . .,” but he added Stimson’s guarantee that nothing in those duties would in any way interfere with the work of the President’s regular military and naval advisors. As we shall see, only this last provision actually survived.

The Budget Bureau cleaned up the paper and on the twenty-seventh returned a copy to Cohen and sent other copies to Stimson and Knox. In the letters to the secretaries, Blandford said he understood that the drafts would be used “as a basis of discussion with your associates . . . over the weekend.” He hoped that the order could be put in final form for the President when he returned from Hyde Park early the next week.<sup>75</sup> He was, however, disappointed.

For almost a week, Stimson, Marshall, and McCloy continued to chew over the subject. On Monday, the thirtieth, when FDR returned to Washington, Stimson was noting that the Donovan business was “a troublesome matter even with the best of luck. I am afraid of it.” That evening he told the President on the telephone that he had decided “it would be a great mistake” to set up the COI with Donovan as a military man. As a civilian, yes, but Stimson asked the President to do nothing about it until they had a chance to discuss it.<sup>76</sup>

The next morning Stimson had a long talk with Marshall—at least their third, possibly the fourth—and his brief account leaves us with unsatisfied curiosity. He said he explained

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to the General “how important it was for his own—Marshall’s—sake that there should not be a sharp issue made on this.”<sup>77</sup> Could this be a reference to the lately proposed “general Intelligence Service” under the Joint Board?

Stimson spent “a good deal of the morning and afternoon” of the next day, July 2, talking over the matter with both Marshall and McCloy; he arranged to see Donovan the next morning at 8:30 in order to “settle the thing one way or the other.” It was surely bothering him: “it is a terrible nuisance to have this thrown on me at this time but it is so important that I have got to settle it in the right way.”<sup>78</sup>

For a change, that was not going to be difficult. When Stimson and McCloy, but not Marshall, met with Donovan, “everybody was fairminded.” Donovan said he had picked up the military aspect only because the President had suggested it. Either then or later in the conversation, Stimson offered to recommend Donovan for major general any time he “wanted to fight.” Indeed, if Donovan wanted to do it now and give up COI, he could have “one of the most difficult positions” in the army, namely, command of the Forty-fourth Division. The Colonel admitted that he was interested in developing a theory of guerrilla warfare but he preferred now to stay with the information job, “make something real out of it,” and then turn to fighting and a commission later.

Donovan also agreed to a “diagram” which Marshall had drawn up and which McCloy had now brought forth; this set out “the routine channels” for the passage of recommendations as to intelligence and information from Donovan through a host of military and naval offices to the President. Even so, all agreed that Donovan should have access to the President whenever he desired it, because it was “necessary to his position and the President’s temperament and characteristics” would make it inevitable.<sup>79</sup>

Agreement at last. Later the same day Donovan met with Ben Cohen and the Budget trio—Blandford, Stone, and Gladieux—to finish the paperwork. McCloy, however, was still discussing the “final revised draft” with Stimson. The bureau had hoped to receive the paper in the afternoon, clear it, and “send it immediately to Hyde Park.” It came back later that day, however, with significant changes. The “Military Order” was now just an “Order.” So also, the “Coordinator of Defense Information” lost “Defense.” That officer was now in the first instance to send his production not to the President but to the Joint Planning Division of the Joint Board. Again, the COI would carry out his “supplementary activities” when requested by the President and the two service secretaries. Again, the sentence about the COI performing his duties “of a military character, under the President as Commander-in-Chief” was excised, and there was left only Stimson’s guarantee against interference with the President’s military and naval advisors. In the last paragraph “Colonel William J. Donovan” was designated “Coordinator of Defense [*sic*] Information.”<sup>80</sup>

Donovan and the others went quickly to work on these changes. The “Order” was now eliminated, so now there was no indication of what was being issued. They accepted elimination of “Defense” from the title, excised the reporting to the Joint Planning Division and responding to the service secretaries’ requests for supplementary activities, and accepted McCloy’s handling of the issue of military duties and noninterference with the advisors. Finally, only “William J. Donovan” became COI. The job was clearly not military.

To that extent the Army had scored a victory. G-2, concerned for its existence and its autonomy, and distrustful of civilian interference, had opposed the establishment of any outside coordinator of the intelligence agencies. The Army high command, especially General Marshall, undoubtedly, and perhaps understandably, viewed with utmost dismay any such coordinator when that coordinator was a major general with direct access to the

White House and when that major general was as strategy-oriented and bureaucratically aggressive as Bill Donovan gave every indication of being. The Army was, in the final analysis, profoundly opposed to giving any civilian, as the Army saw it, control over the information and intelligence on which it had to wage military and naval campaigns and be responsible for countless human lives and the nation's very security. The Army opposed Donovan, but by its failure to put its own intelligence house in order, it had helped to make him Coordinator of Information. With the drafting of the COI order completed, the Army had managed to make the best of what, for it, was a most unwelcome innovation.

The wrap-up went quickly. Still on the third, Budget Director Harold D. Smith sent to FDR both the finished product (Appendix C) and a proposed statement for the press. Smith observed that since the appointment rested on the President's authority as Commander-in-Chief, "it should be issued as a Military Order." Be that as it may, it appeared officially, and so it appears today, simply as an undenominated presidential act "Designating a Coordinator of Information." Smith also observed that the title, unlike the titles originally suggested, was "vague . . . and not descriptive" of the work Donovan would do.<sup>81</sup> Smith would appreciate better in the weeks to come how vague the entire order was.

Completed on the third, the document sat in the President's in-box for a week. Presumably the press of the presidential calendar accounted for the inactivity. In the meantime there was public expectation of a forthcoming announcement. On July 6 the Associated Press reported that Colonel Donovan was "slated for a big post"; the only clues to its character were "the reports for some time that . . . Donovan would head a new anti-spy agency." According to these reports, Donovan would "coordinate a staff of investigators" in Justice, Treasury, State, and the military and naval departments. The rest of the article tied the job in with spies, the FBI case load, and Donovan's own 1940 investigation of the Fifth Column.<sup>82</sup>

On July 9, the *New York Times* reported that Donovan would soon be named "Coordinator of Intelligence Information"—a term that shows up nowhere in the drafting process. The Times did accurately assess the job as "without precedent in the government's operations," and said Donovan's duties were "sufficiently elastic to take in such future possibilities as counter-espionage operations and, perhaps, direction of some economic programs." His primary task, however, was taking other departments' reports and presenting them to the President in unified and manageable form.<sup>83</sup>

The next day, in the White House, Roosevelt told Smith that he had the "Executive Order" before him and "intended to sign it shortly." He wanted Smith to get Donovan and LaGuardia together "to iron out the problem with respect to radio broadcasting."<sup>84</sup> That was no problem compared with the broadcasting problem involving Donovan and Nelson Rockefeller that Smith and the President would have to iron out in October. In the morning of the eleventh of July 1941 FDR approved the COI order, and the White House released the first official word on the organization.<sup>85</sup>

In his capacity as Coordinator of Information, "Mr. Donovan" was directed to "collect and assemble information and data bearing on national security from the various departments . . ." and "to analyze and collate such materials for the use of the President and such other officials as the President may designate." While "Mr. Donovan's" task was the coordination and correlation of defense information, his work was not intended to "supersede or duplicate, or to involve any direction of or interference with, the activities of the General Staff, the regular intelligence services, the Federal Bureau of Investigation, or of other existing departments and agencies."

#### *iv/establishment of the coordinator of information (coi)*

Left out of the public release, because the President's press secretary, Steve Early, thought it not "clear to many" and likely to "lead to much questioning," was the statement that "Mr. Donovan may from time to time be requested by the President to undertake activities helpful in the securing of defense information not available to the Government through existing departments and agencies."<sup>86</sup> Even without the warning, there was "much questioning" within the government as to just what Donovan was supposed to be doing.

Of all the contemporary comments on the appointment perhaps the most interesting is that recorded that very day in London by General Lee, recently returned to his attaché post. Deprecating the job as he had received it from press clippings and a G-2 friend, Col. Hayes Kroner, namely, that Donovan had "absolute power to summon Sherman Miles, or anyone else, and countermand the orders of the Secretary of War and of the Navy," Lee thought it all grew "out of the memorandum which I left with the Chief of Staff last March and that is what Hayes Kroner says." Getting what smug satisfaction he could out of that observation, he went on to "hope . . . that Donovan really gets the idea, which is consolidating all intelligence coming to the United States, and does not run off in pursuit of counterespionage and anti-subversive work. That is only negative activity while the proper crystallization of all intelligence is positive activity."<sup>87</sup>

No one would ever accuse the new Coordinator of Information either of confusing "negative" and "positive" activity or of neglecting the latter.



Col. Raymond E. Lee, attaché in London, thought COI was the result of his advice to Donovan. Lee is shown here as a brigadier general in charge of G-2, 1941-42.

U.S. Army

## Chapter V

### THE FIRST SIX MONTHS

When Henry Morgenthau had said all those nice words about Donovan having seen more of the war and knowing more about it than anyone else “by about a thousand per cent” and still not being “discouraged,” Harry Dexter White commented, to accompanying laughter, “that is all good preparation for Washington.” When pressed by the Secretary to explain, White said he meant that Donovan “ought to be at home in all the fighting that is going on.” To which Morgenthau added: “Well, he is a fighter, don’t worry.”<sup>1</sup>

#### 1. DONOVAN’S TASK

White had reference, of course, to the change that had come over Washington since the preceding summer of 1940 when the switch from preoccupation with the New Deal to the necessities of defense, and even preparation for war, had brought to town a whole host of personalities and ordinary people, caught up for patriotic and other reasons, in the operation and expansion of the national bureaucracy. Colonel Knox of the *Chicago News* and venerable “Harry” Stimson were but two of the most prominent and, for political reasons, most controversial. There were also such as Donald Nelson, the Sears Roebuck executive who would head the War Production Board; Edward R. Stettinius, Jr., the General Motors and United States Steel executive who would hold several jobs in the war years; and another GM executive, the immigrant William S. Knudsen, who headed the Office of Production Management (OPM). Each of these, and innumerable more like them, also brought in his train countless lower-level executives, lawyers, industrialists, administrators, and private secretaries, as well as wives, children, and other relatives, who helped to increase the pressure for “place,” as well as for food and quarters, in the burgeoning town on the Potomac.

All these people were involved in organizing the country, the people, the economy, and the law for the purposes of defense and war. They wrestled with or produced new needs, new tasks, new mandates, and, especially, new organizations. These last, numerous in New Deal days, multiplied daily as defense took over. There was the Office of Emergency Management, the Defense Plant Corporation, Nelson Rockefeller’s Office for Coordination of Commercial and Cultural Relations between the American Republics, and Mayor LaGuardia’s Office of Civilian Defense. Before war’s end there were 136 war agencies in the executive branch of the government. This proliferation of organizations generated new problems, struggles, rivalries, defeats, and victories. Harry Truman’s famous remark about getting out of the kitchen if one could not stand the heat applied to the Washington scene into which Donovan confidently and aggressively strode in the spring of 1941.<sup>2</sup>

Donovan was ready for battle, both at home and abroad. As for the latter he had been convinced for some time that the United States would have to enter the war. Late in 1939 he had warned that the U.S. might have to send men to Europe. Early in 1941 he had the idea of announcing that he was “personally . . . tired of having a lot of cockneys and Australians and British aristocrats do all the bloodletting.” In May he wrote his erstwhile Balkan

traveling companion, Colonel Dykes, that the American people were "still in turmoil," obviously over the question of whether and how to aid Britain. "We are rather miserable," he wrote. "We shrink from the inevitable."<sup>3</sup>

As for the domestic scene, Donovan, at fifty-eight, was no shrinking violet. He had sold the President on a new organization; and even before his charter had been issued he had enlisted the aid of prominent enthusiasts for vigorous action. "To work for Bill Donovan," wrote William D. Whitney, "would be preparing for actual warfare."<sup>4</sup> Donovan had brought a new idea to Washington, and he was prepared to fight hard for it.

His basic idea was to beat the Germans at their own game: first, demoralize the enemy and cripple his war-making machine, and then if necessary let the armed forces conquer him. To accomplish the first part he saw that he would need a constant flow of current information about the strengths, weaknesses, and vulnerabilities of the enemy and all his works. This information, exhaustively studied so as to be most profitably exploited, he planned to turn against the enemy through a continuous propaganda counteroffensive which would be threaded together with a covertly-conducted campaign of subversion and sabotage. Then would come the commandos, perhaps with himself in uniform, raiding, seizing, or destroying as a softening-up prelude to a full-scale invasion.

Such a concept presupposed a multi-faceted organization which would collect information, conduct research and analysis, coordinate information, print and broadcast propaganda, mount special operations, inspire guerrilla action, and send commandos into battle. The program was, at one and the same time, commonplace and unusual, academic and operational, overt and covert, peaceful and forceful, legal and illegal. Donovan's task—his synthesis of new and borrowed ideas—was, it seems fair to conclude, unprecedented in American history.

Implementing it required him to move forward simultaneously on numerous salients of a variegated front: to build, staff, finance, and administer a bureaucracy; to obtain practical advice and guidance on propaganda, intelligence, and subversion and then define and assign corresponding missions and tasks; to develop working relations with other government agencies, especially the various intelligence services; and simultaneously, because his mission was urgent, to produce results for the President and be ready for the war which he felt surely was on the way. His tasks he held in his hands as so many strings that he simultaneously fingered; they must be taken here, however, a string at a time.

## **2. SPACE, MONEY, AND PEOPLE**

When Donovan asked the Budget Bureau on July 3, to assign him someone who would assist on budget, organization, space, and other general administrative matters,<sup>5</sup> it had no reason to expect any unusual problems. It, like the public, had been led to expect that the new organization would be a relatively small staff which would simply digest and present to the President in brief and orderly fashion the "scattered reports" which FDR often found "hopelessly confusing."<sup>6</sup> The truth was that Donovan, impatiently readying for war, was an empire-builder.

As such, he needed space. When he was not shuttling between New York and Washington, especially on the afternoon and midnight trains, he was operating, in Manhattan, out of his office at Two Wall Street and his apartment at One Beekman Place, and, in Washington, out of his firm's office in the Bowen Building on Fifteenth Street and his residence in Georgetown at 1647 30th Street, N.W. Donovan worked wherever he was, and that included home, where meals were occasions for conferences, and his automobile, when he was being chauffeured to and from the office.



Rooms 246, 247, and 248 in Washington's State, War, Navy Building (now the Executive Office Building) were the first home of Donovan as Coordinator of Information.

*v/the first six months*



An interwar airscape of the Federal Triangle showing in the foreground the Apex Building, which was Donovan's second COI home.

U.S. Army Air Force, National Archives

On July 11, when the order was made public, he moved into three rooms—Nos. 246, 247, and 248—in the old State-War-Navy Building, that architectural wonder next to the White House. By July 30 he had some thirty-two rooms in the Apex Building, the flat-iron building which lies at the foot of Capitol Hill. At the same time plans were under way to house his researchers at the Library of Congress. In another month he had taken up permanent headquarters in the “Foggy Bottom” section of town, down by the river, in the old Public Health buildings; in time his people would occupy new temporary buildings—“tempos”—and an old skating rink cheek by jowl to a brewery. In the meantime, like a proper government agency, COI had acquired out-of-town offices in New York and had plans for the West Coast, London, and elsewhere overseas.

Donovan also needed funds. Ben Cohen had estimated that COI’s small staff could manage on a budget of \$1,454,700 for the first year, all of which would come from the President’s “Emergency Fund” of \$100,000,000. Harold D. Smith, the Director of the Budget, made \$450,000 of this available to Donovan on July 21 so that he could “get started.”<sup>7</sup> Little did Smith, much appreciated by the President for his budgetary superintendency, guess that within two months Donovan would be asking for \$10,000,000.

Donovan himself received no compensation, but he was entitled to receive “actual and necessary transportation, subsistence, and other expenses incidental to the performance” of his duties. His office was later informed that the Colonel, in defraying such costs as official entertaining, was not limited to a common \$10 *per diem*. However, he was not permitted to charge off against the government the cost of home telephone service used in official business.<sup>8</sup> Donovan had always spent, and would continue to spend, much of his own money on public service.

He needed people. Here too he had been drawing on his resources as head of Donovan Leisure Newton and Lumbard, as the firm was then constituted. When he was off on public business, the partners carried on. In New York his private secretary, Walter Berry, who had been with him since the 1932 gubernatorial campaign, handled both his public and private affairs. So also in Washington with Richard Mahar who ran the much smaller office in the Bowen Building. It was Mahar who on June 18 had had to explain to the importunate Secretary of the Treasury that the Colonel “must have forgot” to call about the bond job as he had promised.<sup>9</sup> It was also Mahar who had carried a memorandum on the British commandos to Stimson’s office on July 3. But Donovan could not begin to rely on the firm for COI’s need not only for people to run the new organization as a government bureau but also, and especially, to man the baker’s dozen of major operations that were germinating in Donovan’s mind.

For administrative personnel it was probably his request to the Budget Bureau for an assistant that brought him in mid-July, first on a loan basis, then on permanent status, the Secretary of the Civil Aeronautics Board, Thomas G. Early. A lawyer, with a master’s degree in economics, Early built up the bureaucracy. By September 11 he was officially executive officer in charge of an administrative structure sporting a budget and planning officer, a business officer, and a personnel chief. The last named, James B. Opsata, had by late August advertised for applications for clerical, stenographic, typing, and filing positions; he was drawing personnel—looking for an upward move—from other agencies, and was recruiting some highly skilled and needed people, often without regard to the civil service registers. By September there were forty people on board, but, because of the problems inherent in organizing “a completely new and radical government agency,”<sup>10</sup> the forty were subject to considerable uncertainty as far as status and pay were concerned.

## v/*the first six months*

For his own operational people Donovan turned to his friends, associates, friends of both, and to prominent and talented people recommended by the friends and associates. Here it must be stressed that Donovan had no time to build slowly and from scratch, as from a junior career trainee program which would eventually produce analysts, secret agents, propagandists, saboteurs and commandos. Also, because of the intended secrecy of COI's activity, Donovan felt a special concern to establish the reliability of his employees. He had, therefore, to begin with what was literally "ready, willing, and able" and at hand, and at the outset these were generally men of stature and position within their own fields. He began with his own milieu.

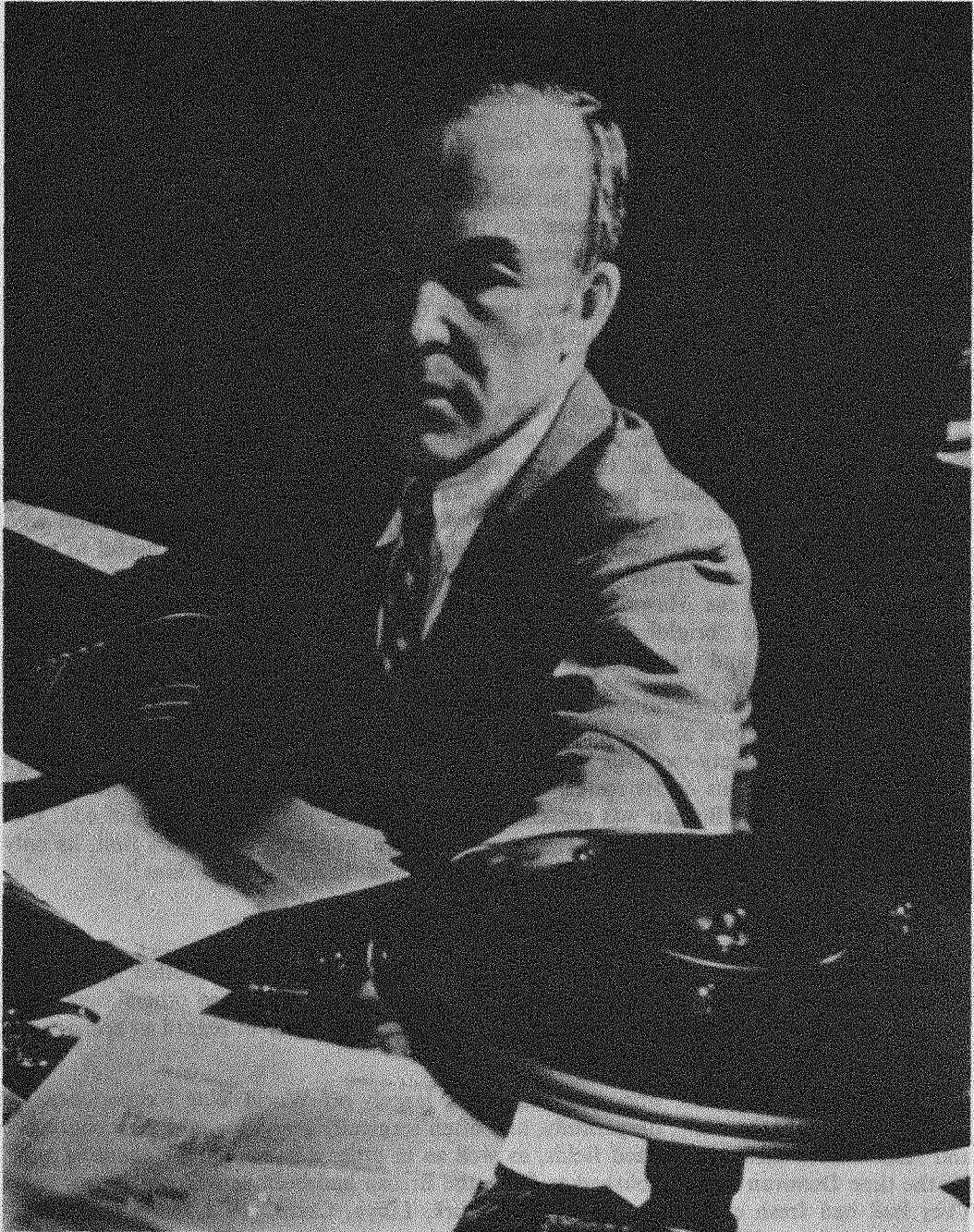
One of the first of these, one he could trust to "protect" him, to "keep the knives out of his back," was a former law clerk of his in the anti-trust division of Justice, James R. ("Jimmy") Murphy, whom he called to the Apex Building "on a hot Friday afternoon" and who for two weeks could not get back to his own office to close it up "for the duration." For the rest of those formless days of that first summer, Murphy, with no fixed title, was an executive assistant making appointments for the Colonel, interviewing applicants—eager to work for the Donovan "brain bureau"—and handling the Colonel's increasingly voluminous and sensitive correspondence. Murphy eventually headed the X-2 or counterespionage branch of OSS.<sup>11</sup>

Another friend from Justice days was William D. ("Bill") Whitney who, because of his British connections, was picked by Donovan to set up his London office. Whitney was a member of Oxford University, a barrister of Inner Temple, and had an English wife. On the outbreak of the war he had joined the British army where he worked in intelligence, and with an assist from Donovan he then switched to Averill Harriman's lend-lease mission in London. From there he moved to COI, because the Harriman job had not been sufficiently aimed at preparing for war.<sup>12</sup>

Another friend enlisted by Donovan was an old World War comrade, Col. G. Edward ("Ned") Buxton. The Colonel had been the famous Sergeant York's battalion commander; it was Buxton, according to Donovan, "who converted York from a conscientious objector into a good fighting man." A Rhode Island newspaperman and textile manufacturer; Buxton gave Donovan yeoman service, chiefly as Assistant Director of OSS. "Ned" was, said one colleague, "a bulwark of loyalty" who gave Donovan "freedom to move around the world . . . knowing that Buxton would never undercut him."<sup>13</sup>

Even before he had recruited this trio of friends, he had turned to a pair of literary lights, friends of the President, who would help him get started on two major units of COI, radio and research. The first of these, probably his first recruit, and probably one he got from FDR,<sup>14</sup> was the 44-year old Pulitzer Prize-winning playwright Robert E. Sherwood, who had recently become a valued presidential speech-writer. Enlisted by Donovan to run his propaganda office, Sherwood was actually doing recruiting of his own even before Donovan had obtained Roosevelt's authorization to set up COI. He had lined up for COI Edmond Taylor, author of *The Strategy of Terror*, and Douglas Miller, who was on the verge of becoming famous as the author of *You Can't Do Business with Hitler*. He would soon enlist the services of the banker, versifier, and political writer, James P. Warburg, the *Chicago News* correspondent Wallace R. Deuel, and the foreign editor of the *New York Herald Tribune*, Joseph Barnes.<sup>15</sup>

The second literary figure reached by Donovan was another dramatist, also poet and professor, the 49-year old Archibald ("Archie") MacLeish, whom FDR had persuaded in 1939 to head up the Library of Congress. MacLeish, who never belonged to either COI or



Archibald MacLeish—poet, Librarian of Congress—helped Donovan organize scholars for intelligence service.

Library of Congress

OSS, helped Donovan organize the unit of professors who gave COI and OSS their renown as a "brain bureau." This bureau was initially headed by the Williams College professor and president, Dr. James Phinney ("Fenny") Baxter, 3d, who soon had working for him an outstanding staff of historians, political scientists, economists, and other social scientists.

Donovan also recruited recruiters. One of these, also an advisor on organizational matters, was the pollster Elmo Roper, who may have been consulted by Donovan even before July 11. Another was the president of the Sperry Corporation, Thomas A. Morgan, who sent Donovan a list of nine eligible Navy men plus the admonition to "first select the topside men and then have them assist you in selecting the juniors." "Archie" MacLeish, apparently responding to a request, sent to Donovan a list, produced in the White House, of five suggestions for the job of general counsel; heading the list, for what historical interest there is in the fact, was Alger Hiss, described therein as the "'perfect lawyer,' if such there be in government."<sup>16</sup>

Once the recruiting process began, new names were quickly added. Among these was the eldest son of the President, James, who years later thought his assignment had been made by the Marine Corps at the request of his father who wanted him stationed in Washington at that particular time.<sup>17</sup> Another was the "brilliant" sister of Supreme Court Justice Felix Frankfurter, Estelle Frankfurter, who was hired "to do digesting" and who, said the man who hired her, "also knows Washington quite well and can be useful to us for certain types of contacts." There was the diplomat John C. Wiley, most recently minister to Latvia and Estonia, the Hawaiian businessman Atherton C. Richards who brought a "fascinating" wife to "brighten the horizon" in Washington, and the Hollywood movie-makers, John Ford and Merian C. Cooper, the latter of "King Kong" fame.<sup>18</sup>

In all, Donovan, his recruiters, and his employment bureau had soon put on the payroll six times as many people as Ben Cohen had thought in June that Donovan would require. Cohen's figure was ninety-two plus "special agents and assistants as needed." By December 15 COI had 596 persons on its roster, and within a few weeks the figure had mounted to 670. While the Budget Bureau was contemplating for March 1942 a maximum of 631, COI itself was aiming at 1,300. Even this figure was eclipsed: at the end of COI's first, its only, year Donovan was a chief with 1,852 sub-chiefs and Indians under him.<sup>19</sup>

### 3. BRITISH ADVICE AND ASSISTANCE

Making an organization out of these bricks and mortar was another job. While Donovan took his own counsel, consulted numerous people, and inspected others' operations, he drew heavily on the British for advice and assistance, especially in regard to propaganda, intelligence, and special operations.

Unlike the Americans, who were still living largely off World War I experience, the British were currently, daily, desperately, and often tragically grappling with new challenges and responses in these specialized fields, as well as in other aspects of the "shooting war." By the time Donovan was established as COI, the British had been at war nearly two years. They had had fresh experience, at or in Dunkirk, Libya, Crete, the London "blitz," and Atlantic naval warfare, with military, naval, and air intelligence. They had refined and expanded joint intelligence. They had reorganized their domestic and imperial security services and had commissioned William Stephenson to handle intelligence and special operations in the Western Hemisphere. With their backs to the wall, they had been directed by Churchill "to set Europe ablaze" with all kinds of propaganda, subversion, sabotage, and

irregular warfare. All the while they had the educational effect of trial and error, failures, fiascoes, faulty organization, and bureaucratic rivalries. They were, thus, in a position to give some advice and assistance; they were eager to assist any who were on their side.

Britain's chief of naval intelligence, Admiral Godfrey, had made "his point" to FDR about Donovan, had left behind his aide, Ian Fleming, to give the Americans further advice, and then went home. He immediately began to send Donovan a steady stream of copies of the same JIC publications which went to his representative, Capt. E. G. G. Hastings, R.N., on the British JIC in Washington. Writing like tutor to student, Godfrey pointed out to Donovan that one of these publications was particularly interesting as "an example of how these appreciations are built up." He noted that "the Junior Committee of the three services draws out a draft which is submitted to the Directors" who then add some comments which will then "be absorbed by the Committee and will take shape in the next draft."<sup>20</sup>

Assuring Donovan of "my help in every way," Godfrey offered to send across the Atlantic by "the quickest possible means" any expert Donovan needed. The Admiral thought "the method of communication through 'Little Bill' [Stephenson]. . . the best and certainly the quickest," and he planned to send the JIC papers through that channel unless Donovan found he was "receiving them quicker through Hastings & Co., Washington." Godfrey reported, on July 20, that he had heard that day from Ian Fleming that Donovan was "getting well into the saddle and completing . . . administrative arrangements" and hoped "to start work with a skeleton staff about the middle of [August]."<sup>21</sup>

Fleming had, of course, been trying to make his own contribution to this forward movement. Indeed, after the war he claimed that he had written a "memorandum to Bill [Donovan] on how to create an American Secret Service."<sup>22</sup> Such a memorandum, dated as early as June 27, 1941, has survived, and interestingly enough, it contains a parenthetical "See my previous memo," which, unfortunately, has not so far been discovered. The June 27 memo is worthy of extended reference inasmuch as it is the only extant, comprehensive, but sketchy, outline—as seen by one man—of the organizational job that confronted Donovan in that month.

Fleming urged the Colonel to make "an early attack on the inertia and opposition which will meet you at every step"; otherwise, there was serious danger of his plans being "still-born." Donovan was advised to move against the "opposition to your appointment," to get good men, who "will not be going begging for much longer," and to get certain sections of the organization started immediately "if they are to put up any kind of a show, should America come into the war in a month's time." With that as a starter, Fleming then made some suggestions on such practical matters as space, personnel, organization, and tactics.

Since COI would need considerable space which was "central, secure, and [had] excellent communications," Fleming thought the ideal place was the "F.B.I. building," and he, therefore, recommended that the Colonel "arrange" the matter with the Attorney General and Mr. Hoover. For staff the Colonel would need for his "G.H.Q." a "first class personal Chief of Staff, and first class secretary, adjutants to run your divisions," a "Managing Editor," "heads of country sections," "liaison officers," and others down the line. For personnel Fleming recommended John J. McCloy for the chief of staff. He said Wallace Butterworth should head "Economic Intelligence; he is a 'natural' in every respect (quick action required)." He thought Henry Luce should organize "Foreign Propaganda"; planning should start immediately. A "good 'sapper'" was needed for the sabotage job. Then, "Mr. X for S.I.S. (I have no ideas)," and "a nominee of Mr. Hoover" should run counterespionage. There were others.

v/*the first six months*

On the important subject of liaison with MI-6 in London Fleming had several recommendations for developing collaboration between the two services; it is here that he added "See my previous memo." What Fleming had written about Anglo-American collaboration between "secret agents" remains unknown.

Under the rubric of "diplomatic," Fleming urged Donovan to "enlist the full help of State Department and F.B.I. by cajolery or other means," to "dragoon the War and Navy Departments"—being prepared to "take action quickly" if Miles and Kirk "don't help,"—and to "leave the question of intercept material alone for the time being." His last piece of advice was "make an example of someone at an early date for indiscretion and continue to act ruthlessly where lack of security is concerned."<sup>23</sup>

Interesting as this document is, it was by no means a blueprint that Donovan followed. Hardly any specific recommendation seems to have been acted upon by him. None of the persons mentioned by Fleming for COI posts ever worked for Donovan. Some suggestions were quite commonplace and unnecessary and some, e.g., about using space in the FBI building, quite unrealistic. But it was all grist for Donovan's mill. He was one who invariably consulted other people, asked them to put their ideas on paper, read it over and thought about it, and then produced his own idea or plan.

Fleming, like Godfrey, soon left for London, and both left the field in the hands of Bill Stephenson, as it had been for a year. Stephenson, unlike Admiral Godfrey, was no occasional visitor to Donovan but was and remained throughout the war a frequent associate, a British counterpart. Stephenson also had an aide, an intelligence professional, Col. Charles H. ("Dick") Ellis, whom he had had detailed to him and brought to the United States only a month after his own arrival. The Stephenson-Ellis duo, unlike the Godfrey-Fleming pair, rendered really substantial assistance to Donovan not only in the formative period of COI but also well into the OSS years.

Not only had Stephenson already made available to Donovan a description of the structure and operation of the British SIS, but he now made available its people, facilities, and intelligence. Stephenson has claimed that his "collaboration" with Donovan "began at once," and Donovan affirmed in 1944, officially and formally, that "Mr. Stephenson helped to plan the organization necessary to carry out the functions of the Coordinator."<sup>24</sup> This collaboration, initiated probably in August 1940, entered a new stage on June 18, 1941, and, after a brief trip to London by Stephenson early in July, was resumed at the end of the month.

Stephenson returned to find Donovan, as Fleming put it, "getting well into the saddle." In fact, Stephenson claims to have filed, though no documentation is at hand, a returning traveler's assessment of Donovan's new organization. "On August 9, 1941, I noted to London," he said

that our friend's organization was rapidly taking shape, central offices in Washington had been established and were functioning, understanding with the Chiefs of Staff seemed satisfactory, and he [Donovan] felt confident of their cooperation; he had several competent assistants; he had the beginnings of a working apparatus in Washington and New York, and should be able to safeguard secret documents.<sup>25</sup>

There *is* documentation for an exchange of correspondence between the two on August 11 and 14, an exchange which shows the character of the work the British envisaged for themselves and COI in Latin America. Donovan had sent to Stephenson for comment an unsolicited proposal he had received for launching a democratic counteroffensive among German-speaking peoples of South America. In return he received a memorandum, written

by one of Stephenson's people, which stated that while the White House was best equipped to handle "constructive propaganda," it was felt that "the work of our Organization and Colonel Donovan's also should be aimed at destroying the enemy organization in Latin America," and in this work "completely ruthless tactics must be employed."<sup>26</sup>

Evidence that collaboration between Stephenson and Donovan was close and steady is found in the appearance of Stephenson's name thirty-six times on Donovan's calendar of "Appointments and Telephone Calls" from August 18 to December 7, 1941.<sup>27</sup>

The size, scope and significance of Stephenson's contribution to COI can best be appreciated by getting some idea of the organization run by Stephenson in the Western Hemisphere. While Godfrey and Fleming had come here on official business, they had come as representatives of British naval intelligence which maintained no significant American establishment. Stephenson, however, had a very significant setup.

His organization, British Security Coordination,<sup>28</sup> was headquartered in New York. In March 1941 Assistant Secretary of State Berle notified Sumner Welles that BSC had, or was about to have, district officers at Boston, New York, Philadelphia, Baltimore, Charleston, New Orleans, Houston, San Francisco, Portland, and probably Seattle. In addition, of course, BSC had representatives in Canada, Bermuda and other British territories in the Western Hemisphere. Berle, no friend of Stephenson or British intelligence, observed that while BSC's ostensible purpose was the protection of British shipping and supplies, BSC was in fact, "rapidly evolving" into "a full size secret police and intelligence service." Moreover, Berle said, the information collected—by "a very considerable number of regularly employed secret agents and a much larger number of informants"—was not restricted to that necessary to the protection of shipping but entered into "the whole field of political, financial, and probably military intelligence." Moreover, BSC was not just an extension of SIS but was in fact a service which integrated SIS, SOE, Censorship, Codes and Cyphers, Security, Communications—in fact, nine secret distinct organizations. But in the Western Hemisphere Stephenson ran them all.<sup>29</sup>

Stephenson was in an excellent position to give Donovan valuable advice and assistance. First of all, he was sufficiently wealthy and well-placed to be able to give Donovan useful personal advice on threading his way throughout British officialdom. Secondly, before Donovan had been able to establish any independent sources of information, he regularly received from Stephenson intelligence resulting from surveillance of Axis personnel, of ship inspections at British ports, and of other covert sources. Typical of the procedure was the pickup by British Security of a Nazi map, "purloined from a German courier," which Stephenson turned over to Donovan who, in turn, gave it on October 21 to FDR who, then, six days later, published it to the world as proof of "the Nazi design, not only against South America but against the United States itself."<sup>30</sup> Thirdly, Stephenson made available to Donovan all kinds of British experts, not the least of whom was Colonel Ellis, "without whose assistance," according to David Bruce, COI's first effective secret intelligence chief, "American intelligence could not have gotten off the ground in World War II."<sup>31</sup> Fourthly, in September 1941 Stephenson arranged for one of Donovan's newest recruits, Lt. Col. Robert A. Solborg, to attend an SOE training establishment so that he could return and head up COI's Special Operations (SO) training and operational branch. Also later in 1941 Stephenson opened an SO school in Canada to which high priority was given COI candidates. Additional evidence of Stephenson's assistance will be noted when we take up Donovan's organization of his secret activities branch. Suffice it to conclude here with Stephenson's modest disclaimer that he would not go quite so far as Donovan did when the latter told "an inquiring editor of *MacLean's Magazine* . . . that Bill Stephenson taught us everything we ever knew about foreign intelligence operations."<sup>32</sup>

#### 4. EMPIRE-BUILDING

Donovan had long since begun to build and organize his empire. He had looked out upon vast stretches of government territory—information, intelligence, propaganda, morale, espionage, counterespionage, subversion, military operations, strategic planning, and postwar planning—as so much area that urgently needed organization, peopling, and exploitation. He began with those areas which were mentioned, however vaguely in some cases, in his June 10 memorandum to the President.

The most important of these, because it was the ostensible *raison d'être* of COI, and because it was the only specific task actually entrusted by the President's order of July 11, 1941, was the coordination of information—the collection, analysis, correlation, and dissemination of data on national security. Donovan began what came to be known as research and analysis, or R & A.

For assistance he had turned, how is not known, to "Archie" MacLeish at the Library of Congress.<sup>33</sup> By June 29, days before the order was issued, the two had extensively canvassed the analytical and scholarly service which the Library could provide the government's new intelligence unit, once "proper financing" was available. The Library was ready, though it did not want to handle "confidential intelligence material," to organize and manage a staff of experts—full time, part time, and on a fee basis—to provide translations, background studies, research reports, and "analyses of policy issues over the whole area to be covered by the intelligence service." MacLeish, reflecting on his two years on Capitol Hill, wrote Donovan that "libraries have a much more important role to play than they have played in the past in buttressing spot intelligence with the scholarly element," which is so necessary to giving that intelligence depth, weight, focus, and perspective.<sup>34</sup>

While others at the Library, especially Ernest S. Griffith, the head of the Legislative Reference Service, drew up charts of the proposed organization, wrote job descriptions, and detailed how the service could supply the President with important memoranda in five to nine days, Donovan and MacLeish worked out, but partially and seriously mishandled, the larger policy issues, especially administration and location of the Library's service to COI. By their agreement of July 30 the Library established within its physical territory, that baroque building opposite the Capitol, a "Division of Special Information," which it operated for the sole benefit of COI which, in turn, footed the bill for salaries, "major items of furniture," and any "structural alterations or construction" required to house the division. Thus, some of the scholars, lured to Washington by the prospect of patriotic and intellectual labor on high secret matters of state, found themselves not only working as Library employees but also in the Library at a considerable distance—a mile or two as it turned out—from the center of power and secrecy at the other end of Constitution Avenue; and they were "appalled."<sup>35</sup> It would take a year to straighten out the mess.

In any case, R & A was launched. To head it up and help it grow, for the Library unit was just the beginning, Donovan selected Dr. Baxter, the Williams College president, who then supervised the recruitment of such scholars as Conyers Read, Walter L. Dorn, Robert K. Gooch, Geroid Robinson, Sherman Kent, Walter L. Wright, Jr., and Preston E. James, all of whom headed geographical desks in the Division of Special Information. Under Donovan's direction Baxter set about organizing an even more prestigious group with R&A. This was the Board of Analysts, a group of eight scholars headed by Baxter himself. Among the other seven were a Harvard trio: historian William L. Langer, who also directed the Library's research group, economist Edward S. Mason, and Donald C. McKay, professor of French history; on a par with them were political scientist Joseph R. Hayden from the

University of Michigan, economist Calvin Hoover from Duke, and Edward Mead Earle from Princeton's Institute for Advanced Studies; eventually these were joined by diplomat John C. Wiley. Next established, as the opportunities appeared and despite many difficulties, were functional divisions—economics, geography, and psychology—whose employees, also professors, were differently hired than those at the Library, were housed at the power center, and were clearly not operating on the inter-disciplinary academic basis originally programmed for R & A. All this added to the unit's growing pains.

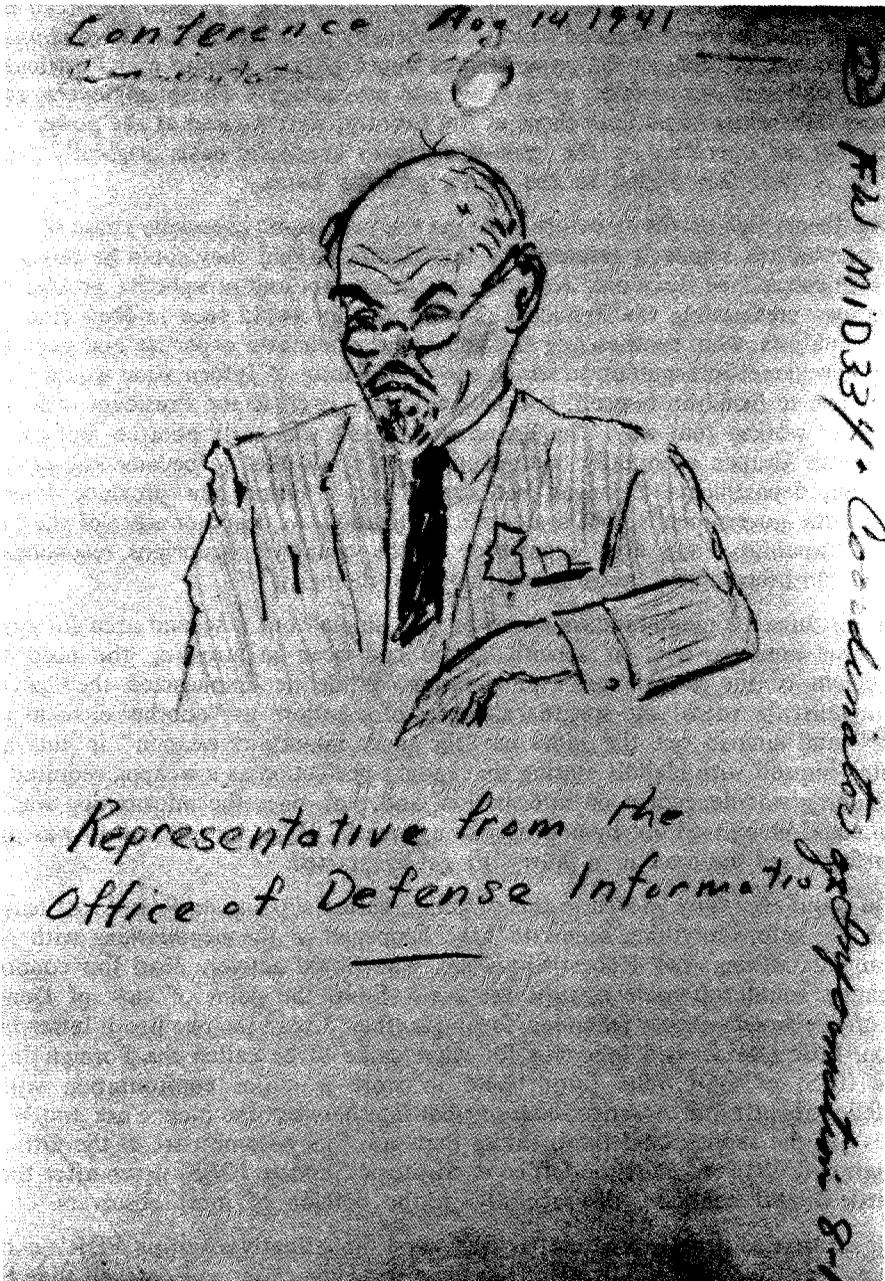
The theory behind the structure was that the professors, especially those at the Library, would marshal the scholarly resources of the country so that they could be brought to bear, along with specialized functional research, on the current and prospective problems of policy and strategy confronting the President. The professors would feed in their findings to Dr. Baxter's analysts, who, synthesizing this input with their own expertise and general wisdom and the new secret information to which the Coordinator of Information would have access, would report to Donovan himself, and he would give it all to the President. The system actually never worked that way. The Board of Analysts was early aborted, but the Research and Analysis Branch eventually triumphed over its mistakes to become the envy of other government departments. Donovan had carved out a brand new province when he thus organized the government's first systematic utilization, in peace or war, of the knowledge, language capability, and area experience of the country's historians, economists, social scientists, anthropologists, geographers, and psychologists.

In his June 10 memorandum Donovan had singled out a second area for exploitation, but he was nowhere near as specific as he had been in stressing the need for better management of the government's information. While he emphasized the "psychological attack against the moral and spiritual defenses of a nation" as "another element in modern warfare" and singled out the radio as "the most important weapon" in this attack, he contented himself with blandly stating that radio's perfection as a weapon required planning, that planning was dependent on information, and that, once the information was obtained, "action could be carried out by appropriate agencies." What he referred to was psychological warfare, and he was in a hurry to get it started.

He could even have moved in this direction before starting on R & A. At least as early as June 15, before anything seems to have happened in the negotiations with MacLeish, Donovan was talking with Robert Sherwood, who would actively head this country's radio propaganda counteroffensive against the Axis. From the point of view of Donovan, the choice of Sherwood was not felicitous, for in less than a year the two had a bitter falling out. By then, little else seemed felicitous for what came to be called the Foreign Information Service (FIS) of COI. The future held in store a major confrontation with Nelson Rockefeller about Latin America, constant battling between the New York and Washington "crowds" of the service, and the breakup that saw FIS become part of the Office of War Information (OWI) and COI the Office of Strategic Services (OSS). Even after the breakup the battle would continue, disgracefully in the opinion of most observers.

Be all that as it may, on June 16, Sherwood, impatiently awaiting FDR's endorsement of Donovan as COI, wrote Harry Hopkins, who was even closer to Roosevelt than Sherwood, that he, Sherwood, hoped the endorsement came through because "I hope to get an appointment on his staff." The same day, writing to Donovan as though the whole thing were sewed up, Sherwood outlined some recommendations for action. He suggested Edmond Taylor and Douglas Miller as "two men who come first to mind for the work we discussed." He thought full use should be made, at least in an advisory capacity, of such "remarkable foreign correspondents" as Edgar Ansel Mowrer, H. R. Knickerbocker, John L. Balderston,

v/the first six months



A G-2 caricature of a COI "professor."

Author's Collection

John Gunther, William L. Shirer, Raymond Gram Swing, Hamilton Fish Armstrong and Dorothy Thompson. There were also “many brilliant Europeans here”—Max Ascoli, Raoul de Sales, Eve Curie, Carl Friedrich—who should be tapped. He thought that far more use should be made of the radio listening posts of CBS and NBC and that a study should be made of the considerable results of short wave station WRUL in Boston.<sup>36</sup>

With that as a starter, Sherwood, checking regularly with Donovan, quickly scoured the news-handling community of New York in search of newsmen, editors, broadcasters, radio technicians, news analysts, script writers, linguists, and executives to run the various units—news, production, publication, technical—that were subsequently conceived, named, charted, re-named, re-organized, eliminated, restored and otherwise modified as Sherwood and his band of enthusiasts—“all interventionists”<sup>37</sup>—put together a propaganda agency. There were problems, of course, and plenty of confusion.

The very concept of propaganda was anathema to the American mind. A government propaganda agency, which inevitably brought to mind the unhappy World War I experience with the Committee on Public Information, better known as the Creel Committee, was additionally abhorrent. Consequently, many newsmen, trained to handle news objectively, shied away from COI employment before Pearl Harbor; they left the field to the eager interventionists and those especially affected by Nazism, such as the “Jewish scribblers” subsequently derided by German propaganda.<sup>38</sup> A New York office was established, initially at 270 Madison Avenue. This location entailed much inconvenient commuting for busy officials; it gave rise to conflicting Washington and New York groups and to a struggle between the two over policymaking. There was the problem of working with the private broadcasters who had the transmitters, the stations, and a long term view of their interests, and who were ever fearful of a government attempt to take them over. There was, within COI’s headquarters, an initial mix-up over the distinction between the “direction group,” which was composed of Sherwood and representatives of Nelson Rockefeller and the State Department, and the group of Wallace Deuel, James P. Warburg, and others who would “generate ideas.”<sup>39</sup> There was also the problem of coordinating COI output with the State Department, which remained institutionally fearful of the eager publicists who were moving so brashly into the relatively quiet halls of diplomacy.

Even so, as early as July 16, 1941, Sherwood was credited by William O. Hall, the Budget Bureau monitor of COI affairs, with being, unlike his colleagues, “particularly able,” and with having a good concept of his organization and staff available to get the work going by the middle of September.<sup>40</sup> Summer was a period of talking, arguing, planning, making charts, and recruiting. Little by little FIS began monitoring Axis broadcasts and supplying the U.S. broadcasters with counteracting news and views. In October Donovan sent to the President the first weekly summary and analysis of Nazi propaganda. On November 12 FIS, after many name changes, was formally established within COI as a branch with news, radio, publications, and technical divisions, and New York and Washington news staffs. But by this time Donovan and FIS had had their quarrel with Rockefeller and had their wings clipped by the President. We shall come to this and two other jurisdictional conflicts in short order.

A third area, an economic warfare province, had been singled out for colonization in Donovan’s June 10 memorandum, but the effort was pushed with none of the sureness of purpose which characterized the organization of scholars as intelligence officers and newsmen as propagandists. Indeed the aspiration hardly survived the summer.

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In that memorandum Donovan had stressed the dependence of modern warfare “upon the economic base—on the supply of raw materials, on the capacity and performance of the industrial plant, on the scope of agricultural production and upon the character and efficacy of communications.” He argued that “the strength of the attack and the resistance of the defense” depended upon “the strategic reserves,” which included steel and gasoline as much as men and powder. In the economic field, he said, there were many weapons which could be used against the enemy but they were distributed throughout several departments of the government. They all needed “the same information upon which economic warfare could be determined.” It was clear that his new organization should supply it to them; the chart, which accompanied the memorandum, even provided for a “Director of Economic Warfare Material.”

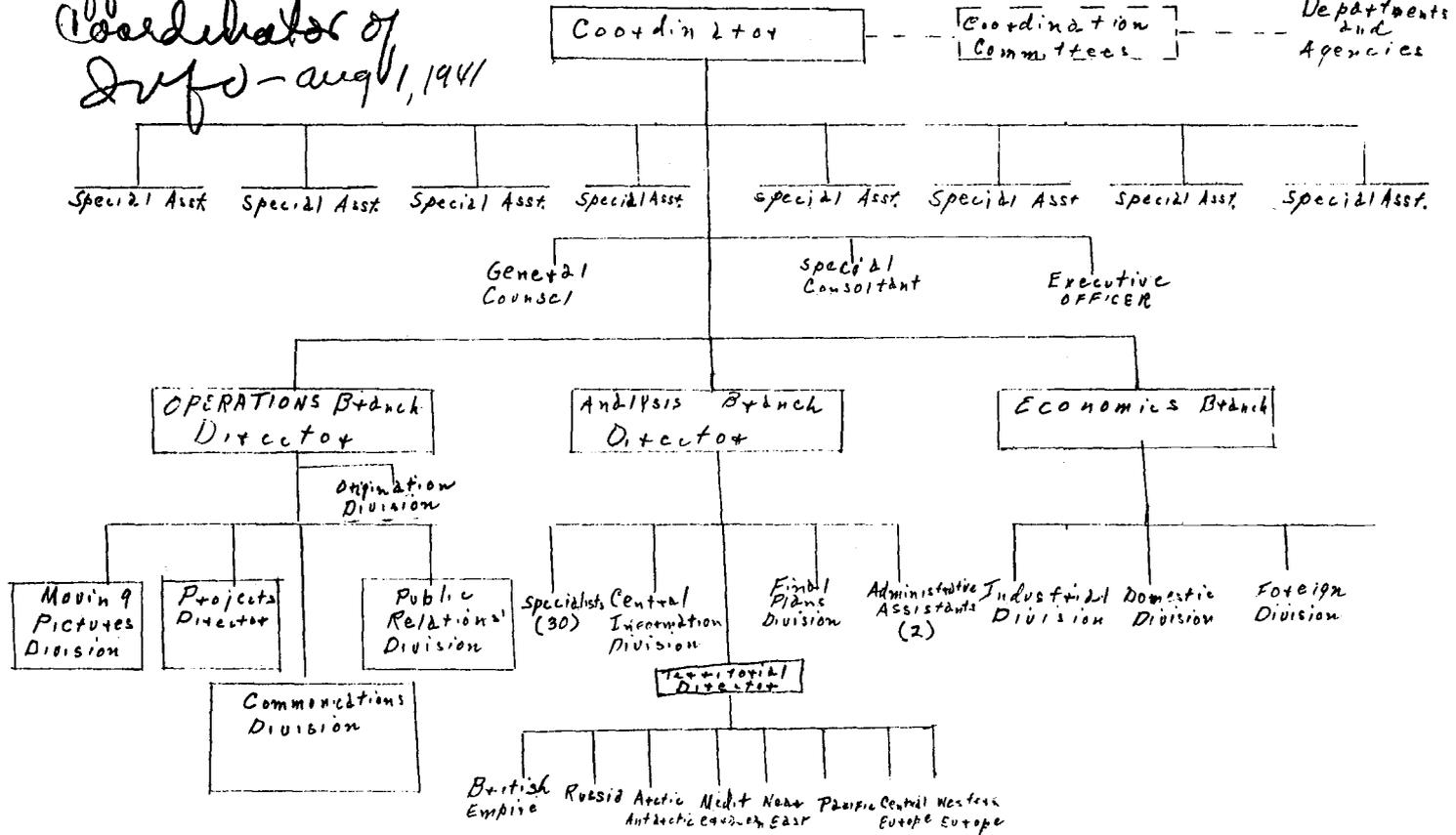
Actually the job, as it was quickly sketched out in the next few weeks, proved to be much broader than just economic warfare; it covered the entire economic waterfront, domestic and foreign, wartime and postwar. For that job Donovan selected the Hawaiian pineapple executive Atherton Richards, who, however, had none too clear an idea of what to do or how to proceed. When asked by Donovan to explain to the Budget people “the needs of his unit for postwar planning,” a subject of growing concern within and outside the administration, Richards was “not certain” as to just what his requirements would be. He did know the chief of the division would receive a salary of \$9,000, would have two assistants and nine special assistants, and that they, with small staffs, would work on postwar planning and endeavor to coordinate the efforts of government, industry, and labor. Since he was not familiar with government research and procedure, Richards was quoted as saying he would have to do some more investigating before he could make a final estimate. After talking over “the possibilities of economic warfare organization” with Donovan the next day, Richards indicated to the Budget people that “further amplification of his estimates” would be necessary.<sup>41</sup>

In fairness to Richards it must be pointed out that the job was vague and the scope was large. The field of economics was already occupied by many government departments—including COI itself, whose R & A envisioned an economics unit, and most pertinently a brand new “Economic Defense Board” (EDB), which was established on July 30. Trouble, a second jurisdictional conflict, lay ahead, this time for Donovan and Atherton Richards.

Before that happened, however, Richards’ economics division took its place, at least on COI’s early organizational charts (Figures 2 and 3), as the third of three theoretically equal and principal operating units. It was expected to assist R & A “in their deliberations, provide a liaison with work and research on economic problems conducted by government departments, and envision the economic conditions which confront United States business and industry during and following the termination of the war emergency.” By early August the branch had, on paper, three divisions, one each for domestic and foreign economics, and a third for “industrial, labor, and agricultural economics.”<sup>42</sup> When the paperwork led, inexorably, to actual recruitment of staff personnel and the initiation of projects, the trouble, both within COI and with the Economic Defense Board, followed apace.

Meanwhile, there was still a fourth piece of territory which figured most prominently in Donovan’s plans for COI, and this was the direct collection through agents, at home and abroad, of information necessary to the conduct of psychological warfare, including so-called “special operations.”

Office of  
Coordinator of  
Info - Aug 1, 1941

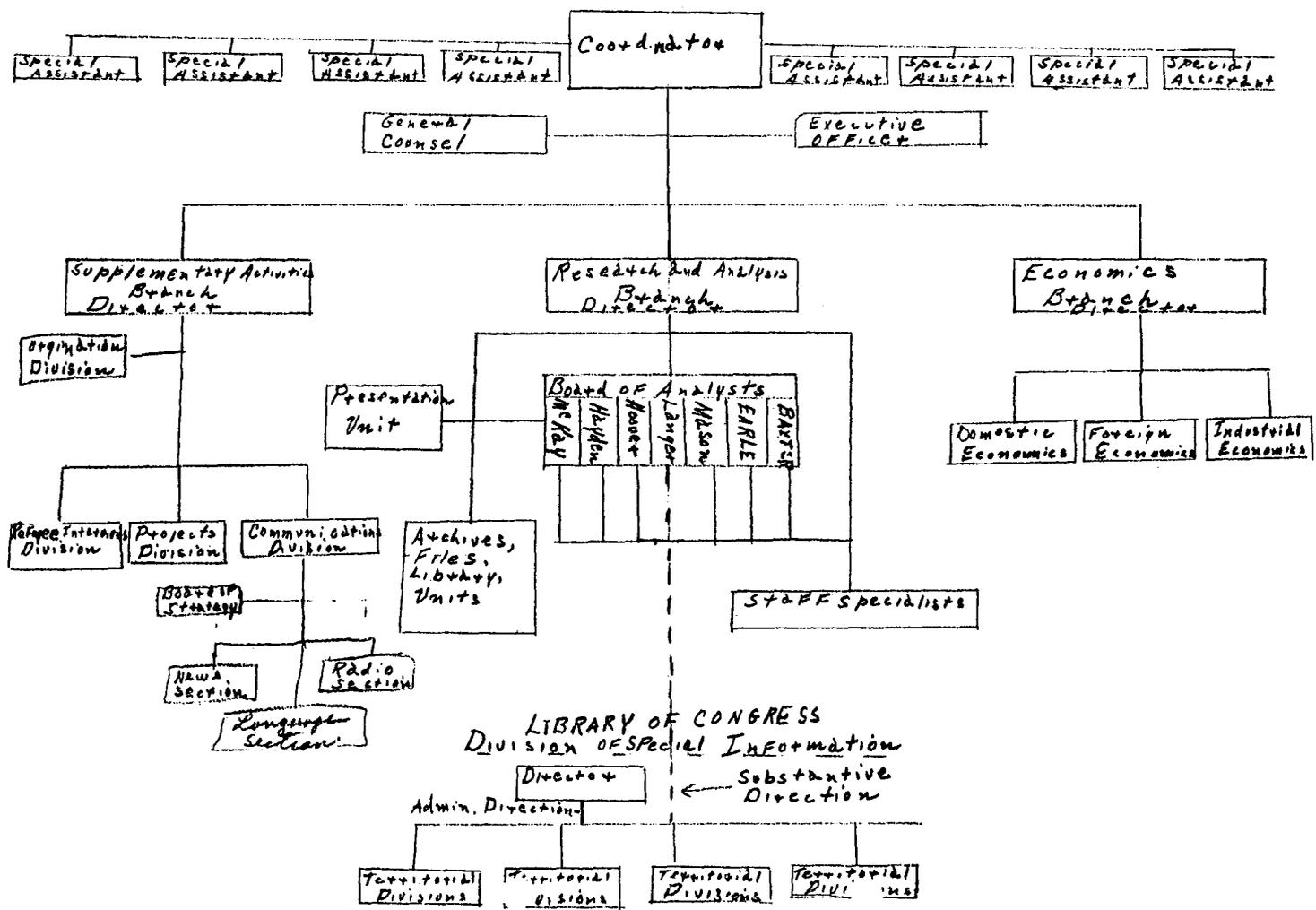


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Library of Congress

Figure 2. COI on August 1, 1941—a contemporary rough sketch.

the first six months/v



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Figure 3. COI late in August 1941—also a contemporary sketch.

Such information is apparently what Donovan had in mind when he wrote in his June 10 memorandum that the success of radio as "the most powerful weapon" in the "psychological attack against the moral and spiritual defenses of a nation" required "accurate information," i.e., information about the enemy and conquered peoples which could then be turned by propagandists against the enemy. So also, in the July 11 order, he was most circumspectly authorized "to carry out, when requested by the President, such supplementary activities as may facilitate the securing of information important for national security not now available to the Government." Indeed, FIS was intended to be not only a positive action against the enemy but also a cover for a whole range of subversive activities to be carried out against the Axis. "Supplementary activities" was actually but briefly an early name for the FIS.

As early as July 16 Donovan had outlined to the Budget people his plans for a secret division composed of three sections. Three weeks later he had more detailed plans for operations in both peacetime and wartime situations. These, however, were only plans; they did not begin to materialize until after Labor Day when Donovan unexpectedly was asked by the Army and Navy to develop a foreign espionage network. This story is best told at a later date;<sup>43</sup> what needs to be noted here is the small step that was taken in the summer of 1941 in the field of the direct collection of information.

On August 18 Donovan established an "Oral Intelligence Unit" (OI) under the leadership of his personal friend, Col. "Ned" Buxton. The unit was opened in New York on August 25 with the mission of collecting from refugees and homecomers from foreign areas firsthand information on happenings in enemy and enemy-occupied countries.<sup>44</sup> At the outset OI operated under an agreement with the immigration authorities to receive passenger lists from all incoming ships. The unit, half a dozen people, cooperated, or competed, with G-2, ONI, the FBI, and Comdr. Vincent Astor, New York's Area Coordinator, as well as newsmen, relatives, and friends, all of whom had their special reasons for pumping the new arrivals. While Oral Intelligence was COI's first attempt at the collection of raw intelligence, it was not initially engaged in clandestine collection, though it was eventually drawn into the orbit of such affairs when COI itself finally expanded into that area. OI sought to get beyond superficial reporting and to obtain, for instance, access to the underground sources of information possessed by the refugees, many of whom were politically potent in their native lands. Potent or not, however, fresh escapees from Nazi-dominated lands could generally supply to a capable interrogator information useful in the conduct of psychological warfare against the Axis.

Finally, there was a fifth area which was on the fringe of the expanse that Donovan was eyeing for himself and which he was prepared, as the situation warranted, to exploit or not. It was "morale," and it had been assigned to Mayor LaGuardia and his Office of Civil Defense; but defining and organizing "morale" presented almost as many problems for the Roosevelt administration as did "intelligence," "information," and "economic warfare." Ben Cohen reported on June 19 that the President was "apparently . . . struck by the thought that Donovan might take the morale job on temporarily or at least for exploratory purposes," and that he would cooperate with the Mayor. Donovan told the Budget group on July 16 that the President wanted him to investigate the state of American morale and to formulate plans which would then be forwarded to the Mayor for execution. Hence Donovan directed Griffith, before Baxter had taken over R & A, to establish in his research group a "Domestic Morale Unit," which would be headed by sociologist Robert Lynd, at that time apparently just a name which had been telephoned in to Donovan by pollster Elmo Roper.<sup>45</sup>

## *v / the first six months*

By the end of the month the Budget Bureau understood this to be a "Public Relations Division" dealing with problems of "domestic information and morale as related to the coordination of strategic information and foreign propaganda." They wondered just what Donovan's job was in this domestic field.<sup>46</sup> By September not Lynd but Elmo Roper was in charge and commissioned by Donovan to initiate and head up what Roper characterized as "the first governmentally-operated public opinion survey." Roper proposed to set up an office on the same floor as Buxton's Oral Intelligence, operate on a budget of \$125,000 per year, have the usual small quota of secretaries and assistants, utilize the services of a new research foundation at the University of Denver, and bring on board as collaborators Dr. Frank Stanton of CBS and the other well-known pollster, George Gallup.<sup>47</sup> By this time, however, COI's third jurisdictional problem, this time involving OCD and the emerging Office of Facts and Figures, was shaping up and, in fact, heading for the President's office.

Even with these five areas under development Donovan the empire-builder had not yet reached his territorial limits. On the contrary he was at the same time busily laying the foundations of a Visual Presentation Branch, Secret Intelligence, Special Operations, a Commando group, and a large network of foreign offices beginning with London, the most important of them all. Spread wide, perhaps overextended, nevertheless he had, in the first three months, the elements of a new, multi-faceted agency sufficiently firmly in place to make of it a going concern (Figure 4). What made it a going concern, albeit to many an outsider a disorganized and over-extended concern, was Donovan himself.

It was fundamentally his personality which gave viable unity and order to the many and disparate activities—research, propaganda, intelligence, economic planning, domestic morale operations plus those on their way—he set up and parceled out to chosen persons for implementation. He was "an exciting man for whom it was a pleasure to work," said Jane Smith who worked for him for 40 years. An experienced European correspondent who worked for him in OSS for three years said he "loved" and "adored" the General. For Judge Sam Rosenman, who was at the center of power throughout the Roosevelt years, Donovan was "a physical activator," for whom he had "great admiration." Dr. William Langer called him "an activist, full of imagination and energy." Another described him as "a man of unlimited imagination and gall, afraid of nobody and nothing, least of all a new concept."<sup>48</sup> Donovan's pleasing manner, concern for others, solid talent, openness to ideas, willingness to experiment, and clear convictions about the war made him an endearing, respected, and inspiring wartime leader of a heterogeneous collection of talented and accomplished men and women.

While Judge Rosenman considered Donovan a good administrator, at least in comparison with Robert Sherwood and Elmer Davis, who headed OWI, most observers, including friendly ones, have tended to disagree. His saving grace, they would agree, was sense enough to surround himself with people like "Jimmy" Murphy, "Ned" Buxton, and later "Ole" Doering, of the Donovan law firm, who could do the administering for him. Donovan himself operated on the basis of what he called "the oil slick principle" whereby he gave to his chief subordinates only general instructions and told them "to carve out their own areas."<sup>49</sup> While he gave them rein, he held them accountable; he was, said one subordinate, "decisive," "the boss." He was "not a staff man," said another; "he had no idea of order and procedure but loved to wander over the outfit picking men and ideas here and there."<sup>50</sup>

In his first summer Donovan had built an organization which fitted this operational style of his as well as comported with his administrative and bureaucratic requirements. He had his administrative machinery which made organizational charts, drew up budgets, paid employees, and made official accountings. He had his major operating units whose chiefs

# ORGANIZATION CHART

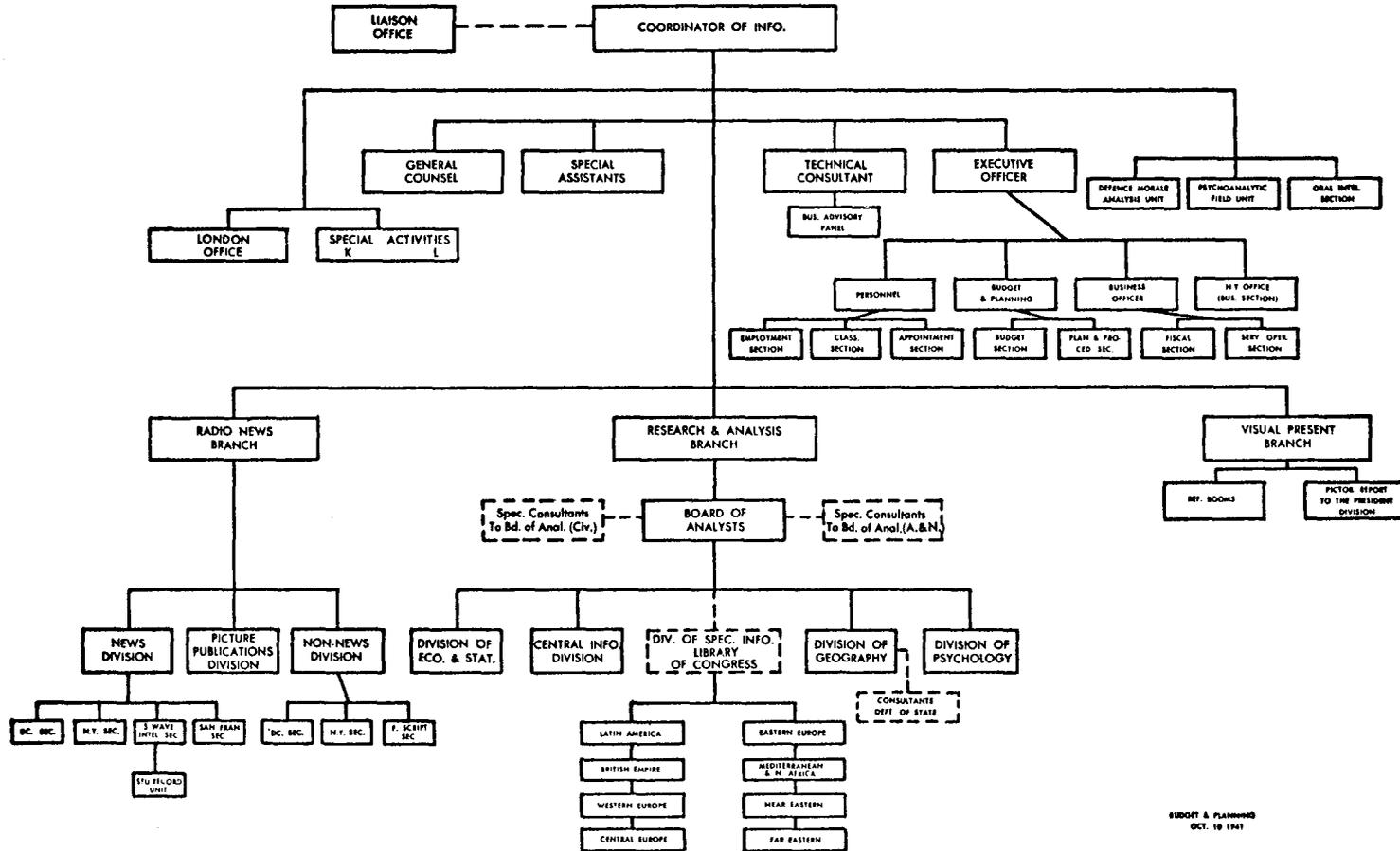


Figure 4. COI organizational chart, October 10, 1941.

## v / the first six months

were laying out plans, recruiting personnel, and eagerly endeavoring, as well as responding to Donovan's spurs, to get into production. He had eight special assistants to whom he could entrust whatever new and sensitive functions caught his imagination.

As Coordinator of Information he must reckon, of course, not only with his subordinates but also with the President, with his peers, and with those who held more powerful positions in the many government agencies with which the Coordinator would have to work. From the President he had received strong and adequate backing, a fact which, willy-nilly, others tended to exaggerate to Donovan's advantage, at least in the beginning; and Donovan clearly made full use of this backing in dealing with others. The President's son James, a young Marine Corps officer at the time, joined Donovan's staff in August 1941 as the liaison officer assigned the job of working out an exchange of information with other agencies. Whatever the background of this assignment, the fact of it was impressive; "to get 'Jimmy' Roosevelt into your 'show' (every new agency is a 'show')," wrote *Life*, "is as good as a seat at the White House breakfast table."<sup>31</sup> "Jimmy," would be caught in the middle of the Donovan-Rockefeller confrontation.

With the Secretaries of War and Navy Bill Donovan had excellent personal relations. Indeed, without the help of Knox he might never have gotten into the Roosevelt administration; it was Knox's suggestion that prompted the President to send a letter to the various departments disabusing them of any fears they might have about Donovan's intentions vis-a-vis their own functions. Stimson also remained accessible to Donovan although in subsequent months he would become annoyed with some COI projects. Friendship with both secretaries was not lost upon the military and naval establishments, especially the intelligence services, which looked with distrust and jealousy at what confronted them as an ambitious, much-decorated, Wall Street lawyer, well supplied with plenty of presidential money, and commanding battalions of prying scholars, indiscreet and undisciplined publicists, and amateur agents intent upon the most risky kind of foreign enterprises.

In the State Department Donovan had no problem with Secretary Hull and, in the first six months, none with Under Secretary Welles. He encountered a foe in Assistant Secretary Berle, who not only had worked satisfactorily with the intelligence services which had opposed Donovan's appointment as COI, but who also, unlike Donovan, had a strong aversion to the operations in the United States of Bill Stephenson as the chief of British intelligence. With the FBI there was some routine collaboration beginning in August about the coverage of passengers arriving from Latin America at the ports of entry at Miami and Brownsville, Texas; in November Hoover took pains to assure Donovan that the FBI, contrary to a magazine story, did "not possess any information concerning you." While just previously the FBI had asked Gen. Sherman Miles to find out "without disclosing" either's "hand," what COI was doing with the material it received from the bureau and in particular whether the material was passed on to the British,<sup>32</sup> it was not until just after Pearl Harbor that the issue between Hoover and Donovan over South America was sharply drawn. COI had its first problems, however, not with these old-line establishments but with the newcomers like itself, namely, OCD, EDB, and Rockefeller's Latin American office.

## 5. JURISDICTIONAL CONFLICTS

The least troublesome problem was that with the Office of Civilian Defense. The problem, of "morale," was of mixed origins. With the initiation early in 1940 of a large national defense program, state governments and local communities, feeling the impact of new industries, new and large military bases, and dislocating shifts of population, peppered

the national government with queries for information and help on their new problems. Then, with the German eruption in the spring of 1940 and the rain of bombs on London in the summertime, the American population, especially those in large and presumably vulnerable cities like New York, began to worry about their home defenses. At the same time the apparently startling success of the German Fifth Column among, for instance, German-speaking peoples in foreign lands and various disaffected segments of the non-German European population caused many worried Americans to become concerned at the vulnerability of Americans to Nazi blandishments and pressure. Inevitably there developed a movement, both inside and outside the national administration, to inform and enlighten the American people about the increasingly grave domestic and foreign developments, to reenforce patriotic sentiments, to bolster national "morale."

Among the first to be concerned was the squat, voluble, reformist Mayor of New York, Fiorello LaGuardia, who sent three city firemen to London in October 1940 to study that city's protection of the civilian population in the face of nightly bombing. Not waiting for their return, he had a report prepared urging the establishment of a federal agency to work with local authorities on civil defense. Meanwhile, in Washington the President and his Cabinet, especially Ickes, Knox, and Stimson, and also Stimson's Assistant Secretary, John McCloy, had become seized of the need "to do something" to counter subversive propaganda. From the point of view of the secretaries, however, the President let the matter slide through the autumn and winter of 1940 and into the next spring. Then things began to congeal. The Budget Bureau in March proposed an "Office of Home Defense." In April FDR said he was thinking of two agencies and was considering LaGuardia and William C. Bullitt, former Ambassador to France, to take over. In this connection the name of William J. Donovan was also mentioned.<sup>53</sup> Finally, on May 20, 1941, the Office of Civilian Defense was established by executive order with the Mayor at the head and the bolstering of national morale as one of its purposes.

Domestic "morale" had never figured as a part of Donovan's plan for COI; he had aimed at taking the fight to the enemy. Conceivably FDR, when he approved COI, had been "fired up" by Donovan's plans. Whatever the reason, the President was, as has been mentioned, "apparently . . . struck by the thought that Donovan might take the morale job on temporarily or at least for exploratory purposes," and that Donovan would cooperate with LaGuardia on "morale and propaganda aspects." There were still, however, as FDR reminded the Mayor on July 14, two distinct areas of operation, foreign and domestic, under Donovan and himself respectively.<sup>54</sup>

This reminder had been brought on by LaGuardia's plan to establish in OCD a "Bureau of Facts and Figures," including a "Foreign Information Service" to send news to foreign populations. FDR said yes to everything but the foreign activity, and LaGuardia proceeded accordingly. However, with the city of New York to run, and working on the Canadian-American Defense Board, and commuting between New York and Washington, the Mayor just was not moving forward fast enough on the "Facts and Figures" job, essentially a domestic propaganda operation. On August 26 FDR told Donovan that he was "disturbed about LaGuardia's handling of the whole morale question" and asked Donovan if he "would talk with Judge Rosenman about it."

It may be this Rosenman talk, assuming it was held, that gave Donovan the idea that he would take over the Facts and Figures job. In any case Donovan told the Budget Bureau's William Hall on September 8 that such a decision had been made, that the staff would be recruited for his office, and that tentatively it would be placed under control of Dr. Baxter. Then or very shortly thereafter he further told Hall that, once the "LaGuardia situation"

*v/the first six months*



Bolstering "domestic morale" was the job of OCD, whose chief, Mayor LaGuardia, is shown here Sept. 29, 1941, with his assistant, Eleanor Roosevelt.

Roosevelt Library

had been worked out, he planned to report regularly to the President and the American people on defense needs, American public opinion, and the attitude of the American, the U.S. foreign language, and the foreign press. Hall, already disturbed by Donovan's expansionism, thought such an addition would further "greatly expand the Donovan organization."<sup>55</sup>

There was nothing, however, if not confusion. On September 4 FDR told Ben Cohen he could have "a much-needed short vacation" only after he had agreed to take on the job of making certain there were no "inconsistencies and conflicts" between "the Morale Division or the Office of Facts and Figures when it is set up" and Bill Donovan's organization.<sup>56</sup> Also, LaGuardia spent September looking for someone to head his new division. Harvard's James Conant was apparently his first choice; a Dr. Graham, perhaps Dr. Frank Graham of the University of North Carolina, a second.<sup>57</sup> Most effort was spent, however, on getting the services of "Archie" MacLeish, still the Librarian of Congress. Indeed, at one point, it seemed that he had agreed to add the new post to the one he already held; Eleanor Roosevelt even sent him a congratulatory letter.<sup>58</sup>

The Librarian thought, however, that the job was unworkable unless its director had clear access to the President and to policy-making information. Unless responsibly informed, argued MacLeish, no director could take the responsibility for releasing secret information to the public.<sup>59</sup> By this time, however, the President had apparently arrived at a new solution to the problem: a new agency with MacLeish at the head and reporting directly to him. So it was arranged, but before the news was broken, MacLeish, through Smith of the Budget Bureau, asked Roosevelt to hold off so that he could first "establish his relationships with Donovan." Otherwise, he, MacLeish, would be "put. . . in an uncomfortable position." If the President wanted to proceed immediately to establish the new office, then he could relieve the situation, suggested Smith, by telling Donovan what he proposed to do.<sup>60</sup>

It is not clear what happened on this particular point. The executive order establishing the new "Office of Facts and Figures," inescapably telescoped to the unfortunate "OFF"—to the delight of the many critics of the government's handling of defense and war news—was dated October 24. Three days later MacLeish sent Donovan a "Dear Bill" letter enclosing a copy of the order and asking for a meeting to talk it over.<sup>61</sup> The two men subsequently did get together, really with MacLeish as an intermediary between Donovan and Rockefeller, and their relations remained basically cordial. In the meantime Donovan had apparently seen the handwriting on the wall. When, on November 7, the President, following the Budget Bureau recommendation, excised from Donovan's first budget the sum of \$129,640 for "Domestic Morale," Donovan told Bernard Gladieux on the telephone: "Well, the President knew my attitude on that, didn't he? . . . I didn't care where it went." So Donovan lost the morale function, and the poet-librarian became, as he laughingly recalled thirty years later, "America's first Minister of Information!"<sup>62</sup>

Less tolerable for Donovan and less clean-cut for all concerned was the settlement of the EDB question which was being argued at the same time as the OCD matter.

There had been even more of a felt need for an economic defense and/or economic warfare agency than for an OCD. Organizing the government, the economy, and the people in a prodigious national defense effort developed an endless and complicated network of problems involving manpower, materials, plants, money, laws, and government policies. Also, effective action was being urged against the economic warfare being waged by the Nazis against the Free World, in particular, of course, the United States and South America. At the same time there seemed no end of government agencies which had some part "in the action" on the economic front. There were, of course, State, the Treasury, Commerce, and

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the Attorney General; there were, also, the Office of Production Management, the Federal Home Loan Agency, the Army-Navy Munitions Board, and the Administrator of Export Control. Somebody or something was needed to give unity and direction to much uncoordinated activity. Out of this jumble came the Economic Defense Board under the chairmanship of Vice President Henry A Wallace.

Before that happened, however, Ben Cohen, at work on the COI order, had been "particularly concerned about the relationship of this new agency [COI] to the Office of Economic Defense, since so much of the strategic information required will relate to economic defense problems." Cohen agreed with the Budget Bureau people that "it would be unfortunate if this proposal were to preclude the establishment" of EDB. He thought the economic order ought to be issued.<sup>63</sup> A month later, still before the EDB was established, William O. Hall, after meetings with Donovan, Richards, Sherwood and others, foresaw duplication by COI of work being done by Commerce, the Federal Tariff Commission, Export Control, and the Federal Reserve system. From talking with Donovan it was apparent, Hall wrote, that Donovan's activities are "closely related to economic defense," and that Sherwood's propaganda activities, often directed necessarily to economic objectives, would have to be coordinated with "the economic warfare agency," whatever form it should take. The twenty-seven-year old Hall, expressing respect for Sherwood, observed, however, that the fifty-eight-year old Colonel "probably lacks the general background which should be present in the person directing the propaganda and economic warfare activities."<sup>64</sup> By July 31 the new EDB chairman, Vice President Wallace, having become aware of Donovan's activity in economic matters, was asking the Budget Director to take up with the President himself the extent to which he "contemplated that Colonel Donovan would enter the economic defense field." While nothing seems to have come from this particular query, the situation had so developed in EDB's first month of existence that Hall's boss, Bernard Gladieux, looking for a solution to COI's jurisdictional problems, added to Hall's two recommendations a third: "consolidate him [Donovan] with the Economic Defense Board."<sup>65</sup>

What had brought the COI-EDB relationship to the point of conflict—and thus helped precipitate this first, but by no means last, proposal to abolish COI—was not any activity by Vice President Wallace so much as it was the appearance on the scene as the Executive Director of EDB of Milo Perkins. In the words of an admiring friend, Dean Acheson, Milo Perkins was "one of the most able, adroit, and energetic administrators whom the war had brought to Washington"; and while EDB, pending Perkins's recuperation from an appendectomy, was doing nothing in the weeks when Bill Donovan was sketching his Economics Division under Richards, establishing an economic capability in Baxter's R & A, and casting a wide net over the domestic and foreign, the present and the postwar, economic waters, the situation changed when Perkins, "a fighter, imaginative, armed with funds. . . began to act."<sup>66</sup> The two men, Perkins and Donovan, had a conference and apparently worked out an agreement on their areas of jurisdiction and the character of their collaboration.

But they continued to differ. Perkins told Gladieux that "Donovan claims the President told him to 'write the peace,'" and Gladieux appended the observation that Donovan "certainly is proceeding accordingly."<sup>67</sup> "Writing the peace" was another reference to the statement often made at the time that Donovan's assemblage of scholars was another "Inquiry" like that established in World War I under the leadership of President Woodrow Wilson's friend, Colonel Edward M. House, to work on postwar problems. On the other hand, Dr. Baxter, who considered Perkins "the ablest man he had met since he arrived in Washington," said that at the Donovan-Perkins meeting the latter "very clearly outlined the function which he felt was his and in no uncertain terms told Donovan that he would permit no policy determination by the Donovan organization in the economic defense field."<sup>68</sup>



Milo Perkins, executive director of EDB, contested the economic defense field with Donovan.

Roosevelt Library

It was the Budget Bureau, increasingly concerned with the contrast between COI as planned and COI as developing that tipped the scales in favor of Perkins and Wallace, who, after all, did run the nation's Economic Defense Board. Donovan argued that he needed economists as part of his staff charged with reporting to the President on the status of the country's defense program. The bureau, charged with requiring agencies to hew to their allotted lines, argued that not only was there conflict within COI between Richards's division and Baxter's but also that COI's economic research was a duplication of EDB's legitimate work and that COI's hiring of economists, none too plentiful, actually handicapped the Defense Board in its work. The bureau, early in October, prepared an executive order which would have absorbed into the EDB the functions of COI, but nothing came of this. The bureau, in making recommendations on COI's first budget, noted that the R & A request "will duplicate in part activities of the Economic Defense Board and other agencies" and recommended that only \$800,000 of the request be allowed. Opposite that urging, FDR wrote "O.K. for \$800,000." <sup>69</sup>

In the meantime, Donovan, presumably feeling the force of the patent inconsistency of both an Economics Division and an economic staff in R & A, scrapped the former and concentrated his economic capability in R & A. But the Budget Bureau, after the presidential decision, moved to strip COI of any such capability. Baxter plaintively wrote the Colonel that "no sooner do we put together a first-rate team and get into production than the Bureau of the Budget rules that we. . . must turn over that [economics] division to the Economic Defense Board." Arguing that it was "the teamwork of economists with historians and geographers, plus the officers detailed from the Army and Navy, that has given a cutting edge to our research and point to our products," Baxter urged the Colonel not to "let us lose the best weapon in our research armory because of a misunderstanding of what we're doing." Donovan did go to the President who then decided, for the sake of peace in his official family, that COI could retain a small group of economists provided they did not participate in "planning," presumably a reference to postwar planning.<sup>70</sup>

While Donovan thus lost any responsibility for coverage of the domestic and postwar economic picture, his R & A did retain an economic group, which Dr. Langer, who replaced Baxter, much later described as "a brilliant and effective group, one of the most energetic and alert units in the branch and a great credit to the agency." There continued, however, to be conflicts and rivalries between the R & A economists and those in EDB and its successor organizations; there often was talk of their merger or the absorption of one by the other; there was even treacherous but unsuccessful conniving on the part of the chief R & A economist to get his group transferred to, ironically enough, the Enemy Branch of what was by then the Board of Economic Warfare (BEW). That, however, was relatively low-level bureaucratic politicking; by then the larger issue had long since been settled—to Donovan's disadvantage.<sup>71</sup>

Nelson A. Rockefeller, John D. Rockefeller's thirty-three-year old grandson who "began business at the top," <sup>72</sup> was able to bring bigger guns to bear on Donovan than Milo Perkins, who had the Vice President and Smith, the head of the Budget, to help him. Rockefeller had these two plus such friends of FDR as Mrs. Anna Rosenberg, Under Secretary of State Sumner Welles, and Harry Hopkins, advisor in residence at the White House. Donovan had only son "Jimmy." The result of the Donovan-Rockefeller confrontation, a sharp one indeed, was the elimination of Latin America from Donovan's mandate for a world-wide propaganda offensive. It happened in this way:



A bitter dispute with Nelson A. Rockefeller, youthful head of CIAA, eliminated South America from Donovan's propaganda responsibility.

Rockefeller Family and Associates

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In 1937 Rockefeller had a love affair with South America; and responding to the growing Nazi threat to the area that filled him with “enthusiasm,”<sup>73</sup> the young oil scion, speaking for a New York business group, proposed to Harry Hopkins in June 1940 a program of counteraction. Out of this proposal, and over the opposition at that time of Sumner Welles, who had his own official affinity for South America, came the awkwardly named Office for Coordination of Commercial and Cultural Relations between the American Republics, with Rockefeller in charge. In July 1941 a name change made him simply Coordinator of Inter-American Affairs (CIAA). His office was, aside from a cultural affairs division established in the State Department in 1938, the first U.S. psychological warfare organization in the World War II period.

This office, in the person of Mrs. Rosenberg, an advisor to CIAA, was also the first to contact the new Coordinator of Information about their respective jobs. She had talked with FDR on the very day the COI order was signed, learned that LaGuardia was in charge of internal propaganda, that he had nothing to do with Latin America propaganda, and that all “foreign propaganda is to be handled by Bill Donovan.” The next day she talked with Donovan about the Latin American program. She told him that she and the President agree that CIAA was adequately handling the matter. She said there was no need for duplication. Donovan’s reaction was that there should be “a central policy” and that whenever additional work seemed necessary he would provide an indication of it. Not unnaturally, Mrs. Rosenberg thought it would be well for Mr. Rockefeller and Bill Donovan to get together with her to discuss the situation.<sup>74</sup>

Whether or not that particular meeting materialized, the two principals met as early as July 16 and reached some kind of agreement “on propaganda, undercover activities, and cultural and communications programs.” As the agreement was understood by CIAA and the Budget Bureau, Donovan would call on the former for any material, research, or function that he required.<sup>75</sup> There seemed to be no problem. Rockefeller subsequently sent Donovan several documents indicating and illustrating the job, organization, and product of CIAA. Next he agreed to represent his office on COI’s policy committee. The two had no problem with some field units CIAA wanted to send down south. So things continued until the end of August when Rockefeller learned, through his subordinates, of COI’s recruiting an R & A staff for Latin America and of a four-page, single-spaced COI list of its proposed research projects on that area.<sup>76</sup> His concern about possible duplication of his own agency’s work was quickly aroused but also quickly dissipated by an agreement reached, somehow, between COI and CIAA subordinates. A day after that the two chiefs met again and reached a second agreement, this time on radio and propaganda. August ended with an exchange of friendly letters.

It was not for real, for they had a real problem. There was no geographical limitation on Donovan’s job of coordinating information, though Donovan, unlike some others, interpreted it as covering original research and not just “digesting” others’ research. Likewise, there was no geographical limitation on his mandate for broadcasting overseas. On the other hand, Latin America, the object of the “Good Neighbor” policy, was the very stuff of CIAA’s business; and CIAA, now favored by Sumner Welles, who had gotten some control of it through a CIAA fiasco,<sup>77</sup> had a clear charter for coordinating commercial and cultural activities—in the arts, science, education, travel, movies, radio, and press—that forged and tightened bonds of hemispheric solidarity. In this clash of functions and area, sharp differences arose on research, on the handling of news and propaganda for Latin America, and dealing with the commercial broadcasters on the utilization and expansion of their facilities and programs.

The battle was set when CIAA, previously alarmed by the burgeoning broadcasting program of Robert Sherwood's FIS, decided early in October to forsake its earlier policy of playing a minor role in this field and to set up a rival organization. It would take over the broadcasting of all news to or about Latin America and would deal independently with the radio stations. It already had "twenty-five newspapermen ready to go to work on shifts."<sup>78</sup> Donovan, who had held from the beginning for the importance of "a central policy," and who had initiated negotiations with the broadcasters, was angered by this aping of his program. He was further angered because the CIAA proposal was first communicated not to him directly but informally to his subordinates and to the broadcasters, who were thus positioned to play COI off against CIAA.<sup>79</sup>

The two chiefs met on the seventh and apparently talked together on the eighth; the upshot of a lengthy exposition of respective sides was Rockefeller's proposal to submit to Donovan a plan of operation. But Donovan, after having "given a great deal of thought to the entire question," wrote Rockefeller on the ninth, with an air of finality, that while he had always welcomed and facilitated CIAA's cooperation he had to insist, in the discharge of his directive from the President, on the practical necessity of one agency, his, "putting out . . . the material" and "deal[ing] with the broadcasting companies." With just as much finality, Rockefeller, scrapping his proposed memorandum of agreement, cited chapter and verse of his own mandate, which made him, in collaboration with the State Department, the voice and ears of the United States in regard to Latin America. He pointedly referred to COI's July 11 order, which authorized Donovan "to collect and analyze" information but was silent on broadcasting. Rockefeller was silent, however, on FDR's memorandum of July 14 which gave Donovan responsibility for "broadcasts related to the achievement of morale objectives abroad."<sup>80</sup>

High-level fighting broke out. On the eleventh Donovan had dispatched Capt. James Roosevelt, with a copy of his letter of the ninth, to discuss the matter with the President, then yachting on the Potomac. Returning with a message from FDR, "Jimmy" joined the Colonel and Rockefeller in arguing inconclusively on the telephone for an hour and a half until finally the CIAA chief suggested he and Donovan go directly to the President. To this proposal FDR's son said, "No, Father's too busy to be bothered with this sort of thing," and proposed instead that the matter be turned over to Judge Rosenman for settlement.<sup>81</sup>

It was not left there, however. Rockefeller, who had already been scurrying around lining up support for his position, and who felt that the President had been given a one-sided view of the dispute, scurried around again and

took the matter up with Harry Hopkins, Welles, the V.P., and Budget and found that all were on his side. The V.P. said, "you know what you ought to do is use the same technique Welles has used on both you and me with the President—give him something that's ready to be signed. . . ." "You mean like this—" and Rockefeller pulled out of his pocket the memorandum which had just been prepared for that purpose.

So Anna Rosenberg took the memorandum to the President. No one else dared—Wallace, Smith. . . Welles would have but Rockefeller didn't want to use him. The President didn't want to see Mrs. Rosenberg because he knew what was coming. She said that this was her understanding of the matter and that Budget and Welles were in sympathy. . . Mr. Roosevelt interrupted and laughed, "You don't have to tell me about Welles. . . After all the trouble I've had with Nelson and Welles, now Welles is his strongest advocate in Washington."<sup>82</sup>

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That was October 15, and the memorandum thus pulled out of the pocket was modified slightly by the President, rewritten, and signed that day. It stated the President's belief that the requirements of the Latin American program were quite different from those sent to Europe and the Far East and, therefore, that CIAA, in collaboration with State, should "exclusively" handle all "information, news and inspirational matter going to the other American Republics, whether by radio or other media. . . ." On negotiations with the broadcasters the President wanted Donovan and Rockefeller to reach agreement beforehand and jointly negotiate with them.<sup>83</sup>

For Donovan the blow was a hard one. He counterattacked with a lengthy memorandum from Sherwood and a covering letter from himself. In the latter he reminded the President of their original mutual belief that short-wave radio was an essential weapon in the obtaining of information and "that the use of the radio is the most effective 'cover' for vital activities in a particular field. So long as they talk about us in the radio field they will be unaware of what we are doing in the other." He further admitted that while they both had agreed in the beginning that it was "advisable to have no directive in writing," it now seemed "necessary to do so in order to prevent misunderstanding with other departments." He reiterated his position on handling the news and negotiating with the companies, but the battle was over.<sup>84</sup> Donovan lost Latin America; he would soon lose it a second time when the FBI asserted its intelligence responsibility for that area.

As for the bruised personalities involved, the President directed Harold Smith to get Donovan and Rockefeller together and work out a plan satisfactory to both. The Budget director dutifully reported a few weeks later that both men reported their respective programs were proceeding smoothly and cooperatively and that he had asked "Archie" MacLeish to take the initiative in getting the two men together to "assure coordination of the domestic and international broadcasting programs."<sup>85</sup> Gentlemen both, the civilities were restored, but the Donovan and Rockefeller struggle would recur; their wounds were deep and would be nastily re-opened at least once more before healing by war's end.

## **6. EXPANSION AND CONSOLIDATION**

While these OCD, EDB, and CIAA events were developing and unfolding, Donovan, not losing a stride, was laying the foundations of still other enterprises and endeavoring to keep his fast-growing organization in shape. To R & A, FIS, a doomed Economics Division, Oral Intelligence, and the short-lived morale function he was soon adding secret intelligence, special operations, commandos, a presentation division and a foreign nationalities group. Indeed, he was proceeding in so many directions and so rapidly that regularizing and squaring his enterprises was a major concern for officials of the Budget Bureau. Others, like a visiting British army intelligence official, had "great doubt as to what Bill Donovan is up to."<sup>86</sup>

The reader, accustomed to associating espionage with COI, OSS, and CIA, may find it hard to believe that Donovan had not planned from the start to establish a "secret intelligence service." The reader will remember that Comdr. Ian Fleming, who had "no ideas" on who should be "Mr. X for S.I.S.," apparently had thought or assumed that that is what Donovan had in mind. Likewise, Bill Stephenson had cabled London on June 18 that Donovan was slated to be "coordinator of all forms [of] intelligence including offensive operations equivalent SO2," and surely that summation included secret intelligence. In any case, Stephenson's view of the matter was made clear in 1944 when one of the BSC people, surely writing under Stephenson's direction, noted that while FDR's original directive "was not very specific, it was interpreted by Colonel Donovan as the green light for him to take steps to establish for the first time in U.S. history a real secret world-wide intelligence organization."<sup>87</sup>

The fact of the matter is that, according to Donovan, this just was not so. It is true that from the beginning Donovan had plans to run agents who would collect information or execute sabotage and subversive operations. Thus, as early as July 16, in outlining to the Budget people his plans for "a special or secret division," he indicated that the division's proposed "A," "B," and "C" sections would be engaged, respectively, in "secret activities which might result in additional information to this government," in "counterespionage activities," and "in very secret activities dealing with sabotage and other ideas which might be developed as the program progresses." So also, three weeks later, he outlined his plans for peacetime and wartime operations. During the former period his agents would buy and collect information in Germany, Japan, and Italy as well as in such "strategic listening points" as Lisbon, Stockholm, and Shanghai; his counterespionage agents would operate in the United States, South America, and Europe, including England and even Russia. In wartime he would employ agents to destroy industrial plants, bridges, rail lines, munitions dumps and oil refineries, to compile dossiers on prominent persons for exploitation purposes, and to sabotage military, political, governmental, and industrial organizations and programs; he would employ agents to subsidize resistance, print underground newspapers, operate illegal radio stations, scatter leaflets, distribute arms for revolutionary purposes, and spread damaging rumors in enemy and enemy-occupied countries. Donovan made it clear that these tasks required lots of money and, since the lives of agents and the success of their missions were at stake, it had to be money that could not be traced back to its source.<sup>88</sup>

Donovan had maintained from the beginning that his primary aim was accomplishing what was not then being done but what urgently needed to be done in view of, to him, the inevitable involvement of the United States in the European war. So he had stressed, one, the need to coordinate the information that was available to but inadequately utilized by the government agencies concerned, and, incidentally, to fill by direct collection of information whatever gaps were revealed in the process of coordination, and, two, to initiate an effective psychological counterattack or political warfare against the Axis, a counterattack which had its own information requirements. Donovan had always stressed complete respect for the existing functions of the FBI, G-2, and ONI, and presumably this respect extended to their existing, albeit small and limited, undercover services abroad—the Navy SIS and the FBI SIS in Latin America. The Colonel had never evidenced an intention to move into wholesale clandestine collection of foreign positive intelligence. He apparently anticipated operating an undercover service, an SIS if one wishes, but one limited to the political warfare field. Such collection activities, as well as the offensive operations he had in mind, were presumably those activities for which FIS would be the "cover," as he reminded the President in October.

In any case, when in 1944 Donovan read the statement that his directive was "a green light," he scribbled in the margin, firmly but clearly, "No. This was requested by the services." He had made this same point countless times before, whenever, in fact, the subject of the origin of his secret intelligence activities arose. Thus, in 1943 in chronicling for the benefit of Army and Navy officers the origin, development, and functions of COI and OSS he declared that a COI study of transportation routes to Russia revealed so many "holes" in the government's information on the subject that

when we presented it to the Secretaries of War and of the Navy, then the intelligence services of both those departments called upon us to set up a secret intelligence service. We hadn't anticipated anything like that and there we were, confronted with the problem of trying in a few months to set up something that for 150 years we as a nation had failed to do.<sup>89</sup>

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While the precise origin of that request cannot be documented, there is no doubt about its factuality. Certainly neither the Army nor the Navy took comfortably to involvement in peacetime espionage. According to Berle of the State Department, if Gen. Sherman Miles, the G-2, "had not been afraid to organize a spy system," COI would never have gotten into the field.<sup>90</sup> Discussions involving Donovan with Miles, Kirk, and representatives of the FBI must have begun at least by August. By September 5 the FBI, with its mandate for South America, was out of the picture, and the two service chiefs had agreed on the consolidation under Donovan of their intelligence services. They reasoned that an undercover service under one head was more effective than one under three heads and that a civilian agency, such as COI, had "distinct advantages" over any service agency in the administration of such activity.<sup>91</sup> On October 10 Donovan informed the President that Knox and Stimson had approved the consolidation.<sup>92</sup> Be it noted that events culminating in this formal request had apparently proceeded without a hitch, and subsequently there was never any complaint from the military about Donovan infringing on its territory.

There was by October 10, therefore, a coalescing of Donovan's own plans for "secret intelligence" and "special operations" with a request from G-2 and ONI to take over their "undercover services." Out of this matrix came two new activities for COI; these were denominated, for reasons still not clear, "K" for what was termed counterespionage and "L" for subversive activities.

The development of the "K" and "L" activities, however, was not as rapid and productive as had been hoped for by the services. Donovan lacked much written guidance to follow. At his request ONI sent him in September seven documents of chiefly World War I vintage on the organization of secret service work, on ONI itself, and on the work of the attachés; interestingly enough, one of the last was written in 1919 by John A. Gade. Quite possibly at Donovan's request also, Stephenson's deputy, Colonel Ellis, also sent a paper which contained much practical advice on recruiting and managing secret service agents. Initial human assets were also few. According to Donovan, there were two Army men visiting in Europe with no means of communication other than the verbal reports made on their return; the Navy had "six secret men, all of them at that time in Mexico." He called it "a start from minus zero."<sup>93</sup> Also, the two men originally chosen to head these activities did not work out well.

The first of these in point of time was the Army lieutenant colonel, Robert A. Solborg, a Pole who had served in the czar's army, and who was brought to Donovan's attention by Colonel Ellis. On September 14 Ellis informed Donovan that Solborg, "an old friend" now in the U.S. Army, had recently obtained a firsthand view of the North African situation, had written a report on it for MID—a copy of which Ellis hoped Donovan could obtain for him!—and would soon be in Washington. As Ellis hoped, Solborg met Donovan and provided him with a memorandum and a chart on the organization of intelligence and special operations (propaganda and sabotage). Three days later Donovan made Solborg "chief of operations of special activities"—eventually the "L" activities—and authorized him to proceed to London to see how the British were handling special operations with the ultimate mission of returning to Washington to set up an SO within the Donovan organization.<sup>94</sup> The year ended before Solborg's return; so SO itself—special operations, "L"—ended the year as little more than an idea.

The second man picked for secret work was Wallace B. Phillips, that American businessman long resident in London who had been hired late in 1940 to run the Navy's SIS. In that capacity Phillips had more agents and contacts than the "six secret men" mentioned by Donovan; but whether in Mexico, North Africa, or elsewhere in the world,

they were a heterogeneous lot with loose duties and reporting channels. While still managing this group, Phillips moved into COI and began planning the development of Donovan's secret intelligence unit. By October he was reporting to Donovan that State was suggesting that COI take over the twelve vice consuls who had been sent to North Africa, ostensibly to report on the disposition of American goods sent there but really to report on German and Italian activity in that increasingly exposed and sensitive area. On November 17 Donovan appointed Phillips "Director of Special Information Service," and authorized him to proceed immediately to set up his division and to engage and supervise representatives of COI for service abroad.<sup>95</sup> These were the "K" activities, also known in the COI period as "Secret Intelligence (SI)."

Donovan and Phillips, however, had differing—and inevitably irreconcilable—ideas on how such a service should be organized. Also, Phillips, though known as a hard driver, was also a "loner." More importantly perhaps, the British distrusted him. Consequently he was eased out of SI and replaced by David K. E. Bruce, the future ambassador to Britain, France, Germany, and Red China.<sup>96</sup> In the meantime SI was no farther advanced by year's end than SO.

Despite the double disappointment, both SI and SO had been firmly established as COI functions. The former, the "K," activities were now also known as "SA/B" for "Special Activities/Bruce"; SO, or "L," activities were now headed by another Army man, Maj. M. Preston Goodfellow who had already been active in liaison work with COI, and were denominated "SA/G."

The Budget Bureau, which found so much to complain about in regard to so many functions of COI, could only continually urge Donovan and other COI people to put more time and attention on these special activities. In his first regular budget Donovan had asked for \$2,546,000 for intelligence activities; the Budget Bureau considered the work to be "of high strategic importance," and so the entire amount was approved by the President.<sup>97</sup> Donovan could not help but observe on occasion that such special activities, long frowned on by the American public and government, could not be organized overnight.

There was a third activity that Donovan pushed subtly and periodically throughout his first six months; after Pearl Harbor he pushed it vigorously until he had to let the Marines take it over. That was the commando idea, which had roots in his own life and experience as a military man but which had most recently come to the fore as a result of his observations of Britain's commandos in England and in Libya. His memorandum to Secretary Knox on July 3 had not only been a lengthy exposition of the history, organization, operation and training of these units but had also included a list of principles to be observed in the establishment of commandos in the United States. Especially noteworthy, as indicative of Donovan the man and the leader, and as pointing to his own desire to put the idea into action, were his comments on the commandos as a "sort of *corps d'élite*" [italics added] who stimulated "a sprit of emulation in other troops." It was his observation that "the more the battle machines are perfected the greater the need in modern warfare of men calculatingly reckless with disciplined daring, who are trained for aggressive action." He concluded that "in all of our talk on defense, we are apt to miss the spirit of the attack"; if the idea were developed in our army, he said, it would mean "a return to our old tradition of the Scouts, the Raiders and Rangers."<sup>98</sup>

Also on July 3, in the process of ironing out with Secretary of War Stimson the terms of the COI order, he had discussed a "theory of guerrilla warfare which he wanted to develop." It was "scout or hand-to-hand fighting," which he thought was characteristic of the

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American frontiersman. After he had organized COI, Donovan told Stimson, then he would take “his position as a fighter and get his commission. . . .”<sup>99</sup> Not until October 21 did he broach the subject to the President. A week later General Miles told Marshall that “apparently Colonel Donovan has interested the President in the idea.” Miles said he had learned from Maj. M. Preston Goodfellow, who had talked with Colonel Solborg and Captain Roosevelt “what the President envisaged for an American organization comparable to the British ‘Commando.’” The first group might number 2,500 men. The subject would be discussed further after Solborg’s return from London, said Miles. At the same time, Miles reported to Marshall that in London “the ‘Commando’ idea in the Army seems to be petering out.”<sup>100</sup>

Rather than petering out with Donovan, however, the idea really flowered after Pearl Harbor when, on the eve of Churchill’s secret arrival in the United States for a conference on Allied strategy, Donovan formally proposed to FDR the organization “now” of “a guerrilla corps independent of and separate from the Army and Navy, and imbued with a maximum of the offensive and imaginative spirit.” He did not indicate what his role, if any, would be in such an organization, but the spirit of the letter made it clear that he, in or out of COI, was ready for a combat position.<sup>101</sup> His proposal would have difficult sledding.

Different in character from SI, SO, and the commandos was the accurately but prosaically named “Visual Presentation Branch” whose ambitious moviemaking and “war room” projects would provoke the Army and Navy to hostility and envy. Lawyer Donovan had had considerable experience presenting a case to a court and had learned the value of reducing quantities of complex material to visual and graphic form as an aid to intelligibility and conviction. As much as, if not more than, any other public figure he perceived the need to capture and translate visually for the President and the public the domestic and foreign problems, situations, crises, and battles that clamored for attention, understanding, and solution. He thought that “most government officials, including the President,” were “suffering from mental fatigue from shuffling a large number of papers.” Donovan intended to come to their rescue.<sup>102</sup>

His first step in that direction had been a suggestion to the President on August 26 “about having a movie made of our war effort and submitted to him with the good and the bad, and then he could edit [it] for home and foreign use.” The President, so recorded Donovan, “approved” the idea.<sup>103</sup> With such little authorization he moved to bring into COI “the best camera and technical brains of Hollywood”—cameramen, laboratory technicians, still cameramen, special photographic effects men, sound and radio men—who were part of a naval reserve unit of nearly 200 officers and men who had been recruited and trained in Hollywood for the previous year and a half under the leadership of the well-known director-producer John Ford, a commander in the reserve. Among them, these men had turned out such movie successes as “Wuthering Heights,” “Citizen Kane,” “The Informer,” “The Hunchback of Notre Dame,” “Mr. Smith Goes to Washington,” and “Hell Divers.” Donovan now took steps to put them to work on making a “finished ‘Hollywood production’” of the progress being made in strengthening the defenses of Iceland, to which American troops had been sent in July.<sup>104</sup> Panama was next on the list; then came the first Atlantic convoy and an historical documentary on Pearl Harbor. Despite the understandable unhappiness of the military with basically civilian filming of strategic areas the work went ahead.

Donovan’s second step in this “Visual Presentation” field was the development of truly elaborate plans for a “war room,” more correctly, “a visual presentation building.” The public got a hint of this from columnist Arthur Krock who wrote on October 8 of Donovan’s

plans for “a huge globe, lighted from within,” which would easily and promptly present to “the tired mind of the President” all the important facts bearing on the war. The entire project, however, as outlined by another Hollywood figure, the creator of the popular “King Kong,” Merian C. Cooper, envisioned the construction of a building featuring “a big room” for displaying the major aspects of the world situation, “an Economic Room,” “an inner sanctorium” for “ultra-secret” matters, and no less than “twelve theatre rooms.”<sup>105</sup> The program aimed to utilize all the advanced techniques developed by the New York World’s Fair. Donovan asked for \$2,000,000 for the construction of the building, \$650,000 for projectors, maps, and other equipment, and \$1,149,220 for personnel and operating expenses. He calculated that 401 technicians would be required for the work. The Budget Bureau had many questions about the project and so recommended “a substantially reduced amount.” This turned out, when the President approved the whole budget for COI, to be \$2,000,000, which Donovan himself thought was “enough.”<sup>106</sup>

Moviemaking and the war room, the first of COI’s activities in the field of films and photographs, were initially placed under the control of Atherton Richards, who lost his Economics Division when it was reduced in conception and merged with the R & A economists. “Visual Presentation” then figured on the agency’s organization charts as co-equal with the R & A and FIS branches. The war room would soon play a major role in the negotiations that would see COI become a supporting agency of the Joint Chiefs of Staff.

Still another entirely different area into which Donovan moved, on the urging of the Department of State, was coverage of the American foreign nationality groups whose activities and attitudes, intimately bound up with events and personalities in the troubled home countries, had become a problem for the department and had an impact on the making and execution of U.S. foreign policy vis-a-vis those countries. State was unhappy, for instance, with the fact that many unofficial foreigners and groups, including those representing the various “free” foreign movements, such as the “Free French,” were “drifting in to see various officials in the State Department and then utilizing such contacts to create the impression of State Department approval” of their own policies.<sup>107</sup> Historically-minded people remembered that the “fundamental Act which led to the founding of the Republic of Czechoslovakia was actually consummated in Pittsburgh,”<sup>108</sup> and they foresaw comparable events resulting from the influx of refugees taking up with their respective language groups in this country. Intelligence-minded people pointed out the likely large volume of political information about foreign areas that circulated among these people, their organizations and in their newspapers.

These considerations prompted Under Secretary of State Welles to ask Donovan to set up what became known as the “Foreign Nationalities Branch” (FN). At Welles’s suggestion Donovan drafted a State request to COI to set up for its benefit a unit which would be headed by “persons of diplomatic and foreign political experience who are familiar with the State Department’s methods and requirements.” For the chief post, and probably with Welles’s prior concurrence, Donovan appointed the career diplomat, John C. Wiley, who was already serving on COI’s Board of Analysts. Assisting Wiley was another diplomat, DeWitt C. Poole, who had also been director of the Princeton University School of Public Affairs, and who actually ran FN. On December 20 Donovan informed FDR of the request from Welles—to keep informed about such people as Otto of Hapsburg, Camille Chautemps, Count Sforza, and Hodza of Czechoslovakia, to cover foreigners’ political activities in the U.S., and to report to the State Department—and received the familiar “O.K. FDR” in reply to his request for budget approval.<sup>109</sup>

*v/the first six months*

No sooner, however, had FN been born, than it ran into complications arising within the office of Adolf Berle, who had worried considerably about the foreign nationalities problems, and who had apparently acquiesced in the original request but now had some second thoughts. Berle's office informed the Budget Bureau that Pearl Harbor had changed the situation and that State no longer needed Donovan's assistance. Donovan was then advised by Berle's colleague, James Clement Dunn, to ignore Berle, write Hull a simple statement of the facts, and remain confident that the Secretary would handle the matter in his own way. Dunn then wrote generously of Hull's respect for Donovan personally, for COI, and its work. A few days later Hull wrote Donovan that he had noted Welles's request and the President's approval and said "I cheerfully concur."<sup>10</sup> That ended that.

While FN completes the list of major operating units that Donovan endeavored to establish within roughly his first six months as Coordinator of Information, it must be pointed out that there were several minor units that were set up in or later merged with the larger units. Such were a geographical office, a psychoanalytic unit, a center for Arctic studies, and the not inconsiderable Interdepartmental Committee for the Acquisition of Foreign publications. But it would carry us far beyond the purpose of this history to try to chronicle the rise and fall, or simply the story, of each of these enterprises. Let the units already discussed serve to reveal the functions first performed by this country's first chief of intelligence and special operations.

How all these functions fitted together within COI and with the work of the old-line departments and the many other newly-sprung war agencies was a constant concern of the Bureau of the Budget, which, from the beginning, considered COI, especially Donovan himself, something less than a model of order, efficiency, and, especially, restraint. As early as July 16 William Hall had spotted duplication, and three weeks later the bureau drafted, but did not send, a memorandum to the President asking for clarification of the scope and functions of the new office. At the end of August Hall was writing about "functional confusion" in COI. He blamed it on the general character of the COI order, the President's oral instructions to Donovan, the use of FDR's son James for gaining entré around Washington, and the troublesome newspaper stories and rumors about the "mystery man" Donovan and his hush-hush agency. Hall's two solutions were a presidential letter of clarification or the assignment of a competent administrative assistant; to these Gladieux added the absorption of COI by EDB.<sup>11</sup>

As summer gave way to autumn there was no let-up in COI. Donovan moved rapidly from one activity to another and left in his wake countless problems inside COI and with other agencies for others to work out. While Hall found in one survey of the situation only two areas, subversive activities and psychological warfare, in which he thought the Donovan organization could make a "tremendous" or "real" contribution, he found no less than eleven areas in which there was duplication of or conflict with other agencies' work. Not only were there the OCD, EDB, and CIAA matters but there were the equally disturbing—they were so general and open-ended—expectations that Donovan was going to conduct another "Inquiry a la Colonel House," or "write the peace," or become the basic strategy advisor of the President. As the bureau prepared the COI budget for submission to FDR it also drafted and re-drafted an accompanying letter which, when finally dispatched by Harold Smith, declared that the concept of the Donovan organization had "gone beyond" the scope of the activities contemplated in July and suggested that the President issue a letter "precisely defining the Coordinator's assigned area of activity."<sup>12</sup>

No such letter was ever signed, perhaps because Smith had never thought to do what Rockefeller had done, namely, give Roosevelt a letter he could sign. FDR had signed a directive separating Donovan and Rockefeller on the South American issue. A few weeks later he suggested that Donovan organize an advisory committee consisting of assistant secretaries of State, War, Navy, Treasury and a Justice representative.<sup>113</sup> This suggestion might reasonably be interpreted as a hint to Donovan to put his relations with others in better order. On the whole, however, Roosevelt appears not to have been disturbed by Donovan's "bull-in-the-China-shop" approach.

Actually the budget as okayed by the President on Nov. 7, 1941, represented confirmation of Donovan's status as COI. The Colonel had asked for a total of \$14,124,508 for eight principal purposes; he received all he requested for intelligence activities and medium wave broadcasting, took small cuts in the movie program and short wave broadcasting, larger cuts in R & A, the "War Theatre Building" and general administration, and of course he lost the morale budget completely. After making allowances for the amount already spent when the budget was approved, he ended up with a new budget of \$12,953,832.<sup>114</sup> Despite some disappointment, he was in business.

## **7. SERVING THE PRESIDENT**

Essentially "business" was fulfilling the expectations of the President.

Those expectations and how well Donovan met them were summed up by FDR himself in a conversation with Adolf Berle shortly after the latter's attempt to sabotage the Foreign Nationalities Branch. With FN and other problems with Donovan on his mind, Berle, an ideological friend of the President, told FDR that "it would be of help to us if we knew exactly what picture the President had of Bill's functions." Berle explained that Donovan had "wanted to get into South America," which he, Berle, understood FDR had vetoed, and that now Donovan "wanted to get into the United States via the alien or foreign language groups here." The President replied that he "did not want him [Donovan] in Canada or in South America; and he did not want him inside the country . . . in no event was Bill to operate in the United States." FDR did think, however, that "Bill was doing a pretty good job on propaganda and something of a job in terms of intelligence."<sup>115</sup>

That estimate of the job Donovan was doing was based on six months of reasonably adequate familiarity with Donovan personally, with his usefulness, reporting, ideas, and impact on others. While the two men were really comrades-in-arms rather than close personal friends they seem to have gotten along well. Donovan was clearly "Bill" to the President, while Donovan addressed FDR as "Mr. President." They occasionally met in social fashion. The Colonel did at least once breakfast with the President. On another occasion he had dinner at the White House, saw some movies, and then took the midnight train for New York. In early January he dined there again, this time with Churchill the principal guest. Donovan seems to have had no problems getting in touch with the President when he felt the need; on one occasion he called FDR at 1 a.m. to make an appointment for the next morning.<sup>116</sup> The record shows that he was at the White House a dozen times in his first six months as COI.

For his part Roosevelt quickly began sending business to his new Coordinator. On August 16, just after the meeting with Churchill in Newfoundland, the President's press secretary, Steve Early, sent Donovan a congressman's blast at FDR's foreign policy which Donovan was presumably expected to use in his propaganda output. A week later Donovan was telling the President about a "peace feeler" from the German army officer corps which

v/the first six months

SUMMARY OF 1942 BUDGET REQUEST  
COORDINATOR OF INFORMATION

*1. Office*  
*2. File (451)*  
*Checked off*  
*OK \$ 2,546,040*

I. Intelligence Activities

For counterespionage and secret activities in Europe.

This program is of high strategic importance and should be immediately and vigorously prosecuted. We recommend the full amount of which \$1,000,000 has already been allocated.

II. International Broadcasting (Short Wave)

To conduct foreign short wave broadcasting and to distribute pamphlets and movies in Europe.

This program is desirable, but the estimate is excessive. We recommend \$1,500,000 of which \$150,000 has already been allocated.

*OK for 1,500,000*  
*1,780,546*

III. International Broadcasting (Medium Wave)

To establish medium wave transmitters in Iceland or Eire and Manila.

This program is desirable and we recommend the full amount.

*OK 2,000,000*

IV. Domestic Morale

To conduct analyses of the knowledge and opinions of the American public on various matters of national importance.

We recommend no allocation as this program should be conducted by the Office of Facts and Figures.

*129,640*  
*O. F. F.*

V. Research and Analysis

To gather and correlate strategic economic, social, political, and military information from domestic and foreign sources.

This work will duplicate in part activities of the Economic Defense Board and other agencies. The estimate can be reduced and we recommend \$800,000. Of this \$275,000 has already been allocated.

*1,212,622*  
*OK for 800,000*

VI. War Theatre Building (Includes \$2,000,000 for construction)

3,799,220

For presentation to the President of mechanical and electrical displays illustrating the strategic position of the countries of the world. In addition to a building at a cost of \$2,000,000 this estimate includes \$650,000 for projectors, maps, and other equipment and \$1,149,220 for personal and operating expenses. A staff of 401 technicians is requested to perform this presentation work.

While we feel that this need can be met with a substantially reduced amount, the question here is how large an expenditure you feel is warranted for purely presentation purposes.

*OK for 2,000,000*

VII. Movie Program

1,115,000

For production of motion pictures depicting the progress of the defense effort.

We recommend \$1,000,000 for this program. Of this \$600,000 has been allocated.

*OK for 1,000,000*

VIII. General Administration

1,541,440

For general office services and equipment.

We recommend \$1,000,000. Of this amount \$100,000 has already been allocated.

*OK for 1,000,000*

TOTAL ANNUAL BUDGET	\$14,124,508
DEDUCT LAPSES	<u>1,170,676</u>
NET BUDGET	\$12,953,832

FDR puts his "O.K." on COI's first budget, Nov. 7, 1941.

Author's Collection

he had received from the Chinese ambassador and the latter's representative in Berlin; the President must have been interested if one judges from the fact that Donovan then and there wrote down in longhand the message Roosevelt sent back. Less than a week later Donovan was back at the White House discussing the morale situation, getting approval for his movie program, and discussing with Roosevelt, obviously on the latter's initiative, the contrasting effect upon him of Bill Bullitt who tended to "keep him upset" and of Harry Hopkins who "keeps him in an easier mood."<sup>117</sup>

Roosevelt returned to the subject of propaganda in September when Harry Hopkins telephoned to say the President wanted "publicity through the most effective channels" to be given to a Polish statement testifying to Russian toleration of Polish religious freedom. On another occasion FDR had Early send Donovan a presidential statement, portions of which, said Early, "may deserve short wave radio use"; the statement was a greeting sent to the Annual Convention of the American Federation of Labor, and the significant portions probably were those appealing to labor not to let strikes impede defense against Hitler who was out to enslave labor. Another propaganda suggestion showed that the President thought Donovan still had something to do with domestic public opinion; for on November 7 FDR sent Donovan a lengthy note with a copy of a British broadcast on the German people's "Black Record," which, in the hands of "some broadcaster in this country," thought FDR, could be "revised for an American public" and "might do a lot of good."<sup>118</sup>

By this time Donovan had begun to send the President such material as an R&A report prepared by "our Eastern European division on the losses of Russian industrial producton" and a summary of that report on the Russian transportation system which allegedly caused G-2 and ONI to ask him to set up a secret intelligence service. Donovan also soon began to send the President weekly summaries and analyses by FIS of the Germans' short wave broadcasts to the United States.<sup>119</sup> He had already commenced sending to the President almost on a daily basis memoranda on a variety of subjects, the sources of which were sometimes specifically mentioned and sometimes obliquely indicated. There was, for instance, "a letter just received from the Polish ambassador" and "certain notes excerpted from information obtained by the British." There was the text of a German-fabricated letter from Roosevelt to Stalin, allegedly handed to the latter by Averell Harriman while on his Moscow mission, and there was some information, "which has recently come to us," on the German use of Spanish passports and the increase of Spanish consular staffs in the U.S. There was a letter from an American correspondent about Turkish policy on the war, essentially a "blackmail position" in which the Turks were simply waiting to see who would win, and then there was the Vichy ambassador's account, apparently surreptitiously obtained, probably by the British, of a discussion with FDR on such topics as the plight of French P.O.W.'s, the civilian population's need for food and clothing, and the Indo-Chinese situation.<sup>120</sup>

Donovan kept the President adequately informed of his expansion of relations with the British. Of course Donovan let FDR know well in advance that his speechwriter, Robert Sherwood, was going to London in September to discuss with the British the problem of getting American broadcasts to European audiences. Among others it must have been Bill Stephenson whom Donovan and Roosevelt had in mind when the latter wrote Churchill that Donovan "tells me that he has had most helpful cooperation from the officers of His Majesty's Government who are charged with the direct responsibility for your war work."<sup>121</sup> When Donovan took his assistant, Tom Early, to the White House on October 21, Donovan must have told the President that Early was off to London to find in the British war room some ideas for the projected COI "War Theatre Building."

v/the first six months

THE WHITE HOUSE

WASHINGTON

November 7, 1941.

*Private*

MEMORANDUM FOR

BILL DONOVAN

The enclosed copy of Sir Robert Vansittart's broadcasts entitled "Black Record" could, I think, be used with great effect by some broadcaster in this country if it were edited to suit our needs.

Obviously, the more British or British Empire sentences or paragraphs can properly be deleted.

Also, I am inclined to think that the ~~efforts~~ to prove that the Germans have always been barbarians for a thousand years as a nation go a bit too far. Those paragraphs should be stressed which place the blame on the German people for following utterly destructive leadership -- and on the leaders themselves.

I hope you will read this little record because if, as I suggest, it is revised for an American public, it might do a lot of good. What do you think?

F. D. R.

*FDR*

On Nov. 7, 1941, FDR both excised "domestic morale" from COI's budget and sent Donovan the above suggestion for domestic propoganda.

Author's Collection

That same day Donovan also took to the White House William D. Whitney who was also off to London on a more important mission than Early and whose mission was actually the occasion of the Churchill letter just mentioned. Off to London to establish COI's first overseas station, the notably pro-British Whitney had a remarkable official job. It was explained to Churchill himself, on Whitney's arrival, that Donovan's office had been created by the President because of his dissatisfaction with the intelligence about Britain that he had been receiving through regular channels and that Donovan had been consequently authorized to set up a London office which would provide a "supplementary and corrective" channel, or "pipe" in British English, of communication between Prime Minister and President. Churchill was further informed that "it was hoped that the London Representative [Whitney] might particularly reflect and emphasize the British viewpoint" and that "Major Whitney was chosen . . . because he had . . . connections . . . predisposing him in favor of the British cause and viewpoint."<sup>122</sup>

That October 21 was, in fact, an unusually busy day for Donovan and Roosevelt. The two took up another "peace offer" on which Donovan and Whitney had earlier reported. They took up Sherwood's letter on the COI-CIAA conflict which the President had just resolved. Donovan gave Roosevelt that Nazi map of South America which the British had "purloined from a German courier" and which Roosevelt soon publicized to the world. Donovan supplied the President with some information on Commander Ford's movie-makers and left with him a copy of his July 3 memorandum on the British Commandos. Donovan informed the President that printers in Chicago had refused to print an "America First" pamphlet calling for a general strike against U.S. entry into the war, and he brought to the President's attention a Nazi article titled "The Jew-Roosevelt Names War Maker Donovan as Super-Agitator."<sup>123</sup>

The pace of business increased in November. In a half hour conference on the 13th Donovan told the President he had acquired the "secret protocol" to the Japanese-Indo-Chinese Treaty and drew from FDR a "delighted" response to the idea of having the British fly an American bomber from some place in Canada to Berlin, drop some pamphlets, and then return. He also showed FDR a project for erecting "12 big radio stations"; FDR approved but wanted to know the cost. On the seventeenth the two men had another lengthy agenda: the Indo-China protocol again, also the pamphlets which the President wanted scattered rather than dumped in bundles, the Vichy ambassador's account—a lot of "lies," said FDR—and a British intelligence report, "Bermuda Series #11," on Germany. That day FDR okayed not only a proposed center for Arctic studies in COI but also a COI expedition to Central Africa, ostensibly to study apes but actually to check up on German espionage. Finally, on the twenty-eighth the Colonel breakfasted with the President who "said it was difficult now to find a formula in dealing with Japan"; and, since Donovan always had a new project, they discussed, and the President approved, Donovan's plan for investigating some defense preparations on the West Coast.<sup>124</sup>

On December 5 FDR sent Donovan a letter from the exiled Italian Count Sforza who wanted Roosevelt to persuade one of the leading Italo-American newspaper publishers to turn over his paper to an anti-Fascist editor and to give two anti-Fascist organizations in America \$100,000, all of this in order to forestall any further Fascist exploitation of the Italian population in the United States. The reply Donovan drafted for FDR's signature suggested that Sforza get in touch with the Coordinator of Information.<sup>125</sup>

On December 7, 1941, Bill Donovan, who had played quarterback at Niagara and Columbia universities, took time off from his job to join the season's record crowd that trooped off to New York's Polo Grounds to see the intra-city clash between the Brooklyn

*v / the first six months*

Dodgers and the New York Giants. At a critical moment in the game, in which the Dodgers "hammered" the Giants "from pillar to post," to win 21-7, the stadium loudspeaker carried the announcement "Colonel William Donovan, come to the box office at once. There is an important phone message." According to one account the message came from Robert Sherwood, who was at his office at 270 Madison Avenue at work on a Far East paper. According to another, the voice on the other end of the telephone was that of "Jimmy" Roosevelt relaying the news that his father wanted to see Donovan.<sup>126</sup>

Bill Donovan, who had to travel back to Washington, was of course one of a list of the country's notable political figures who were summoned to the White house on that "day of infamy." He was the last on the list; some time after midnight FDR observed to Donovan that "it's a good thing that you got me started on this [intelligence agency]." <sup>127</sup>

The war now lay ahead. Also ahead were some ups and downs in the relationship between Colonel and President. In just a few months the President, despite some annoyance with Donovan, would resist a strong attempt to have COI abolished. In the winter of 1943 FDR would almost succumb to a G-2 effort to destroy OSS. In late 1944 he would encourage Donovan to plan for a postwar intelligence agency, and then a week before his death in 1945 he once more supported Donovan's effort to plan for a peacetime agency. The two men began their collaboration as comrades-in-arms, and they would end it that way five years later.

# Part Two

## WARTIME—THE OSS STORY

### Chapter VI

#### FROM COI TO OSS

In terms of the idea, the basic structure, and the main functions of COI—and its successor organizations—the chief development at the start of the New Year was a fundamental challenge to the very conception and existence of the organization.

#### 1. A NEW PROBLEM

This challenge was first aired in warnings written by COI's London representative, William Dwight Whitney, who by the end of 1941 had returned to Washington. This unofficial "pipe" between prime minister and president had encountered major obstacles in London. Churchill's personal chief of staff was even "perplexed as regards the true object" of Whitney's position.<sup>1</sup> Whitney was frustrated with the inability of COI to be as helpful to the British as they had been to COI. There was trouble integrating the London job with the activities of Britain's information and propaganda organizations.

No sooner did Whitney arrive home, however, than a bigger problem arose; that was British doubt about the authoritative character of the rebroadcasts Donovan wanted sent out from London. For Whitney this represented a fundamental questioning of COI's legal authority to act, and he suspected that the British query had actually been inspired by the State Department, which was growing increasingly concerned about COI's propaganda role. Whitney feared that State might be planning just such a "raid" on COI as Nelson Rockefeller had successfully carried out in October.<sup>2</sup>

Writing on January 8, 1942, on "the crisis in COI," Whitney developed the argument that COI's functions, hitherto suspect and open to denunciation, had now been legitimized by war, that these functions would now be supported with large amounts of money, and that they would, therefore, become most attractive to such established agencies as State, Army and Navy. To make matters worse, Donovan's outfit, with the vaguest of charters, was in the face of acquisitive bureaucracies practically defenseless; its only specified function was the coordination of information, and its other functions, loosely covered by the phrase "supplementary activities," could easily be relocated by presidential fiat in another agency. Whitney's conclusion was that COI could not hope to hold on to its many functions—coordination, R&A, propaganda, secret intelligence, special operations, and the war room—and that it ought, therefore, to choose one of these, get it regularized, concentrate on it, and let the others go.

Otherwise, to paraphrase Whitney, COI was riding different and rival horses inside a circus-ring while others were clutching at its togas and appealing to the circus master to throw it out of the ring; sooner or later, warned the London representative, COI would fall off all its horses. "Pick one horse," Whitney advised Donovan, "and ride it as well as your very great talents will enable you to ride it. . . ."<sup>3</sup>

While Donovan found Whitney's exposition of COI's new situation very interesting, he countered that recent—but unspecified—events demonstrated the soundness of "the principle upon which we built," that the Army and Navy looked to COI for "this work," and

that the "trend" was contrary to Whitney's grim view of things.<sup>4</sup> Accepting Donovan's decision but still fearing State's self-aggrandizement at the expense of COI, Whitney a week later tried a new tack: why not take a lesson from Britain where the Foreign Office has achieved virtual control of the SIS, the Ministry of Information (MOI), the Political Warfare Executive (PWE), and the Joint Intelligence Committee? Applying that example to the American scene, argued Whitney, why not "enter into a straight working alliance" with the State Department? COI could operate as "a semi-independent . . . sort of vicar" of State for propaganda, secret intelligence, and joint intelligence, and Donovan could still have direct access to the President but would be represented by Secretary Hull at cabinet meetings.

On the other hand, if Donovan did not wish "to bow the knee to the superiority" of State, then he had to bear the consequence of such refusal, namely, that State would "certainly go on trying to swallow us or knife us." Citing a column by Walter Lippmann, Whitney later warned Donovan that COI could not last under the Roosevelt administration with presidential favor but without cabinet representation.<sup>5</sup>

Events were then taking place in regard to the FBI and South America which supported Whitney's analysis of COI's newly-weakened position and outlined a new problem for Donovan, namely, retaining control of his empire.

## 2. SOUTH AMERICA AGAIN

The reader's curiosity may have been aroused, a few pages back, by Roosevelt's remark to Berle about not wanting Donovan operating in Canada, the United States, or South America. Why the reference to Canada? And was it the Foreign Nationalities Branch alone that prompted mention of the United States? The answers lie in a Donovan effort that backfired, in his effort, namely, to be Coordinator of Information in the Western Hemisphere.

On December 9, probably in response to Donovan's suggestion, the President directed the Colonel to look into the question of better integrating strategic information in Canada, the United States, and, apparently, the Western Hemisphere generally. The objective was to try to bring together all information which might point to possible enemy attacks in the area. Donovan promptly arranged with the State Department to establish liaison with representatives of Britain and Canada. They agreed in principle on the stationing of COI representatives at "certain key points" in Canada so as to facilitate access to vital information. Donovan explained the problem to J. Edgar Hoover and talked about working out liaison between him and the Royal Canadian Mounted Police and of obtaining from Hoover reports of his operations in the United States. Donovan discussed the situation with Sumner Welles, who was forthcoming with suggestions and actions looking toward setting up satisfactory arrangements with Mexico and with Central and South America. After further discussions with Welles Donovan recommended to the President the establishment of a joint intelligence committee to be composed of representatives of State, War, Navy, Justice, COI, and the Canadian Department of External Affairs. He recommended that the committee be located in Washington because of its primary concern with the defense of this country.<sup>6</sup>

Much to his surprise Donovan on December 29 received from Sumner Welles a letter and a presidential directive that negated all his efforts. The directive had been signed by the President on December 23 and was obviously done so on the urging of Hoover, who after listening to Donovan must have rushed to the White House to protest. The directive was more than a re-affirmation of the responsibility of the FBI to operate its Special Intelligence Service in Mexico, Canada, and Latin America; it directed all other intelligence agencies to

clear “any intelligence work” in these areas with the bureau; and the bureau’s chief was authorized and instructed to convene meetings of the various hemisphere intelligence agencies at work in the area. The letter from Welles, forwarding a copy of this unwelcome news, suggested that since Donovan’s plan for a new JIC “duplicated the method of liaison contemplated by the President’s directive” it might be well for the Colonel to discuss the matter with the Director of the FBI.<sup>7</sup>

Donovan’s ox was not the only one that had been gored, however. The phrasing of the presidential directive had gone much farther than pleased G-2 and ONI. Both, of course, had in the Western Hemisphere significant and growing intelligence interests that transcended the field recognized by them as having been assigned to Hoover’s SIS. Consequently, on December 30 FDR informed all concerned—Donovan, Welles, Attorney-General Biddle, G-2 and ONI—that the directive interfered with the work of other agencies and that he, therefore, wanted them “to straighten out this whole program” and let him have whatever was necessary by way of an amended directive.<sup>8</sup>

On January 6 at a 2½-hour meeting at the Attorney-General’s office, with Berle in attendance, agreement was reached on an amended directive. This made clear that only secret service matters in South America were under FBI control and that other matters were under the regular intelligence services. “Explanatory notes” accompanying the directive also made clear that COI could, “on special occasions,” send personnel into the Western Hemisphere, “with a specific mission (not under cover),” only if the information desired could not be obtained through the existing intelligence services and only after the sending of such individuals had been cleared with and approved by Hoover. He, like Rockefeller a few months earlier, made certain that Donovan would not operate in Latin America.<sup>9</sup>

From Donovan’s point of view, however, this was all beside the point, because it woefully confused his role as Coordinator of Information with the work he was doing at the request of the Army and Navy in establishing a secret intelligence service. Donovan tried to explain in a letter to Francis Biddle that he had “constantly refrained from going into South America,” that he had turned down an offer from Hoover to take over the FBI SIS, that he “thought it unwise to do so,” and that he did not wish “to take over his [Hoover’s] organization or set up one of my own in South America.” Donovan did complain that while he had no operators in Latin America he did need information from that area but was not getting it from the FBI. He cited Hoover’s reassurance that on certain occasions when some inquiries had to be pursued in South America arrangements could be worked out with the bureau.<sup>10</sup>

None of this, however, was germane, he said, to the matter which had arisen on December 9 when the President directed him to examine the hemispheric intelligence situation. Coordination of information was the issue. It was his job to collect, analyze, and integrate all information and data which bore upon national security. This was a subject totally different in scope, character, and operation from the running of a hemispheric counter-intelligence system aiming at the detection and frustration of subversion. He, therefore, was proposing the issuance of a new presidential directive which would authorize him in fulfillment of this basic COI role, and after consultation with the Secretary of State, to establish a representative in Ottawa and in such other countries of the Western Hemisphere as the Secretary might consider necessary. The directive would also commit the Secretary to “exercise his good offices in setting up a joint committee” consisting of State, COI, Stephenson’s BSC, and the Canadians’ Department of External Affairs.<sup>11</sup>

Donovan sent the President, just finished with his long holiday meeting with Churchill, a copy of the letter to Biddle along with the proposed directive, but the arguments therein apparently made no impression on FDR. His reply on January 27 was the unhelpful “you have got to work this out yourself with the Attorney General and Berle to the satisfaction of all three.”<sup>12</sup> Unhelpful, because behind the Justice chief was J. Edgar Hoover who, it must be assumed, was also unimpressed with Donovan’s distinction between his roles, and because Berle, long committed to Hoover and the intelligence services, offered little prospect of accommodating himself to the Donovan plan for a better integration of hemispheric strategic intelligence.

Nothing more is heard of the plan. The net result of the entire effort was the exclusion of Donovan, for the second and definitive time, from Latin America, which for the rest of the war was the preserve of Nelson Rockefeller and J. Edgar Hoover, as far as propaganda and secret intelligence were concerned. Even so, Latin America died hard; the matter, in various guises, would rise again, and soon. For the time being, however, it was settled; and the settlement vindicated Whitney’s warning and Lippmann’s thesis that an agency resting upon presidential favor but without any statutory foundation was at a striking disadvantage in jousting with a solidly established department of government.

### 3. THE BUDGET BUREAU PROPOSAL

Whitney had spoken of the Rockefeller “raid,” and he undoubtedly considered the FBI story just narrated no differently. He might have used “expropriation” or “plundering” to describe the operation which the Bureau of the Budget and its allies, viewing the matter quite differently of course, soon performed on the bruised COI.

The Budget Bureau had long been a witness of and a party to numerous efforts to solve the national information problem, which had become a public scandal. The problem was that the war had produced such a flood of and demand for information of an incredibly diverse and extensive character that the national government had not been able “to get on top of the problem,” had not been able to develop mechanisms for satisfying the information requirements of a democratic society engaged in a global war. The scandal was that the news emanating from government offices was too often known to all as inadequate, erroneous, contradictory, self-serving, or confusing; and to make the bad situation embarrassing to the government there appeared to be more than enough people, money, and organizations engaged in supplying the public with news.

Solving the problem was not easy. Hovering over the historical background was the unhappy experience with the Creel Committee in World War I. This experience confirmed a national congenital opposition to the establishment of any government agency to control public information. Equally operative in the anti-Roosevelt portion of the population was opposition to any such information bureau controlled by “the New Dealers.” Complicating the situation was the recognized need to prevent the release of news which would serve the enemy more than the American and allied publics. Then there were the vested interests of the various government agencies, already operating their own information offices. Also, there were the endlessly differing and conflicting views of top officials—to say nothing of the outside experts and general public—as to how the problem could and should be solved. Finally, the information problem, sufficiently complex in itself, was not easily distinguished from the related concerns of intelligence, propaganda, and psychological warfare.

Actually the problem had presumably been solved not once but many times—by the simple but illusory device of establishing a new agency which more often than not contained a mix of information and one of the elements just mentioned. To provide some historical perspective on this problem-solving technique, it must be pointed out that it had already been employed by the Roosevelt administration before the latter was overtaken by the war. An earlier information problem, centering on the New Deal's multi-agency approach to the socio-economic problems of the Depression, had brought on in 1933 the establishment of the "Division of Press Intelligence" in the National Emergency Council as a device for informing government officials of news and comments thereon. In the next year came the "United States Information Service," which should not be confused with a later organization of the same name—actually an outgrowth of COI—and which aimed to satisfy the public's need for information about the New Deal's many alphabetical agencies. Then came that annual volume on the structure of the Washington bureaucracy, eventually known as the *United States Government Manual*, to help everybody know his government.

With war, however, the information agencies multiplied rapidly. At the transition point was the Office of Government Reports whose abbreviation (OGR) escaped none of the pundits; established on July 5, 1939 it was run by the pro-Roosevelt former editor of the *Washington Daily News*, Lowell Mellett, who had already taken over the earlier press-clipping service of the New Deal and made it a more vital source of information about government agencies. Next, on August 16, 1940, was Rockefeller's CIAA, a mix of information, propaganda, culture, and business.

Nineteen forty-one saw a rash of creations. On February 11 the War Department set up a Bureau of Public Relations; the Navy followed suit on May 1 with its Office of Public Relations. In between there was established on March 5 within the Office of Emergency Management a Division of Information (OEM/DI) which was run by a journalist with government experience, Robert W. Horton, who thought a centralized office for the OEM agencies would minimize agency and agency-head glorification. LaGuardia's OCD was established on May 20, and out of it came on October 24 the Office of Facts and Figures under Archibald MacLeish. Donovan's outfit, which developed its Foreign Information Service, was established on July 11, of course, and at the end of the year, on December 19, there was set up the Office of Censorship under Byron Price, an executive of the Associated Press.

The State Department, traditionally a public source of diplomatic news, tried to get on top of this swelling tide when in October it advanced to the President, in broad outline, an organization which would have been the American version of the British Ministry of Information. To FDR, however, it was "an impossible suggestion at this time because it fails to take into consideration (a) that it provides another new information body and (b) that the appointment of MacLeish [as Director of OFF] is intended to cover most of the objectives."<sup>13</sup>

Yet everybody clearly perceived that the proliferation of agencies had really solved nothing. One of State's assistant secretaries confided to his diary that the censorship setup "will become a mess," because Price "will be unable to control Donovan," because MacLeish will have difficulty getting any results from his organization, and because Price will be controlled by those he is supposed to control. One of the country's popular military analysts, George Fielding Eliot, sent Donovan an eloquent memorandum on the need for "An American Press Service" to spread the "TRUTH" about the war and allied principles and objectives for the future. The Spanish ambassador in Washington informed Madrid, in a

lengthy dispatch, that, "within the administrative disorder of the Federal organization," there was "most confusion" in regard to the "dissemination of news"; it was in this area, he said, that criticism was "most general."<sup>14</sup>

None of this was news to the Budget Bureau; indeed it was grist to its mill. The bureau had had to wrestle, as we have seen, with many interagency problems stemming in large measure from the speed, imagination, and drive with which Donovan set out to become in fact as well as in name the country's "Coordinator of Information." Under his and Sherwood's leadership the Foreign Information Service had grown, from the point of view of the bureau, Rockefeller, and others, to large and troubling proportions. The time had come, wrote William O. Hall on January 12, 1942, to unify the domestic and foreign propaganda and psychological warfare agencies, to bring under a single direction the radio, news, pamphlets, and cinema programs of COI, CIAA, OFF, OCD, OEM's Division of Information, and the War and Navy departments.<sup>15</sup> This obviously meant, among other things, taking FIS away from Donovan, a task that theoretically must have appeared difficult of achievement, inasmuch as a foreign propaganda service had been one of the primary objectives in establishing COI.

The bureau got an early assist on the task, however, from none other than the head of FIS, Robert Sherwood himself. While he and Donovan had begun their relationship pleasantly enough, they soon came to a most unpleasant parting of their ways. There was unhappiness on Sherwood's part over having FIS considered as "cover" for other activities. Donovan, and many in FIS, found Sherwood's administrative talents sadly deficient, and to make matters worse, Sherwood would neither get an administrator nor delegate responsibility to others. Sherwood's closeness to Roosevelt tended to cause the playwright to think of himself as his own boss; "Donovan had only casual access to the President," said a contemporary, "whereas Sherwood had back door access." By the beginning of 1942, said another, the two men, "both tough Irish politicians," were not speaking to each other.<sup>16</sup>

By mid-January Sherwood had written to Harold Smith at the Budget Bureau requesting a discussion "on the larger organizational problems in the entire propaganda field." Sherwood had said that he, Nelson Rockefeller, and Archibald MacLeish had been meeting frequently, and that he felt that top propaganda policy was not being adequately determined, and that some other organizational arrangement should be made. Sherwood had mentioned this letter on January 17 to Hall,<sup>17</sup> who, five days earlier, he it noted, was urging unification of COI and other agencies.

Sherwood had indeed been meeting regularly with Rockefeller and MacLeish in what had originally been initiated by MacLeish as an effort to comply with the President's request to get the heads of the propaganda agencies—Donovan, Rockefeller, and MacLeish—working together. Subsequently MacLeish, trying to activate his own interagency advisory body, the Committee on War Information Policy (CWIP), asked the President, at Sherwood's suggestion, to write Sherwood a letter inviting him to act not only as COI liaison with OFF but also to provide "advice and counsel in OFF itself." MacLeish had explained to the President that he very much wanted "Bob and Bob would like to serve but I think he fears that there might be some feeling about it."<sup>18</sup> The "feeling," surely, was Donovan's. After the war, Sherwood noted that the CWIP

was an important development for me. It was Archie MacLeish's idea and he organized it on a strictly informal basis, not as a function of OFF. It was like a weekly friendly get-together of kindred spirits. Bill Donovan heartily disapproved [of] it so I attended the meetings more as a representative of the White House than of COI. This was tremendously helpful to me as a means of meeting people and of finding out what was going on in other parts of the government.<sup>19</sup>

Like Sherwood, MacLeish, a “kindred spirit,” also had some organizational changes in mind. While Sherwood was writing to Smith and talking with Hall about his own ideas for change, MacLeish was writing to Grace Tully, the President’s secretary, to have her bring up with FDR the possibility of renaming OFF; his colleagues, wrote MacLeish, “feel strongly” about the name. They would much rather “work in the ‘Office of War Information’ than in the ‘Office of Facts and Figures,’ ” a patently unexciting image. MacLeish explained that the suggested change would naturally follow from the fact that his advisory committee also dealt with “war information.”<sup>20</sup> Perhaps it was only a name change that MacLeish had in mind, but as it turned out it proved to be a very good opener to something more substantial.

FDR sent MacLeish’s note to Smith for his recommendation and received in return advice against any change in nomenclature because, said Smith, “we are now studying certain over-all aspects of the war information problem,” expect to make some recommendations “on this general subject in the near future,” and hence consider a name change inappropriate now.<sup>21</sup>

That was February 4. On February 20 Bernard Gladieux noted that “the Bureau of the Budget would prefer to scatter COI’s activities” and leave it, apparently, only espionage and sabotage. Also on the twentieth, Milton Eisenhower submitted to Smith, at his request, a report on a survey of the information activities of the federal government. Eisenhower, then Land Use Coordinator for the Department of Agriculture, recommended that COI be renamed the “Office of Foreign Information,” be left as it was, and that FIS be coordinated by a liaison board for foreign information and a deputy coordinator.<sup>22</sup>

Also on the twentieth, MacLeish, responding to Smith’s invitation to send him confidentially his views about “the government information setup,” sent a plan which was clearly more to the bureau’s own view of “scattering” things than was Eisenhower’s. MacLeish proposed the liquidation of OFF—he seems never to have really been comfortable in the job—and of OEM/DI, the unification of COI and CIAA information and propaganda activities under a new director of foreign information, and the subordination of all to a new “Committee on War Information,” to be established by a new executive order. In the process COI would recover its original name of Coordinator of Strategic Information. A few days later MacLeish sent a copy of his letter to Harry Hopkins who had MacLeish rewrite it for FDR’s benefit.<sup>23</sup>

Meanwhile Donovan told the President on March 4 that he had gotten wind of a “rumor . . . that the propaganda services of the government, both domestic and foreign,” including COI, were going to be consolidated. He recognized the rumor might be false inasmuch as he had not heard the source of it and had not been asked for his views, but in the event any such suggestion has been made he wanted the President to keep in mind the considerations that had led him at the outset to separate domestic and foreign propaganda. They were still controlling and “even stronger when we keep in mind what has transpired in the last six months.”

Stressing the “difference in aims, purpose and methods” that called for “a difference in administration,” Donovan then succinctly sketched what may be called his theory of modern war in which he showed how all the elements of COI constituted, in an image he subsequently employed, “a fist” to be used against the enemy:

Now that we are at war, foreign propaganda must be employed as a weapon of war. It must march with events. It is primarily an attack weapon. It must be identified with specific strategic movements often having within it the flavor of

subversion. To do this kind of work effectively it must be allied with the military services. It must be to a degree informed as to possible movements. The more closely it is knit with the intelligence and the physically subversive activities of the Army and the Navy the more effective it can be. All of this necessitates security. In point of fact the use of propaganda is the arrow of initial penetration in conditioning and preparing the people and the territory in which invasion is contemplated. It is the first step—then Fifth Column work, then militarized raiders (or “Commandos”), and then the invading divisions.

The experimentation, the trial and error, of the past five months, he said, had been governed by the purpose of preparing just such a weapon. COI had been working on certain strategic plans, presumably North Africa, with the Army and Navy, and was now discussing with the State Department a plan directed toward a counterattack against the Japanese propaganda being used in India. He stressed that short wave radio, leaflets, pamphlets, and publications all constituted “an instrument of war which [must be] closely knit with . . . military strategy.”

Then there was another factor, he said, “that should not be ignored,” namely, the likely strong differences of opinion, especially during elections, “as to what should be said and what should not be said in . . . domestic propaganda.” As it was, no such differences would affect foreign propaganda since it was separate from domestic; but “if there were a tie-up . . . it would compromise or destroy the necessary security, would impair the effectiveness of psychological warfare as a weapon and would be likely to expose our plans and our methods to the enemy.” Since the President had separated the two fields, however, COI had been kept out of domestic issues and was able to “carry out the military purpose and function” of its work.<sup>24</sup>

This last warning was subsequently vindicated by the experience of OWI when it was finally established and operating, but the argument would have no effect either on the President for whom the issue was shortly differently posed or on Harold Smith who by now was ready to move.

On March 7, 1942, he sent to the President a plan for the “Reorganization of the War Information Services.” He recapitulated for FDR the bad points—the confusion, duplication, and expense—of the existing fragmented information system which had been established “on a piecemeal basis before Pearl Harbor.” He proposed to replace it with the consolidation into a new Office of War Information of OFF, OEM’s Division of Information, OGR, Donovan’s FIS, and the motion picture, press, and radio divisions of Rockefeller’s CIAA. OWI would be headed by a director appointed by the President and assisted by a Committee on War Information Policy. The only issue there was, said Smith, concerned Rockefeller, but the Budget chief thought this could be handled by leaving CIAA as it was but making Rockefeller “the agent or deputy” of the new OWI director.

Smith carefully concluded with the information that the “general concept” of the proposal had been “discussed fully with Lowell Mellett, Robert Sherwood, Archibald MacLeish, and Wayne Coy” of OEM. He further noted that “the provisions of the Executive Order have been cleared with Sherwood, MacLeish, and Coy as well as with Judge Rosenman, all of whom are in approval.” He had also discussed it with Rockefeller who had some problems—they were larger than Smith realized—but “he is willing to cooperate under any arrangement agreed upon.” Such was wartime Washington, and such was the information lineup that Smith had deliberately discussed the subject with everybody but Bill Donovan.<sup>25</sup>

#### 4. AT THE WHITE HOUSE

Smith then spent the afternoon, 2-6 p.m., at the White House discussing the issue, first with Rosenman and the President, and then after a break with Sherwood and Nelson Rockefeller, as well as Rosenman.

The President was concerned with the application of the proposed reorganization to both Rockefeller and Donovan. Smith explained that Rockefeller "was very much disturbed." As for Donovan, the President himself brought up "several illustrations of secret information which he assumed Donovan would have to protect," but Smith and Rosenman assured him the proposed executive order "did just what the President had in mind so far as Donovan was concerned."

FDR then talked about a prospective head for the new service. Not much thought had been given to that, said Smith and Rosenman, but they advanced the suggestion "that Archie MacLeish might be Chairman with Bob Sherwood the Director." The President opined, however, and the other two agreed, that Sherwood was not strong on administrative ability. Nevertheless, it was said that he did have the concept of the job and could be given some proper administrative aid. None of their other suggestions seemed "to click"; after all, they had not come with any personnel recommendations but only to "get some notion of the President's reaction to the Order."

The conference lasted an hour, and both Smith and Rosenman came away "with the feeling that the President was holding [them] at arm's length." He had asked them to do some further work on the order and to talk to Bob Sherwood.<sup>26</sup>

And why was the President apparently holding them at arm's length? Of course this information problem was by no means the most important item on his agenda, and he may simply have needed more time to work it out in his own mind. Conceivably, Donovan's memorandum, if he actually read it by the time of the conference, could at least have caused him to want to do some more thinking. More fundamental probably is the attitude of the President toward the very concept of a unified domestic and foreign propaganda agency. According to one historian of psychological warfare the President and several of his closest advisers, such as Steve Early and Lowell Mellett, were very much opposed to a centralized information service for the federal government. On the other hand Sumner Welles, strongly dissenting in a postwar interview, maintained that FDR did not object to a wartime propaganda agency but rather considered it "a necessary adjunct" of wartime government. Welles even recalled a bedroom meeting with FDR in which the latter emphasized the great advantage enjoyed by, for instance, Britain with its Reuters and BBC and the Russians with their Tass; in comparison, noted FDR, the U.S. was at a definite disadvantage. Welles thought it was more likely that the domestic political situation, with its denunciation of such a proposal as a New Deal propaganda agency, caused the President to go slow.<sup>27</sup>

After their conference with FDR, Smith and Rosenman repaired to the "Executive Offices" and discussed the subject with Sherwood, who then called in Nelson Rockefeller. The CIAA chief had already seen the order earlier that day and "got so excited" that he called General Watson to see the President and stated that he was going to resign. "Sam," noted Smith, "jumped him pretty hard about this attitude."

Then followed a lengthy discussion of the whole problem as it affected CIAA. Smith admitted the difficulty of separating the information portion of CIAA from the rest of the agency's program because of the link between the information and the cultural, educational, and health work being done. Rockefeller insisted the work of Sherwood and MacLeish was

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“at a much higher level” and was “conducted on an international basis,” whereas his work had to be accomplished on a geographical basis. He said that his work had been given him “after some conflict with Donovan” and that if the President was going to throw it overboard then he ought to know that he “was adopting a different concept from the one on which he started.” Smith rejoined that he thought Rockefeller’s South American program, however specialized, could be harmonized with a unified information system.

“Rockefeller,” noted Smith, “was very emotional in presenting his case”; and “Sam Rosenman had no patience with Rockefeller because he thought that Rockefeller was trying to maintain his show against all odds.” When they were alone again, Smith and Rosenman went over the whole problem. “Sam was despondent.” He thought the President would do nothing “to clean up the mess” until there was a congressional investigation. Smith, not feeling any better, was nevertheless, “more accustomed to this sort of thing.” He recognized the President’s need to be clear on a course of action before moving, but he did think FDR went too much into the details.<sup>28</sup>

Then began the pressure on Roosevelt. Within a week, that one-man employment bureau for FDR, Justice Felix Frankfurter, whom Adolf Berle was then denouncing in his diary for endeavoring to replace Cordell Hull by Dean Acheson,<sup>29</sup> advanced the name of a candidate for the new information job. He had gotten the name from none other than Bob Sherwood. “Much as I love Bob Sherwood, even he could not seduce me,” wrote Frankfurter, “unless I truly believed it to be right. And so when he suggested Elmer Davis to head up Information something clicked in me and I just know it is right—and right for you from every angle.” In case the President had not gotten the reorganization message clearly enough from the trio of Smith, Rosenman, and Sherwood, the Justice, on cue, ventured the conviction that the President would “put this through—not merely to beat Congress to it, but as a positive . . . instrument of the psychological aspect of war”; and he concluded that “. . . of course Information . . . has to be total Information—domestic as well as foreign. . . .”<sup>30</sup>

Sherwood then sent the President a very bold letter which he subsequently denied he had written. On March 19 he sent a “personal and confidential” letter in which he presumed to speak for Bill Donovan and in which he urged the dissolution of COI. As for Donovan, Sherwood said it was his conviction that the Colonel was “most anxious to find an ‘out’ from the present predicament,” the nature of which will be seen shortly, and that he hoped that the entire office of COI would be taken in “by the Army and Navy as an adjunct of the Joint Board.” Sherwood went on to say that “Bill himself would be overjoyed to be ordered to service with the Army and Navy,” and that if the President “made it known to Bill that this service was of a special, secret and even mysterious nature,” then “Bill would be especially happy and his personal prestige would be undamaged.”

As for COI itself, Sherwood said it “should be dissolved,” and he proceeded to distribute its parts: R & A to the Joint Board; Visual Presentation to the Army and Navy, “if it is wanted”; FIS—taking Oral Intelligence with it—into “a new consolidated information agency”; Foreign Nationalities—“something of an anomaly—sort of Junior State Department—and I don’t know just where this would fit if not in the State Department itself”; and finally, the COI secret operations “should be absorbed by M.I.D. or O.N.I.”<sup>31</sup>

Rockefeller and his patron Sumner Welles raised their voices. On March 13 the former lunched with the President.<sup>32</sup> On the fourteenth Welles received from the Bureau of the Budget, probably in response to a request which Rockefeller had triggered, a copy of the bureau’s proposed executive order. On the seventeenth, the Under Secretary dispatched to FDR a long letter protesting the order on behalf of both the State Department and CIAA.



Robert E. Sherwood (with Navy Secretary James A. Forrestal in 1945 in rear right) was an early Donovan colleague who in 1942 collaborated in the attempted "scattering" of COI.

Roosevelt Library

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Arguing that State's primary responsibility in the field of foreign affairs was being threatened by vesting control of propaganda in foreign countries in the proposed OWI, Welles submitted three additional articles to safeguard the department's role. As for CIAA, whose officials feared liquidation, Welles wrote that the proposed order transferring all the rights and duties of that organization to the OWI would seriously disrupt a unique and smooth-working operation; he, therefore, recommended that CIAA be left in control of all propaganda to the American republics but be made "technically subordinate" to OWI "in questions of general policy as laid down" by the President. Two days later Welles discussed the matter with Rosenman, and then sent him a copy of the letter he had just sent FDR.<sup>33</sup>

The Budget Director had been told by General Watson on the nineteenth that legislative leaders, talking with the President, had denounced the information building that Lowell Mellett was erecting on Pennsylvania Avenue in the triangle just beyond the Treasury Building. There had been "considerable Congressional stir," and the building, a small thing calculated to serve the information needs of businessmen in town on government business, was recently dubbed "Mellett's Madhouse." The President then told Smith to see what could be done about reducing information services in other departments in order to satisfy Congress. Smith cannot be faulted either for saying that information services had naturally expanded, perhaps more than they should have, and that there ought to be some curtailment, or for seizing "the opportunity to indicate to the President" that the proposed executive order should be of some assistance in this regard. "I tried tactfully to remind the President that he was holding up this Order."<sup>34</sup>

On March 21 Smith conferred with Rosenman on the subject, and the Judge asked Smith to prepare a memorandum. On the twenty-fourth Smith listed several developments and proposals "which make early action on the proposed War Information Executive Order *extremely urgent*" [original emphasis]. The underlined portion undoubtedly referred to the need literally to stay ahead of Donovan, who was not less active than Sherwood, Rockefeller, Welles, and Smith: on the twenty-first Smith's subordinate William O. Hall knew, and presumably then so did Smith, that Donovan and the JCS planned "in the next few days" to send to the President an order proposing the transfer to it of the entire COI organization, including FIS.<sup>35</sup>

For the Judge's benefit, and ultimately that of the President, Smith impressively laid out nine substantive and significant organizational and budgetary matters that were in one way or another intimately bound up with the projected move to unify the information agencies. As an example, OFF had in a request for expanding its personnel from 256 to 511 employees; so also, OEM's Division of Information wanted to expand from 442 to 646; and then there was a COI request for \$15,000,000 for broadcast facilities which the President had approved but the Budget Bureau was stalling. Such items, argued Smith, could not be disposed of in the present uncertainty about the future organizational status of so many agencies. This memorandum was forwarded to the President on March 25, but he actually did nothing about it for two months.<sup>36</sup>

What Smith feared, namely, that Donovan and the JCS would get to the President before he signed the information order, occurred on the twenty-sixth, and interestingly enough one of the first to learn of the new element thus injected into the situation was Nelson Rockefeller, who on that day telephoned the news to Sumner Welles and later that day sent him the verbatim text of the JCS order for incorporating COI. This provided, and Rockefeller and Welles had it all, that COI would be renamed the "Office of Strategic Information," would be made "a supporting agency" of the JCS, would have its original COI functions, and in addition would be specifically authorized to take charge of foreign propaganda, political and psychological warfare, and commandos.<sup>37</sup> Smith was not happy.

## 5. THE JCS ANGLE

The reader has probably known for some time that the story in this chapter was heading for the breakup of COI, for the detachment of FIS and its incorporation in a new OWI, but he may now be wondering just how the Joint Chiefs of Staff came to be involved with the civilian Bill Donovan and the essentially civilian problem of information.

The involvement had its root in ARCADIA, the Washington War Conference, or the U.S.-British Staff conference, held in the nation's capital from December 22, 1941, to January 14, 1942. Initiated by private conversations between the President and the Prime Minister just a few days after December 7, ARCADIA brought together the top American and British civilian and military leaders for the joint development of grand strategy and the procedural machinery of the Western alliance for the winning of the war against the Axis. Out of this conference came three factors that laid the groundwork for an eventual alliance between the JCS and Colonel Donovan.

The first factor was allied acceptance of subversion as an essential feature in that grand strategy, or more accurately, begrudging American acceptance of a British strategic principle. This British tenet had first taken shape as early as May 1940, when the British faced up to the need for a new strategy in the event France collapsed, which of course, it soon did. Looking ahead to the next twelve months, the British planners envisioned the defeat of Germany as depending upon a mixed strategy of economic pressure, air attacks, and "the creation of widespread revolt in her conquered territories." This last feature entailed subversion, sabotage, the production of industrial and popular unrest, and inevitably new organizations like the Special Operations Executive (SOE) and the Political Warfare Executive (PWE). With these came emphasis upon "the Fourth Arm" and the theory that subversion could play an independent strategic role, comparable in importance with that of the army, navy, and air force.<sup>38</sup>

A year later, June 1941, in a "review of future strategy," the British Joint Planning Staff wrote an "appreciation" which was later taken up with the Americans. This report laid more stress than usual on subversive activity within occupied countries, on propaganda, and on the coordination of these weapons with other forms of offensive warfare. It suggested a line of action for which little provision had so far been made; that was the organization of armed patriots in occupied countries to conduct "campaigns of liberation."<sup>39</sup>

These ideas were taken up in August at the Argentia Conference, which produced the Atlantic Charter, and at which American and British chiefs of staffs held military conferences on strategy. The British continued to emphasize the triple theme of bombing, blockade, and subversion as the necessary prelude to any frontal and victorious assault on Germany. The foundations of the Nazi war machine—the economy, the people's morale, their hopes of victory—had first to be destroyed. In this task propaganda and psychological warfare became integral and important aspects of the British strategic program. The reaction of the Americans, who were not disposed toward a time-consuming war of attrition but concentrated their thinking on the development of an enormous land offensive, was "dominantly negative." The U.S. Joint Board, for instance, found the British proposals for subversive operations too unclear "to form a basis for practical campaign plans."<sup>40</sup>

Heartened by the entry of the U.S. into the war, the British returned to the subject at ARCADIA. They had come with a document entitled "American-British Grand Strategy." That contained as the fourth essential feature of allied strategy the "wearing down and undermining [of] German resistance by air bombardment, blockade, subversive activities and propaganda"; and the objective of this particular feature was the "maintenance of the

spirit of revolt in the occupied countries, and the organization of subversive movements.” This particular feature was not the most important item under discussion; it was, in fact, little discussed, not spelled out, and evoked no enthusiasm from the Americans.<sup>41</sup> As part of the basic document, however, it was accepted; so when the British left town on January 14 they left subversion behind as a feature of allied grand strategy.

From this accomplishment came the second factor, the development of American psychological warfare. The subject had long been neglected by both civilian and military leaders in the United States. It had been employed in World War I, but little was done in the interwar period, even in the worsening international atmosphere of the thirties, to capitalize on the experience and to develop a capability and plans for meeting future contingencies.<sup>42</sup>

The Joint Board of the Army and Navy had shown some concern, particularly after 1936, in the various RAINBOW plans and in the Industrial Mobilization Plan, for censorship, domestic publicity, and morale, but there was never any consistent concern for propaganda and psychological warfare as weapons against potential enemies. State had set up its division of cultural relations in 1938, and Rockefeller had gotten his activity organized in 1940, but neither represented any substantial, aggressive response of the U.S. government to the psychological warfare that Germany, for instance, had long been waging against the West. Later in 1940 an Army officer wrote a field manual on propaganda, “the first substantial contribution” to psychological warfare as an offensive weapon, but this was neither officially sanctioned nor distributed in view of the Army’s unwillingness to be associated with anything so underhanded, even for purely military purposes.<sup>43</sup>

Not until after Donovan had been appointed Coordinator of Information did the Army take any positive step in the field. In June 1941 Assistant Secretary John McCloy, building on his World War I experience and capitalizing on the recommendation of a former military attaché in Berlin, set up in G-2 a “Special Study Group” (SSG) to study the psychology of Americans, neutrals, and conquered peoples and the impact on them of certain proposed operations. The attaché, Lt. Col. Percy G. Black, then organized an advisory panel of distinguished psychologists. Aware of Rockefeller’s and Donovan’s activity, Black decided that SSG should develop as a policy and coordinating, rather than an operating, group. But the subject was so unpopular with the military that “an exaggerated cloak of secrecy” was thrown about SSG; it was initially closeted in an empty classroom at George Washington University, discretely distant from G-2 at the Munitions Building. Black early developed pleasant relations with Donovan and even called upon him to help—it never worked out—to persuade the Army to appoint a deputy chief of staff to organize morale, public relations, intelligence, and propaganda and deal with COI and other agencies. By December 7, however, SSG was still in “an embryonic stage and noticeably on the defensive.”<sup>44</sup>

War, however, worked some changes. Not only had ARCADIA given status to what had hitherto been only obliquely acknowledged, but events now revealed dangerous and embarrassing civilian and military inadequacies. Thus, the handling of a false rumor of an air raid over New York City on December 10 was effectively played up in Axis propaganda as an example of America’s hysterical reaction to the shock of Pearl Harbor. Also, early statements of government officials on Germany as the primary enemy despite the sneak attack of the Japanese were seen by SSG as potentially damaging to the morale and resistance of the Chinese because they had not been properly presented to an audience more fearful of the Japanese than the German threat. More important were the requests of American officers, Brig. Gen. John Magruder, U.S. Special Observer at Chungking, and especially Gen. Douglas MacArthur in the Philippines, for official American activity to counteract Japanese propaganda in those areas.<sup>45</sup>

There was also the important fact that the new Coordinator of Information was energetically proposing to the President and top military leaders psychological warfare operations which not only required some use of military resources but also inevitably some coordination with offensive strategic and tactical plans. Such was Donovan's plan for committing the Japanese to the attainment of goals which were essentially unattainable, and which when unattained would, in the hands of allied propagandists, subject the sensitive Japanese to "loss of face."<sup>46</sup> Such also was his plan for establishing a school in China for training locals of occupied countries in carrying on sabotage against enemy installations.<sup>47</sup>

It was this last proposal, coming on top of other post-Pearl Harbor events, that prompted General Miles to "renew" a recommendation—when he made the first one is not clear—that some War Department agency "be charged with coordinating Donovan's plans" in the field of active operations and propaganda and that "steps be taken to tie Col. Donovan's office into the high command of the Army and Navy."<sup>48</sup> The G-2 then suggested to ONI that their two offices and War Plans Division get together "to evolve plans for placing the responsibility for planning psychological warfare with the proper joint agency." The proposal was immediately adopted, and after several meetings in February the conferees submitted to the Joint Staff Planners (JPS) a paper which defined psychological warfare and outlined procedures for its coordination under the control of the Joint Chiefs of Staff. Known in JCS terminology as "JCS 12," the document was approved by the Chiefs on March 2.<sup>49</sup> Psychological warfare was thereby officially recognized as a legitimate military activity.

This brings us to the third factor, the JCS itself, something else the British had left behind when they departed on January 14. They had come to town with their own Chiefs of Staff, a proven organization for developing and executing joint army, navy, and air force plans and operations, an organization which the Americans quickly realized they both lacked and needed.

The U.S. did have a Joint Board, in existence since 1903, which dealt with matters of interservice concern. It served the Secretaries of War and Navy in an advisory capacity and was designed for planning and deliberation rather than day-to-day decision-making. While the Joint Board did produce overall joint war plans, it had never been thought of as a central agency for unified direction of the American forces in war. It was not comparable to the "well-established British arrangements for interservice collaboration."<sup>50</sup>

The United States Joint Chiefs of Staff "sprang up almost accidentally" to meet the challenge.<sup>51</sup> In the early months of 1942 as the Joint Board gradually gave way to the JCS, the Chiefs were four: Gen. George C. Marshall, Army Chief of Staff (C/S), Adm. Harold R. ("Betty") Stark, Chief of Naval Operations (CNO), Adm. Ernest J. King, Commander in Chief of the United States Fleet (CominCh), and Lt. Gen. Henry H. ("Hap") Arnold, Commanding General of the Army Air Forces (CG,AAF) and Deputy Chief of Staff for Air. In March the CNO and CominCh roles were combined in the person of Admiral King, and the Chiefs became three in number until July when they again became four with the addition of Adm. William D. Leahy as the Chief of Staff to the President.

Together the Joint Chiefs of Staff and their British counterparts constituted the "Combined Chiefs of Staff (CCS)," and the two adjectives "combined" and "joint" were then applied, as the situation warranted, to the many subordinate bodies which served either the CCS or the British or American JCS. Thus, there was the "Combined Staff Planners (CPS)," which was a committee of the British "Joint Planning Staff (JPS)" and their

American counterparts who unfortunately used the same "JPS" but were styled the "Joint Staff Planners." Thus also there would be, and this is more to our point, a "Combined Intelligence Committee (CIC)," and a "Joint Intelligence Committee (JIC)" on each side.

The reader will remember that the U.S. had established a JIC which, for lack of office space, had actually not begun to operate until after Pearl Harbor, but this must now be distinguished from the JIC which appeared after ARCADIA. That conference had called for a combined intelligence committee, and so the matter was taken up on January 25 at the first formal meeting of the Combined Staff Planners. The British recommended the establishment of the CIC, and since their own JIC included civilian agencies—the Foreign Office and the Ministry of Economic Warfare—along with their military services, they recommended that an American JIC also contain such civilians as the Department of State and the Board of Economic Warfare. At their second meeting on February 2 the CPS recommended that the U.S. retain the original JIC as a junior committee and erect over it—to parallel the British—a senior JIC which would consist of the chiefs of the military intelligence services and representatives of State, BEW, and the Coordinator of Information.

This recommendation was approved by the Combined Chiefs of Staff on February 11, and the new organization, the U.S. JIC, came into being. It was chaired by a new G-2, Brig. Gen. Raymond E. Lee, the former military attaché in London, and included along with the ONI chief, Rear Adm. T. S. Wilkinson, and Colonel Donovan, a representative from State in the person of Adolf A. Berle, Jr., and Col. R. B. Lord from BEW. Of the first meeting of the JIC Donovan noted in his appointment book that he "went over to the organization meeting of the Joint Intelligence Committee. . . . It has a senior committee and a junior committee. We have representation on both. I told them I would attend the senior committee until I saw what the nature of the work was."<sup>52</sup>

While this JIC was coming into being, there was another element of the new JCS structure which was coming along more slowly and which was also destined to involve Donovan. This would be known as the "Joint Psychological Warfare Committee (JPWC)" and takes us right back to that JCS 12 which the Chiefs approved on March 2. They had thereby established the JPWC as a subcommittee of the Joint Staff Planners with a stipulated membership of two officers from both G-2 and ONI and two from the Joint U.S. Strategic Committee. It was a military committee which represented the services' intelligence and joint war planning machinery. It was not an operating committee, for the JPWC recognized the major responsibility in this field of State, BEW, CIAA, and COI. These civilian agencies were recognized as the active agents for carrying on approved psychological warfare plans. The JPWC held its first meeting on March 18, but it was soon stymied in its operations because of the developing contest over the future of Donovan's outfit. Not until that was nearing settlement did Donovan's own involvement with the JPWC begin to take shape.

These three factors—subversion as a feature of strategy, the development of American psychological warfare, and the establishment of the JCS machinery—laid the groundwork for the Chiefs and Donovan to approach one another from different angles, for different reasons, and originally in pursuit of conflicting objectives. Indeed, now that the Chiefs had come into existence and now that psychological warfare was developing, however slowly, in their bailiwick, they could not avoid Donovan, the pre-eminent "psychological warrior." Hence it was that at their third meeting, on March 2, when they accepted JCS 12 and established the JPWC, "there was a general discussion with respect to how the Office of the Coordinator of Information might be employed to advance the war effort."<sup>53</sup>

## 6. THE DONOVAN-JCS COUNTERPROPOSAL

The minutes of JCS meetings were usually spare, and so there are not many details on those discussions. It was pointed out, however, that COI had available to it "some superior talent" which was not "being utilized in the most efficient manner." It was also emphasized that if these facilities be "best employed, they should be under military control." Noting the acceptance of JCS 12, the Chiefs then appointed a senior naval officer, Capt. Francis C. Denebrink, a committee of one to study and report to the JCS on how the facilities of COI might be "best utilized by the military services."<sup>54</sup>

Denebrink was probably chosen for this job because he already had considerable experience with COI; he had been detailed to the organization as far back as September 18, 1941. He had worked mostly with the Board of Analysts, whose meetings he attended, and had been particularly helpful in drafting security regulations and in serving on a committee which Donovan had set up to deal with the likelihood of a German attack on South America. Dr. Baxter, the R & A chief, had spoken of him to Donovan, according to the "fitness report" written on the naval captain, "in the warmest terms." "The impression of all of us who dealt with him here," wrote Donovan to the Secretary of the Navy "is that he is one of the ablest officers in his grade."<sup>55</sup>

In the face of such praise one might have expected a report somewhat to COI's liking; in fact, Denebrink recommended the dissolution of the organization, a "scattering," in Budget Bureau language, of its various parts. On March 8, shortly after Donovan had gotten wind of a "rumor" about a proposed change in the information agencies, and just a day after Smith, Rosenman, the President and others had discussed the proposed order, Denebrink filed with the JCS a report which described each part of COI and virtually gave it away.

At the outset, the Captain asserted that COI "impinge[d] upon the functions" of G-2 and ONI, that because it was not "tied up closely to either the Army or the Navy it has not been able to function to best advantage," and that "increased efficiency would result" if some of its activities were transferred to either the War or the Navy department.

He had high praise for R & A, which he described as having a staff of 340, including 150 scholars from the leading universities, and a budget of \$1,000,000. It was "a school of advanced research of the highest caliber which can readily be used effectively." He thought it should be retained in its present location but transferred as a group to the JIC.

The War Room was a juicy morsel. It had a budget of \$2,000,000. "It appears highly desirable," he wrote, that the Combined Chiefs of Staff "should have an appropriate War Room in the building provided for their use," and he noted that there was adequate space in that building, the Public Health Building at 19th and Constitution Avenue, for that purpose. Hence he recommended that the JCS get presidential approval to take over COI's War Room funds.

Denebrink moved on to the Foreign Nationalities Branch, which he thought might go to State or the FBI, and to the Visual Presentation Branch, which did "not appear necessary" to either the military or naval service. He had a low opinion of FIS, which was not "well organized or well disciplined." Since the Navy had "no setup to handle control of such a matter," and since the Army does have "a psychological warfare branch headed by Colonel Black," perhaps the Army might like to take over the FIS.

As for what he called "Special Activities Branch"—better known as "K and L Activities"—which covered, "as far as I am able to determine, under-cover work, espionage, subversive activities and agents of many descriptions," he wondered whether such work

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should be carried on by a civilian or a military agency. While he recognized that an arrangement had been worked out whereby COI had taken over the activity of G-2 and ONI in this field, he now thought the entire matter should be reviewed by the JIC.<sup>56</sup>

The next item was commandos. Of course Donovan had been pushing this idea. In the weeks after Pearl Harbor he returned to the idea with several proposals for the establishment of independent units to carry on commando operations. Early in February he had proposed to the President, through Secretary Knox, and obtained preliminary approval of, an "independent command of air, sea and land raiders." On February 13 he had submitted to General Marshall a proposal to organize a "Special Service Command" of 2,000 Greeks, Poles, Yugoslavs and others as guerrilla groups. The plan was turned over to Admiral Stark who told Donovan that it was "in keeping with our general plan of war strategy," that the JCS had "no objection," but that he ought to keep in touch with the JPWC, which was "now in process of organization."<sup>57</sup> For Denebrink, however, such an activity, "assumed" by the Coordinator, was definitely a military activity which, when undertaken by a civilian agency, could only be "a private army." The Marines, he had "determined," would be happy to take it over, but he left it to the JCS to decide which of the armed services should do so.

Next was Denebrink's "understanding that with the departure of Colonel Donovan from the Office of the Coordinator of Information . . . there [was] in prospect the amalgamation of all information centers in the National Government under the head of Mr. Archibald MacLeish. . . ." This reference to a "departure" of Donovan from COI takes us to that statement of Sherwood's that he would make to the President on March 19, namely, that Bill Donovan was "most anxious to find an 'out' from the present predicament," and would be "overjoyed" to be given some "special, secret and even mysterious assignment" while COI was taken over "by the Army and Navy as an adjunct of the Joint Board [JCS]."<sup>58</sup>

What both men undoubtedly referred to was the unmistakable desire of Donovan, in the months after December 7, to get back on some basis or other to the battlefield. On February 9, acknowledging FDR's "confidence" in him in regard to the proposed command of raiders, he said that he was trying "to 'cinch-up' to everything here," that he was giving much thought to "the men to come in here," and that he wanted "to get someone who will have your confidence." On February 21 he sent the President "an appeal from a soldier to his Commander-in-Chief"; in it he proposed the formation of a task force to go to the rescue of the beleaguered American troops in the Philippines and made the simple request that he "be permitted to serve with this force in any combat capacity."<sup>59</sup>

By just mentioning this "understanding" of his but building nothing on it, Denebrink seemed to be saying that the Chiefs would have little difficulty taking from the leaderless COI the parts it wanted. He advised the JCS, in conclusion, to confer with the President about "absorbing . . . those functions" it wanted; he apparently never thought to suggest that COI be absorbed as an operating entity. His recommendations were approved in general by the Chiefs on March 9, and he and the JCS Secretary, Brig. Gen. Walter Bedell Smith, who would later serve as Director of the postwar Central Intelligence Agency, were instructed to condense the report and prepare recommendations for submission to the President in an informal conference.<sup>60</sup>

Two days later they had a brief memorandum recommending that the Chiefs take up with the President at their next meeting a request to take over the War Room project. They noted that this would "unquestionably bring up the future status and probable assignment" of Colonel Donovan. If that could be satisfactorily resolved, thereby permitting "further



As Secretary of the Joint Chiefs of Staff, Brig. Gen. Walter Bedell Smith supervised the reorganization of COI as OSS, a supporting agency of the JCS.

U.S. Army

allocation of components of the Donovan organization to the armed services," then they recommended the transfer of R & A to the JCS as "a supporting entity" of the Joint Intelligence Committee and the transfer of the commando work to the Marines.<sup>61</sup>

On March 14, General Smith, who would henceforward play a pivotal role in JCS negotiations with Donovan, had a new suggestion for Marshall and King. He thought "the simplest way" to solve the problem of getting control of the War Room was designating Donovan as the chairman of the JIC, of which he was already a member. While G-2 and ONI, as well as Adolf Berle, thought a military man should hold that post, General Smith pointed out that Donovan did occupy "a peculiar position with respect to the President," and that just as FDR had made Harry Hopkins chairman of the Munitions Assignments Board so also could he make Donovan the JIC chief. The result would be putting "the valuable parts of the COI organization" under JCS control. "This," observed Smith, "is important enough to warrant concessions." Anyhow, "it is most likely that Colonel Donovan would eventually want a more colorful assignment," and so the problem would go away.

Before this recommendation could receive full consideration,<sup>62</sup> an entirely new twist was given to the matter by the sixteenth. Smith then reported to the JCS that in a recent conversation with Donovan the latter "had suggested the employment" of COI "in practically the same manner as was to be proposed to Colonel Donovan." The JCS then decided to take the necessary steps "to incorporate the COI as a supporting agency,"<sup>63</sup> but the steps began not with an informal conference with FDR but with a military order for him to sign.

Up to this point in the relationship there had been a big difference in the approach of both the JCS and Colonel Donovan. From the beginning the military had opposed Donovan; he was a civilian dabbling in a military preserve or proposing operations upon which they frowned. In both cases he was an inexperienced interloper whose schemes were a threat to security, efficiency, and military success. General Smith felt that way about COI; he worried about "the dangerous possibilities to security and plans" if COI were not under JCS control. After the war Bernard Gladieux said that Smith wanted neither Donovan nor his organization and that it was only "in the most reluctant way" that the JCS accepted COI.<sup>64</sup> We shall soon hear Smith himself describing the JCS order of incorporation as essentially "a defensive" measure.

For Donovan's part, the JCS as an organization could well have been an answer to a prayer. While a civilian, Donovan had been in heart as well as title, a colonel; his activities increasingly drew him into the military orbit. With Pearl Harbor he realized there would have to be a closer integration of his activities with the military and naval services. Donovan had no wish, however, to become subordinated to either Army or Navy and had made direct reporting to the President one of his conditions for taking the COI job. The appearance of the JCS early in 1942, however, opened up a spot which was a notch above both Army and Navy and thus offered him the prospect of being able to draw upon military resources at the same time that he had sufficient independence and elbow room to do the work of which he was the prime exponent. This prospect appeared only after he and Whitney had exchanged their memoranda on the future of COI.

By March 16 Donovan could well have been aware not only of the rumored expectation of an information reorganization but also of the actual order that Harold Smith had put forward. On March 11 there was a newspaper report that a move was afoot to subject "all the press agents of the government to some over-all control." On March 17 COI's budget office had a discussion "regarding the possible consolidation of all 'information' agencies"; from the context, the subject clearly had been in the air at least for a matter of days. Much more indicative of Donovan's awareness of what was going on is his memorandum to the President

on March 16 when he briefly described for him “how our principal units are integrated and how each one serves and supplements the other.” They were four in number—what he now called the “Special Intelligence Service” (SIS), R & A, FIS, and the “Special Operations Service” (SOS). He wanted FDR to know that in Britain these four functions were split up among six different organizations, each of which was larger than his. He ended on the strong point that having these “tied together as one weapon,” as the President had done, “obtained an Economy of Force, a vital principle in warfare.”<sup>65</sup>

For practical and bureaucratic reasons then, Donovan moved positively to align himself with the JCS. He soon discussed with General Smith the outline of the needed order and his recent letters to the President—the one just discussed and the earlier one about the “rumor” he had heard. On March 22, Donovan sent Smith copies of a suggested draft of the order. The next day he sent Smith excerpts from those letters to the President and added a reassurance that he had no intention of trying to take over Rockefeller’s operations—“even though it might be advisable to do so.” He did think Rockefeller should be on the JPWC “so what they do in South America could have some direction.”<sup>66</sup>

That same day Smith sent King and Marshall a copy of Donovan’s draft of a proposed executive order, and the JCS took up the issue immediately. Smith said that Donovan’s draft corresponded, with some modifications, to the one he had prepared by the Judge Advocate General of the Army. Smith wanted it noted that the proposed name, “Office of Strategic Information” (OSI), was Donovan’s “idea,” and Smith’s “personal opinion” was that the name made no difference whatever. The order gave the OSI the same rights and duties enjoyed by COI and added the planning and execution of foreign propaganda, political and psychological warfare, and “Special Service units.” These units, “obviously Commandos,” which are “nearest Donovan’s heart,” said Smith, constitute the “only questionable provision.” It is “comparatively innocuous,” however, said Smith, because in the final analysis the units will be controlled by the JCS. At this point it is apparent that Denebrink’s idea of dissolving COI had yielded to Donovan’s idea of affiliating it as an entity, as “a supporting agency,” of the JCS.<sup>67</sup>

Before the JCS acted on the matter, on March 23, they considered Donovan’s position relative to the JPWC which had just held its first meeting, and they decided that when Donovan was brought into the JCS he would be made chairman of that committee. The Chiefs then accepted the proposed order and directed that it be sent to the President for his approval.<sup>68</sup>

So on March 26, at the time Harold Smith and Rosenman were busily trying to get the President to sign the order which was already in his office, General Smith sent the JCS order to Harry Hopkins for transmittal to FDR. The General, explaining the considerations prompting the proposed changes, said R & A, SIS, and FIS were “very closely allied” with the Army and Navy and “should be integrated” with the JIC. Foreign propaganda as developed by COI, he said, had become a weapon which “must be tied in with our war plans.” As for commandos, primarily a Marine job, Donovan had “pioneered this planning and he will be most effective if working from the inside rather than outside” the JCS.<sup>69</sup>

The President now—the spring of 1942—had before him for consideration two orders relative to the future of COI.

## **7. BACK AT THE WHITE HOUSE**

Whether he read it or not, he also had before him a March 30 memorandum from Donovan urging him to sign the JCS order. It “exactly conforms,” said the Colonel, “to your original directive to me, both in name and function—[though it] was finally modified at the

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instance [insistence?] of the Army and Navy." They had indeed objected to his being "Coordinator of Strategic Information," to the "military character" of his job, and to his working "under the direction and supervision" of the President as Commander-in-Chief. Marshall and Stimson had persuaded Ben Cohen and Donovan to make the job strictly a civilian one. Donovan now happily informed FDR that the services had confidence in his organization, that the order came "at their instance," and that they now wanted to integrate with themselves the various elements COI had been developing. Thus integrated, the Chiefs and the President would have "welded into one fighting force every essential element in modern warfare," including, noted Donovan, the commandos.<sup>70</sup>

If read, his statement had no effect. On March 31 FDR sent the JCS order to Harold Smith and the next day told him that he did not think that "foreign information should go to [the] military services."<sup>71</sup> In the background of that thought was continuing discussion and controversy over the relative spheres of influence of civilians and the military in the management of the war. There was considerable domestic opposition to letting the military run anything other than military operations, least of all factories and newspapers. Roosevelt, himself a propagandist, who in February 1941 had strongly rejected a Joint Board plan for censorship and publicity,<sup>72</sup> would have no part of military control of the domestic, political, and international news and commentary emanating from the United States. His statement to Smith sealed the fate of FIS as far as ever going to the JCS was concerned, though Donovan would not yield on the point until he had no other choice.

A more immediate fate befell Donovan. On the way to Washington's Union Station, apparently on April 1 to catch the 1:05 a.m. train to New York, his chauffeur-driven car was involved in an automobile accident in which he suffered a new injury to his right knee, which had been injured in World War I combat. Continuing on to Manhattan, he obtained cold compresses from the porter, but on April 2 he had to cancel all his appointments for the day. For the next six weeks he was laid up in the St. Regis Hotel; and while he certainly kept in touch with his office and had subordinates in for consultation and dictation,<sup>73</sup> he had perforce to leave the field of political battle in Washington not only to his new lukewarm friends in the JCS but also to his foes, some of them quite bitter, in the Bureau of the Budget, the State Department, CIAA, and the FBI. Budget Director Smith went back to work on his OWI order, and others, soon to be identified, went to work on the convalescing Colonel.

The Budget Bureau was under strong pressure to clean up the information "mess." The public had been scandalously confused, for instance, by conflicting Army and Navy reports about an air raid over Los Angeles, the former saying it was an experiment, the latter ascribing it to a hostile attack from a naval carrier. Some presidential advisors thought there should be but a single source of news, while others decried the dangers of establishing a German-type autocratic propaganda machine. Meantime, and harkening back to the domestic morale problem, there was much talk about waking up the American people, staging parades, waving the flag, and generally arousing the people to the desired wartime fever. The newspapers carried much on the subject.

Congress was not indifferent to the problem, especially to the cost of supporting so many publicists as the government had at work. Congressman Louis Ludlow of Indiana orated in March against "the enormous printing and binding costs" of the government. He marshalled figures for 1939, 1940, and 1941 to show how high were the figures for 1942. During April a Senate committee, led by the economy-minded Harry Byrd of Virginia, pared an appropriation for publicity, newspapers, periodicals, telephoning, and travel expenses. Byrd, citing facts and figures, decried the number of full time and part time employees at work on "publicity."

For Harold Smith, then, the immediate problem was getting the OWI order signed by the President. He had already encountered an unexpected complication in the form of the counter order from the JCS; and the "excited" and "emotional" Rockefeller, firmly backed by the very influential Sumner Welles, had proven more intractable than anticipated. At least Smith had the encouraging statement of the President on FIS; so he turned to the objections to the order which Welles had sent to FDR on March 17.

Smith told the President on April 4 that he had carefully considered those objections and that while he generally agreed with their intent he saw no reason to add those provisions which Welles said were required to protect State's foreign policy role. It would simply complicate things to spell out what did not need to be spelled out; such was a desired statement that nothing in the order would contravene the responsibility of State for foreign affairs.<sup>74</sup>

On April 10 Smith was called to the White House to meet with Judge Rosenman, Sumner Welles, who was then Acting Secretary of State, with Nelson Rockefeller, and Attorney General Francis Biddle. The presence of Biddle certainly made Smith unhappy, because it simply brought in another party to the dispute when there were already too many involved. Smith grumbled in his diary that when the bureau's reorganization "proposals were discovered, various jurisdictional disputes of a rather bureaucratic character arose," and, reaching the President, "caused the Order to be stalled."

Biddle, he learned, had gotten to the meeting because earlier in the week the Attorney General, Hoover, and Nelson Rockefeller had gone to the President with a complaint "that Donovan had sent agents into South America in violation of the President's instructions to Donovan to stay out of South America." As a result the President had suggested that Biddle go over the information order and try to get the parties together. That Rooseveltian habit "of giving several people assignments in the same field causes no end of trouble," lamented Smith.

The meeting started off with Welles going over old ground about protecting State and insisting again on keeping CIAA out of the proposed OWI. Smith, somewhat worn down now, saw no difficulty in taking care, by one device or another, of all the Secretary's points except the one "about the information service of Nelson Rockefeller, about which Nelson made a considerable racket." Accomplishing little, the conferees turned mostly to a discussion of "Donovan's work."

Welles said that he wanted "the Donovan organization dissolved." Smith pointed out that there was a military order transferring COI to the JCS. Of course Welles had learned about that from Rockefeller the day the order went to the White House. The Attorney General, however, had not seen the order, and, according to Smith, he "obviously knew very little about the subject."<sup>75</sup>

Even so, or perhaps because so, he came up with some helpful suggestions in a memorandum to FDR on April 22. After recommending that a director, perhaps Elmer Davis, ought to be selected immediately and asked to help draft the OWI charter, he went on to suggest that the new office should have two constituent units: a domestic information unit, under MacLeish perhaps, and containing OFF, OEM/DI, and OGR; and a foreign information unit composed of COI's and CIAA's information work. This suggestion was ultimately to bear fruit, bitter fruit in a way, because that foreign information unit, when established—under Bob Sherwood, not MacLeish—would be locked in battle with Donovan for fully nine months after OSS and OWI came into existence.

## VI/*from coi to oss*

Biddle also suggested that some “adverse public opinion” about the information situation could be offset by giving the new OWI director control over the day-to-day releases of the Army and Navy. With Welles’s worry about State’s prerogatives in mind he also suggested that the order should set up a policy board with appropriate representation from the Secretaries of State, War, and Navy. While these would prove helpful contributions, there was plenty of struggle ahead, especially in regard to Rockefeller.<sup>76</sup>

Meanwhile at the White House Rockefeller, Hoover, and Biddle had launched an attack on Donovan. It was South America again, and it might be entitled “The Case of the Famous Ninety Humpty-Dumpties.” It was a Rockefeller-Hoover-Welles alliance in action.

Rockefeller’s complaint against Donovan and suspicions about his intentions have already been indicated. Hoover had just given Donovan a setback in South America, but the FBI chief also remained suspicious and vigilant. Welles, with a personal interest in the “Good Neighbor” policy, leagued himself with such reliable quantities as Rockefeller and Hoover against what he feared would be disastrous covert operations in South America by the “wild” Colonel. Something of his attitude must have been communicated to Assistant Secretary of State Breckinridge Long who confided to his diary the same day Welles was urging the dissolution of COI that “‘Wild Bill’ . . . has been a thorn in the side of a number of . . . agencies . . . including the side of the Department of State—and more particularly recently in Welles’s.” Long wrote that Donovan was “into everybody’s business,” knew “no bounds of jurisdiction,” had “a regular army at work and agents all over the world,” and “did many things under the *nom de guerre* of ‘Information.’”<sup>77</sup>

There was more of the velvet glove, however, in the opening move. On March 25 Sumner Welles pleasantly enough informed Donovan that he had learned from a seemingly “reputable” source that COI had “some ninety agents operating in Mexico.” Since that was contrary to what the two of them had agreed upon “some months ago,” it was possible, suggested Welles, that some new understanding had been established while he had been in Rio de Janeiro for three weeks. Would “Dear Bill” let him know what the facts were?<sup>78</sup>

The facts actually were known to all concerned at that very time, and Welles himself had been given the key to the whole situation. The key was Wallace B. Phillips who had been hired by ONI to run its SIS and then joined Donovan when the services asked him to take over their undercover work outside the Western Hemisphere. Phillips had actually transferred to COI on October 15, 1941, and did so officially on December 15.<sup>79</sup> At the request of ONI, however, he continued to handle some SIS agents in Mexico—three or four representatives with twenty- three informants—whom the Navy, alarmed at rumors of Japanese activity in that area, had begun to recruit and operate in mid-1941 with the tacit approval of the FBI which had technical responsibility for that area. Phillips continued, once in COI, to run those agents but only as an ONI matter.<sup>80</sup> On January 20 Donovan, clearly reacting to his hassle with Hoover on operations in Latin America, initiated the process whereby ONI recovered for itself the actual control of those agents.<sup>81</sup> On March 16 Donovan noted in his appointment book that he “talked with Wilkinson [ONI director] today who said *he would take up with Hoover* the question of what would be the best way to handle the Mexican situation” [emphasis added]. Then on March 23, two days before Welles’s letter was written, Admiral Wilkinson informed Donovan that ONI was taking “the necessary steps to take over all the activities in Mexico which have heretofore been handled by Mr. Phillips,” and that the details were being worked out by one of his people and Phillips.<sup>82</sup>



Rear Adm. Theodore S. Wilkinson (shown here as a vice admiral in 1945) was ONI chief in 1942 during "The Case of the Famous Ninety Humpty-Dumpties."

U.S. Navy, National Archives

## VI/*from coi to oss*

With that in his immediate background Donovan quite understandably replied to Welles on March 26 that "the agreement we made still stands. The story you refer to is absurd and the source, whatever it is, is entirely unreliable." Despite the denial, which Welles may or may not have communicated to Rockefeller and Hoover, those two, backed up by the Attorney General, retailed the charge to FDR just a few days after Donovan had taken up enforced residence at the St. Regis.<sup>83</sup>

FDR made no mention of the matter when on April 13 he sent Donovan a "get well" message. Shortly thereafter, however, he mentioned it to Frank Knox who, according to Donovan, told him on April 26 that "the well worn lie" about the ninety agents had been passed on to the President. Donovan, after assuring FDR that despite his accident he would be able "to go into the field again," declared he was "angry and indignant" at the repetition of the lie, that he had "only contempt" for those who would "retail such deliberate falsehoods," and that the President should be concerned about those who tell such "a dirty and contemptible lie" about those "who are trying to serve [him] loyally." Roosevelt immediately sent Welles a message, a copy of which went to Donovan, asking the Under Secretary "to find out just what the facts are."<sup>84</sup>

Welles turned quickly to Berle who produced a page on the ONI case. He listed four men and a list of informants, a system of "scouts" allegedly developed by COI, and vague reports about four other questionable people. He concluded with: "the FBI has other records, which will take more time to dig up." There was no mention of the ninety agents. The Berle memorandum was sent to FDR by Welles who added a lengthy account of a mission by a COI man, Donald Downes, to Mexico City; and then he declared that the original statement about the ninety had been made to a State Department official "by an official high in Colonel Donovan's office."<sup>85</sup>

Donovan, now back on the job, took the Welles and Berle memoranda, which FDR had sent him, and tackled them point by point. He hoped the German army would "melt away" as rapidly as his "alleged force of ninety agents . . . melts under investigation." He would be glad to know the name of the "high official" who made such "an absurd remark," for his "usefulness" would end promptly. He took care of the Phillips matter, which also took care of two of the men on whom Berle had vague reports. On Donald Downes he sent a letter from Allen Dulles, who had just opened the New York office of SI, and who showed how the entire trip had been cleared with the FBI. Another of Berle's vaguely described people was "unaccounted" for by Donovan; actually the individual, a John Dennison, was working for an intelligence network that was run for Roosevelt by the liberal columnist, John Franklin Carter! The "scouts?" Donovan had never heard of such a system, and who could possibly conceive of it? Donovan of Donovan Leisure Newton and Lumbard rested his case on a "simple statement of facts."<sup>86</sup>

That ended that sorry episode, but there are some footnotes. One, Donovan's liaison man at State let him know on May 23 that "on the subject of the famous ninety humpty-dumpties" Welles had been informed before he wrote his March letter that "the rumor no doubt developed as a remaining remnant of the days when Wallace Phillips was working for the Navy." Two, Wallace Phillips, when questioned by cable to London, whither he had by now been assigned, whether he had originated the story, categorically denied it and pointed the finger of guilt at "Mr. Hoover" who must have started the rumor "for reasons of his own." Phillips added that Colonel "Dick" Ellis, Bill Stephenson's man, who was privy to Donovan's cable, "stated that in his opinion Hoover, who apparently spread the original rumor about the British having 3,000 agents in the U.S., would certainly not hesitate to

spread a similar rumor about any other service." Finally, Adolf Berle, in a conciliatory mood on June 6—"I understand that I am Public Enemy No. One in the COI"—admitted to Donovan's liaison man, William A. Kimbel, that any "misunderstanding" about the alleged Mexican agents was "a hang-over resulting from Phillips's former connections with the Navy."<sup>87</sup>

Though busy with this diversionary attack, Donovan in the meantime had his eye fastened on the main assault. On April 13 he talked, presumably by telephone, with Sam Rosenman, "Reorganizer Rosenman," as *Newsweek* dubbed him. The Judge told him that the JCS order had not been signed.

"Disturbed as well as surprised," Donovan again wrote to the President in an effort to convince him of the necessity of aligning political and subversive warfare with the prosecution of major military operations. Donovan knew that he was preaching new doctrine and was convinced that experience was proving not only the need for such warfare but also its unification in itself and with the Joint Chiefs of Staff. For FDR's benefit, therefore, he repeated that entire paragraph from an earlier letter in which he had described foreign propaganda as a weapon of war, marching with events, serving as "the arrow of initial penetration," conditioning and preparing the people for invasion, and followed by Fifth Columnists, militarized raiders, and the invading divisions.

Mindful of the charges that were being made in Washington that he recognized, for instance, "no bounds of jurisdiction," the Colonel insisted that his development of political warfare had not entailed the usurpation of the functions of any other agency of government. He now hoped that the President would not permit this "weapon of combined operations . . . so carefully prepared," and having merited the respect of skeptics, to be "disturbed at home before it shall ever be put to its really crucial work abroad."<sup>88</sup>

Since FDR was not the only one that needed persuasion, he sent a copy of this letter to Gen. Walter Bedell Smith. Donovan was under no illusion that the JCS, however much they had accepted the British thesis on subversion, shared his theory of modern warfare. He therefore drafted, but it is not clear that he dispatched, a memorandum explaining to the JCS how his organization could serve them. While he briefly discussed each part, he put greatest stress on those aspects which touched the current controversy; hence, he emphasized that political warfare was "wholly apart" from U.S. domestic propaganda and that the State Department could have a voice in political warfare although that weapon had to be "close at the hand of the strategic directing force." The immediate issue of interest to the JCS, however, was the War Room, which promised to be a well-stocked storehouse and display of strategic war information. Donovan, recognizing JCS interest in his proposed building, offered to stop construction, expected to start any day, and to install therein anything the Chiefs wanted.<sup>89</sup>

This offer, communicated somehow to General Smith, was formally made to the JCS on April 20, and they authorized him to proceed to consummate arrangements with Donovan to build a visual presentation room in the CCS building on Constitution Avenue. The next day Donovan told the President of this development and flattered him with the observation that it confirmed his "own foresight in anticipating the use of and need for this a long time ago."<sup>90</sup> Donovan had undoubtedly shown the President something of the maps, globes, charts, and films he had in mind and had easily won Roosevelt's acceptance of the plan for graphically presenting vital information.



Assistant Secretary of State Adolf A. Berle, Jr.: "I understand that I am Public Enemy No. 1 in the COI."

Pix, Roosevelt Library

## 8. A SOLUTION IN SIGHT

Just how much Donovan needed to persuade General Smith was made clear within a week when the JCS Secretary informed two officers of the Budget Bureau that the military services had “abandoned” their proposed order on the Donovan organization and that they would not have proposed it had they known about the earlier information order! Smith went further and declared that he had not seen a copy of that information order, that as far as he understood it the JCS had no objections to it, “and in fact would support it”! After Hall offered to “work out some tentative suggestions on the disbursal [*sic*] of the Donovan organization” and discuss them with the General, the latter indicated his desire to cooperate.

While this was the gist of their conversation, which must have been welcome news indeed to the hard-pressed Budget men, Smith made many comments that showed how flawed was the Donovan-JCS alliance at that particular time. Smith called the JCS order a “defensive measure,” which the JCS had accepted as protection against Donovan who was “still ‘Wild Bill’ . . . aggressive . . . ambitious and very much action-minded . . . a poor administrator [with] very little organizational sense,” and whose activities might embarrass the JCS before the President by requiring them to explain why certain suggested strategy plans were not put into effect. The war room he described as a “big toy” which would be larger than the CCS building itself and would accommodate 350 people; since the military would never release vital information to an additional 350 people—it was “hard enough to get Army and Navy people across the street as it is”—Smith was trying “to crawl out from under” his commitment to Donovan. Smith described Donovan as having been driven to the idea of the commandos “by his desire to lead a ‘personal army,’” but commando work, he said, would go to the Marines. Finally, Smith depreciated R & A as “quite academic” as long as it remained outside military control, and he dismissed the motion picture program as worthless.<sup>91</sup>

The General informed Marshall on May 2 that Harold Smith had decided that he (Harold Smith), Rosenman, and Attorney General Biddle would redraft the proposed JCS order, let General Smith go over it and make suggestions, and then submit it to the President “as their joint recommendation.” That committee would propose that Donovan’s organization, “less Political Warfare, Foreign Propaganda, and Foreign Information,” be placed under the JCS and thus would give to the JCS control of R & A, subversive activities, and commandos. Moving along rapidly, General Smith suggested that G-2 be directed to draw up plans for integrating COI into the military framework. One possibility would be to make Donovan a brigadier general and put him in charge, under G-2, of a “Subversive Activities Training Center which he has already established.” His R & A could go to the JIC where the “lunatic fringe” could be eliminated. Another possibility was that Donovan could chair the JPWC or its successor; this organization was impatiently holding up various plans pending the settlement of COI’s status. General Smith was certainly willing to “scatter” COI.<sup>92</sup>

For the other Smith, this development, coming on top of the President’s statement against giving foreign propaganda to the military, meant that Donovan as an opposition force had no strong ally and was, therefore, largely neutralized, as far as that particular issue, a major one, was concerned. Indeed Donovan had no ally, military or otherwise, throughout this springtime struggle for survival; by contrast the equally embattled Rockefeller was able to call on a battery of friends: Sumner Welles, Cordell Hull, J. Edgar Hoover, and the Vice President. Since Harold Smith was relatively indifferent as to whether the rest of COI was scattered among the military or transferred as a unit, he could turn his full attention to Welles and Rockefeller.

## VI/*from coi to oss*

The Under Secretary was bringing the issue to a head by mid-May. He talked several times with Francis Biddle and latched on to the latter's suggestion of a policy board composed of the director of OWI and the three Secretaries of State, War, and Navy. Only thus, Welles told Harold Smith, "could the conduct of our foreign relations by the President through the Secretary of State be properly safeguarded." Welles went on, however, to add another member to that board, namely the Coordinator of Inter-American Affairs. The Coordinator, said Welles, would be bound, as would other agencies, by the policies set by the board but would still remain "a separate and autonomous agency."<sup>93</sup>

Somewhat unnecessarily Nelson Rockefeller on the same day also wrote Harold Smith saying that he agreed completely with the Under Secretary that he, Rockefeller, should be on the policy board of OWI and that he should continue to have "sole responsibility" subject to the board and in collaboration with State—for handling war information disseminated to Latin America.<sup>94</sup>

Welles had pointedly let the Budget Director know that he had "discussed these issues with the Secretary of State and . . . the views I express represent his own." It may have been this bit of incidental intelligence which prompted Smith to suggest to Biddle that the whole matter should be laid before the President. The suggestion was communicated to Welles who, needing it or not, let the President know on May 13 that "Secretary Hull and I feel that it is desirable" for the President to have "our views" before him when the information problem is brought to him "for decision."<sup>95</sup>

Meanwhile, Donovan left his sick room at the St. Regis, returned to Washington, immediately informed FDR that he was back in town "feeling fit," and put in a call to Grace Tully for an appointment to see Roosevelt. Grace did tell the President Donovan wanted to talk to him—so, she said, did Anna Rosenberg—"about the reorganization of the Information Service before [he] took final action." Could he come in some day soon? Years later Judge Rosenman said that Donovan had brought "great pressure on the White House," that he was not going to stand "docilely" by, that he was "trying to hold on to his organization," and that he must have come in to see the President "to argue his case."<sup>96</sup> Donovan was apparently at the White House on May 15, and it must have been of that occasion Donovan was speaking when he told an interviewer in 1949 that

Bedell Smith asked me if we'd be willing to work under JCS, and I said sure. When I told Roosevelt, he said we'd better stay clear of JCS. . . . "They'll absorb you." I said, "You leave that to me, Mr. President!" I knew the rumors that were going around that JCS wanted to get us under their control and then tear the agency apart piece by piece and scuttle me, but I explained to Roosevelt that the JCS were the ones who would win the war, so that was the place for the agency to be. . . .<sup>97</sup>

While there is not certainty on this point, it is most probable that this meeting and this part of the discussion helped the President to decide, or confirmed him in an earlier decision, to keep COI as a unit, transfer it to the JCS as a "supporting agency," and not yield to those who wanted to "tear [it] apart piece by piece." Incidentally the JCS were not the only ones entertaining that prospect. As far back as March 16 the State Department's Latin American division, appropriately enough, had proposed the formation of a "Bureau of Public Information," which would take over COI's propaganda activities, give R & A to State or G-2 and ONI, and let COI "be abolished." Likewise, on March 31 an ONI official reported "scuttle-butt" to the effect that COI would be dissolved and its parts spread about, that Donovan would "be released unconditionally," that OFF would take over certain sections, that Army would get the commandos, and Colonel Black would get "the Research Bureau

for his Special Study Group.” In such a case, the Director of ONI was told, “there are certain functions [of COI] which it is in the interest of the Navy to salvage,” and these were the SIS and the SOS. So also, as noted, on April 10 Welles wanted COI abolished, and he would return to the theme as late as June 3 when he would tell a military group, and would do so with obvious pleasure, that “the President has immediately under consideration the disbanding of this organization [COI] and of placing parts of it under existing departments and agencies of the Government.” Finally, on May 15, the probable day of this Roosevelt-Donovan conversation, Gen. George Strong of G-2 was advising Marshall, pursuant to General Smith’s directive to prepare plans for integrating COI, to make a three-way split of the Donovan organization: research to JIC, subversion to G-2 and the commandos to the Marines.<sup>98</sup>

In addition to this discussion of COI and the JCS, the President outlined for Donovan the proposal to set up three units: domestic and foreign units in OWI and the independent CIAA. Donovan told the President his argument for not including South America with the other two applied with greater force against including the general foreign propaganda with the domestic. “The argument was, in effect—one day we might have to lie, and then our whole domestic situation would be ruined.” The President agreed to discuss it later with Donovan but in the meantime wanted him to talk it over with Rosenman. That afternoon Donovan talked with the Judge, tried unsuccessfully to talk with Harry Hopkins, went over the subject with General Smith, and then sent the President a new proposal, a last-ditch proposal.<sup>99</sup>

He wrote the President on May 16 that he had discussed the problem with Sam Rosenman, “as always, impartial, unprejudiced and open to conviction,” and had told him that the foreign radio service was such an integral part of COI that “to rip this out now would tear the tissue of our whole organization,” and that he would not let this be done without, and here he spoke as the son of a railroad yard superintendent, “swinging a red lantern.” Since he and Sam agreed that it was a question of affiliating the COI radio propaganda service with a general information agency or permitting that service to remain independent and effect close liaison with the new agency, why not, argued Donovan, put the new idea to the test. Let the new unified domestic agency be established, let it work for three months, let there be close liaison with COI, and then at the end of the three months take a new look at the results. The experiment would cost nothing, but if it were not tried and the office was found to be a mistake, “irreparable injury would have been done” to “our machine.”

As a companion piece to this proposal he reminded the President of the fact that much “aggressive action” on the part of the JCS had been impeded by the delay in signing the military order that had been sent him on March 26. Why not issue “a simple order,” like the enclosed, which would designate COI “as a supporting agency, and nothing more?” It would answer the basic question and leave the rest to later determination. Donovan said General Smith agreed with this proposal “‘in order to relieve the logjam.’”<sup>100</sup>

Ironically enough, Donovan had his own internal reorganization problem coming to a head at the same time, and it concerned Sherwood and the FIS. A top planning committee, set up by Donovan in mid-February, had spent much of its time on the propaganda service. Badly administered and overly large, FIS had also developed units—publications, pictorial, and “outposts” (overseas representatives)—which, under aggressive leadership, aimed at autonomy within COI. Donovan’s decision to separate out these three branches was not only vigorously opposed by Sherwood but also made without his prior knowledge. Elmo Roper, hoping to mediate in this rift between the playwright and his COI boss, told Donovan he had done the right thing but in the wrong way. Roper also said that “when Bob tells me he

did not write a letter to the President urging that FIS be consolidated with any other agency," he, Roper, believed him. Sherwood, of course, had done just that on March 19 and was now planning on taking his FIS "lock, stock, and barrel," that is, publications, pictorial, and outposts branches, into Harold Smith's proposed OWI. On May 20 Sherwood was sufficiently on top of the entire situation to be able to tell Colonel "Ned" Buxton that he thought "the only thing holding up the transfer of FIS to the information group is a decision as to who was to head the same."<sup>101</sup>

By that date the problem was indeed well on its way to a solution. The public had been led to expect a new organization. Congressmen had been effectively complaining about the high cost of supporting so many information agencies and departmental "publicity" men. The agencies themselves knew some basic changes were definitely in the works. The problem was tiring various individuals. MacLeish, complaining about "the present Tower of Babel," wanted to resign. Stimson said a conference with Marshall on the COI transfer "lasted pretty late and took a good deal out of me." Even Donovan called up Knox, seemingly his only friend in town, and "wanted to talk over some of his problems"; so Knox had him over for lunch.<sup>102</sup>

Everybody had had his inning. Welles had talked with Biddle. Welles and Rockefeller had written Smith. Donovan had seen FDR. According to Rosenman, Cordell Hull and Sumner Welles "came to see the President personally" on behalf of Rockefeller; that may have occurred in mid-May when, again according to Rosenman, the information situation was the subject of "a large White House conference which included Harry Hopkins, Frank Walker, Steve Early, Hull, Welles, Harold Smith, Attorney General Biddle, and [Rosenman]." It was then "finally decided to leave Rockefeller's organization intact."<sup>103</sup>

The President now had the lineaments of a solution in view. There would be two separate orders. One, providing for the unification of the information agencies, would include the FIS of COI in a new OWI. The new outfit would recognize both the undiminished responsibility of State in foreign affairs and the continued independence, equally undiminished, of the Coordinator of Inter-American Affairs. The other order would designate the remainder of COI as a supporting agency of the JCS who, some still expected, would "tear it apart."

On May 21 the President, indicating his mind was made up, returned to Harold Smith his memorandum of March 24 calling for "*extremely urgent*" action and noted on it: "Will you speak to me about this?"<sup>104</sup>

## 9. WRAP-UP

He did, but the President "was not ready to proceed with the Order," recorded Smith.<sup>105</sup> For the delay, which would last more than three weeks, there could have been any number of good reasons. There was at least the problem of naming a director of the new OWI. As late as May 25 Smith was "still in the dark with respect to a name." Not that there was a dearth of nominees; there was Palmer Hoyt of the *Portland Oregonian*, Thomas H. Beck, president of the Crowell-Colliers company, C. D. Jackson of *Life*, and John Cowles of the *Des Moines Register*. An eager candidate apparently was William Bullitt, the former ambassador now looking for a new war post; put forward by MacLeish, Bullitt on May 26 told Secretary Stimson "he had the possibility of getting the post of propaganda minister, so to speak."<sup>106</sup>

The earliest prospect had been Elmer Davis, the Indiana-born, scholarly, liberal, unhurried radio news commentator with a "down home twang" known to millions of CBS listeners. By early March he had been nominated by Robert Sherwood, endorsed by Felix

Frankfurter, and recommended by Rosenman to FDR. Rosenman later recalled that Davis had been urged on him by Rex Stout and other writers on the Writers' War Board. The President and Harold Smith discussed Davis on various occasions.<sup>107</sup> The President, fully aware of the importance of picking a potential "propaganda minister," liked the idea of Davis, popular with both press and public, and persuaded him to take the post as a patriotic duty.

Whatever FDR's reason for delay, the Budget Bureau had every reason for haste. On May 22 Smith's deputy, Wayne Coy, discussed with the President the appropriation requests for the war agencies and particularly noted Nelson Rockefeller's request "for 50 million plus" and Donovan's request for "75 million for his special activities." The President wanted nothing done about either request "until he had signed the Information Order"; and when Coy "urged upon him the necessity" for sending the appropriation requests to Congress within the week, the President "stated the Information Order would be signed this week end."<sup>108</sup>

It wasn't. Two weeks later both Smith and Coy were back at the White House with an impressive case for taking action on the 1943 budget estimates for the information agencies. They were being held up by the Budget Bureau because of the expected congressional attack on them "as being wasteful." The President wanted the estimates held up, and then for the first time in the entire length of the information controversy he revealed what he had decided.

Again he would sign the order "this week end." He was "favorably inclined" to the appointment of Davis. He would not "include South America propaganda under the Office of War Information because he had some personnel problems, namely, the Secretary of State and the Under Secretary of State, which were of such a character as to require him to do other than he should do." COI, minus the foreign broadcast service, would go to the JCS.

As for the organization of OWI he thought Davis would need a good administrator and that the office should have two parts—a domestic branch under MacLeish and a foreign branch under Bob Sherwood.<sup>109</sup>

The news was communicated by Smith to Donovan, who was not given a chance to pursue his proposed trial run of three months. Immediately writing the President, Donovan pledged his loyal cooperation, hoped the JCS order would be signed along with the consolidation order, and said he "understood" from their last conversation that the President wanted him to report both to the JCS and to himself. Whether he or Roosevelt recognized it at the time, Donovan then struck the first blow in the future battle between OSS and OWI: he said in effect he was not yielding the entire field of foreign information activities to the new service. Specifically, he recognized the need for close liaison between his psychological warfare and subversive activities and the new service's "distribution of *public information* abroad." While COI and OSS would use "the medium and control" of OWI, Donovan's own activities had a "purpose and method" which were "entirely different."

Donovan was still not sure, however, that his new organization was going to survive the next few days. "Theorists . . . because of a false logic," he warned, were seeking even to break up his "own efficient centralization." He hoped the President would not let such fragmenting go further than the takeover of FIS; "I say this frankly because you know that if you feel my usefulness here is ended you have only to tell me so." Dropping that offer to resign, he went on to speak with pride of "the men with brains and character" who had helped him build for the President "a real wartime service." He did not want to see it broken up without the President being alerted, and he did want the President to know that he had "already been told of the efforts made to take other units away from us."<sup>110</sup>

## VI/*from coi to oss*

He need not have put that statement in the past tense, for the next day, June 9, General Smith told the JCS that G-2 and ONI “were now collaborating to determine how to integrate OSS into the military.” Expecting the military order to be signed within 24 hours, the JCS then directed G-2 and ONI to prepare draft directives governing the activities of the Donovan organization. Here it must be emphasized that probably no one was more willing to do just that than the new G-2, General Strong, who had officially taken over Army intelligence on May 5.<sup>111</sup>

A powerful Army figure who had headed G-2’s Intelligence Group in 1937–38 and the War Plans Division in 1938–40, Maj. Gen. George V. Strong was the living embodiment of G-2’s institutional fear of being destroyed or absorbed by COI with its energetic and imaginative director, its White House entré, its apparently unlimited funds and personnel, and its apparently equally unlimited wide-ranging overt, clandestine, and military operations. Known as “George the Fifth,” because of his name and with reference to Britain’s former monarch, General Strong was a forceful personality whom Adolf Berle considered “a sound, solid citizen.” To Secretary Stimson, Strong was “a very good man but the wrong man temperamentally for G-2.” Eisenhower credited him with “a keen mind, a driving energy, and ruthless determination.” Strong, who had recommended a three-way split of CIO on May 15, was Captain Ahab in pursuit of his White Whale.<sup>112</sup>

“Scattering,” then, was in the wind. As late as June 10 Denebrink, sending General Smith another memorandum on the subject, saw a bright future for R&A as “the capstone” over G-2 and ONI but thought everything else could be dissolved or farmed out to some other agency.<sup>113</sup> Despite such visions, the JCS order, when signed by the President, clearly provided for the continued unity of COI under the Joint Chiefs.

The two orders were signed not in twenty-four but in ninety-six hours. By accident or design they were signed while Donovan, the chief sufferer, was out of the country. On June 8, Donovan, heading for discussions with the British, notified FDR he was “leaving for London tomorrow afternoon,” and inquired—by way of a hint—was there anything the President wanted him to do? On the tenth he departed Washington for New York and Montreal with Preston Goodfellow and “Jimmy” Murphy and picked up Bill Stephenson, probably in New York. On the eleventh, Thursday, the party “left on [a] British plane for London.” On June 13, 1942, in a perfect example of the bureaucrat’s classic fear of being reorganized while out of town, Donovan ceased being Coordinator of Information and became Director of the Office of Strategic Services.

FDR had issued two orders, “Executive Order 9182 Consolidating Certain War Information Functions into an Office of War Information” and “Military Order of June 13, 1942,” entitled simply “Office of Strategic Services.”<sup>114</sup>

The former, a lengthy one (Appendix D), created OWI by combining the offices of Facts and Figures, Government Reports, Information of OEM, and “the Foreign Information Service, Outpost, Publications, and Pictorial Branches of the Coordinator of Information.” OWI was given a Committee on War Information Policy whose membership included the Director of OWI, as the chairman, and representatives of State, War, Navy, CIAA, and the Joint Psychological Warfare Committee, of which Donovan soon became chairman. That and several other provisions took care of State’s problems. Rockefeller’s was provided for in the guarantee that OWI would have nothing to do with the Western Hemisphere outside of the United States and Canada. Otherwise OWI had plenary authority, consistent with U.S. foreign policies, to formulate, execute, or oversee all governmental information programs—radio, press, motion pictures, etc.—“designed to facilitate the development of an informed



Maj. Gen. George V. Strong, G-2 in 1942-44 and for OSS an implacable foe all the while.

U.S. Army

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and intelligent understanding, at home and abroad,” of U.S. war policies, activities, and aims. With the issuance of this order there began, among other things, two years of unpleasant relations between OWI and OSS. Peace would be achieved in June 1944; and the two organizations, born from one seed, would die together on October 1, 1945. They would both rise again, after permutations and transmutations, OSS as CIA in 1947, OWI as USIA in 1953; but that is taking us far beyond our present concern.

The other order, a much shorter one (Appendix E), transformed COI, less FIS—815 people, almost exactly half COI’s permanent personnel—into the Office of Strategic Services. As an “office,” it had internal unity; the word “strategic” had been Donovan’s from the earliest day; and “services,” used so often to describe the constituent parts of COI, replaced the now inappropriate “information.” The order transferred the new entity to the jurisdiction of the JCS and thus allied it to the military. OSS was given two functions: the collection and analysis of strategic information for the JCS and the planning and operation of special services as directed by the Chiefs. These were more specific than the task assigned COI, but they were still so vague as to ensure quarrels with G-2 and OWI. The new office was headed by a Director, William J. Donovan, a civilian, who was appointed by the President and performed his duties under the direction and supervision of the JCS.

Thus ended COI, a novel attempt in American history to organize research, intelligence, propaganda, subversion, and commando operations as a unified and essential feature of modern warfare, a “Fourth Arm” of the military services. While clipped functionally and geographically, it achieved sufficient stability and status to constitute a solid beginning in the construction, in wartime and for peacetime, of a permanent American organization for central intelligence and special operations. As an organization, however, it was soon forgotten, and today it is known to few beyond those who read these pages; for it was soon overshadowed by its direct lineal successor which, under the same leader, with substantially the same body of people, the same motivations, and the same objectives, and though denounced, abused, and ridiculed, achieved the kind of legendary, romanticized fame befitting the personality of its founder, the World War I hero, “Wild Bill” Donovan.

When the orders were signed, FDR sent the appropriate letters of notification to all concerned. To “Dear Bill”—still in the air—he wrote that “you are aware of what I am doing in the way of tying all the Information Services together” and “I am putting [you]” in charge of the OSS under the JCS. He added some nice words on Elmer Davis and hoped that Donovan “had a grand trip to London.” To Sherwood he wrote that “tying” the information services together “means taking you out of COI—but I strongly feel that your work is essentially information and not espionage or subversive activity among individuals or groups in enemy nations. I know Bill Donovan does not agree.” Sherwood was assured that Elmer Davis wanted him to stay on in OWI. To “Archie” MacLeish he sent assurances he had been doing a grand job and was still wanted.<sup>115</sup>

When the news reached London, according to a COI official in the city at the time, “no one was more surprised . . . than Col. Donovan himself.”<sup>116</sup> At the timing of the issuance of the orders? Quite possibly so. At the substance of the orders, the fact of them? It was just not possible. Donovan knew the change was coming, and it basically must have been unwelcome news to him. Even so, he must have been delighted by his obvious success in having persuaded the JCS to take him for their own and thus give him that military *entré* he and his operations required. He was also reassured to know that he still had FDR’s backing, at least enough of it to ensure the continuance of his innovative organization. He knew his agency was not going to be torn “apart piece by piece.”

To the British War Cabinet he presented on June 16 a "short description of his Organization." With Gen. Sir Alan Brooke, Chief of the Imperial General Staff, in the chair,

Colonel Donovan said that the President had been anxious for some time that the intelligence arrangements in the United States should be organized under one head. The U.S. Chiefs of Staff had now asked him to set up an organization under the direction of the U.S. Chiefs of Staff. The Offices of Strategic Information Services [*sic*], of which he was the Director, had therefore been formed. This corresponded approximately to the British S.I.S. and S.O.E. Organizations. He then gave further details of the sub-divisions of his Organization. He had come to this country in order to set up some similar organization here to work with [U.S.] Admiral Stark and General Chaney, and in the closest cooperation with similar British organizations.<sup>117</sup>

With obvious personal pride he three weeks later wrote Gen. Sir Archibald Wavell, the British Commander-in-Chief in India, that he

had now succeeded in having our Joint Chiefs of Staff do something which has never been done in our military history. That is to take in as part of their organization a civilian unit. There had been great neglect of the new elements in modern warfare and we have succeeded in getting them set up and all under one tent, including special intelligence, special operations and psychological warfare.

He hoped that after a few months all these services would be "so firmly established" that he would "be able to get away," obviously to the battlefield. He said he had been offered "promotion and induction into the service, but for very practical reasons, while I am doing this job (certainly for the time being), it would be better not to be in uniform." With full awareness of the Washington struggles that lay ahead, he declared that "these admirals and generals might be willing to sit down with citizen Donovan, but not with General Donovan."<sup>118</sup>

As it turned out, at least the generals and the admirals in the JCS system became his friends now that he was a part of them.

## Chapter VII

### SUMMER SKIRMISHES

Just weeks after OSS was established, James Grafton Rogers, a former State Department official newly recruited by Donovan, wrote in his diary that "people" were saying that OSS "may never survive control by the soldiers."<sup>1</sup>

Basically the military had two problems with OSS. One, it was an essentially novel organization performing a variety of civilian, military, and quasi-military tasks; and the generals and admirals had little understanding of these tasks, especially as they related to the military structure. Second, the organizational condition of OSS, which would never be known as a model of tidiness, was in its earliest days particularly confused.

The military recognized the genuine talent of many of the people gathered under the OSS roof. They also recognized the value of R&A<sup>2</sup> and also the need for organized, secret subversion abroad. There was doubt, however, that OSS would get organized soon enough to be a productive organization.

In mid-1942 survival was indeed the question, although Donovan was probably too self-confident to be daunted by Roosevelt's warning that the JCS would "absorb" him.

#### 1. THE MILITARY TAKE OVER

Even before Donovan had returned from London, the military had begun to bring the new OSS into line with its organizational philosophy, channels, procedures, and—hopefully—control. It was no mean problem. A novel and confused organization, OSS was also a secret organization and, therefore, so noted Rogers, "a mystery for the rest of Washington."<sup>3</sup> Only now it was a military mystery. Donovan had people, funds, overseas bases, and operations about which the JCS, the war plans divisions, and the intelligence services knew very little. Worse still from the military point of view, Donovan ran his show with as little regard as possible for "going through channels."

On June 16, the very day Donovan was explaining his organization to the War Cabinet in London, a JCS committee under Captain Denebrink, who had earlier favored farming out COI's parts to various agencies, had its first meeting with an OSS committee to work out the integration of OSS with the JCS. "Tentative decisions" called for transferring some activities, for reducing or freezing others. Later Denebrink said he would recommend to the JCS that OSS be taken over as an entity and that it continue to be operated as a unit by its present personnel. At the end of three months, when the new budget was drawn up, Donovan could explain and justify his organization and its operations.<sup>4</sup>

Reporting to the JCS Secretary, Brig. Gen. Walter Bedell Smith, the Captain gave his assurances that he had "scrupulously tried not to interfere with the *status quo* of OSS so that Colonel Donovan might [not] object to any action taken in his absence." Of course the Captain had some recommendations: have Donovan "appear to explain" OSS, have the agency examined by the Inspector General, induct many OSS people into the Army Specialist Corps, bring the agency's travel and entertainment procedures into conformity with Army and Navy regulations, permit no activities in the secret intelligence and special operations fields unless approved by the JCS, and utilize the next three months to determine the retention, dissolution, or the allocation elsewhere of the various OSS elements.<sup>5</sup>

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Denebrink and the War Department's Operations Division (OPD) were particularly interested in the OSS Budget. It was variously reported hovering between \$53,000,000 and \$100,000,000. Denebrink found so little information available on the major purposes for which this money would be spent that he thought the JCS should require "a more illuminating breakdown" of special activities before the Chiefs committed themselves to a \$53,000,000 budget for OSS.<sup>6</sup> In OPD it was pointed out that the OSS budget amounted "to some 82 millions of dollars, of which 57 millions is for Special Activities, which the Joint Chiefs of Staff are very desirous of controlling." Again, "less than 3 million dollars of this fund has at present been accounted for in projects listed."<sup>7</sup> The military wanted to know where the money was going; not the least of their suspicions was that much of it was slated to finance the guerrilla groups that some called Donovan's "private army."<sup>8</sup>

General Smith, for his part, reported to the JCS at their meeting on June 23—two or three days before Donovan's return—that the OSS budget, "estimated at \$100 million," was under review and that a special committee had been formed, presumably Denebrink's, "to minimize OSS expenditures." He also reported what was probably the first JCS move to defend its recent acquisition: since the State Department had declined to cooperate with and, in particular, accept for transmission any OSS cables now that OSS was part of the military, Smith, clarifying OSS relations with other agencies, promptly wrote a memorandum to OSS directing it as the successor of COI to continue its operations.<sup>9</sup>

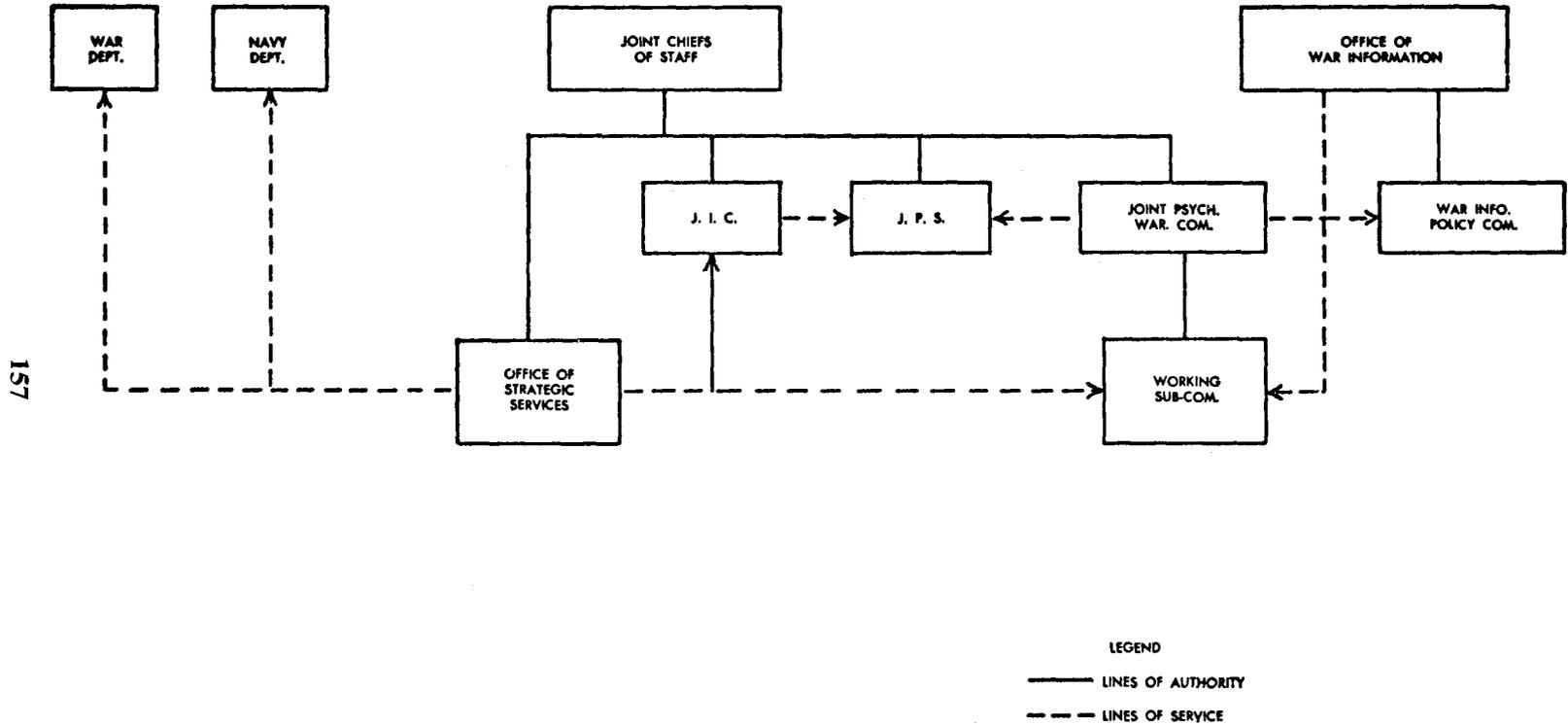
The same day, General Smith warded off an attack from another direction, this time from the Board of Economic Warfare. Milo Perkins had endeavored to get Smith "to cut out the economic work of the Donovan organization"; according to Perkins, it duplicated his own BEW work. Smith, however, thought nothing should be done until after Donovan's return, that they should let the "matter ride for a couple of months," and in any case that Donovan had been "hit hard enough" by the recent change and that they should "let him recuperate from the blow."<sup>10</sup>

The Joint Chiefs themselves took action, again on June 23, on two new and fundamental directives. The first was an official JCS statement of the functions of OSS, JCS 67 (Appendix F), which adhered closely to the Military Order of June 13. The statement directed OSS: (1) to prepare such intelligence studies and research as were called for by the JCS, G-2, and ONI, (2) to prepare plans for and execute subversive activities, and (3) to operate an espionage organization and supply the JCS and other military organizations such information as they requested.

The first noteworthy aspect of this relatively uncontroverted directive was the wording of the first function. It was changed so as to eliminate any "evaluation" of information for the military by the OSS. G-2 resisted the idea of the military establishment acting on information "evaluated" by anyone other than military personnel. Second, in providing intelligence, "studies and research," OSS was directed to operate normally through the Joint Intelligence Committee. While not an exceptional requirement in itself, the need to operate through the JIC meant trouble ahead. The JIC, of which Donovan was a member, was chaired by the hostile Major General Strong of G-2, who was usually supported by his counterpart in ONI and by Adolf Berle of State. Also, the JIC was the first of three JCS committees (Figure 5) with which OSS had to deal and which would prove, from the OSS point of view, suffocating.

The other directive pertained to psychological warfare (PW). This was JCS 68, which was entitled "Reorganization of the Joint Psychological Warfare Committee" (Appendix G), and which proved to be considerably more troublesome than JCS 67. The JPWC, the second

RELATIONSHIP OF J.P.W.C. AND O.S.S. TO JOINT U.S. CHIEFS OF STAFF AND SUPPORTING AGENCIES



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Figure 5. Relationship of JPWC and OSS to JCS and supporting agencies, June 1942.

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and the most suffocating of the JCS committees, had been established in March as the American implementation of the ARCADIA commitment to subversion and propaganda—the fourth essential feature of allied strategy. The committee had been stopped in its tracks, however, by the long drawn-out uncertainty about the future of COI, which had been viewed as the civilian agency by which the JPWC's plans would be chiefly implemented. With that uncertainty now eliminated, there was eagerness, at least on the part of those immediately concerned with PW, to make the JPWC a going concern. There was also a less noble reason for quickly reorganizing the JPWC and doing it in such a way as to “flatter Col. Donovan but not give him too much authority,” namely, the fear in OPD that “upon his return to Washington . . . he might upset the apple cart if the new set-up did not appeal to him.”<sup>11</sup>

Whatever the reason, haste for reorganization was evident at the JCS meeting and prevailed over the opposition of an OPD officer, Col. A. C. Wedemeyer, Deputy Chief of the Strategy and Policy Group. Wedemeyer thought the directive as drafted provided for inadequate integration and coordination of subversive activities with military operations. General Smith, however, “gave several reasons” why action should be taken “soon.” His position was concurred in by the Deputy Chief of Naval Operations, Vice Adm. Frederick J. Horne, who, echoing Smith, also pointed out that the JCS, having authority over the OSS, could change the directive later if it so desired.<sup>12</sup>

As approved, JCS 68 did “flatter” Colonel Donovan, inasmuch as the Chiefs, faithful to an earlier promise, put him in charge of a committee which at the same time they elevated from its earlier inferior status as a subcommittee of the Joint Staff Planners. But also at the same time they were careful not to “give him too much authority”; they accomplished this by simply surrounding him with more “brass” than was present on the old JPWC. There the membership had consisted of two *representatives* of G-2, ONI, and a joint war planning committee; as reorganized, the committee consisted of the *heads* of G-2, ONI, OPD, and the Navy Plans Division. These officers turned out to be a major general, a brigadier general, and two rear admirals. Of these, two were Major General Strong of G-2 and Rear Admiral Wilkinson of ONI who simply replaced their JIC hats by their JPWC hats when they met with the Colonel as JPWC Chairman; the other two were OPD's Brig. Gen. Thomas T. Handy and CominCh's Adm. C. M. Cooke.

The new directive gave Donovan two other committees to run. One of these was a working subcommittee constituted of representatives from OSS, G-2, ONI, Navy Plans, and OPD. Like any subcommittee, it had its problems, but these were nothing like the ones that would plague the senior committee. The other committee was an advisory committee of representatives from the State Department, the BEW, the Coordinator of Inter-American Affairs, and the new OWI. Theoretically, Donovan's first, his all-military, committee would get such advice as it needed from State and these other civilian psychological warfare organizations; actually the committee, dying aborning, soon came a cropper on the conflict between OSS and OWI. To complete the theory which underlay the JCS reorganization of PW, the new JPWC was also authorized to send a representative—from Navy Plans or OPD—to OWI's own interagency Committee on War Information Policy. Thus, the newly-opened field of psychological warfare was quickly and thickly populated with agencies and committees all striking out for roles to play.

The particular role assigned Donovan's JPWC was not dissimilar from the old committee's work. Both were charged with the job, in conjunction with other military and civilian U.S. agencies, of initiating, formulating, and developing plans for psychological warfare. Both also were directed to coordinate the PW activities of the other U.S. agencies and to work with allied nations so that all psychological warfare was in accord with military

strategy as approved by the JCS. The new JPWC, however, was specifically authorized "to designate the executive agencies" for implementing approved plans. Finally, the JPWC, no longer a subcommittee of the JPS, was nevertheless directed to submit its psychological warfare plans to the JCS through that strategic planning body. This JPS was, then, the third of the three committees with which OSS had to cope.

Even, however, before these two new directives had been approved, the Operations Division had undertaken a study which would lead to their revision and the establishment of even tighter controls over the new OSS.

OPD had not been happy with the speedy passage of JCS 68. On June 22 Colonel Wedemeyer had circulated in OPD "a confidential list of purported [OSS] activities" which he was sure had "not been integrated with either the Army or Navy plans." Wedemeyer wanted to "initiate a method of procedure" which would effect such integration. Two days later it was pointed out to him that "the only direct connection" between OPD and either OSS or the whole field of psychological warfare was the presence of the OPD chief on the JPWC. It was suggested, therefore, that some way be found "to 'promote' Col. Donovan and take his organization under the joint control of the JIC and the JPS." It was further suggested that in the meantime "measures should be taken to insure that the only direct contacts of the OSS with the Army are ones approved by the JPWC or the JCS, in order to prevent his [Donovan's] circumventing the usual channels of control."<sup>13</sup>

G-2 was also intent upon ending Donovan's free-wheeling evasion of Army channels. It submitted to General Smith its own "suggested measures for control of the O.S.S." Signed by both General Strong as chief of G-2 and by his subordinate, Brig. Gen. Hayes A. Kroner, Chief of the Military Intelligence Service (MIS),<sup>14</sup> the memorandum singled out "the most annoying feature of the former COI" as "the initiation of projects quite uncoordinated with military plans . . . [which] required assistance from agencies of the Army and Navy, and . . . were put into operation without the knowledge or approval of the planning agencies" of the military departments. According to Strong and Kroner, this free-wheeling had resulted from Donovan's enjoyment of White House entré, his independent status, and possession of a budget which was unknown to the military. Now however, they pointed out, the JCS could control the OSS simply because they could tightly control the budget, the work, and the contacts of OSS with the War and Navy departments. Hence on June 29 they also submitted a draft directive calculated to do just that. That memorandum laid the groundwork for the first open conflict between Colonel Donovan and General Strong, this time over the military control of the civilian OSS.<sup>15</sup>

In the meantime, however, the Colonel, after two weeks out of the country, had returned to Washington on June 26 full of plans and projects. Hardly taking time out to "recuperate" from the loss of COI's Foreign Information Service, he took hold of his new situation as Director of the Office of Strategic Services and as Chairman of the Joint Psychological Warfare Committee.

## **2. THE JPWC CHAIRMAN**

Because of necessities arising out of JCS 68, he promptly put on his JPWC hat. Awaiting him was a letter from General Smith transmitting that directive and suggesting he take steps to organize the interagency advisory committee and to communicate with OWI about the JPWC representative on the OWI Committee on War Information Policy. Donovan immediately sent Elmer Davis the details of JCS 68 but said nothing about naming a representative to Davis's committee. Instead he asked the OWI chief to designate his representative to the JPWC advisory committee.<sup>16</sup>

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Davis promptly named a man—Donovan's London colleague of two summers earlier, Edgar Ansel Mowrer—and asked Donovan to reciprocate. Worthy of note in the Davis reply to Donovan is the mild observation that “the frontier between our operations does not seem to be designated with complete precision.”<sup>17</sup>

The “frontier” was certainly imprecise. On the one hand, the JCS had authorized the JPWC, in conjunction with others, to initiate, formulate, and develop PW plans, to coordinate the plans of other U.S. agencies, to name the executive agencies to implement approved plans, and to work in this field with interested foreign nations; but who was there to deny that “psychological warfare” included propaganda or to decide where the one stopped and the other commenced?

On the other hand, the President himself had given OWI a clear mandate—not touching South America, of course—to conduct a comprehensive foreign and domestic war information program, to coordinate the activities in this field of all federal departments and agencies, to obtain and study war information so as to keep the public informed, and to maintain liaison with foreign governments. Or was it a clear mandate? He had told Sherwood that “your work is essentially information and not espionage or subversive activity among individuals or groups in enemy nations.” Perhaps FDR knew what he was talking about, but what would happen when “information” was employed as a “subversive activity”? Was OWI to operate “black” propaganda, disseminate propaganda leaflets by agents in enemy countries, collect propaganda intelligence, operate radio “freedom stations”? The woods were filled with such pricklers.

What made the situation pricklier was that paper inconsistencies and the doctrinal ambiguities were befogged by personal and institutional ill-will and distrust. There were in OWI many ex-COI people, like Robert Sherwood, who, familiar with the aggressiveness of Donovan, remained distrustful of his ambitions. Also, OWI was no Kingdom of the Saints, as its later internecine quarrels would reveal; rather were there many therein who were quite prepared to go as far into such fields as intelligence collection, research and analysis, and subversive operations—at first blush clearly OSS territory—as ambition and skill could propel them.<sup>18</sup>

Hence Elmer Davis, new to his job, was probably warned by some of his people not to let the frontier dispute rest with an exchange of polite letters. Seeking outside support, he sent the Bureau of the Budget copies of that correspondence as well as a careful explication of the conflicting provisions of the JPWC and OWI charters. In return, the bureau, surprisingly but blissfully unaware of the pricklers, assured Davis that propaganda, undefined, was OWI's preserve and that the JCS had only limited and trouble-free interest in the subject.<sup>19</sup>

Independently of this exchange of correspondence, Davis, newly worried by a new problem involving Donovan—the buildup of Donovan's London station—hurried off, like so many of Washington's bureau chiefs, to see the President. FDR's advice was: take it up with Donovan. The next morning, July 18, Davis and Donovan had a discussion which was sufficiently agreeable, particularly on the London situation, that Davis was able immediately thereafter to assure the White House that he and “Colonel Donovan will be able to cooperate.”<sup>20</sup> For what piquancy there is in the situation, FDR left that afternoon with Donovan on a three-day trip to visit one of the nearby OSS military camps!<sup>21</sup>

On that agreeable note, the frontier dispute can be left for the nonce. The combatants had not yet solidified their own territories; Donovan had only begun, as we shall see, to define and develop “psychological warfare,” and OWI—a new organization under a new bureaucrat—had plenty of work that did not embroil it with OSS. After a relatively quiet summer and fall, however, the dispute would develop on Christmas Eve into trench warfare.

While the advisory committee was the first JPWC matter tackled by Donovan on his return, the second and more fundamental one was the organization and operation of the JPWC itself. General Smith had assigned him a Secretary, Lt. Col. A. H. Onthank, who was familiar with the JCS machinery and paperwork, and Donovan immediately took up with Onthank the organizing of both the committee and the subcommittee. For assistance in developing the substantive work of his committees he chose the student of German PW, the journalist Edmond Taylor, who had just published *The Strategy of Terror*; he also named Taylor to represent OSS on an internal OWI planning committee.<sup>22</sup> On the politics of his new work, Donovan had reason to believe that OWI was about to issue some publicity about the JPWC; he therefore suggested "the Army should beat O.W.I. to this publicity" and give a story on the organization to James Reston of the *New York Times*; but Smith said no.<sup>23</sup>

Donovan, as chairman of a psychological warfare committee, was newly conscious of the fact that in the United States PW had hitherto received little study and elaboration; its integration with actual and planned military operations was more neglected. Defining and analyzing the subject, and developing specific plans for any number of opportune situations, now became an immediate preoccupation of the man who for years had been observing Nazi subversive warfare and was now officially charged with chairing a committee to give real substance to American PW.

For Donovan PW was an old weapon—as old as the Trojan horse, the paint on Indians' faces, and the whispering promoted by Richelieu beneath the walls of La Rochelle. Basically it was any weapon or tactic, outside organized military action, that undermined the enemy and his will to resist. He set himself and Taylor, whose book he considered "the best . . . written on subversive activity," to begin to give more theoretical and practical elaboration to the concept so as to make it useful as a strategical and tactical element in military operations. As early as June 30 he had received from Taylor some "Notes on Psychological Warfare." These distinguished the mood-creating objective of "general propaganda [OWI's work] from provocation and support of specific acts of subversion which were the objective of "operational propaganda."<sup>24</sup>

On July 8 Donovan, in preparation for chairing the first meeting of the reorganized JPWC, penciled a definition of PW: "the strategic employment of all means, other than recognized military operations, that tend to destroy the political structure of the enemy and with it his will to resist." The means, he continued, could include "genuine propaganda in so far as it affects military strategy," the spreading of rumors, "black" leaflets or "black" radio—whose true sponsorship was concealed—partisan bands and underground political groups, sabotage, propaganda in combat zones and directed against enemy forces. With the OWI problem in mind, and following Taylor's lead, he distinguished general psychological warfare, which was directed against "fixed political objectives," from strategic psychological warfare directed against a "specific military objective."<sup>25</sup>

At the first meeting of the committee Donovan, submitting his definition, said it immediately raised the question of the relationship of OWI to the JCS. After much discussion, the meeting ended with a directive to the subcommittee, also chaired by Donovan, to work up a definition of the subject, a classification of areas (e.g., theatres of combat) for psychological warfare and a list of the agencies which should prepare plans for such warfare. Many papers were drafted, and the JPWC talked much about the subject in the next two meetings; but finding themselves confused by the OWI problem, the committee agreed to table the matter and wait for a specific conflict with OWI before trying to clarify the field of propaganda planning and activity.<sup>26</sup>

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Meanwhile, the committee had begun to take up those projects which had been stymied while the old JPWC lay in limbo. It also began to consider new projects which were springing from the fertile imagination of Colonel Donovan, who told General Smith that he rejected nothing and looked at everything.<sup>27</sup> The work of the committee proceeded in these mid-summer weeks calmly and cooperatively enough; but for reasons that will soon become clear, meetings deteriorated into such "time-wasting discussions," according to Taylor,<sup>28</sup> and caused such neglect and stultification of the committee that Donovan was provoked to demand its abolition. But more of that later.

### 3. THE OSS DIRECTOR

One of the more pressing items of business which Donovan, as the OSS Director, had brought back from London was the enhancement of his small British station. It had been opened the previous November by William Whitney, who, however, soon broke with Donovan and eventually joined OWI only to leave that rather quickly also. After December 7 the small station found itself flooded with new business and new opportunities.

These had sprung from many sources. There was the Anglo-American conference on strategy with its emphasis on subversion and the obvious implication for OSS work. There was England's own plethora of intelligence, information, propaganda, and subversion organizations with which OSS had to effect some liaison. There was need also for liaison with Gen. Dwight D. Eisenhower, who had arrived in London to begin building the large American headquarters that would eventually plan the invasion of North Africa and of Europe. Finally, there were many representatives of European intelligence and resistance groups who had much in common with OSS. For OSS to make its voice heard in this busy British capital there was need for a larger organization and more prestigious leadership. For the latter Donovan obtained the services of the distinguished diplomat and personal friend of the President, William Phillips, who was then Ambassador to Italy.

When he received Donovan's offer, by cable in Rome, Phillips wrote FDR saying that he would not accept the position without the President's approval. The prompt reply was "delighted with the idea." Phillips and Donovan breakfasted at the latter's home on July 3, 1942, and Donovan laid out the OSS story. Phillips subsequently wrote that he "felt at once drawn to the Colonel. His knowledge of world affairs, his contacts with the State and War departments, his immense vitality and conviction that OSS would play an important role in our military program convinced me that here was a man after my own heart..."<sup>29</sup>

Phillips departed for London on July 18, but his new job had already come to the watchful attention of OWI, which was also in the process of establishing and expanding its own London office in order, *inter alia*, to deal with some of the same British and American organizations and officials to whom OSS was drawn. The Phillips assignment was looked upon in OWI circles as a direct threat to OWI's own position in London. It was this fear which had sent Elmer Davis off to see the President on July 17. Donovan was able to disabuse Davis of his fears; he explained that Phillips had been sent to London as the representative of the OSS and that the President had given him the rank of minister so that he could execute certain political functions which had no direct relationship to propaganda.<sup>30</sup> While this teapot tempest quickly subsided, it presaged future stormy days ahead for OSS and OWI in London.

The big item Donovan brought back from London was, of course, an agreement with the Special Operations Executive (SOE). Established in 1940 at Churchill's urging "to set Europe ablaze" by fostering and stimulating resistance and revolt in Axis-occupied Europe,

SOE had set out to make contact and establish communications with resistance elements, to supply them with radios, arms, propaganda, and demolition devices, to provide them with training, guidance, and information, and to carry out acts of sabotage and subversion. With British cooperation, Donovan's COI had begun preparatory work in this field even before Pearl Harbor, and of course thereafter intensified it. By mid-1942 both organizations had grown so large and active that "detailed arrangements" for effective collaboration had to be worked out to prevent the two organizations from "getting thoroughly tangled up" in each other's secret operations.<sup>31</sup> For this reason Donovan had gone to London.

Negotiations there established two principles of which the first was full cooperation between both organizations in London and in Washington. This would be effected by the establishment by OSS and SOE in each other's capital of liaison sections, which would be charged with representing views on policy, settling disputes, exchanging information, coordinating production, demand, and supply of equipment, and exchanging operational and technical intelligence and information on methods of training. The second principle was cooperation and coordination in the field. To avoid the confusion resulting from the operation of independent organizations in the same country, it was agreed in general that the areas of the world would be divided into British or American areas run by SOE or OSS, with the other service stationing a smaller mission or liaison staff subordinate to the controlling agency.<sup>32</sup>

These few lines of summary hardly reveal the extent of planning and activity needed, once Donovan was back in Washington, to begin to give effect to the agreement. The agreement itself needed to be readied for submission to the JCS for approval, and this was obtained on August 25. Meanwhile, establishment of the London and Washington liaison staffs took place. Likewise, initial steps were taken to enlarge or reorganize existing field stations or establish new ones. Most importantly, Donovan, more intent than ever on conducting sabotage operations, on creating, organizing, and equipping secret armies, and on organizing active guerrilla forces, set his people to drafting plans and projects. All these papers now had to go to the JPWC and run the gantlet of military men who had their own ideas about manpower, equipment, and guerrilla operations. Differences soon began to appear.

On July 4 Donovan brought up with General Marshall the question of having, according to the Chief of Staff, "a liaison officer for S.O.E. on the Staff of [Lord Louis] Mountbatten [Britain's Chief of Combined Operations]." It can be assumed here that Donovan, while in London, had discussed the matter with Mountbatten, who was present when Donovan met with the War Cabinet. Marshall, soliciting the opinion of his OPD chief, General Handy, wrote that Mountbatten was agreeable to the idea if he, Marshall, was also. It was understood, said Marshall, that this liaison officer would confine his business entirely to SOE matters. Donovan had apparently brought up another matter, for Marshall then asked Handy "to give me a little memorandum on the question of Donovan's guerrilla groups which I believe was disapproved."<sup>33</sup>

OPD went to work on both items. Handy opposed Donovan's request for a liaison officer. He said that JCS 67 and JCS 68 had been drafted with the intention of integrating OSS into the military organization; but, he pointed out, the JPWC as of then, July 7, had not yet met, the working subcommittee provided for in JCS 68 had, so far as the War Department knew, not yet been organized, and therefore the procedure for handling such a request was not operative. Handy then warned that any variance from this procedure would "divorce" OSS activities from proper integration with the military, would nullify a portion of JCS 68, and—worse still—would "establish the precedent for Col. Donovan to deal directly with any military organization or activity." This was certainly "not desirable from the standpoint of integrating OSS into the military organization."<sup>34</sup>

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On the guerrilla issue, Handy said the project had been disapproved by both G-2 and OPD. Furthermore, as far as the War Department knew, no such groups existed, and the OSS budget made no specific provision for any. There was, however, he noted, “an unexplained item of over fifty million dollars” in a proposed OSS budget which “might indicate plans for large guerrilla groups.” He thought Donovan ought, in the first JPWC meeting, to lay out all the subversive activities in which OSS was engaged.<sup>35</sup> Conceivably this suggestion gave rise to General Smith’s request to Donovan on July 9 for an accounting “in some detail” of all current and planned projects, an accounting, incidentally, which Donovan provided in thirty-two printed pages on August 17.<sup>36</sup>

On July 11 Handy sent Marshall the “little memorandum” on Donovan’s guerrillas. This reviewed the story of Donovan’s February proposal, picked up from the British, to organize 2,000 Greeks, Poles, Yugoslavs, and others into guerrilla groups. Donovan had been given 196 officers and enlisted men as instructors and had established some training camps, but the Army definitely banned military status for guerrillas. Donovan reopened the issue in May when he proposed the formation of guerrilla battalions with military status. This was disapproved early in June, and Donovan was so informed by Secretary Stimson on July 8. As of now, wrote Handy, Donovan had two camps in operation—one near Quantico, Va., and the other near Hagerstown, Md., and he had 236 Army, Navy, and Marine personnel. “The announced policy of the War Department,” said the OPD chief, “is that the organization will be trained to act as individual civilians rather than a military task force. . . .” In other words, Donovan would not have his “private army.”<sup>37</sup>

Handy and Smith, getting together on these liaison and guerrilla issues, advised against the first. They pointed out that Mountbatten handled combined operations (including guerrilla warfare) but not subversive activities; since Mountbatten already had an American liaison officer on his staff, Donovan could work with him—through, of course, General Eisenhower, the theater commander. As for the SOE liaison, they thought Donovan should be authorized to designate an officer to be attached to Eisenhower’s staff for that purpose. On the guerrillas the two generals agreed that Donovan “should appreciate” that he would train personnel, but they did not “wish him to direct operations in the field.”<sup>38</sup>

Interestingly enough, Marshall accepted the advice on the liaison issue but significantly differed with his advisors on the guerrillas. Writing to Donovan on July 13 about “my conception of the set-up and relationships” involving guerrillas, Marshall said they would be trained, in Donovan’s camps and by instructors furnished by the Army and Navy, “as individuals” . . . and *possibly as units for guerrilla warfare*, if they were desired by theater commanders [emphasis added]. He also said that theater commanders would control subversive activities and guerrilla warfare; where there were no such officers, then Donovan, subject to the JCS, could directly control these activities.<sup>39</sup> The issue was not completely closed.

The next step, taken the next day, was a Marshall directive to General Smith to have the JPWC submit recommendations on the OSS training and use of guerrillas. The following day Donovan promised to give the JPWC the information it needed. The JPWC minutes simply state that this new directive, known as JPWC 21/D[irective], was referred to the subcommittee for consideration and report.<sup>40</sup> Other military notes show that the situation was getting complicated: there was another OSS matter that was being taken up by the JCS structure—the memorandum of June 29 wherein G-2 had submitted its “suggested measures for the control of O.S.S.” It was easily seen that the two separate issues impinged upon one another, and together they demonstrated “the necessity for a comprehensive directive to the OSS.”<sup>41</sup>

In short, a month after the JCS had quickly and formally taken over the OSS and issued two directives to regulate its activities, Donovan and the military had begun to lock horns on the status and function of OSS as a supporting agency of the JCS.

#### **4. ISSUES: CONTROL AND GUERRILLAS**

At hand were two issues—channels of control and guerrillas.

On the first issue Donovan's major antagonist was G-2's General Strong. Unlike his predecessors, he was a worthy foe. General Miles had not been a forceful personality and was fearful about getting involved in secret intelligence. General Lee held office too briefly to have made any impact. Strong, however, took over when G-2 was reorganized and expanded, and he clearly intended that military intelligence should yield nothing to the civilians under Donovan. His "suggested measures" for controlling OSS manifested that resolve.

His memorandum of June 29 would have put a strait jacket on OSS. Modified by the JCS secretariat, the memorandum was forwarded to the Joint Staff Planners whose draft directive markedly softened it. For instance, whereas Strong would have restricted OSS contacts with the military to "only such contacts as may be necessary" to implement plans already approved by the JCS, the JPS permitted such contacts prior to JCS approval but only after their tentative approval by the JPWC or the JIC; after that, contacts should be "frequent and informal." Also, whereas Strong would have forbidden contacts between OSS and allied powers until after plans had been approved by the JCS, the planners only said such contacts "should be avoided" prior to JCS approval of plans.<sup>42</sup>

Whatever their differences, the JPS and G-2 agreed on the inadequacy of the original directive, JCS 67. Coordination between OSS and other military agencies was considered "unsatisfactory," and Colonel Donovan was described as writing "directly to any War Department agency he desires, with resultant confusion. . . ." Hence, the JPS sent their draft directive to the Joint Chiefs. There, however, on July 14, it ran into difficulty and was referred back to G-2 and to ONI for "consideration and recommendation of any added provisions which might be desirable from a military intelligence viewpoint."<sup>43</sup>

Some of the difficulty could conceivably have been G-2 unhappiness with the JPS revision of its June 29 recommendations. In any case, there was another aspect of the same problem of control which had arisen in the examination of the subject. It was pointed out by Colonel Onthank that the JPS draft, JCS 67/1, provided for proper channeling of OSS "specific" plans and of OSS contacts, but it left unresolved the handling of "general" plans, such as those which covered more than one specific subject, project, or area, and included administrative matters. Onthank was sure that the JCS did "not care to have their time taken in examining and discussing such minor matters." Onthank proposed, in effect, that all such matters be handled by the JPWC. This was now added to the reconsideration of JCS 67/1.<sup>44</sup>

On the second go-around G-2, supported by ONI, and the JPS could not reconcile their differences. Hence, on July 30 the JPS directed that those differences be outlined for the benefit of the JCS and that both draft directives be sent to them for their decision. That outline, presented in JCS 67/2, described the draft on the intelligence services, the "A" proposal, as "designed to control in detail the operations of the O.S.S., both planning and administrative," whereas the JPS proposal, "B," was "a much more general directive." In particular, "A" was much more restrictive than "B" in regulating OSS contacts with the

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military departments and other government agencies. Also, "A" specifically limited OSS functions to those laid down in JCS 67, whereas the JPS made no such restrictions. Again, "A" directed that all plans, including those pertaining to the internal administration of OSS, go through the JPWC to the Joint Chiefs, whereas "B" had left OSS internal administration completely in JPWC hands.<sup>45</sup>

When the JCS took up these rival plans on August 4, it was asked whether or not Donovan had been "consulted" on either of them, and the answer was that "Col. Donovan states he can function efficiently under 'B,' [but he] cannot operate under 'A'." There was additional discussion of details, and "B" was then adopted by the JCS and was ordered to be redrafted. The new draft was finally approved on August 11 and published on August 14 as JCS 67/4.<sup>46</sup>

While General Strong was bested in this skirmish, it cannot be accurately said that Colonel Donovan triumphed. He was not hog-tied, but he was hobbled. First, his activities were subject to close supervision by one or more of three committees—the JIC, the JPWC, and the JPS, as well as, of course, of the JCS itself. Secondly, the JPWC was established as the housekeeping authority for the OSS. Third, restrictions were placed on the OSS freedom to make contacts with and commitments to other agencies and governments. Fourth, OSS was subordinated in overseas theaters to the theater commanders, and finally all operations of the OSS were made subject to JCS approval.

The provisions that really hurt were those that made the JPWC the OSS governing board and subjected OSS to three committees. These tied up OSS, and the JPWC soon became more concerned with internal OSS matters than running psychological warfare.

By the time JCS 67/4 was published, Donovan's second skirmish with the military, on guerrillas, was nearing resolution. This time his antagonist was former Colonel, now Brigadier General, Wedemeyer, chief of OPD's Strategy and Policy Group. Unlike the Strong-Donovan relationship, there was nothing personal in Wedemeyer's opposition to OSS on guerrillas. Professionally and institutionally he simply opposed Donovan's heading a guerrilla army.

The issue, it will be recalled, was brought to the JPWC as a result of General Marshall's request for a study of OSS schools and guerrilla training (JPWC 21/D). Donovan basically wanted two things: first, authorization to establish and run a guerrilla group of several battalions, subject to the JCS and the theater commanders, and second, specific military status for the men involved. The War Department had permitted the use of military personnel as instructors but remained opposed to the idea of guerrilla battalions with military status and under OSS direction. When the Marshall request, which Donovan of course had sparked, officially reached the JPWC, Donovan did not wait for his subcommittee to "consider and report" on it. Instead he pre-empted the field by having two memoranda of his own ready for the committee's consideration at their next meeting, July 22.

The first of these provided no difficulty. It was a request for 416 enlisted men and had already been sent to the Adjutant General for action. The men were needed, explained Donovan, to replace the WPA and CCC \* men who were no longer available to run the camps where Donovan's guerrilla schools had been established. He explained he already had the "preliminary, basic, and advanced schools" operating but was precluded, because of the manpower problem, from opening the "holding," parachute training, maritime, and propaganda schools.<sup>47</sup>

\* Works Progress Administration and Civilian Conservation Corps, New Deal agencies for the unemployed.

The second memorandum gave much difficulty; it was nothing less than a draft reply to General Marshall. What it contained were Donovan's recommendations, which he wanted the committee to forward to the JCS, that OSS be authorized to train guerrillas "as individuals and units," and that subversive activities and guerrilla warfare be carried out under the direction of either theater commanders, where such were established, or of OSS, working with the JCS.<sup>48</sup> What he was doing, of course, was building very effectively, as well as explicitly, on the opening on both points which had been given him in Marshall's letter to which the JPWC had to reply. While the committee would remain influenced by Marshall's "conception of the set-up and relationships" on this issue, it was unhappy with Donovan's submission for this particular draft reply. The subcommittee had not seen it, and the committee members had had only two hours to look at it. Also there was some feeling that Donovan's draft was not really responsive to Marshall's directive and also that it contained "several statements . . . not . . . in accord" with the desires of the Army Chief of Staff. Action was held up pending receipt of the subcommittee's report.<sup>49</sup>

That arrived in time for the July 27 meeting, as did another Donovan paper—a study of the training given the eight German saboteurs who had been captured, on Long Island on June 28, before they could carry out their sabotage mission here. The two documents stimulated considerable discussion of sabotage, guerrilla warfare, the types of individuals best suited for such activities, the similarities and differences in training required by each, the operation of OSS schools, the use of Army and Navy instructors, and liaison and command problems. Donovan especially stressed the concept of training guerrilla units for operations in those countries for which they had a language capability. In all this discussion, however, the salient point was OSS direction in the field of guerrilla units. On this General Wedemeyer noted that if the committee approved the training schedule laid out in the subcommittee report it would thereby "have approved the organization by the O.S.S. of militarized guerrilla units." The clear implication was that Wedemeyer was not going to permit that. The paper was ordered redrafted and circulated for informal approval before being sent to the JCS.<sup>50</sup>

There was general agreement at the next meeting, on August 3, on the descriptive portions of the report—subversive activities, types of individuals needed, training, etc. There was also agreement on OSS, with Army and Navy instructors, continuing to train both saboteurs and guerrillas. On the recommendations, however, General Wedemeyer was happy with all but "those regarding guerrilla units." He wanted a proviso inserted, and it was so ordered by the committee, that a further study of OSS training be undertaken and submitted to the JCS.<sup>51</sup> Agree but study the matter to death—that was Wedemeyer's strategy.

When the report passed through the JPWC and then the JPS, the important recommendation was that the JCS "accept in principle" OSS training of guerrillas as individuals and units but that JPWC study the matter further. There was also a proviso "that decisions as to establishment, organization, training and use of guerrilla units await the study and report" which the JPWC would undertake. That was how the matter was settled when the report and its recommendations were finally approved by the JCS on August 18, 1942, and published on August 19 as JCS 83/1, "Functions of the Office of Strategic Services—Organized Sabotage and Guerrilla Warfare."<sup>52</sup> Donovan had won "in principle," but the Army had yet to lose in practice.

Donovan had been stopped. Early in February he had proposed to Secretary Knox the formation of "Special Service Troops" or "Yankee Raiders." Later that month he proposed

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the establishment of guerrilla units of 2,000 Greeks, Poles, Yugoslavs, and others. In May he had proposed the organization of the "First Guerrilla Group" to consist of ten battalions of language-based guerrilla companies.<sup>53</sup> Each had been a proposal to capture "the spirit of attack," which Donovan considered especially desirable at a time—1942—when the Allies had lost so much, were on the defensive, and were looking for a way to gain some initiative. What some critics derided as Donovan's "private army," he spoke of, first, as commandos, and then as guerrillas. Try as he might, he would have to settle for less.

### 5. MORE ISSUES: MILITARIZATION AND FUNCTIONS

Donovan was described after the war as "an adventurer," who "loved war," had absolutely no fear of danger or death, and who was always showing up on landing beaches, even when he had been ordered not to do so.<sup>54</sup> Certainly in 1942 he wanted to wear a uniform and to lead troops, and he was accustomed to fights—on the battlefield, in the courtroom, on the campaign trail, and in the bureaucratic arena. He was not discouraged by losses, much less so by half-victories. He proceeded from where he was, and that is what he did with regard to the training and use of saboteurs and guerrillas; and that brings us to two more issues involving him and the military at this time—militarization and the functions of OSS.

Militarization was touched on in June when Captain Denebrink raised the possibility of bringing Donovan's people into the Army Specialist Corp, which was really a way—actually a short-lived way—of giving military status to skilled personnel who in every way remained civilians. What really gave rise to the issue, however, was Donovan's need for real soldiers. He had already sent many persons overseas on military and quasi-military missions, and there were plenty of plans in the hopper for, for instance, dropping saboteurs, radio operators, resistance organizers, and arms suppliers behind the enemy's lines. Then there were the guerrilla units. More and more of the people he wanted had already been or would be snatched up by the armed services, and like other recruiters he had to go to the military with requests for personnel. With the additional but qualified impetus provided by the passage of the JCS directive on guerrillas he asked the JCS on August 31 for an allotment of commissioned and enlisted Army, Navy, and Marine personnel, and he introduced his request by stating that "because of the nature of the work of the Office of Strategic Services it is desirable that it be as completely militarized as possible."<sup>55</sup>

When this subject was referred to the JPWC, where it became JPWC 37, there was the usual "need [for] more information." Wedemeyer observed that G-1 would need to know the exact duties and responsibilities of each officer requested, with supporting data of course. Echoing this need, ONI's Admiral Train suggested the drafting of tables of organization to show these facts. General Strong suggested a revision which would show the total of officers already allocated plus those now being sought. Further action was deferred until the information was provided by OSS.<sup>56</sup>

Meanwhile, a difficulty had arisen in a different quarter. Because of the overall manpower needs of the Army, Secretary Stimson had just decreed that no more officers would be detailed to nonmilitary agencies. Because of this, and without Marshall's approval, said General Strong, he could not grant a requested allotment of forty additional officers for OSS. Why not, he suggested to OSS, take steps at once to have OSS classified as a military organization, or obtain an exemption from the order of the Secretary of War?<sup>57</sup>

Actually, G-1 already had such an exemption in preparation, and OSS had begun, or soon began, a study of its exact status. Two weeks later, on September 28, when General Wedemeyer requested information on the desirability of "militarizing" the OSS, Donovan said that as a result of recent study of the question, it was evident that OSS was already a part of "the armed forces of the United States," and that it would be logical, following up on Wedemeyer's question, to commission the major personnel of the OSS.<sup>58</sup> Whatever their motives, Donovan, Strong, and Wedemeyer were in agreement on this question.

It then went informally to General Marshall. It reached him through the new JCS Secretary, Brig. Gen. John R. Deane, who ripened quickly into a supporter of OSS and a friend of Donovan. Deane suggested to Marshall that Donovan's organization be given a military status and that the present civilian officials be commissioned or absorbed in the Army Specialist Corps. Deane's reason was, as Marshall understood it, that there was a lack of confidence in OSS—clearly on the part of the military—and this both limited OSS's efficiency as well as unnecessarily "prolonged the consideration of any proposal made by that organization." Deane thought that if Donovan and his people were given military status, either in the Army or the Navy, the situation would be clarified and "more valuable service would be rendered." Relaying all this to Admiral King, Chief of Naval Operations, Marshall said he sought a "common understanding" with him before bringing it up before "Admiral Leahy and the U.S. Chiefs of Staff."<sup>59</sup>

King was cautious. He thought militarization "would merely make" OSS "an extension" of General Strong's G-2. He opposed complete militarization, favored militarizing "only those parts that are necessary." This might include Donovan himself and "a minimized number of personnel." As far as the Navy was concerned, he was willing to assign "a very limited" number of people as long as the performance of naval duties required it. Even these recommendations were by no means "definite"; they were just the best he had "to offer at this time."<sup>60</sup>

They were, however, good enough for Marshall, who then sent to the new JCS Secretary a letter which the latter, General Deane, clearly had prepared for Marshall's signature. The letter asked the JPWC to make a study and submit recommendations "leading toward at least a partial militarization" of the OSS. This should be carried out, according to Marshall's guidelines, in such a way that only "the Chief of the O.S.S. and the heads of all divisions and subdivisions" were in the military service, that the commissioning of naval officers followed King's restrictions, and that those officers without command function be brought into the Army Specialist Corps. Marshall further decreed that OSS would be retained as an instrument of the JCS and not as a subagency of either the Army or the Navy and that there would be no attempt to change the present functions of the OSS. Finally, since Donovan was personally involved, Marshall thought he ought to turn over the chairmanship of the committee to either Strong or Train when the subject was under consideration by the JPWC. That was October 10, and when transmitted to the JPWC, it became JPWC 37/2/D.<sup>61</sup>

The subject, however, was soon overtaken by a new, more comprehensive directive which also came from Marshall and did so at the instigation of General Deane. This officer had come upon the JPWC scene just when the pent-up anger of OSS was ready to erupt. Deane himself had discovered that every OSS proposal received "prolonged" consideration by the military. Edmond Taylor had complained about "time-wasting discussions" in the JPWC. James Grafton Rogers, who had been an Assistant Secretary of State under Henry Stimson in the Hoover administration, had now replaced Taylor as Donovan's chief psychological warrior. He had major problems with General Strong, who seemed to OSS to

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be a vicious but vigorous man intent on fighting everybody in OSS. The latter consequently stood practically still and helpless as its program continually ran into roadblocks set up by the Joint Planners, the JPWC, and the Joint Intelligence Committee.<sup>62</sup>

Such frustrations, and the problems that had produced them, had clearly provoked Deane to examine closely into the situation. He could find no place, excepting one, where the functions of OSS were clearly defined; the exception was secret operations, and here he found no conflict with any other agency. He told Marshall he thought there was some OSS overlapping of the Army and Navy in the collection of intelligence, and he said there was "an apparent overlap" with OWI in regard "to securing information." He told Marshall he was "sold on O.S.S. and believe they have rendered valuable services." He said he had met all Donovan's key subordinates and was convinced they had much to offer. Two steps, he said, were essential to get maximum benefit from OSS. One was partial militarization, now under study, and the other was "a clear definition of their functions."<sup>63</sup>

A directive, submitted by Deane, signed by Marshall, and published as JPWC 45/D on October 24, instructed the JPWC to make to the JCS recommendations which would "clearly define the functions of the several branches" of OSS. In particular, Marshall wanted three determinations: "a clear line of demarkation" between OSS research and that of BEW; a clear definition, and the definite assignment to OSS, of those intelligence functions which OSS could perform better than either G-2 or ONI; and the overlap, if any, of OSS photographic activities with those of the Army, Navy, and OWI. He wanted the functions of other subsidiary activities "clearly defined," and "to make the study complete" he wanted it to include the secret operations activities, which had "already been outlined in J.C.S. 83/1."<sup>64</sup>

Thus were many issues brought to one. General Strong and Admiral Train agreed to Donovan's invitation to visit OSS and inspect its personnel and operations, but they wanted other committee members to write the preliminary report. Strong complained that many OSS functions were "direct duplications" of those performed by G-2 and ONI, but he and the others agreed OSS should retain its espionage function. On another sore point, evaluation of information, Donovan wanted Army and Navy officers added to his staff so as to provide finished information as a basis for military planning; and whereas both the Navy planner, Capt. H. L. Grosskopf, saw much merit in "a central analysis group" and Admiral Train "agreed in part with the idea of a central intelligence agency," the latter "felt that material should go to military organizations for final evaluation."<sup>65</sup>

Outside the committee, Admiral Train complained to budget officer Hall about OSS duplication not only of intelligence but also of communications, of cryptanalysis, and in the purchase of badly needed special equipment. Even so, Hall commented that Train "was more restrained in his comments than General Strong." The Admiral did admit that the JIC and the JPWC, with the same service membership, confusedly handled the OSS problem; also, fearful of OSS "wandering" into the service intelligence field, G-2 and ONI had refused, said the Admiral, to give OSS operational intelligence. They had also requested studies by OSS to keep it "occupied and out of the way of the Army and Navy..."<sup>66</sup>

State Department's Adolf Berle, as hostile to OSS as Strong and Train, thought Donovan's economic research ought to be integrated with that of BEW, and that its intelligence work was "feeble" and really ought to be "returned" to MIS where it would have been had Gen. Sherman Miles not been "afraid to organize a spy system." He also opined that "if OSS were broken up," then Donovan, who he said was "somewhat estranged from the White House," could be made a general and put in charge of guerrilla operations under Army control.<sup>67</sup>



Rear Adm. Harold C. Train, ONI chief in 1942-43, requested studies from OSS in order to keep it "occupied and out of the way of the Army and Navy. . . ."

U.S. Navy, National Archives

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Strong and Train made their visit to OSS prior to November 1, but it proved to be irrelevant. Almost the same would be true of Marshall's last two directives, JPWC 37/2/D on militarization, and that on the functions of OSS (JPWC 45/D). The reason for this fate lay in the expiration in the last week of October not of OSS itself but of its patience, for on October 31 Donovan, provoked by certain psychological warfare aspects of the projected North African landings, Operation TORCH, launched a frontal and full-scale assault on the JPWC. The skirmishing that had been taking place—on channels of control, use of guerrillas, militarization, OSS functions, and numerous other items of business—now gave way to open conflict.

### 6. THE TORCH TINDERBOX

Donovan had been angered by three recent developments. First, however, some background is needed.

TORCH was momentous, but it was also complicated and confusing. It was momentous because it was the war's first largely American major offensive, and it could not afford to be unsuccessful. It was complicated because it was taking place on the territory of the traditionally friendly French, and it therefore had to be accomplished with a minimum of violence and loss of life. It was confusing because it involved the governments in London and Washington and General Eisenhower's Allied Forces Headquarters (AFHQ) in London, and it therefore required considerable collaboration, in utmost secrecy, of diverse and often conflicting American, British, and Allied people and organizations.

Such collaboration in the field of psychological warfare and propaganda was difficult of attainment for several reasons. First, the Army, transfixed on what psychological warriors derided as "boom-boom" warfare, really had little use for PW. Second, whereas any man in the street readily comprehended "psychological warfare," "propaganda," or even "political warfare," the practitioners of those arts argued, often wrangled, over the meaning of such terms in relation to the particular organizations they staffed. Third, such organizations, American and British, not only fought among themselves but also sought defensive and offensive alliances with their foreign counterparts or collaborators against their own domestic foes. Fourth, the harnessing of these chargers had to take place in the theater where AFHQ had to add its own PW outfit to the line-up and to recruit its own warriors.

Untoward developments were inevitable. The first was the appointment on August 15 of a Britisher, a Foreign Office representative, Mr. William H. B. Mack, as the official responsible for transacting General Eisenhower's nonmilitary business with the political and psychological warfare organizations of both Britain and the United States. Mack, who really represented Britain's Political Warfare Executive (PWE), which dealt in propaganda to enemy territory, was made chief of AFHQ's Political Section. No sooner did Donovan learn of this appointment of a British propagandist to head psychological warfare activities of an essentially and notably American operation than he protested to General Smith, Admiral Leahy, and, in London in September, to General Eisenhower.<sup>68</sup>

His objections became more insistent early in October when Mack, showing his PWE colors, and showing PWE's natural affinity for OWI as an American counterpart, made staff arrangements that clearly subordinated OSS to OWI. Mack's OSS staff man, Edmond Taylor, subordinated to OWI's Percy Winner, immediately protested to Donovan that Mack's actions represented "the climax of moves . . . aimed at circumscribing or eliminating the role of OSS in psychological warfare, and the putting of OWI in control of various aspects which in Washington are considered as functions of JPWC or OSS."<sup>69</sup> Even worse than that, Mack had, in the process, reduced psychological warfare to propaganda, which was in the OSS view only one of the former's constituent elements.

Carrying these objections to the JPWC, Donovan demanded, in effect, that Eisenhower be instructed to place all psychological warfare planning and operations in the hands of an American officer who would direct all PW agencies in the European theater in accordance with policies approved by the JCS. Though General Strong argued that Eisenhower "should not be told how to accomplish" his mission, the JPWC was moved at least to seek clarification of the setup in London.<sup>70</sup>

Meanwhile Donovan communicated his own strong feelings on the subject to General Smith, now Eisenhower's assistant in London. From him Donovan received assurances that all American interests would be protected by General Eisenhower who was in effective charge of all PW in his theater. Two days later, however, Eisenhower cabled Washington that "we are now forming a combined Civil Affairs and Political Section" which would be headed by State's Robert Murphy as soon as he arrived in London. There would be coequal OWI and OSS subsections.<sup>71</sup> As for Mr. Mack, he was "merely" the British Civil Liaison Officer, who would not head any section. Mack, wrote Harry C. Butcher in *My Three Years with Eisenhower*, "gracefully stepped aside."<sup>72</sup>

While Donovan had reason to be pleased with the outcome—Ambassador "Billy" Phillips in London thanked him for his "strong-arm help" in the fight<sup>73</sup>—he remained disturbed by the demonstrated lack of understanding of the full range of psychological warfare activities and the resultant neglect of both the JPWC and the OSS.

This episode had hardly run its course when Donovan learned of, and was additionally provoked by, a second development that provided fresh evidence of this incomprehension and neglect. He learned of it, he complained, "only partially and indirectly."<sup>74</sup> This was so, undoubtedly, because it had been considered none of his business. It was the adoption in London of a broad outline for joint American and British PW collaboration in a propaganda plan for the forthcoming North African landings. For Donovan propaganda integrated with military operations—landing thousands of American soldiers on potentially hostile beaches—was his business and that of the JPWC.

Yet, he argued, the plan had been adopted without the "advantage of consideration" by the JPWC, its working subcommittee, or OSS, and this despite the fact that these organizations had been hard at work on psychological warfare for months and had developed "an intimate knowledge" of PW incidents in Britain, Africa, Australia, and China. Moreover, the plan made the egregious error of equating "psychological warfare," as defined by the United States, with "political warfare," as defined by the British. Such an identification was completely contrary to the definition of PW as accepted by the JPWC. Such identification missed entirely the concept of intelligence and secret operations as intrinsic parts of PW and accepted the PWE definition which involved "nothing but acknowledged broadcasts and open statements."<sup>75</sup>

This episode had barely commenced its course when it was overtaken by the final development which was the most patent bypassing of the JPWC and, perhaps, because of the role played by General Strong, a most galling neglect for Donovan personally to endure. This event involved Strong as G-2, not as chairman of the JIC, not as a member of the JPWC, but as one of the co-chairmen of a new committee of the JCS. This was Joint Security Control (JSC).

Joint Security Control was the military's answer to the genuine need to institute special measures to guarantee the security of TORCH as it involved the operations of civilian and military agencies in the field of intelligence, propaganda, political warfare, and subversive

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activities. It was established in August; its senior officers were Strong from the Army and Capt. George C. Dyer, from the Navy; their job was the coordination, from the angle of security, of the TORCH-related activities of the civilians in State, BEW, OWI, and OSS.

Joint Security Control soon moved into a different field, however. On October 26, 1942, General Strong, responding to a request from Eisenhower for a propaganda plan for South America, issued a directive to the Coordinator of Inter-American Affairs, Nelson Rockefeller, instructing him on the integration of such a plan with CIAA's activities. Strong subsequently defended his action primarily on the lack of time available for discussion of the subject by the JPWC.<sup>76</sup> From Donovan's point of view, however, the JSC action was a denial of two JPWC functions; that of designating the executive agency to implement psychological warfare plans, and that of providing liaison with other agencies on such plans.

Indeed, the JPWC had been so neglected in these events that it was not actually then officially aware of the existence of TORCH! The committee's individual members had had much to do with TORCH in their various other capacities—and this included Donovan as OSS chief—but as a committee the members did not become seized of the subject until five days before D-day when, on November 3, they received from the Joint Chiefs a PW plan for Italy for consideration and implementation. By that time, however, Donovan had excoriated the JPWC.

### 7. THE END OF SKIRMISHING

This excoriation was first drafted, on October 29, by James Grafton Rogers; he did another draft on the 31st. On that same day it was issued as JPWC 49, "Examination of Recent Procedure in Psychological Warfare." On November 1, however, a correction, a "*corrigendum*," was made in the text, and again the same day, a "revised *corrigendum*," replacing four pages by two, was issued.<sup>77</sup> Different drafts of such documents were routine; corrections of the formal document were something else. In this case, it is clear that cool heads prevailed over hot ones, for the revisions and excisions removed the fiery anger of the original.

The voided text charged that the JPWC had been "overwhelmed" by the task of administering OSS and that it had become "the cockpit for jurisdictional disputes involving O.S.S." The same text charged that OWI, CIAA, and BEW "resented" coordination by the JPWC and that presidential directives "supported their attitude of independence." It described PW planning and operations as "a highly skilled task involving foreign knowledge, talent in public affairs, sensitivity to current intelligence and a knowledge of 'black' or S.O. procedures" which was "not characteristic of even the best soldiers, and [was] to some degree . . . inconsistent with their highest efficiency in their real task." None of this appeared in the final text.

Also, whereas the voided text had concluded that PW was "in confusion," that there was "no unified opinion on policy," and that "the machinery set up by the directives [had] been completely set aside," the final copy more diplomatically charged that PW principles and machinery were "not being carried out." Also, the voided text said that if the U.S. takes "an extensive part in modern warfare," then it must "start from the beginning" to build "a workable and adequately staffed" planning and operational unit. Again, the final text more coolly required that "a clear-cut understanding" relative to the PW functions of OSS and its relations with other agencies "be definitely established."

Even so, the indictment was comprehensive and severe: PW had “been thrown into confusion” by a misconception of the phrase itself, by “a misreading” of FDR’s directives, by an “ignoring” of JCS directives, and by “a lack of centralization in one operational unit of the products of various agencies.” The indictment then reviewed and discussed the definition of PW which had already been accepted by the JPWC and which included “general propaganda services,” operations such as rumor-spreading, and intelligence activities to serve these and other needs. Next the paper described the organization—the JPWC, its Working Subcommittee, and the Advisory Committee—which had been set up by the JCS to implement the principles of PW. Then it was shown how both principles had been betrayed and machinery neglected by both the JCS and the JSC. In conclusion, reform was called “mandatory.”

This indictment, JPWC 49, was hardly off the JCS press on October 31 when much of it, and much other material that had been prepared for it, was incorporated in a new and double-barreled assault that Donovan launched against the JPWC and the existing PW situation. This new blast was JPWC 50, “Proposed New Directives of the Joint U.S. Chiefs of Staff to the Office of Strategic Services.” On the one hand, this JPWC 50 both described and decried “the present situation,” and on the other hand, it prescribed a solution.

The situation was depicted as organized confusion: the JPWC, OSS, OWI, BEW, CIAA, and the State department were all so many horsemen galloping off madly in all directions. The JPWC was so “encumbered” with OSS administrative details that both JPWC and OSS had been “hindered” in their work; OSS was additionally “hampered” by the necessity of having its papers and proposals passed upon by two or more committees. The OWI—in lines that surely belittled it—handled “shortwave foreign broadcasts and other publicly acknowledged printed matter abroad,” stuff that was formerly part of COI’s “psychological warfare machinery” and that was now “an important but only fractional part of a complex strategy . . . deeply involving underground activities, economic measures, the acts, announcements and behaviour of our widely dispersed armed forces, and a mass of political maneuver.” BEW had developed a separate economic intelligence section, manipulated economic pressure, economic favors, and preclusive buying—“all . . . intrinsic parts of or influences upon psychological warfare.” CIAA manages “the whole of psychological warfare in the Western Hemisphere”; it had successfully excluded OSS, OWI, BEW and others from this area except for the fact that the FBI had counterespionage agents in South America and that “G-2 has a recently organized branch of secret intelligence.” Finally, State, whose declarations “form the skeleton of the whole of psychological warfare,” had only limited “direct liaison with the strategical requirements” of PW. There was much activity but “a lack of coordination and collaboration.”

Donovan had a solution which would rock G-2 and ONI. It had three parts.

The first abolished the JPWC and replaced it by an OSS “Planning Group” which would take charge of “joint intelligence, counter-intelligence and psychological warfare. . . .” It would be chaired by OSS, manned by OSS, State, and the military, and assisted by an advisory committee of representatives of other agencies, but its establishment was “not intended to interfere” with G-2 or ONI. Despite this disclaimer, its many functions included “preparing and recommending plans for the coordination of the activities” of the government’s intelligence agencies. Finally, short of the JCS it had to reckon only with the Joint Planners.

The second part once again defined PW and described the range of its operations and then specifically designated OSS “as the agency of the Joint U.S. Chiefs of Staff for conducting psychological warfare.” Calculated to leave no doubt in the mind of Army,

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Navy, OWI, BEW or anyone else as to who was running psychological warfare for the JCS, this part detailed eight functions that the OSS, working under the JCS and with the Joint Planners, would execute by itself and/or in conjunction with other agencies and with interested foreign nations. Thus, for instance, OSS would initiate, formulate, and develop PW plans, coordinate other agencies' activities, be the channel of communication between such agencies and the JCS, handle all matters pertaining to PW "in the field forces," and conduct its own subversive operations.

The third part established a "Strategic Intelligence Service" which Donovan must have known was, and even intended that it be, tantamount to throwing down the gauntlet to General Strong and Admiral Train. The challenge was hardly veiled in two particular paragraphs. One provided that the proposed SIS would assemble information from all sources, including G-2 and ONI, and would provide research, analysis and integration of information "in order to furnish strategic intelligence" for the use of the JCS and others. Lest G-2 and ONI drag their feet, they were instructed, in the proposal "to place at the disposal" of OSS such information as was required by OSS and "to prepare" for OSS "special studies . . . as may be required for joint planning purposes." The other paragraph provided for the detail to OSS of "specially qualified military, naval and air officers" so that OSS could furnish the JCS with, *inter alia*, "a continuous flow of carefully appraised intelligence studies accompanied by appropriate maps, charts, and supporting data."<sup>78</sup>

With these proposals the scene was set for battle, but before it began Donovan threw another paper—JPWC 45/1—on the JPWC table. This was Donovan's answer to General Marshall's request for a definition of the functions of OSS. The new paper both defended his position as chief of R&A and secret intelligence and rebutted his foes in BEW and the intelligence services.

He defended the original concept of R & A: a body of civilian and military experts, with area knowledge and language capability, working on all available information to produce the research, reports, and estimates necessary for the military's joint planning and conduct of operations. He said, however, that whereas he had access to published information, European newspapers and periodicals, State Department cables and dispatches, postal censorship intercepts, and data and reports from most civilian agencies of the government, he had been "handicapped by . . . inability to get adequate disclosure of military and naval intelligence." His agency was allowed "only within restricted limits" to consult MIS and ONI materials. It had received only a "small number" of attaché reports. "Of operational intelligence—for example, cable and radio intercepts or air reconnaissance photographs—virtually nothing" had been made available.

He tackled the G-2 and ONI position that whatever the competence of his research people in nonmilitary fields they had no qualifications for appraising military or naval intelligence. "In modern war," he argued, as he had done many times, "the traditional distinctions between political, economic and military data have become blurred." The situation required not only professional military and naval men working in their own province but also professionals trained in other fields. Then he got to the point: "the marked deficiency in the OSS intelligence service at this time is obvious; namely, a group of army, navy and air officers to supplement the works [*sic*] of the civilian experts and to give the combined work the military impress." He was saying that he had gotten soldiers for sabotage but not for the production of finished research and estimates.

On that "line of demarkation" between R&A and BEW he admitted that it was "one of the most persistent and difficult problems" of his research branch. He defended unwaveringly his agency's need for economists, pointed confidently to their accomplishments,

recounted efforts—some successful—to reach accord with BEW on sharing the work and eliminating the duplication, and argued the superiority of his R&A over any other research agency in meeting the special needs of the military services. He was not ready to permit BEW to take over his Economics Division.

Much less was he ready to permit G-2 and ONI to take over secret intelligence. Even assuming other agencies had possession of unvouchered funds in adequate amounts—which they did not—there were seven considerations listed by Donovan which militated against the military taking over the field. There is no need to elaborate on them—problems of unity of direction, administration, personnel, cover, vulnerabilities, nature of intelligence, problems of counterespionage—but there is need to emphasize that Donovan's lengthy argumentation of his case clearly reflected a conviction, not totally unfounded as will be seen, that his SI had caught the military eye.<sup>79</sup>

The JPWC table was now crowded with papers concerning OSS, and since the reader may be understandably confused by their variety—to say nothing of their JCS titling and numbering system—it may be well to review them before passing on to the great debate that would now take place in the JPWC meeting room in the Chiefs of Staff building on Constitution Avenue.

Off to one side but very pertinent to the debate were those papers that had already been approved: JCS 67, which established the basic functions of OSS; JCS 68 on the reorganization of the JPWC; JCS 67/4, which marked out channels of control; and JCS 83/1 on saboteurs and guerrillas. Already under discussion by the committee before this latest spate of papers from Donovan were: JPWC 37/2/D, which was Marshall's query on the militarization of OSS; and JPWC 45/D, which was Marshall's directive on the functions of OSS, and which was the immediate precipitant of the impending debate. Now in the space of a few days Donovan had submitted three new papers: JPWC 49, a blast at the JPWC, Joint Security Control, and even the JCS itself; JPWC 50, a provocative proposal for reform; and finally JPWC 45/1, Donovan's response to Marshall's JPWC 45/D.

## Chapter VIII

### MID-WINTER BATTLES

Immediately in contention was JPWC 50, which, abolishing the PW committee itself, proposed to make OSS the dominant American agency for the conduct of PW planning and operations and for the production of what is now termed "finished intelligence."<sup>1</sup> Whatever the specific issues—functions, control, administration, etc.—the underlying issue was the continued existence of OSS. Donovan and his colleagues had reached the point of frustration, and the intelligence services still sought the "scattering" of OSS. The issue was now in the hands, somewhat ominously, of military officers either hostile or relatively indifferent to the fate of the OSS civilians.

#### 1. BATTLE NO. 1: STRONG vs. DONOVAN

The hostile military, of course, were the G-2 and ONI chiefs, General Strong and Admiral Train; the indifferent were the war plans representatives, General Wedemeyer and Capt. H. L. Grosskopf. The BEW member, unconcerned with most of the issues, absented himself from the meetings—these would be an unprecedented six in number—when JPWC 50 was under discussion. The other very notable absentee was Colonel Donovan, who informed the committee on November 2, 1942, when the issue was first taken up, that since the question had unfortunately become "in some measure controversial" and in order to place the discussion upon "a more objective level" he would not be present but would let his case be presented by Colonel Buxton, Gen. John J. Magruder, and Dr. Rogers.<sup>2</sup> General Strong, no less a party to the controversy, felt no such compunction to send a substitute. Indeed, he proved to be a tough antagonist.

This was evident at the first meeting when the opening positions of both parties were laid out. General Strong took his stand on firm ground, namely the provisions of the original OSS order of June 13. He read the order aloud and pointed out that OSS had been given two functions: to "collect and analyze such strategic information as may be required" by the JCS, and to "plan and operate such special services as may be directed" by the JCS. He said later that there was "a difference between doing what the Joint Chiefs of Staff request and in doing what the Joint Chiefs of Staff do not prohibit." It was a strong but a narrow position; and he would hold it as a Maginot line against the expansionism of OSS, which he termed "a real jeopardy to the military and naval service."<sup>3</sup>

While Strong contented himself with laying out these two functions as the basis for the ensuing discussion, the OSS representatives spoke at much greater length. "Ned" Buxton reviewed the history of the establishment of COI, emphasized "the basic idea" of a pool of scholars at work on all information, reminded the group of the services' acceptance of COI responsibility for foreign secret intelligence, and characterized the development of subversive activities and PW as "a development of Colonel Donovan's own knowledge of military developments and his sense of the needs of modern total war."<sup>4</sup>

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Rogers, a Yale law professor, went over the original idea "in greater detail" and then contrasted the promise with the reality: progress was negligible since COI had been transferred to the JCS; OSS was now "almost stopped in its tracks"; there were "signs of dissolution of the organization"; there was general dissatisfaction; and OSS was "entangled in two or three committees and the rivalries of several government agencies."<sup>5</sup>

On the basic point of strategic information, he argued that the need for "a center of information and intelligence for military purposes" had been growing since the last war. Drawing on both military and nonmilitary information, such a center, he said, had to be operated, in the U.S., as "a separate civilian agency." On the other basic point of PW, he reviewed both the dispersion among many agencies of various PW responsibilities and the need for "an operating agency" and for "an overall planning organization" which would formulate broad principles, maintain close contact with military operations, and exercise day to day supervision over the implementation of PW plans. Since neither of these basic needs was presently being met by OSS, the JCS had to decide, he said, whether to support OSS effectively, split it up between OWI and G-2, "close out the O.S.S. and pick up the odds and ends for inclusion in other activities," or "alter the top management."<sup>6</sup>

His solution, already before the committee in JPWC 50, was the first alternative: liberate OSS so that it could operate under its directives. This solution began with a clearing operation: abolish the JPWC so that OSS could report directly to the JCS through the Joint Planners. Second was the twofold constructive work: establish in OSS a Planning Group, add military and naval officers to it, and let it be a joint medium for coordinating joint intelligence, counterintelligence and psychological warfare; at the same time, organize "a central information and intelligence agency" in accordance with "the conception of the President."<sup>7</sup> These were bold propositions.

The remainder of the discussion was taken up with exploratory questions and comments from Strong, Train, Wedemeyer, and Grosskopf. Strong, zeroing in on his favorite subject, asked first about civilians' evaluation of military intelligence and then about the reasons for the abolition of the JPWC and the operation of the Planning Group. Train, asking about a counterintelligence system, was told yes, OSS does plan to operate one but be assured there was no intention of abolishing any such activities "in O.W.I.<sup>8</sup> or in G-2," or of running any agents in the Western Hemisphere. Train was also reassured that OSS would have no power beyond merely recommending plans for coordinating the activities of the government intelligence agencies. Wedemeyer and Grosskopf basically did balancing acts, seeing need for progress but being cautious about the method.<sup>9</sup>

The second meeting, November 9, showed that the preliminaries were over. The ONI chief declared that the OSS proposal would make the Army and Navy intelligence agencies "merely an adjunct of the O.S.S." Buxton countered by citing the proposal's guarantee that no changes would be made in the operations or activities of those agencies. In rebuttal Train cited another paragraph which he said ran counter to the guarantee and "reversed the functions of O.S.S. as against O.N.I. and M.I.S." Strong chimed in with the observation that this would leave the JCS dependent "upon information furnished by civilians," and that this condition, contrary to what OSS had said, would not be corrected by militarization of the agency.<sup>10</sup>

Strong and Train immediately returned to this relational problem at the start of the third meeting, on November 10. The question posed so far by the discussion, said the General, is this: does the committee want to recognize OSS as the intelligence channel to the JCS and as coordinating and controlling ONI, MIS, and the intelligence activities of State,

Treasury, the FBI, and others? Buxton agreed that the objective was the establishment of “a central intelligence agency,” but he disclaimed any attempt to “control” ONI and MIS. That result, said Strong, would give the JCS two intelligence services: G-2 and ONI, and OSS; it would be better, he observed, to “attach” OSS to either ONI or G-2, but this, countered Buxton, was “contrary to both Presidential and J.C.S. directives.”<sup>11</sup>

Back to fundamentals, Admiral Train questioned the basis on which OSS ever became involved in intelligence; its directives, he said, gave it “control of espionage but not overall coordination of intelligence.” Buxton enlightened him on the fact that the orders setting up both COI and OSS charged them with collecting and analyzing information. This led to further discussion of the Planning Group as well as to its denunciation by Strong and Train as “unsound in premise” in that it eliminated the Army and Navy from the military evaluation of intelligence. Can not OSS, asked Strong, operate through the JIC “on a par” with the MIS, ONI, BEW, and others?<sup>12</sup>

Then came the first statement of the deadlock that all must have seen coming. Strong and Train said they were “unwilling to accept” the Planning Group. Captain Grosskopf, seeking compromise, suggested making the OSS Planning Group a JPWC subcommittee. General Wedemeyer, joining the meeting, had another suggestion for reorganizing the JPWC. Nothing came of any of these words, however. Strong then submitted his own overall proposal as an alternative to JPWC 50.<sup>13</sup>

This alternative, JPWC 50/1, was in fact a hardening of the Maginot line. It provided that OSS be established “as a non-militarized supporting agency” of the JCS “on a par” with MIS and ONI. The agency’s functions were the two laid down in the June 13 order. OSS would send its PW plans through the JPWC and the JPS to the Joint Chiefs, and all intelligence matters would go through the JIC and JPS. Further, the “special services” to be performed by OSS were “limited” to “those specifically approved” by the JCS, and its secret intelligence was “limited to espionage in places where such is directed by the J.C.S. outside the Western Hemisphere.” This alternative yielded nothing to OSS: the idea of “a central intelligence agency” was rejected; OSS remained enmeshed in the tangles of the three committees; and its functions were subjected to narrow and rigid interpretation.<sup>14</sup>

Strong opened the fourth meeting, on November 14, with a statement of the choice now to be made: accept JPWC 50 “*in toto*” or eliminate from the OSS “all functions which did not fall into a strict interpretation” of the order of June 13. If there was “a middle course,” he said, it could be embodied in recommendations. Such a middle course was now offered by Colonel Buxton, who announced to the committee that Donovan was withdrawing JPWC 50 and replacing it by a substitute, JPWC 50/2. Buxton explained that Donovan still defended the former but was withdrawing it in order “to obtain more uniformity of opinion and harmony in the Committee.”<sup>15</sup>

The job of explaining the substitute was taken up by General Magruder, who had most recently been concerned with the reorganization of the intelligence side of the OSS house. Magruder said there were two essential points in the new proposal: first, the functions of the present JPWC *subcommittee* were placed in the OSS; and second, administrative matters of the OSS would henceforth be handled not by the JPWC but by the Secretary of the JCS. The committee went to work on the new proposal which, like the original, also had three parts. By the end of what must have been a lengthy afternoon, however, the committee apparently had never gotten past the first part.

That was concerned with “Channels of Communication for the Office of Strategic Services,” and the discussion and the revision as agreed upon at the close of business indicated that no progress toward compromise had actually been realized. Where OSS,

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seeking escape from committee rule, wanted to deal directly with the JCS Secretary, Strong, backed by the committee, said it first had to go through the JIC—as did everybody else. Where OSS, arguing emergencies necessitated direct communication, accepted the JIC as the “normal” channel of communication to the JCS on the intelligence material it prepared, the committee knocked out the “normal.” Where OSS wanted to be the executive agency for the implementation of PW plans, Strong, for a variety of reasons not spelled out, doubted that the committee “desired to put control of planning and execution of psychological warfare” in the OSS.<sup>16</sup>

By afternoon’s end Strong had rewritten the most controversial paragraph in Donovan’s compromise so that it affirmed that OSS was only “on a par” with MIS and ONI and would operate through the same channels as they did. To which Magruder said OSS could not agree inasmuch as it seemed to violate the sense of the basic OSS order placing it under the direct jurisdiction of the JCS. Magruder argued that there were certain administrative matters for which the Director of OSS reserved the right to deal directly with the JCS. Also, Magruder argued that OSS had been designed “to serve a different echelon” than the Army and the Navy; and, therefore, that it was not “desired to have O.S.S. placed on a par with O.N.I. and M.I.S.” Once again the deadlock was affirmed, and the sticking point was “on a par.”<sup>17</sup>

These meetings of November 2, 9, 10, and 14 demonstrated the futility of additional debate, and so Donovan ended it all with a letter on November 16. He noted there was a “fundamental difference of opinion” among the committee members on the status of OSS and said agreement appeared out of reach. “OSS cannot recede from its position,” he declared, “and it is apparent that other members . . . will not recede from their positions.” He advised the committee he was withdrawing JPWC 50/2 as no longer serving a useful purpose and returning to JPWC 50. He then suggested that in order to save time “the respective positions as formalized” in JPWC 50 and 50/1 (Strong’s paper) be submitted to the JCS for their determination.<sup>18</sup> With this suggestion there was no disagreement in the committee when the matter was made the first order of business at the fifth meeting, on November 16.

Even so, this and another meeting the next day were consumed in the preparation of the papers in the case for submission to the JCS. Majority and minority views would be prepared; the papers had to be sent to the JIC; and since the whole debate had been precipitated by Marshall’s directive JPWC 45/D on the functions of OSS, the formal response had to be a reply to that directive. General Strong drafted the covering letter, which included an OSS statement of its position.

That letter stated the majority belief that the “basic difference” was a question of whether the OSS was “an agency on a par with other intelligence agencies,” operating for intelligence under the JIC and for psychological warfare under the JPWC or whether it was “under the sole control and direction” of the JCS and would be operated in accordance with the provisions of JPWC 50. The majority said parity was “essential to teamwork and efficient support of the military effort”; OSS said its solution was the only one which would “not result in a minimization of its importance and a derogation of its possibilities of service.” Both agreed the problem could only be resolved by the JCS and that such resolution was a prerequisite to a new directive to replace JCS 67, 67/4, 68, and 83/1.<sup>19</sup>

The covering letter written by Strong also included the majority’s point-by-point response to the questions raised in Marshall’s directive. On the requested “clear line of demarkation” there was much discussion that went beyond the BEW-OSS problem, because there was general agreement on the need for some improvement in the overall collection and

analysis of information. Strong wanted to transfer R & A to his own MIS, or, apparently, at least transfer the economists of R & A to BEW. Trying to be helpful, Captain Grosskopf recommended combining all research units in OSS but under the direction of the JIC. While Wedemeyer rejected this as making OSS a subcommittee of the JIC, Strong opposed it on the ground that "the time has not yet arrived when all Government agencies could accept direction from the Joint Chiefs of Staff as to their intelligence activities." There would be, in other words, no "central intelligence agency" at this time. Instead the majority had to settle for the unhelpful conclusion that "it appears to be impractical to draw a clear line of demarkation" between OSS and BEW.<sup>20</sup>

On the intelligence function, the majority found "a marked duplication of effort" among OSS, ONI, and MIS, but they said OSS should definitely be assigned the function of conducting espionage "in enemy-controlled territory outside of the Western Hemisphere." Who would conduct espionage elsewhere? G-2 perhaps? <sup>21</sup> On sabotage and guerrillas (JCS 83/1) the majority had no trouble, except—and it was a large exception—that "the training and utilization of units to perform guerrilla activities can be better and more satisfactorily undertaken by the armed forces." <sup>22</sup> No "private army." Happily there was no overlap by OSS of anybody else's photographic activities.

On other subsidiary functions of OSS the majority thought that the JIC ought to take charge of coordinating all cartographic work, including that of OSS, that the OSS Strategic Service Command—the guerrilla vehicle—should be abolished, and that PW should be handled by the JPWC and the Joint Security Control. Strong was convinced by his TORCH experience that JSC should have the last word on the implementation of PW.

Donovan, who had already submitted his reply to Marshall's directive, now rebutted these positions as well as the overall position taken by the majority. He minimized the problem of a "clear line of demarkation": the JIC always specified either OSS or BEW to do a particular study, and duplication elsewhere had been "lessened." He rejected the idea that OSS espionage should be limited to "enemy-controlled" territory: intelligence services generally maintained representatives in countries adjacent to such areas. He said the reasons supporting JCS approval in principle of the guerrilla units were still valid. He denied any cartographic duplication. Also, he rejected the ideas that the part-time JPWC could function as a full-time planning committee and that Joint Security Control, set up as a security mechanism, could implement and control operations.<sup>23</sup>

On the larger issue of the status of OSS he repeated his contention that OSS was in a different category than either the Army or the Navy. It was a military organization created by the President, who had also created the JCS, was set up under the JCS, and was ordained to serve that agency. Of all the civilian and military agencies involved only OSS was "an instrument of the JCS." However, OSS was concerned, he said, "not with status or with parity but with function."<sup>24</sup>

On that question, the real question he maintained, the record showed that OSS could best perform those functions that it had always performed, that covered a hitherto unoccupied field, and that encroached on no other agency's territory. These functions were three: secret intelligence everywhere outside the Western Hemisphere, R & A, and "black" propaganda and subversion. Finally, his JPWC 50, he argued, replied to Marshall's directive and clearly defined those functions in both intelligence and psychological warfare; in the former there was no conflict between OSS and the JIC, and in the latter, OSS replaced the JPWC.<sup>25</sup>

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When the reports, views, and rebuttals were all written, they were sent on to the JIC where Strong, Train, and Buxton—now wearing other hats—were joined by Berle but not, apparently, by the BEW member. They found a better way of handling the “clear line of demarkation” request: they found “potential duplication” which could be avoided by the JIC doing what it was already doing, namely, assigning to the appropriate agency the economic study to be undertaken for the JCS. Otherwise, the JIC quickly accepted—OSS dissenting—the JPWC majority view of the difference with OSS and passed all the papers—with their JIC titles and numbers—on to the Joint Chiefs.<sup>26</sup>

The composite paper, JPWC 45/2 (or, if you will, JIC 59/1) was aptly described by the JIC Secretary, as he passed it upward, as “a complex paper.” It contained, for example, “references to five distinct tabs or appendices marked ‘A.’” To clarify the paper for the heavily burdened Chiefs he submitted this outline, which may also help the reader of these pages:

- “Text (pp. 1-2)
- Tab A (pp. 3-5)
- Tab B (the remainder of the paper), containing
  - Text (pp. 6-8)
    - Appendix A, which is J.P.W.C. 50, containing
      - Text
      - Tab A
      - Tab B
    - Appendix B, which is Appendix A of J.P.W.C. 50/1
    - Appendix C, which is J.P.W.C. 45/1, containing
      - Text
      - Appendix A”<sup>27</sup>

## 2. GENERAL McNARNEY’S COMPROMISE

The JCS, with the manifold problems of war on their hands, had no intention of methodically digesting this ream of paper. The incentive was not there. They really were not seized with the idea of psychological warfare. They did appreciate the need for a better exploitation of intelligence, but this was an organizational problem—of which wartime Washington had a superfluity—which was more tolerable than soluble. Furthermore, they, especially Marshall and King, were familiar enough with the conflict of personalities within the JPWC and the JIC to see the need and value of straining the issues through another sieve before they tackled such a “complex paper.” In this regard it was probably Marshall who took the initiative. He, more than King, was witness to the Donovan-Strong confrontation, and as Chief of Staff he had considerable stake in the activities of both men.<sup>28</sup> He had informally remarked that he would have the problem handled by his deputy, Maj. Gen. Joseph T. McNarney and Brigadier General Deane.

On November 16, when the JPWC was readying its papers for the JCS, General Strong reported that it had been “intimated” that the Joint Chiefs would “appoint a subcommittee of two members to consider the reports.”<sup>29</sup> When the subcommittee was appointed, however, the two turned out to be not McNarney and Deane but the former and King’s Vice Chief of Naval Operations, Vice Adm. Frederick J. Horne. Actually this subcommittee also included the Air Chief of Staff, General Arnold, who, subordinate to Marshall, was really not involved in the problem and hence not active in its resolution.

Of the two who were, it was really McNarney who began the work and was apparently both the architect and the salesman of the compromise that was eventually worked out. The compromise essentially gave both Strong and Donovan what each most wanted while denying the latter his desired intelligence role; “persuading Colonel Donovan” to accept the compromise, wrote JCS historian Vernon E. Davis, was for McNarney “undoubtedly a high achievement in military statesmanship.”<sup>30</sup>

McNarney conceived the idea of de-emphasizing the OSS intelligence role in an effort to appease Strong, and of emphasizing the PW role in order to keep Donovan occupied and happy. In doing so, however, he ensured a more bitter confrontation between Donovan and Elmer Davis of OWI.

The stalemated JPWC issue formally became a JCS matter on November 23, when the papers were published as JCS 155.<sup>31</sup> This is an important number in OSS history, and the reader might as well get used to it; the series would extend to JCS 155/11/D, published on October 27, 1943.

On November 25, 1942, McNarney and his two colleagues were formally charged with the study of JCS 155. Prior to this occasion McNarney, while aware of the issue and the conflict of personalities, had had nothing to do with the PW situation. In taking it up he set out, he recalled after the war,<sup>32</sup> to resolve the recurring fight about intelligence. On his own he turned out a first draft, on November 29, which concentrated on PW and restricted the OSS intelligence role to the service of only its PW function. This he submitted to OPD where it first went to General Wedemeyer for comment.

Where McNarney’s draft, emphasizing subversive activities as the OSS function, went a long way toward satisfying Donovan on the training and use of guerrillas, General Wedemeyer, remaining consistent on the issue, was flatly opposed to “giv[ing] Mr. Donovan any military personnel for guerrilla or related activities.” Where McNarney’s draft included propaganda and economic warfare as portions of psychological warfare, Wedemeyer quickly warned that while this was sound in conception it was unrealistic in practice. The President, he pointed out, had “made the decision that propaganda agencies will operate directly under him,” and therefore it was “necessary for us to accept the existing unsound organization and try to set up the most effective operational agreements that we can induce Mr. Elmer Davis of OWI and Colonel Donovan of OSS to accept.”<sup>33</sup>

Wedemeyer had other comments. He recommended the establishment, under military control, of a central governmental agency to provide maps, charts, sketches, and illustrated materials. On the integration of PW plans with military operations he urged the need for careful “screening” of plans because “Donovan’s boys are prolific writers and [will] flood us with projects.” He also urged caution on giving Joint Security Control too broad a power over the timing of PW measures. Finally, he agreed with McNarney on giving OSS “only so much intelligence responsibility (collection, evaluation, and dissemination of information) as pertains to psychological warfare.” That, he thought, was “sound and definitely should indicate to MIS, ONI, and OSS the delineation of intelligence functions desired by the powers that be.”<sup>34</sup>

Wedemeyer’s boss, Lt. Gen. Thomas T. Handy, while agreeing in general with Wedemeyer, thought the “major fault” of McNarney’s draft was the failure to state specifically that in the theater of operations OSS would be entirely controlled by the theater commander. He explained that “the failure to carry out this principle has been one of the principal troubles with the OSS activities.” Handy, also agreeing with Wedemeyer, thought

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giving Donovan control of guerrillas would “let ourselves in for possible legal complications and undoubtedly for a lot of headaches.” He also thought placing “propaganda and economic warfare under the OSS” could not be done under existent executive orders.<sup>35</sup>

Handy had one final point on a subject of incipient development. Referring to “Intelligence and Intelligence Agencies,” Handy said it was his belief that “all such agencies should be coordinated under one head . . . an Army officer”; while the solution was not “practicable now,” it remained “the objective which we should seek.”<sup>36</sup>

Undoubtedly he was referring to the proposed merger of Army and Navy intelligence which was then under study and which was relatively independent of the current controversy involving OSS, G-2, and ONI. This matter was related to those claims, which were referred to in the Introduction to this study, and which were made by or for Admiral Zacharias, Colonel Mashbir, and Admirals King and Cooke, to the paternity of the Central Intelligence Agency. At the very time Handy was writing his comments, General Strong and Admiral Train were preparing a paper on such a merger for Marshall and King at their direction. The issue would come before the JCS on the same day they first took up JCS 155.

Having obtained the comments of OPD, General McNarney then coordinated his draft with Admiral Horne, and the two of them visited OSS. They talked “with all OSS people except Donovan.” McNarney recalled that he had made a point of specifically not meeting with Donovan until he, McNarney, was “fairly clear as to what was going to be done.” McNarney then visited OSS alone, talked with General Magruder, and then revised his original draft, which soon received Horne’s concurrence.<sup>37</sup>

The draft was then “read” to Strong, Train, and Donovan. The first two could not have been too unhappy about it since none of their central concerns was disserved by it. True, each had a fledgling psychological warfare section which would feel some effect from the proposed directive, but neither activity ranked high among the intelligence activities that were greatly expanded in both services after Pearl Harbor. On the other hand, when the news circulated that the Joint Chiefs of Staff were putting OSS in full charge of psychological warfare there also circulated rumors that both Strong and Train were going to be suspended for interfering with OSS and were, noted Rogers, “unhappy.” If they were unhappy, it quite possibly was because the Chiefs, while protecting G-2 and ONI, were unhappy with the performance of Strong and Train in the entire dispute; for example, according to Wedemeyer after the war, Marshall at this time was “sore at Strong, who [had] been complained about . . .” and was “momentarily tired of [the] whole G-2 relations with P.W.”<sup>38</sup> In any case neither officer was suspended.

McNarney recalled that he had “called Donovan in to discuss the paper.”<sup>39</sup> Unfortunately for the reader, and the historian, there is no contemporary account of the “sales pitch” that was made by the one or the “sales resistance” offered by the other. Donovan must have been disappointed but not surprised and then finally pleased.

Donovan must have been disappointed, because the rejection of his proposal to run joint intelligence, counterintelligence, and psychological warfare must have struck him as another in the series of significant setbacks he had suffered since being appointed Coordinator of Information. First, he had never really functioned as Coordinator inasmuch as the Army and Navy never gave him the information to coordinate. Second, his charter as government propagandist was narrowed three times: painlessly the first time when he lost any domestic responsibility, with some hurt when he lost South America to Nelson Rockefeller, and with considerable loss of prestige when his Foreign Information Service was carried off into an

OWI captivity. Third, after he was made chief of the JCS PW program but given a vague charter, he encountered only obstruction and frustration. Now when he—"imaginative, energetic, and dissatisfied with routine restrictions," as McNarney described him<sup>40</sup>—sought to recover the core of both his original and second charters, he was being asked to settle for, as it were, half of a loaf. "Persuading" him probably was a high act of statesmanship on McNarney's part.

At the same time Donovan could not have been surprised by the Solomonic split down the middle. Strong and Train had made it abundantly clear, not only in the JPWC debate but also in the preceding months, that they were not going to see him set up as the coordinator of their intelligence; and other military instinctively concurred in what all saw and opposed as civilian evaluation of intelligence on which military operations would be partly based. Donovan must have realized that, however much everybody agreed on the need for "a central intelligence agency," there was only an outside chance that his idea would materialize in December 1942.

On the other hand, McNarney was offering him a "big" half of a loaf, as modern advertising would have it. Not only was he being offered full charge of what came to be known as "the military program for psychological warfare," but he would also receive, if McNarney could prevail, authority to train and operate guerrilla units. Additionally, in giving Donovan this PW role, McNarney was offering what was most personally attractive to Donovan, who fully appreciated the need for others coordinating intelligence but who for himself preferred, as Sherwood had described it, something of "a special, secret and even mysterious nature," that is, "special operations" and guerrilla warfare.

Donovan was probably reconciled to the inevitable and prepared to make the best of it. There was more enthusiasm for the new setup among the OSS people who would play a role in the new Planning Group. For them it meant close collaboration with the military and the State Department in the planning and supervision of all psychological warfare. Even they, however, because they were closer to the resentments and suspicions of OWI personnel, expected strong opposition from that organization. Nevertheless, they felt that in a sense they had been given responsibility for all nonmilitary warfare, under of course the ultimate policy-making responsibility of the President and the Secretary of State.<sup>41</sup>

For the challenging situation that confronted them, they felt that much credit was due General McNarney and Admiral Horne, who stood as high in OSS estimation as Strong and Train stood low.

### **3. JCS ENDORSEMENT OF OSS**

When McNarney had obtained the concurrence of Donovan, Strong, and Train to his draft directive, he sent it to the JCS where, as JCS 155/1/D, it became Item 4 on their agenda for December 8. Admiral Horne, reviewing the drafting process, explained that one of its main features was the elimination from OSS of "all responsibility regarding collection and dissemination of information." General McNarney, concurring, said the main purpose was "to de-emphasize the activities regarding intelligence and to emphasize . . . psychological warfare. . . ." He said that the U.S. did not have any organization "charged definitely with the preparation and implementation" of PW and with its careful integration with military operations. He said OSS had "a number of superior men," who, given "complete responsibility," would produce "excellent results."<sup>42</sup>

At this point Admiral King inquired if the OSS PW unit, substantially the planning group which Donovan had proposed in JPWC 50 as a joint medium to run joint intelligence, counterintelligence, and psychological warfare, might not have a place in the proposed

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merger of Army and Navy intelligence. McNarney thought the two activities “should be completely divorced”; but he did admit that if the proposed merger—actually Item 7 on the same JCS agenda—were consummated, then such OSS elements as cartography and R & A might be incorporated in the new organization. Horne agreed there were “a number of good men . . . whose services could be integrated into the over-all war effort.”<sup>43</sup>

No action was taken on the item, however, because both King and Admiral Leahy had stated earlier that they had not had enough time to study the matter. While the admirals and other military then looked more closely at the document, some interested civilians were also brought into the discussion. These were Nelson Rockefeller, Milo Perkins, and Elmer Davis.

They apparently were involved because of the well-founded conviction on the part of the JCS Secretary, General Deane, that their interests were affected by some provisions of JCS 155/1/D. They met, therefore, in Deane’s office on Saturday, December 12, were apparently given copies of the directive, and were invited to submit their comments. Rockefeller only requested the insertion of his standard provision specifically excluding OSS from the Western Hemisphere. Milo Perkins anticipated no difficulties, though he took the precaution of submitting some clarification aimed at protecting BEW interests. Elmer Davis alone had real problems.<sup>44</sup>

Basically they were two. First was the relation between OWI and OSS. He noted that the directive gave OSS a charter for “the planning, development, coordination, and execution of the military program for psychological warfare.” He then noted that this “military program” extended to planned as well as actual military operations, and so he reasoned that the “sphere of activity” for OSS appeared “to be pretty nearly world-wide.” But, he argued, the OSS Planning Group established by the directive to implement this worldwide “military program” was slated to run, *inter alia*, the propaganda phase of the program. The Planning Group, with no OWI member, planned propaganda, he said, and it also exercised “supervision” over OWI’s implementation of the plans. This, he concluded, meant that OWI was “dominated by OSS.”<sup>45</sup>

The second problem was more fundamental. The JCS directive, he charged, simply assigned to OSS some functions the President had assigned to OWI in Executive Order 9182. On the one hand, he said, PW, as defined in the directive, included propaganda, but propaganda was clearly the field of OWI; he cited various provisions of his executive order which showed that OWI had responsibility for developing overseas information programs, for coordinating other agencies’ activities, for policy-making in this field, and for conducting liaison with foreign agencies. Clearly, he argued, when the President issued the OSS and OWI orders, he did not give the same functions to two different agencies.<sup>46</sup>

Davis concluded by saying that if the JCS were not happy with OWI’s work they were free to recommend to the President either a redistribution of functions presently assigned OWI or a replacement of himself by “somebody more efficient.” Until such action was taken, he intended to perform those duties which were entrusted to him by the President and of which he could not be “relieved by any lesser authority.”<sup>47</sup>

General Deane tried to oblige Davis; JCS 155/1/D was revised and sent back to him. Having studied it “with great care,” Davis replied on December 22. While he admitted some satisfactory changes had been made, he nevertheless maintained they had been nullified by the provisions left in the directive. As Davis saw it, OSS only had the functions of sabotage, espionage, guerrilla warfare, counterespionage, and the maintenance of contact with underground groups and with foreign nationality groups in the United States; it had nothing

to do with propaganda, which belonged to OWI, or to economic warfare, which belonged to BEW. From that point of view, OSS had nothing to do with other agencies and had, therefore, no reason for either a Planning Group or an Advisory Board!<sup>48</sup> That cut the heart out of the directive.

Not fully appreciated then was the basic difference between OSS and OWI as it had developed in these first six months of their unhappy coexistence. It began with words. OSS had been charged by the President with collecting and analyzing "strategic information" and with conducting such "special services" as were requested by the JCS. The OWI had a mandate from the President to do all sorts of things with "information" or "war information." In neither of these presidential charters did the words "psychological warfare" or "propaganda" appear; yet these terms, undefined to the general satisfaction of all, were constantly invoked by the disputants.

However one defined the terms, everyone, including Davis, agreed that it was possible to define "psychological warfare" so as to include "propaganda" as one of its constituent elements. Even if that were done, argued Davis, "propaganda" remained a totally distinct and separable element—an absolute OWI monopoly, where films, radio, and press were involved. He further argued that in this independent state "propaganda," i.e. OWI, went its own way, effecting in consultation with other agencies whatever coordination with military operations seemed necessary.

Donovan rejected both parts of the Davis argument. While admitting that the bulk of "propaganda," especially domestic and general political overseas information programs, was outside the OSS area of responsibility, Donovan insisted that there was a significant area of "propaganda" activities involving pictures and words—rumors, whispering campaigns, deception plans, "black" leaflets and radio stations—that partook more of the nature of subversion, of "psychological warfare," of "special services" that were clearly an OSS area than of the "information" and "war information" that belonged to OWI. Donovan also argued that where military operations were involved, psychological warfare, including propaganda, was subsidiary, had to be integrated with those operations, and could be so integrated by a central coordinating body fully informed of the military's plans and operations. That, he insisted, was the function of the proposed OSS Planning Group.

So stood the argument between the two men and organizations when, also on December 22, the JCS took up the matter for the second time. How aware the Chiefs themselves were of the depth of Davis's hostility to the draft directive is not at all clear; in any case that hostility remained as trouble stored up. The JCS, now that compromise had been effected within the military establishment, was prepared to act.

Admiral Leahy, putting his weight behind the work of McNarney and Horne, recommended that the words "complete and free" be omitted from a sentence stating that G-2, ONI, and OSS "will provide for the complete and free interchange of information." Seldom, thought the Admiral, did G-2 or ONI carry out such interchange with OSS. Even so, said Admiral Horne, ONI is now doing it. Not so far as the Army was concerned, said McNarney; it had been a one-way street, from OSS to MIS, "with no Army reciprocity"; and OSS needed the information.<sup>49</sup> The words stayed in.

Admiral King had problems. Indeed, that day he had submitted to the JCS a memorandum (JCS 155/3) that listed so many queries and objections that it is now difficult to see how he could ever have agreed, as he did on December 22, with the draft before him. For instance, he thought the Planning Group should be under the JCS, not OSS. He thought the proposed directive was "unsatisfactory—even dangerous—unless it included a clear definition of 'psychological warfare.'" He was not clear on the reason for abolishing the JPWC.<sup>50</sup>

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In the meeting itself King said he was not ready to accept the paper but he was not clear on what to do about it. He thought the directive "set up a quasi-independent agency and that this might 'open the gates' for future complications." Both Horne and McNarney tried to re-assure him it was safe and necessary to go ahead. King then asked about the meaning of "psychological warfare," and "considerable discussion ensued." Perhaps, he queried, "undercover warfare" better expressed the idea? "After further discussion" they returned to the original phrase, which is still there. By now King was persuaded to accept the document so that "it might be given a fair trial."<sup>51</sup>

With that concurrence, and after six months of frustration and bureaucratic battling, OSS was finally given its first and at that time definitive charter spelling out its functions, duties, and channels of communication. This was JCS 155/4/D, "Functions of the Office of Strategic Services," which was officially promulgated on December 23, 1942 (Appendix H).

The directive, abolishing the JPWC, established the OSS Planning Group consisting of OSS, Army, Navy, and State members, and an Advisory Group consisting of representatives of BEW, OWI, CIAA, Treasury, and such others as seemed necessary.

The directive made OSS, an "operating agency" directed and supervised by the JCS, responsible for "the planning, development, coordination, and execution of the military program for psychological warfare"; the propaganda and economic phases of that "military program" were limited to recommendations to the JCS as to the results desired. OSS was additionally empowered to compile such political, psychological, sociological, and economic information as was required for military operations. Of course it would have nothing to do with the Western Hemisphere.

The directive spelled out eight duties: four in the PW field, three in special operations, and one in R&A. OSS was authorized to work with other agencies in developing PW plans and doctrine, to maintain liaison with such agencies, and to collect, evaluate, and disseminate information needed in the execution of PW. In SO it was authorized to develop weapons and procedures, train men, and conduct operations. R&A was authorized to prepare certain sections of "Strategic Surveys" and to supply such maps, charts, and illustrations as these surveys or the JCS otherwise required.

The directive spelled out, so it appeared, both the content of "the military program for psychological warfare" and the manner of its implementation. The content was threefold: propaganda under OWI, economic warfare under BEW, and special operations—sabotage, guerrilla warfare, contact with foreign groups in the U.S., and the conduct in enemy-occupied or enemy-controlled territory of espionage, counterespionage, and of relations with underground groups—all under OSS. The implementation—and here was the principal storage place of trouble—lay with the Planning Group (PG) and the Advisory Committee, both chaired by OSS. The PG, charged with insuring coordination of all PW operations with military operations, submitted its work, first to the Director of OSS, and then through only the Joint Staff Planners to the JCS. In organized theaters of operations OSS was placed under the control of the theater commander; Joint Security Control was made responsible for "the timing" of PW measures initiated in the United States.

Finally, the directive defined the intelligence and guerrilla warfare functions of OSS. In the former field it was restricted to the needs of PW, the preparation "of assigned portions of intelligence digests and such other data and visual presentation as may be requested," and to espionage and counterespionage in enemy-held or controlled territory. Just to make clear the limitations of this intelligence role, it was specifically stated that the Joint Intelligence Committee would supply the JCS whatever "special information and

intelligence studies" they needed. On the guerrilla issue there was compromise. The relevant clause read: "unless otherwise specifically authorized, personnel to be provided for guerrilla warfare will be limited to organizers, fomenters, and operational nuclei of guerrilla units." While this considerably whittled down the size of the guerrilla units envisaged by Donovan, it nevertheless left open the way for giving military status to the smaller units which were authorized.

As if to forestall trouble with Elmer Davis, the JCS immediately dispatched to him a letter of reassurance about the operation of the new directive. They explained that the PG "will limit its activities with reference to propaganda to recommendations concerning the results desired. . . . If the Joint Chiefs of Staff approve the plan, they will inform you of the propaganda aims included in the plan and request that you plan and execute them." Will you then, asked Admiral Leahy,<sup>52</sup> designate a representative of OWI to sit on the OSS Advisory Committee? As will be seen shortly, the JCS explanation, as far as Davis was concerned, was not worth the paper on which it had been typed.

Meanwhile on December 23 and 24, General Marshall and Colonel Donovan exchanged Christmas greetings. These indicated their relief and rejoicing that six months of unhappiness had come to an end. Marshall could not let the holiday season pass without expressing gratitude for the cooperation and assistance Donovan had given him "personally in the trying times of the past year." Marshall regretted that "after voluntarily coming under the jurisdiction" of the Joint Chiefs of Staff Donovan's organization had not had "smoother sailing." He declared that OSS had "rendered invaluable service, particularly with reference to the North African Campaign," and he hoped that the new directive would eliminate most, if not all, of Donovan's difficulties. Donovan, acknowledging this "very cordial note," told Marshall that "I recognize that due to your intervention the present directive is a revolutionary and courageous document and that it imposes upon us a very serious obligation."<sup>53</sup> Donovan, putting a bold face on the "big" half of a loaf he had won, was now ready to reorganize OSS,<sup>54</sup> in conformity with the new directive, and proceed at long last to conduct psychological warfare on a broad front. He could postpone the fight for "a central intelligence agency" to a later date.

While Marshall and Donovan were exchanging their reciprocally congratulatory letters, Elmer Davis and his colleagues were declaring war on Donovan and OSS.

#### **4. BATTLE NO. 2: DAVIS vs. DONOVAN**

On Christmas Eve 1942 Davis and his overseas chief, Sherwood, rushed off to the White House to protest the new directive to the President and to demand its partial revocation. While there is no direct account of the discussion, there is little question but that they denounced it as a violation of the President's principle of civilian control of propaganda, as a violation of the President's own executive order establishing OWI as the government's unified information agency, and as a threat to subordinate OWI to OSS, especially in the then very important North African theater of operations. They wanted the President to sign a memorandum countermanding the JCS directive, but he refused at the time to do so. They had to go away empty-handed, because their protest had been abruptly terminated by the sudden announcement of the startling news of the assassination in Paris of the bitterly controversial Adm. Jean Francois Darlan, the linchpin of the "Darlan deal" which was currently angering liberal opinion in both Britain and the United States.<sup>55</sup>

Threats of resignation now thundered throughout OWI corridors and reverberated in the public press. Elmer Davis and his top officials, so the rumors went, were ready to submit their resignations if the President did not repudiate the directive giving OSS supervision of

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psychological warfare. Milton Eisenhower, the general's brother and a top OWI official, reported the possibility of "a mass resignation among the overseas staff together with a real possibility of a Davis resignation." The press reported that resignations had been offered by Sherwood, Mowrer, MacLeish, and Joseph Barnes. Hearing such an announcement on a morning radio broadcast, one State Department official said "she was delighted to hear it, as she had told the Colonel when he wanted to engage several of these men originally that sooner or later they would cause him trouble." In mid-January 1943 Davis told a press conference that if the occasion arose for him to say anything about alleged differences with OSS, he "could say quite a lot about it."<sup>56</sup>

OWI's eruptive unhappiness provoked no sympathy either among most of the military or in State. While the former generally cared little for OSS, they had just as little regard for OWI whose newsmen and propagandists, they felt, had so little appreciation for the importance of military security that they could not be trusted with military secrets. Moreover, the military, like State and the President, had accepted the Darlan arrangement, whereby General Eisenhower, to save American lives, had made a politically expedient but very unpopular "deal" with the detested Vichy admiral; but the OWI propagandists had gone off on their own denouncing the deal as a violation of all the principles for which the war was being fought. The military also liked the basic premise of JCS 155/4/D, namely, that any operations, even psychological ones, which were directly tied into military operations, ought to be as directly controlled by the military as possible.

For its part, State found intolerable the OWI thesis that its policy guidance came from the President and not from that department. Also, State had experienced considerable unhappiness of its own with the way in which the New York office of OWI utilized information received from State with scant regard for maintaining consistency with U.S. foreign policy as promulgated by State. Also, State was a worrying observer of policy-making by propagandists, whether they worked for OWI or the former COI. It is not surprising, then, that a man like Adolf Berle, who thought OWI "might have a case" against the new directive, nevertheless discussed it with an OSS liaison man "in an entirely amiable manner."<sup>57</sup>

OWI did get considerable sympathy from the Bureau of the Budget, which clearly tried to get into the middle of the act in order to be the one to resolve it. Bureau officials spent two hours on December 29 discussing with Milton Eisenhower both the overall impact of the new directive and the memorandum which OWI wanted the President to sign. They warned Eisenhower that the memorandum did not really "solve the problem" and that it "sold out" BEW's research activities. Eisenhower agreed to discuss a possible revision with Sherwood and then take it up with the bureau representatives before resubmitting it to the President. They even managed later to obtain Eisenhower's agreement to "get Elmer Davis to request the President to invite the bureau in to settle this issue." Davis subsequently said he had gone too far on the matter with the President to turn it over to the Budget Bureau.<sup>58</sup>

The busy Budget people, with a legitimate interest in the expected budgetary changes that would follow an OSS reorganization (Figure 6), met with Donovan and Deane on January 4 to discuss the meaning of the directive. These budget officers concluded that Donovan meant to expand his "black" propaganda activities and his research "far into the areas now under the jurisdiction of BEW and OWI" and that Deane "had no clean-cut conception of what OSS would have to do to implement the directive."<sup>59</sup>

The budgeteers also met with a high BEW official who, they said, "did not appear too much disturbed" by the directive but did see the possibility of further duplication of work. Milton Eisenhower, who in this affair now had a major negotiating role, soon reported that

# OFFICE OF STRATEGIC SERVICES ORGANIZATION CHART

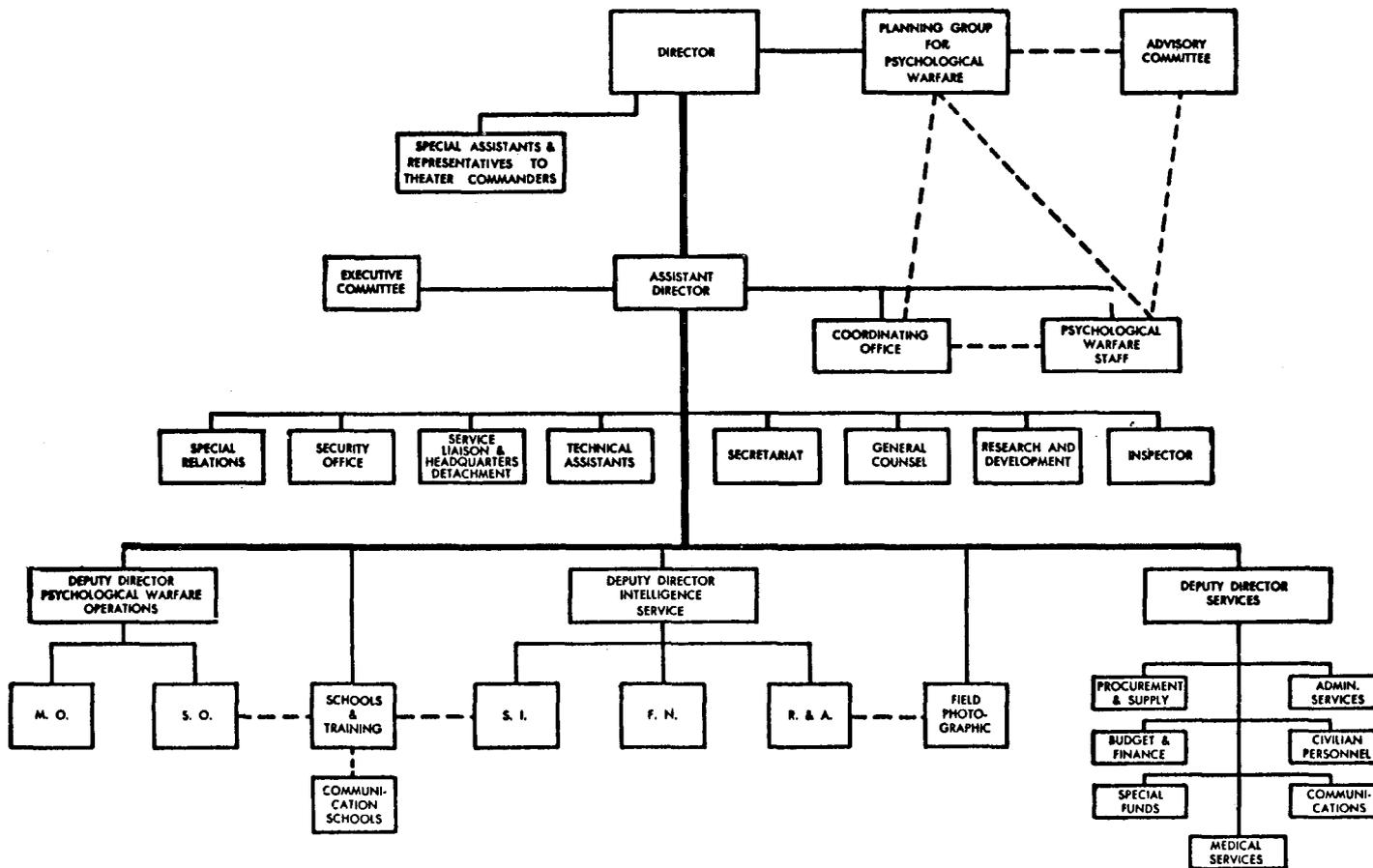


Figure 6. OSS organizational chart, January 2, 1943.

### VIII/*mid-winter battles*

Milo Perkins “was becoming a little more disturbed about the OSS directive.”<sup>60</sup> Of course, both OWI and the Bureau of the Budget had their own reasons for fanning a little discontent in the BEW, which had already accepted the new directive.

Davis saw Roosevelt on January 5, apparently the first time since Christmas Eve. According to Eisenhower’s account of the meeting, “the President had told Mr. Davis in most forceful language that he wanted OWI to carry out all the responsibilities assigned to it by the Executive Order.” The President was quoted as saying that he would take up the matter with the JCS that evening, but as to whether this happened or not Eisenhower had no news. The President thought Eisenhower, would also buttress the OWI position in North Africa by sending Robert Sherwood both as his own and as the OWI representative.<sup>61</sup> Nothing was said about the President issuing a countermand of the JCS directive.

Shortly after FDR left town on January 9, 1943, for the Casablanca conference, Davis wrote General Deane that “the President had told me that he does not desire to change the functions assigned” to OWI. Despite Admiral Leahy’s letter of assurance of December 22, said Davis, certain passages in JCS 155/4/D “appear to give a control over part of the work” of OWI to OSS. Consequently, declared the OWI chief, everything in that document that referred to his organization was “null and void.”<sup>62</sup>

Roosevelt had apparently been basically sympathetic to the Davis protest, especially as it centered on the question of civilian or military control of propaganda. Indeed, if one can accept at face value an interested third-hand account of the Davis meeting with FDR, the latter waxed eloquent in his support of OWI. He was quoted as expressing confidence in Davis, as crediting OWI with doing a “splendid job,” and wanting it to “continue as it was.” He reportedly said that OSS was designed for military PW and that OWI was “his principal arm for psychological warfare in the civilian field”—a distinction which could not have been as reassuring as OWI wanted. Roosevelt then made a statement which must have been reassuring but must also have been surprising, for he declared that OSS, but not OWI, would be finished when the war was over.<sup>63</sup>

FDR’s distinction between the civilian and military fields would seem to indicate that he saw some merit in the JCS directive, which, as far as is known, he had not yet seen. In any case, Rogers was moved to write in his diary: “I suspect the Great White Father will not repudiate Leahy and Marshall but [will] leave us to fight it out.”<sup>64</sup> FDR was accustomed to letting human nature take its course; and taking off as he was for some three weeks in North Africa, he knew that the fight would go on.

The dispute had become public property as early as January 4, when threats of resignation were broadcast. It was widely reported and discussed in the weeks he was gone. Headlines reported: “Davis, Donovan Offices at Odds over Propaganda Jurisdiction,” “War Psychology Battle Carried to White House,” “OWI-OSS Fight to Roosevelt,” “OWI in Tangle over Sherwood Trip to Africa,” “Too much Quarreling in Propaganda Services,” and “U.S. Still Lacks Definite Program on Psychological Warfare.”<sup>65</sup>

These stories centered on the controversial directive, OWI-OSS rivalry, White House involvement, and General Eisenhower’s unhappiness with OWI in North Africa. The reporters naturally obtained assistance from the disputants: OWI informed Ernest K. Lindley of *Newsweek* that it was “prepared to make an issue in the press” of the dispute, but Donovan and the JCS gave Lindley their side of the issue, and the result on January 25 was a markedly pro-OSS story.<sup>66</sup>

In general, the reporting accepted the necessity for PW and for its careful integration with military operations, and on balance OSS, appearing as the vehicle for such coordination, emerged in a more favorable light than OWI. The *Washington Post*, citing Eisenhower's complaint that the propagandists had given him almost as much of a headache as the Germans, editorialized that OWI was "well versed in the Four Freedoms" but that OSS was better qualified to guide the JCS in fitting PW to military operations "like the hand to the glove."<sup>67</sup>

Of course the battle was not resolved in the press; it went back to the White House as soon as Roosevelt returned on January 31. The next day Davis and Sherwood met with the President at 2:45.<sup>68</sup> Presumably they went over old ground, and presumably FDR exhibited sympathy, but he clearly held off on a final decision.

In a few days he had before him a lengthy memorandum from Harold Smith stressing the urgency of resolving the issue and laying out "a suggested solution." Smith, who had never exhibited any tenderness for OSS, hammered out the theses that OSS and the JCS were assuming "the responsibility for decisions which they are not authorized or equipped to make," that these decisions involved "basic issues of foreign policy . . . of domestic and foreign information policies . . . of economic policy, both immediate and post-war," that the authority for these decisions rested with a number of civilian agencies, and finally that none of these agencies could be limited in its authority by a directive from the JCS. His suggested solution was the establishment of a PW "planning council composed of high-ranking representatives" from State, the JCS, Treasury, BEW, Commerce, OWI, Censorship, Lend-Lease, Agriculture, and Foreign Relief and Rehabilitation. The council would be chaired by State and would formulate "broad policies to govern propaganda, political and economic warfare, and subversive operations." In this scheme of things the JCS could supervise operations of OSS and build a "unified intelligence organization" out of "the now-disparate . . . activities" of ONI, MIS, and OSS; and, finally, OSS could be "reconstituted as the principal undercover operating agent for the JCS."<sup>69</sup>

Smith had probably gotten his basic "suggested solution" from OWI's Milton Eisenhower. He had suggested to a Budget official that there be established an interagency committee chaired not by State but by an assistant to the President or someone like Wayne Coy of the Budget Bureau to determine over-all psychological warfare policy. Eisenhower explained that OWI could be subject only to such a committee or the President. He illustrated this principle of independence by asserting that OWI, which opposed collaboration with Vichy, could not be bound by State Department policy, which upheld collaboration.<sup>70</sup>

Certainly OWI's Elmer Davis was not going to have anything to do with Donovan's Advisory Committee, which was supposed to advise the OSS Planning Group, Davis's real *bête noire*. The PG's chairman, James Grafton Rogers, was so informed by Davis in a "Dear Jim" letter.<sup>71</sup> Davis explained once again that the PG's functions were his. Rogers by now, February 11, had the PG organized and operating in a fashion. The implication in the Davis letter was that the OWI chief would rely upon the President for support.

By this time also, Admiral Leahy, the President's representative on the JCS, began to take a more active interest in the matter. Having asked General Deane for "a brief on the Joint Chiefs of Staff's position" on the subject, he received a two-page memorandum and the information that Colonel Donovan could present "a much stronger case."<sup>72</sup>

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Deane's case disclaimed for the JCS any interest in formulating "National Policy" or for anything other than controlling in military theaters of operations those other agencies' activities which promoted or conflicted with the military defeat of the Axis. Getting to the heart of the matter, Deane explained that OSS conducted PW minus "open propaganda and economic warfare." Where the latter were needed, other agencies would be asked, through the Advisory Committee and the JCS, to make their contribution and to do so according to their own plans and methods. In an effort to de-emphasize the OSS angle, Deane said that in asking for such assistance it was the JCS, not the PG, which was "responsible for the 'line' adopted to achieve the military results desired."<sup>73</sup>

On February 12 Leahy, and the other Chiefs, received another memorandum from Deane, a recommendation for the promotion to major general of Col. William J. Donovan.<sup>74</sup> The triggering of this development could well have been Deane's doing. It was in line with his eagerness to "militarize" OSS, and it was certainly related to the problem at hand.

The reader will recall both Donovan's original expectation of obtaining that military rank upon taking up the COI job and the Army's subsequent frustration of that part of the program. A humorous version of the event had the Navy suggesting the colonel be made a major general, the Army recommending him for admiral, and Donovan insisting "he be left alone." More than likely he, though ready for soldiering, did see some advantage in dealing as a civilian with the President. A year later, in 1942 when COI became OSS, Donovan told General Wavell he had declined promotion and induction into the military because he felt the generals and admirals would find it easier to deal with "citizen . . . [than] with General Donovan." In August, however, Rogers saw Donovan "as a knight-errant of war," who was "spoiling for a general's star and a gun."<sup>75</sup>

By February 1943 Donovan seems to have become convinced that the success of OSS as a JCS agency demanded both military status for the organization and military rank for himself and his chief subordinates. Deane's plan for "militarizing" OSS surely had Donovan's concurrence. Now on February 12 Deane thought promotion to major general was "particularly opportune" for two reasons. First, "much friction and lack of cooperation" would be eliminated if the nonmilitary agencies realized that Donovan was "definitely subject to the orders" of the JCS and "therefore not free to initiate any project he desires." Second, such military rank would result in sufficient militarization of OSS to "inspire confidence in it on the part of the Armed Services."<sup>76</sup>

On that same day Leahy sent to the President a memorandum, on the "Militarization of the Office of Strategic Services," in which he recommended the colonel for major general. The justification was geared to the occasion: the JCS had provided for close integration of OSS with military activities, many of its key personnel had already been brought into either the Army or Navy, and the process of integration would be complete if the Director had "military rank commensurate with his responsibilities." Such integration, promised Leahy, would minimize "the danger" of having OSS functions . . . overlap and interfere with those of other non-military war agencies."<sup>77</sup>

The President bought the promotion idea when he discussed it with Leahy on February 16, but he "indicated that he thought Colonel Donovan should first be nominated to the grade of brigadier general with an early promotion to the grade of major general in view." Why the partial loaf? Leahy had Marshall's necessary "O.K. GCM" on the recommendation. Possibly Secretary of War Stimson entered an objection.<sup>78</sup> More than likely FDR's reaction was a sign of that estrangement which had been spoken of by Berle in October and owed something to the influence of Elmer Davis.

## 5. WALKING PAPERS

Davis must have been in to see the President just before the latter took up Donovan's promotion. On February 16 FDR sent Stimson a memorandum on a subject brought up by Davis. On February 17 Davis told Marshall that "the President had instructed him" to discuss the OSS-OWI North Africa situation with him. On February 18 the *New York Herald-Tribune* printed a planted OWI story against OSS. These events show that Davis had launched a new campaign at the White House to put Donovan in his place.

On the memorandum, Davis had asked the President to have Secretary Stimson recall a World War I general to active duty to help integrate OWI propaganda with military operations. In reply Stimson said no, unless the general, Maj. Gen. Dennis E. Nolan, was also appointed OWI representative on Donovan's Advisory Committee. In communicating this exchange to FDR, Stimson likened his position betwixt Davis and Donovan to that of an "innocent bystander in the case of an attempt by a procession of the Ancient and Honorable Order of Hibernians and a procession of Orangemen to pass each other on the same street."<sup>79</sup>

On the second item, an OWI trio—Davis, Sherwood, and Eisenhower—denied to Marshall the existence of any OWI-OSS duplication in North Africa, protested the OSS advisory committee, proclaimed their own willingness to work closely in psychological warfare with the military services, and urged the formation of "a high-powered committee" to set the propaganda line for OWI. Marshall, however, "could not make out exactly what they wanted and, as a result," so he told the JCS, "the meeting was somewhat abortive."<sup>80</sup>

On the third item, the *Herald-Tribune* headlined a story "Donovan Office Still Wants Job of Propaganda." The lead sentence declared that OSS "has renewed its attempts to wrest control [from the OWI] of American propaganda aimed abroad." The story said the dispute originated with a JCS directive which was "reportedly written by Colonel Donovan, [and] which in effect would have placed O.W.I.'s overseas branch under the O.S.S." Suggesting the dispute had already been settled by the White House, the story nevertheless reported that "the O.S.S. was continuing the struggle."<sup>81</sup>

Donovan learned of the story from "Ned" Buxton, who reported it to him as "evidence of what appears to be part of a program of public pressure." Donovan telephoned the newspaper publisher, a friend, Mrs. Helen Rogers Reid, and drew from her the explanation that it originated in the "Washington office of the O.W.I." and that because of "rather hectic hours" that day she had not seen it until he called. She was full of "regrets for the distress" caused him.<sup>82</sup>

The "public pressure" was now accompanied by some direct pressure. Davis, also on February 18, took up the Nolan matter with Roosevelt at a White House luncheon. As a witness in his behalf Davis asked Roosevelt to summon none other than Maj. Gen. George V. Strong. The luncheon was at 1:00 p.m., and Davis and Strong met with FDR at 2:15. At this second meeting FDR made clear that he wanted propaganda operations run as a civilian activity under the OWI and that he wanted OSS transferred to the War Department. Strong was then directed by FDR to draft an order to this effect for his signature.<sup>83</sup>

On February 19 Strong, surely with more joy than can be phrased, sent his draft to Marshall. First, it transferred to OWI all PW functions, including foreign propaganda, assigned to OSS by the JCS directive or possibly implied in the original OSS order of June 13, 1942. Second; it assigned to OWI the job of coordinating all PW with military plans. Third, it transferred OSS to the War Department.<sup>84</sup>



Secretary Stimson likened his position between Donovan and OWI chief Elmer Davis (above, March 1943) as that of "an innocent bystander in the case of an attempt by a procession of the Ancient and Honorable Order of Hibernians and a procession of Orangemen to pass each other on the same street."

Roosevelt Library

Here it must be noted that never had Roosevelt come so close to deserting Donovan as he had in this winter of 1943. According to Rogers, FDR was reportedly “disposed to suppress Donovan and the O.S.S. as being too powerful and ambitious.” There was also suspicion, shared by Rogers, that FDR looked upon OSS as largely Republican in coloration and therefore counted it among his political foes.<sup>85</sup> Certainly abolition was the intended and inescapable effect of Strong’s memorandum to Marshall.

All this of course was quite out of channels: the G-2 chief, used by the OWI director, was instructed by the President to draft an order abolishing a JCS agency! It was also productive of much high-level scurrying, chattering, and rumoring, and all at a feverish pace.

Then, on February 20, the President issued Donovan his walking papers. That day General McNarney called in Donovan and, in the confusion of who was doing what to whom, gave him a garbled version of an offer of a brigadier-generalship if he would accept the transfer of OSS to G-2, not just to the War Department, and the relinquishment to OWI of all PW, not just foreign propaganda. Donovan was informed of White House thinking: there was no such thing as a “military program for psychological warfare,” as was laid out in the proposed JCS directive; there was only psychological warfare, which had to be placed in civilian hands. How much of this thinking was traceable to alleged Rooseveltian fear of leaving propaganda, foreign or domestic, in the hands of the Republican OSS, especially on the eve of the 1944 elections, is problematical.<sup>86</sup> Certainly Roosevelt and his opposition had an undisguised interest in keeping each other from exploiting the war and war agencies for partisan political purpose. Whatever the motivation for the planned transfer, the walking papers were being written.

“Bill [Donovan] and I agreed,” wrote Rogers, that “we must resign. He is to write a letter of protest, try to see the President as a last resort. We could neither of us live under General Strong . . . O.S.S. would shrivel.”<sup>87</sup>

The next day, February 21, Donovan called on the JCS Secretary, General Deane, who told him “to sit tight and wait.” Also, Donovan and Rogers “drafted a letter [of resignation?] to the President but did not send it.” On Washington’s Birthday Donovan ordered the drafting of letters soliciting JCS support of their continued supervision of OSS. Meanwhile, at his behest, his liaison man with Stephenson and the FBI, Ernest Cuneo, long a member of the Democratic Party’s “palace guard,” was—as Cuneo recalled—peppering the White House staff with telephone calls to “take it [the abolition order] off!” the President’s desk or, at least, “put it at the bottom of the pile!”<sup>88</sup> Also, Donovan called on Admiral Leahy who said the Chiefs “want[ed] no change”; he asked “to see the President” on the twenty-third.<sup>89</sup>

Writing, instead of seeing, the President that day, Donovan denied, “articles in the press to the contrary [notwithstanding],” that OSS had any quarrel with OWI or had “invaded the province of OWI.” He denied duplicating OWI in open propaganda, asserted that OSS did not even have enough equipment to “operate in the field of black subversion—an arena in which OWI has always disclaimed any interest.” Saying he had heard a suggestion about transferring OSS to the War Department, he warned that such a move “would . . . disrupt our usefulness.” He reminded FDR of his recognition that “this work could not live if it were buried in the machinery of a great department.” Disrupting the OSS service to the JCS would, he said, be “a valuable gift to the enemy.”<sup>90</sup>

## **6. THE JCS TO THE RESCUE**

Meantime the JCS were organizing a rescue operation. Their discussion of the issue on February 23 began with a query from Admiral Leahy as to why the order had to go to the President “within the next few days.” Because, answered Marshall, the situation is “highly explosive.”<sup>91</sup>



The Joint Chiefs of Staff, who saved OSS from extinction in February 1943, left to right: Gen. George C. Marshall, Army Chief of Staff; Gen. Henry H. Arnold, Commanding General, Army Air Forces; Brig. Gen. John R. Deane, Secretary; Adm. Ernest J. King, Commander in Chief, U.S. Fleet, and Chief of Naval Operations; and Adm. William D. Leahy, Chief of Staff to the Commander in Chief of the Army and Navy (the President). They are shown here with their advisors at the Allied Conference (QUADRANT) in Quebec, Canada, Aug. 14-24, 1943.

U.S. Army

There followed a minor explosion in the JCS, and the fall-out hit only OWI. The admirals had Davis in their sights. Admiral Edwards, particularly vocal, said OWI had recently been "worrying" Admiral King about propaganda; Edwards called an OWI plan for "a tremendous broadcasting station in Hawaii . . . an unnecessary project," described OWI people as "a nuisance to the theater commanders," and wanted OWI out of active theaters; by contrast, he believed "that Colonel Donovan produces valuable results and that his organization should be maintained."<sup>92</sup>

So also Admiral Horne. He believed "the War and Navy Departments got less help from O.W.I. than from any other government agency." When he learned of the latest flare-up, he made an investigation, found that only OWI had refused to accept JCS 155/4/D, and he "questioned why the Joint Chiefs of Staff should submit to Mr. Davis' views." He also questioned turning over OSS to the War Department; he thought it should stay with the JCS.<sup>93</sup>

So also Admiral Leahy. He too thought OSS should stay where it was. He thought the President had not yet "reached a definite decision in this matter" and that the JCS ought to tell him "exactly what they want." The only concern of the President is propaganda, he said. He, Leahy, had much fault to find with the order under consideration; he particularly disliked the phrase "propaganda warfare," because it gave a "warfare" function to OWI; he wanted it made clear that propaganda emanating from a theater of operations was directly under the theater commander's control. On rereading the order he wanted a statement safeguarding the status and duties of OSS.<sup>94</sup>

The Army men, initially on the defensive because of the G-2 origin of the proposed order, clearly shared the general sentiments of their Navy counterparts. McNarney explained that the order called for the transfer of OSS to the War Department "lock, stock, and barrel," and for that reason Donovan's functions were not spelled out. Marshall thought the order should be redrafted. McNarney noted that propaganda was the only issue since "it appeared that [OWI] desired to proselyte certain" of the OSS R & A personnel. Marshall thought if the occasion offered itself Leahy should inform the President that he, Marshall, did not think G-2 was the proper place for OSS.<sup>95</sup>

Obviously a greatly-changed order was in the making. There was even some thought that OWI's interest in propaganda should be handled without an executive order. However, when General Deane said the JCS should "have control of Mr. Davis in the field of propaganda," Marshall said in that case an executive order was necessary. By now the phrase defining the propaganda recognized as OWI's was "radio and press propaganda." There was no readiness to turn PW over to OWI.<sup>96</sup>

The JCS now agreed on the substance of a new executive order which would protect OWI, OSS, and themselves. They agreed that "radio and press propaganda and related activities involving the dissemination of information should be functions solely" of OWI. They also agreed, however, that foreign propaganda related to military plans and operations should be subject to approval by the JCS and, as the case warranted, the theater commander. Finally, they agreed on retaining control of OSS.<sup>97</sup>

The JCS secretariat worked rapidly. An executive order embodying these ideas and a covering memorandum signed by Leahy were prepared the same day. The latter "divorced [OSS] entirely from all propaganda activities," assigned these "solely" to OWI, claimed JCS control of propaganda related to operations, and with high praise for OSS "strongly recommended" that it remain under JCS jurisdiction.<sup>98</sup>

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Leahy personally was working just as rapidly. He took the draft to Roosevelt, apparently on the twenty-fourth, obtained his concurrence in principle, but was directed to show it to OWI's Eisenhower. The latter made some changes, which Leahy considered "inconsequential." Sending the amended draft to General Deane for concurrence by the other Chiefs, Leahy, in his own hand, advised Deane that "... speed in taking action may prevent some sniping interference."<sup>99</sup> It became Deane's first order of business.

Still on February 24, the draft order was sent by Leahy to Harold Smith with the request that it be sent on to the Attorney General and then returned to him for presentation to the President. Smith inserted the well-known line that the authority, functions and duties of OWI "shall not extend to the Western Hemisphere. . . ." Attorney General Biddle, on March 2, found the order legal but rather indefinite. He foresaw problems in the administration of the order. Because of the subject matter—presumably unmentionables like "black" propaganda, whispering campaigns, deception plans—he recognized that it was not feasible "to draft the order in more definite language." However, he thought OWI and OSS ought to attempt a revision which would show more clearly how the order would operate in actual practice.<sup>100</sup>

On March 5 Smith sent to Admiral Leahy both the draft order and Biddle's letter and added a memorandum of his own to the President. Smith agreed with Biddle on the feasibility of spelling out all the responsibilities and relationships of the two agencies. The solution lay in a revision of the JCS directive to OSS. This should define clearly the roll of OSS in PW with foreign propaganda excluded therefrom; in fact, he thought the term "psychological warfare" had been the cause of much trouble and ought to be dropped entirely. Smith, therefore, recommended the President's approval of the order, subject to the understanding that JCS 155/4/D would be revised. Still left unresolved, however, was, he said, the problem of attaining over-all coordination of propaganda, and of political, economic, and military programs overseas.<sup>101</sup>

The next day, with all the necessary concurrences in hand, Leahy sent the proposed order to the President. Meanwhile, it was still a cliff-hanger. Washington was then full of rumors of the likely resignation of such people as Donovan, Stimson, Hull, and Nelson. "Bill Donovan troubles me," wrote Rogers. "He is so honest, so aggressive, so scattered, so provocative. Day by day I see him getting near elimination because he excites anger. But he has taught Washington the elements of modern warfare, and no one else has even tried." His friends waited for days for the bad news. And from the opposite camp, General Strong, telling a Navy man of his involvement, said that after he had made his report "there was a terrific storm, and it ended up instead of psychological warfare as such being passed on to OWI, the propaganda part of it was passed on to OWI and psychological warfare as such was retained in OSS. I haven't seen the Executive Order. The whole thing will simply add fuel to the fire."<sup>102</sup>

Donovan, waiting for a decision, was fueling his own fire. "In fine spirits and his best imagination," recorded Rogers, he said "I asked the generals if we were guitar players to be put in baggage or something to do with the war—U.S.O. or U.S.A.? [He] said the chiefs knew little about O.S.S., and [their] deputies were responsible for our existence at all."<sup>103</sup>

Two days later, March 9, FDR acted. He had General Watson check with Leahy and Davis to see if the OSS-OWI problems had been straightened out. He also had Watson find out from Marshall "the exact status" he was going to propose for OSS. FDR explained that "I hate to put it directly under the Army, as I understand the problems between it and OWI have been worked out." (Someone other than Watson had apparently given him the answer

to his first query.) The second was answered by McNarney, in the absence of Marshall. McNarney told Watson that Marshall “was strongly opposed to having the OSS put under the Army. He, McNarney, reported that “everyone concerned agreed that it should remain under the Joint Chiefs as at present—with all propaganda activities removed and [its] activities solely confined to subversive ones.”<sup>104</sup>

Signed by FDR on March 9, 1943 the new order, Executive Order 9312, “Defining the Foreign Information Activities of the Office of War Information” (Appendix I), was announced on the tenth and promptly reported in the press as an OWI victory: “President Strengthens Hand of OWI” and “OWI Corrals New Power in Victory on Policies.”<sup>105</sup> The reality, as shown by the provisions, was not so clearcut.

Of the five sentences that settled the matter—or appeared to settle it—only the first three had any new substance to them. The first, the basis for the newspaper stories, declared that OWI would “plan, develop, and execute all phases of the federal program of radio, press, publication, and related foreign propaganda activities involving the dissemination of information.” The second, whose significance was not fully grasped by the news stories, subjected foreign propaganda relating to military operations to both coordination with “the planning agencies of the War and Navy Departments” and to the approval of the JCS. Also under appreciated was the third sentence which gave the theater commander control over those parts of the foreign propaganda program which would be executed in his theater. The last two sentences protected Rockefeller’s South American empire and inconsequentially modified the OSS order of June 13, 1942, “to the extent necessary to make this order effective.”

In assessing the import of this new order the first thing to be noted is the lack of resemblance to the Strong draft of February 19 which had raised such “a terrific storm.” OSS was neither abolished nor transferred to the War Department, much less to G-2. Neither were “the psychological warfare functions” of OSS transferred to OWI. Nor was OWI given the job of coordinating with the military the “planning, development and execution of the program for foreign propaganda and psychological warfare.” The last two words were not even used in the order. However, the new order did contain Strong’s provision that OWI’s coordination with the military be accomplished through the planning agencies of the services. On balance OSS remained firmly established as a JCS supporting agency.

Looked at positively, the new order confirmed the principle—which, however, had never really been at issue—of civilian control of propaganda; and, aside from achieving peace in the official family, it thereby met FDR’s main requirement. Also it certainly guaranteed the independence of OWI as far as fear of OSS domination was concerned, and to that extent it was a victory for Davis. At the same time, however, the order definitely strengthened the military—the planners, the JCS, and the theater commanders—in regard to the integration of propaganda with actual and planned military operations; and by its silence it left OSS still charged with “the military program for psychological warfare.” The OWI victory was by no means complete.

Other issues were also left untouched. Nothing was said about any OWI responsibility for either the “black” propaganda hitherto conducted by OSS or the operation of the OSS “combat divisions” engaged in such propaganda. Nothing was said about the relation between OWI’s foreign propaganda and the OSS “military program for psychological warfare.” Nothing was said about OWI developing its own research staff to undergird its propaganda, instead of utilizing the analytical work done by other agencies, especially, OSS. Nothing, finally, was said about the problem of overall coordination of propaganda, political and economic warfare, subversive activities, and military operations. Much remained unresolved.

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In OSS the gloom of three weeks earlier had disappeared. The Planning Group was not too unhappy with the new restrictions on their work; some felt the war effort had even been served thereby.<sup>106</sup> There probably was some satisfaction at the obvious discomfort of OWI, which was being heavily criticized by Congress, and whose Elmer Davis had invited Donovan to lunch, a clear attempt to make a new start. Those OSS members who thought their days numbered felt they had received a new lease on life. They still had a "military program for psychological warfare," the JCS name, said Rogers, for our "basket of faggots."<sup>107</sup>

On March 15 Donovan did lunch with Elmer Davis and Milton Eisenhower "at their request," as Donovan reported to General Deane. The two OWI officials were cooperative. They wanted to exchange liaison men and offered to give "cover" to OSS men in such places as OWI was established. Davis said he wanted OSS to take care of black propaganda and of propaganda behind enemy lines; he said he considered the OWI job as being the conditioning of the mass mind, whereas OSS had to deal with the individual mind; he said he was prepared to write OSS to this effect. He also spoke of the need of "tying up the intent and purpose of black propaganda with . . . his general program." Eisenhower spoke of the possibility of OWI and OSS meeting in some kind of a planning group. Donovan, reporting this to Deane, said that he kept in mind throughout the conversation that OWI had been told by the Budget office to reduce personnel, that some congressmen had said OWI would have to take a reduced budget, and that Robert Sherwood would have less to do with foreign broadcasts; these would now be more directly in the hands of Davis and Eisenhower.<sup>108</sup> Donovan's mental notes referred to the manifold problems, mostly unconnected with OSS, which were currently troubling OWI.

Donovan must have enjoyed the luncheon. It was obvious that Elmer Davis and Milton Eisenhower were ready to cooperate with OSS and ready, perhaps, even to accept the OSS lead for the JCS. Twice recently Republican Senator Robert Taft had criticized Davis for using radio time for his own advancement.

The JCS now moved to revise JCS 155/4/D. All they really did was insert a definition of psychological warfare only to show it now did not include propaganda as one of its elements. Thereafter that subject, as well as OWI, remained "nameless evermore" in the revision, JCS 155/7/D, which was issued on April 4, 1943 (Appendix J). This, in Donovan's view, differed from the December text "principally in that it excluded . . . propaganda from the Psychological Warfare operations which this office is authorized to conduct."<sup>109</sup>

In one sense OSS had been as much a victor as OWI in the recent struggle: for the first time since Pearl Harbor the continued existence of COI or OSS in wartime was no longer in doubt. After months of bitter, complicated, and high-level battling, Donovan had obtained for his organization a secure position in the highest military echelon and a definite, detailed charter for the conduct of psychological warfare. With major hostilities ended, OSS could shift more of its attention from the problems of existence to those of operations.

Even so, this phase of the story requires two postscripts. One, OSS was soon subjected to a blistering attack launched against it by General Strong. Out of this came the final and really definitive revision of the basic JCS directive of December 1942. Two, OSS had yet to make a formal peace with OWI, and it would take an additional, but mild, year to accomplish that.

#### 7. P.S. 1—ANOTHER REVISION

On June 12, 1943, Donovan sent the JCS for consideration and approval a "Provisional Basic Field Manual: Psychological Warfare." This was a formal statement of basic OSS doctrine, operations, and procedures in the PW field. It was promptly circulated to various

War Department offices for comments and recommendations. The only reaction that need concern us was an outpouring of thirty-four pages of denunciation by General Strong. He began with a brief covering letter, which stated his belief that the manual "was prepared in bad faith and with the purpose of extending the power of the O.S.S. wherever practicable."<sup>110</sup>

Calling OSS "a hydra-headed organization" which no one would dream of establishing were he to set out afresh to plan the American organization for war, Strong blasted OSS, under "an ambitious and imaginative Director" and having "large sums of money at its command," for setting itself up "as a central intelligence and planning agency" for the conduct of operations in a variety of fields. He said it had been "constantly at war with other Government agencies," had sought to reduce G-2 and ONI "to the status of reporting agencies and research bureaus for the O.S.S.," and though it had been cut down to size by JCS 155/4/D, nevertheless, it took "as its charter of liberty"—as everybody knew—those parts of its directive which lent themselves to broad construction and ignored the clear restrictions placed on its activities.<sup>111</sup>

The "Manual" itself was just as objectionable as its authors. It was "devoid of reference to moral considerations or standards" in that it proceeded on the assumption that in a total war the U.S. had to take on "the ethical color of its enemies in all particulars." It departed "from ordinary and well understood terminology" in conjuring up a definition of psychological warfare which was so "synthetic and artificial" that it permitted OSS to engage in any activity that caught its fancy. The whole document, fumed Strong, was "a lawyer's paper" in which words were used to accomplish unstated purposes without appearing to do so. The JCS, he said, ought not to have to pore over such a "legalistic document detecting little twists of phrases, or imagining how the O.S.S. lawyers" were going to interpret the document at a later date.<sup>112</sup>

Under the proposed manual, said Strong, OSS was seeking to expand its activities and their locale beyond all the restrictions laid down in its directive. The agency was making, he warned, "another, and to date the most ambitious, attempt . . . to make itself the central planning and intelligence agency of the armed services, with a goodly share in operations as well." Moreover he accused OSS of making this attempt "through the medium of a 'Field Manual'" rather than through a revision of JCS 155/7/D which might reopen the entire issue and thus risk loss of some of the gains made in that document. OSS, he said, ought to forsake its penchant for "global" thinking, for the endless collection of vast amounts of information on every conceivable subject, and concentrate instead, as it has not done, on the "mundane, meticulous and dreary work" of espionage and counterespionage. Its model ought to be the British SIS, which he termed "a very effective organization," whose officers "function in the modest guise of passport officers at the Embassies."<sup>113</sup>

Naturally his recommendations included disapproval of the Manual. That was the starter. He wanted OSS theater activities limited to espionage and counterespionage in enemy-occupied and controlled territories and its activities in neutral countries severely limited. He wanted the JCS to restudy OSS, eliminate duplication, abolish or transfer some of its sections, shift personnel, and issue a new directive so defining OSS duties as to prevent any "excuse for ventures into unassigned fields."<sup>114</sup>

Strong was requested by McNarney to produce some specific information as to the efforts of OSS to extend its espionage and counterespionage activities beyond the limits set out in JCS 155/7/D. Strong's answer, July 27, led off with a brief summary of recent unhappy experiences with OSS in Spain, and then ticked off in evidence several OSS plans

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for the Western Mediterranean, the Middle East, the European theater, as well as the manual itself, and the reorganization plan approved by the JCS in January 1943. Continuance of the expansionism of OSS into neutral areas, he warned, would "hold this country up to ridicule by its amateurish and bungling attempts at sleuthing and bribery and would disrupt the activities of the military attachés and the State Department."<sup>115</sup>

Strong was also told to shorten the document if he wanted the JCS to look at it. Reduced to three pages, it was sent to the Joint Planners. Here it can be said that whatever the strength of language employed by Strong and however suspicious and distrustful he was of Donovan and his OSS lawyers, General Strong did have a case, and it was recognized as such by the Joint Planners. Their subcommittee made a careful textual analysis, what Donovan might have tossed back at Strong as "a lawyer's paper," and concluded that the Manual "appear[ed] to be at variance" with JCS 155/7/D. They recommended, therefore, either a rewriting of the manual or the submission of a request for whatever additional authority was considered necessary.<sup>116</sup>

While Strong had tossed off a blockbuster, it fell with a great thud. A month after the Joint Planners had made their report, Donovan submitted a proposed revision of JCS 155/7/D. His draft, he said, would bring the basic directive into conformity with those current procedures and practices of OSS which had been specifically authorized by the JCS in the various plans that had been submitted to and approved by them.<sup>117</sup> While Strong had taken his stand on a narrow and static interpretation of the basic directive, Donovan had chosen to move forward with the war and the various requests and approvals he had received from both the JCS and other parts of the armed services. The subsequent handling of his proposed revision demonstrated that outside of Strong's office there was no hankering for a reopening of the hostilities so lately brought to a halt.

In their five paragraphs on Donovan's draft, the JPS subcommittee had only one substantive recommendation; and, all things considered, it was long overdue. They objected to the continued "makeshift use of the term 'psychological warfare.'" As used by OSS, they said, it was at variance with the generally accepted meaning which equated it with propaganda. Not only was the OSS use "misleading and confusing," but it was also at variance with the order of June 13, 1942, which spoke not of "psychological warfare" but only of "special services." Hence they recommended substituting "strategic services," and so at long last the work of the Office of Strategic Services was finally defined in terms of such services. (Rogers puckishly defined OSS as "'the bargain basement' of the military services . . . full of remnants and novelties, all underground.") The JPS had some other changes "in the interest of clarity." They recommended approval.<sup>118</sup>

This came on October 26, 1943. The revised revision, JCS 155/11/D was published on October 27 (Appendix K). It contained nothing about "the military program for psychological warfare," nothing about that awful phrase itself, and nothing about "propaganda"—except for a footnote banishing it from hearing. It took nothing away from OSS; instead, it broadened the geographical area in which OSS could conduct secret intelligence and secret operations and for which it could carry on its R&A activities. It did introduce a new phrase, "morale subversion," which had appeared early in the year with the reorganization of OSS and the new concentration on PW. It covered three subjects—false rumors, "freedom stations," false leaflets and false documents, etc.—which were now the substance of negotiations with OWI. Thus, the last of the JCS 155 series.<sup>119</sup>

The Field Manual? It was published—thirty-two printed pages—December 1, 1943.<sup>120</sup>

## 8. P.S. 2—A TREATY WITH OWI

Meanwhile, the Donovan-Davis-Eisenhower luncheon had initiated an era of relatively good feelings between the two agencies. Subordinates, discussing underground contacts and “black” subversion, reached a draft agreement on April 8, 1943. Donovan considered it “gratifying progress,” but then he was momentarily dismayed to read in OWI’s “Pacific proposals” of plans for having propaganda agents in enemy territory, for training in covert communications, the use of ciphers and secret inks, and for training in the use of small arms and in close combat. He was quickly reassured by Davis that the proposals had been drawn up some time ago and were now quite out of date. So they turned to the April 8 agreement.<sup>121</sup>

Donovan had used the question of the “Pacific proposals” as an opportunity to elaborate on the OSS position on the April agreement. He saw no conflict of jurisdiction but hoped for understanding on both “a differentiation of functions” as well as mutual support in planning and execution of functions. He recognized OWI’s responsibility for the overall federal program of disseminating information and the OSS obligation to provide OWI with certain required materials for its propaganda service. He was also prepared to let OWI use OSS agents for the distribution of leaflets and pamphlets in enemy territory. OSS, on the other hand, had the job of “secret intelligence and the contact of underground movements, organizing revolt, etc.” He now took great pains to clarify some confusion about “black” propaganda and deception. Three things had been mixed up: (1) clandestine distribution of propaganda; (2) military or strategic deception performed by the Army or Navy; and (3):

*Falsification material for subversion, including freedom stations (which are really deception stations) and leaflets which purport to be of enemy origin.*

This is clearly an OSS function incidental to the organizing of subversive groups within enemy or enemy-occupied territories because it seeks neither to inform nor to convince but in reality to mislead.

I have tried to make clear to you that OSS had no means of carrying on propaganda and did not wish to do so. The only thing remotely resembling propaganda in which OSS is interested at all is in this category . . . on falsification material. This resembles propaganda only superficially when on occasion it may find it reasonable to implement its deceit by using the radio and the printing press. And that resemblance exists only because such equipment may be used for propaganda as well as for deception.<sup>122</sup>

In reply Davis admitted to agreeing with “much” of what Donovan had written. Davis obviously wanted to make clear, however, that his directive gave him an absolute monopoly on government activities employing radio, press, leaflets, and related media, that there was in that document no distinction between “official” and “clandestine,” or between “black” and “white” propaganda. So also, the term “federal” meant not “official” but on behalf of all federal agencies, and “dissemination of information” also included “misinformation.”<sup>123</sup>

While Davis thus claimed all, he was, however, prepared “to delegate to OSS” certain activities. He specified the dissemination of materials by agents in enemy territory and even the preparation of such materials, if necessary, by those agents. He was also prepared to cede to OSS the preparation of materials of purported enemy origin; as an example he suggested a “forged handbill purporting to be signed by the German High Command announcing that all former SA men are no longer eligible to be officers. . . .”<sup>124</sup>

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His real difficulty, however, was with propaganda originating outside enemy territory and purporting to come from underground groups. While such propaganda had not been much used, it might become more important in the future and he cited reasons why OWI could not "delegate" this function. Finally, he was unhappy with a provision that seemed to make "a no-man's land" out of the use of "clandestine radio"; while he did not "think much" of the device, he said its use called for an OWI decision. Despite those differences, Davis thought his and Donovan's views were not "far apart."<sup>125</sup>

Donovan was not too happy with this response, but a draft reply indicated a willingness to sign a limited agreement and to trust to a gentlemen's agreement to work together cooperatively so that what could not be defined in theory could nevertheless be arrived at through "mutual consent in actual practice."<sup>126</sup> That is not too far from what actually would happen. Negotiations lapsed, but conflict did not ensue. Nobody wanted to go back to the White House.

Meanwhile, the operations of both agencies had shifted more and more to the overseas theaters, where the atmosphere was considerably different from that in Washington. The theater commander was in control, and agencies and personnel tended to do and let the other do what each could best accomplish. In October, for instance, Donovan was told that "Mr. Davis had mentioned . . . what a pity it was that OWI and OSS in Washington could not seem to cooperate with the same splendid spirit that was in evidence in the field."<sup>127</sup> The reporter of this comment, a new man in OSS, was himself the symbol of a factor facilitating improvement even in Washington: the disappearance of some old faces, the arrival of some new ones. Gone from the OWI scene were MacLeish and Whitney; Sherwood had less to do with overseas activities; and in January 1944 OWI experienced a headline-gathering upheaval which saw the forced resignations of three ex-COI men: Warburg, Barnes, and Johnson.

By the spring of 1944 the two agencies were ready for another try at peace-making. Davis, at his request, and accompanied by a new top-level assistant, Edward Barrett, met with Donovan on April 4 to initiate new negotiations. These were successfully concluded on June 16 when the two parties, in an exchange of letters, accepted eight principles for the coordination of their work.<sup>128</sup>

There had never been much trouble with the first two, that OWI was responsible for disseminating official American propaganda which clearly emanated from American sources outside enemy territory, and that OSS handled that propaganda actually or ostensibly emanating from within enemy territory and provided it was not readily traceable to an American source. The third held, on the one hand, that OSS would not run a black radio station outside enemy territory without OWI concurrence, and, on the other, that OWI would maintain no agents or installations in enemy territory. The fourth took care of the confusion about propaganda and deception: both agencies agreed to inform the other of any propaganda operations which might affect the other, and in particular it was recognized that OSS, "under its military directives," might have to carry out propaganda which did not necessarily reflect "official United States views." (At long last OSS had a recognized propaganda role.) The remaining principles provided for coordination in "borderline cases," for direct liaison, and for sharing facilities and equipment wherever practicable.<sup>129</sup>

On June 17 Elmer Davis sent to Judge Rosenman at the White House "a copy of our treaty with OSS," and on June 18 Davis, sending FDR his exchange of correspondence with Donovan, wrote: "I am glad to tell you that in all theaters there is a fine spirit of cooperation between the two organizations."<sup>130</sup> This had come slightly more than two years after both organizations had been officially established.

## Chapter IX

### DONOVAN'S PLAN

When OSS and OWI had signed their peace treaty in 1944, the OSS problem of existence had long since concerned more the future than the present.

At the same time, OSS had not become—as Donovan had envisaged—the President's "Coordinator of Information."

For Donovan the two problems, that of uncoordinated intelligence and that of the postwar, peacetime status of American intelligence, and especially of OSS, were inseparable. In tackling them he continued to meet stiff opposition from the other intelligence services.

#### 1. WARTIME INTELLIGENCE—TOPSY

The first thing to be noted is that after Pearl Harbor the previously few, weak intelligence services grew and multiplied. Old-line agencies saw their functions, organizational units, budgets, and personnel increase or multiply not only in Washington but also throughout the country and overseas. Departments or agencies that had previously had no or only a small intelligence unit or function now found themselves to be important collectors, producers, and/or disseminators of military, political, social, economic, scientific, topographical, and other intelligence. New agencies, created to carry on such operations as export control, freezing of foreign funds, propaganda, and alien property control, had important intelligence functions.

On one occasion OSS compiled a list of forty intelligence units, of which ten were major and had numerous internal units, and thirty were police and law enforcement units which had become significant but secondary collectors of useful wartime intelligence. By the end of the war G-2 was maintaining regular contact with twenty-four "key agencies."<sup>1</sup> Additionally there were many lesser agencies, interdepartmental committees, joint military agencies, and *ad hoc* committees dealing with various intelligence matters.

The major units were both military and civilian: G-2, ONI, A-2 (Air Forces intelligence), OSS, State, and the Foreign Economic Administration (FEA)—the old Economic Defense Board. A notch below these in importance, as far as foreign intelligence was concerned, were the FBI, the Marines, Coast Guard, OWI, CIAA, the Office of Censorship, and the Federal Communications Commission (FCC).

Within the military services there was a proliferation of joint agencies, with some civilian participation, to handle joint Army and Navy problems, eliminate duplication, and effect some economy and efficiency in the use of manpower and funds. Such were the Joint Intelligence Collection Agencies, the Joint Intelligence Agency Reception Center, the Joint Intelligence Property Agency, the Joint Intelligence Studies Publication Board, the Joint Target Analysis Group, the Washington Document Center, the Joint Committee for Assessment of the Japanese Oil Position, the Army-Navy Flak Intelligence Group, the War Department Intelligence Collection Committee, and the Technical Industrial Intelligence Committee. Less formal organizational arrangements were established to effect better exploitation of, for instance, prisoner of war interrogations and captured enemy equipment.

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Civilian growth was also luxuriant. Treasury had a handful of enlarged or new activities such as Foreign Funds Control, Alien Property Custodian, and the Secret Service. Justice had, along with the FBI, a War Division, and the Immigration and Naturalization Service, which was newly acquired from the Labor Department. The FCC had its Radio Intelligence Division and its Foreign Broadcast Information Service. Interior, Labor, and Commerce all had war intelligence functions. So also did such independent regulatory agencies as the Maritime and Tariff commissions. Much intelligence was available in such new agencies as the War Production Board, the War Shipping Administration, and the Petroleum Administration for War. The Smithsonian Institution facilitated the exchange of scientific and literary publications with foreign governments.

The second thing to be noted about these intelligence units is that they continued to operate much as the prewar units had always operated, that is, independently and departmentally. Practically speaking, they had no superior other than their own secretary, director, chief, or chief of staff; their operative frame of reference was the largest department to which they reported. Hence, they defined, identified, collected, processed, produced, and disseminated intelligence as a function of their departmental requirements and procedures. Nonexecutive agencies and agencies with intelligence units or functions could do no differently. Joint agencies, departmental committees, and *ad hoc* committees had no other powers, principles, and functions than were given them by departmental authorities.

Operating departmentally—a governmental virtue as far as it went—the intelligence services tended toward an exaggerated self-sufficiency; seeking to satisfy fully their own departmental requirements, they tended unduly to enlarge and expand their own activities rather than effect a more efficient and economical interrelationship with other agencies. They also shared their intelligence, their resources, and their sources—when they did so—largely only so far as necessity, interdepartmental politics, and personal and institutional negotiating required or facilitated their doing so. As a substitute for coordination, they resorted to liaison officers, reading panels, special committees, summaries of documents and even such unofficial activities as the bootlegging of information, documents, and supplies.

The third noteworthy aspect of wartime intelligence was the persistence of well-recognized and now gravely accentuated problems. Lack of coordination was the most obvious. There was no central authority to define the intelligence mission of the U.S. government: to identify the needs, to spot the “gaps,” to coordinate operations, and to produce national strategic, as opposed to departmental, intelligence. Next to the coordination problem was that of duplication which resulted inevitably and obviously as a product of the rapid and haphazard expansion and proliferation of so many agencies and functions. Other problems centered on departmental bias, inadequate coverage, poorly trained personnel, a predilection for counterintelligence, and a neglect of basic, as opposed to current, intelligence.

Solving these problems took many forms. Apparently a most natural approach, amply illustrated in this history, was combat, as between COI and CIAA, or between OSS and G-2. Less severe cases of conflict, as between OSS and BEW, were handled by negotiations. Good will and common sense did, however, exist, and hence cooperation was operative, often even between agencies otherwise locked in battle. The prewar IIC was a cooperative venture. Cooperation was also important to the JIC, which had considerably less formal authoritative clout than its name might suggest.

Reorganization or reform, often directed by higher echelons, was a constant preoccupation of management. Certainly, OSS—growing, fighting for its life, ever expanding—had many organizational reform movements and one near mutiny by senior officials in 1943.<sup>2</sup>

G-2, said Gen. McNarney, "was always a headache for the War Department and was reorganized continuously and unsuccessfully throughout the war." In May 1943 Knox told Stimson that he was "trying to reorganize and reduce his Intelligence Department [*sic*] which was run riot..."<sup>3</sup>

Outside assistance, solicited or unsolicited, seemed always available from the Bureau of the Budget. Donovan had been the recipient of such help—both kinds—in his difficulties with CIAA, BEW, OCD, and OWI. Early in the war the bureau, at the request of McNarney, studied G-2 and offered some recommendations on reorganization and on its relations with the FBI. In 1943 the bureau conducted a larger study, on request this time from both Army and Navy, of such topics as factory protection, the reduction of the ONI mission, and interdepartmental security coordination.<sup>4</sup> These activities gave the bureau a conviction of special competency in the intelligence field and encouraged it to take a leading role in the development of a postwar intelligence organization.

However often problems were, or appeared to be, solved, intelligence remained a problem. Basically this was multiplicity crying out for some degree of unity. It was the problem which had caused John Gade to propose in 1929 "some sort of a central Intelligence Agency," a "National Intelligence Service" modeled on Britain's reputed "Central hub of the Wheel of Information." It was the same problem which prompted General Lee in March 1941 to propose the establishment of a Joint Intelligence Committee. This was the problem which brought forth Donovan's recommendation of a "Strategic Information Service." Though challenged, the intelligence services remained largely content with their uncoordinated independence.

After Pearl Harbor and the lesson it taught about interservice coordination, and with the uncoordinated expansion of the intelligence field, the idea of coordinating or centralizing intelligence gained some respectability and a few advocates and was even embodied in a few proposals for change. The precise name—"Central Intelligence Agency"—appeared for the first time in March 1942. Then, the Marine commandant proposed the establishment of such an agency at Pearl Harbor to serve as "a clearing house" for the "Advanced Joint Intelligence Centers" which at the same time he was proposing be established throughout the Pacific. When set up, it was not, of course, a national strategic central intelligence organization, and it was not the "Central Intelligence Agency." It was only an "Intelligence Center" for the Pacific.<sup>5</sup>

More noteworthy as an overall but unsuccessful effort to achieve service coordination was the merger idea which bloomed and faded throughout 1942-43. It was first launched by a trio whose claim to the paternity of CIA was mentioned at the outset of this work. Writing in 1946 Admiral Zacharias, former Deputy Director of ONI, credited Fleet Adm. Ernest J. King with prompting a discussion in mid-1942 that led him (Zacharias) and his friend Army Col. Sidney Mashbir to spend their free time over a period of four months developing a plan for a "Joint Intelligence Board." Renamed "Joint Intelligence Agency" by Admiral King, it was enthusiastically supported by him but then, according to Zacharias, mysteriously "pigeonholed because of unknown influences." Mashbir has described that plan as "the first draft and implementing directives for what has since become the Central Intelligence Agency."<sup>6</sup>

Before the pigeonholing took place, however, King had received another suggestion for an even larger merger, this time of G-2, ONI, and OSS. It came from the Navy's Assistant Chief of Plans, Adm. C. M. Cooke, Jr., whose proposal has been termed the "major factor" in starting "the first official step to provide a unified war intelligence center." His proposal,

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largely borne of his familiarity with the heated discussion in the JPWC of OSS problems, was the establishment of an "Office of War Intelligence" which would bring together G-2, ONI, and OSS and thereby eliminate much duplication of activities.<sup>7</sup>

With these two proposals in hand, King suggested to Marshall on November 22, 1942, that they both issue to their intelligence agencies identical directives ordering a survey of ways and means of merging activities so as to eliminate duplication. "I would expect this survey," wrote King, "to lead in the direction of a unified intelligence agency which would be called the Joint Intelligence Agency." King's suggestion was immediately approved by Marshall, and the appropriate directives were sent to General Strong and Admiral Train.<sup>8</sup>

These two were then awaiting JCS action on the proposed new directive for OSS. They agreed on December 5 that they could not be "pantywaists"—Strong speaking—on the matter of urging the incorporation of other intelligence agencies under a JIC controlled by themselves; without such a setup, said Train, there would be "only half-baked efforts."<sup>9</sup> The next day they submitted a joint response to King and Marshall urging the establishment of a JIA which would include not only MIS and ONI but also "all intelligence functions of the Office of Strategic Services, except the portion of its secret intelligence activities necessary for the discharge of its special operations, as directed in the Military Order dated June 13, 1942."<sup>10</sup> Strong was nothing if not persistent in his effort to control OSS, in particular, to restrict it to clandestine collection in enemy-controlled territory.

"Too general" was McNarney's evaluation of the Strong-Train memo when it was taken up by the JCS on December 8—the same day the chiefs first considered the new OSS charter. Admiral King, who had initiated the merger study, now thought it was something which could not be done forthwith, but must be worked out gradually, "step by step." Admiral Horne thought the memorandum should be returned to its originators "for preparation and submission of detailed steps" for effecting a merger. The JCS agreed in conclusion that a JIA was an "ultimate objective" but one which should be "accomplished gradually."<sup>11</sup>

The subject came up again three months later when Strong and Train, in a new response to the JCS, reported on their efforts to merge activities. They submitted a draft directive for the establishment of a JIA to collect, evaluate, and disseminate information for the Army and Navy. This time Admiral Leahy, the President's Chief of Staff, fearing a slowdown in the dissemination of vital information, opposed "the establishment of this new agency." It was not a new agency, replied King; what was envisioned was the issuance of parallel directives to MIS and ONI for "a merger of certain of their activities." He said that for the past year he and Marshall "had encountered overlaps and wasted effort in the various activities of M.I.S. and O.N.I." and that for months the two of them had discussed this matter. He explained that the suggested JIA would be "common" to both MIS and ONI and would be a "more useful tool" for the JCS than "the two existing agencies." While this explanation may be slightly confusing to the modern reader, it satisfied Leahy who now "saw no objection" to the plan. However, Admiral Horne and General Arnold of the Air Forces thought the matter should be studied further, and so it was ordered.<sup>12</sup>

Before still another report could be made, however, other problems and recommendations were dooming the merger idea. First, about the future there was considerable uncertainty arising from the simple fact that both G-2 and ONI were currently caught up in the fits and starts of major reorganizations.<sup>13</sup> Second, General McNarney made clear there could be no genuine JIA without the prior establishment on the JCS level of an Operations Division.<sup>14</sup> Then it was proposed that the "amalgamation, insofar as is practicable" of

military, air, and naval intelligence be planned and supervised by the Joint Intelligence Committee, which of course numbered OSS among its civilian members. To this proposal ONI's Train was decidedly antipathetic.<sup>15</sup> Finally, a new Navy study of ONI proposed such sweeping recommendations, including the merger of "the foreign intelligence functions . . . of ONI and MIS . . ." with the R & A of OSS (!) that they were denounced by Train as constituting "the virtual abolishment" of ONI. With this both the Army and the Navy agreed.<sup>16</sup>

For all practical purposes merger talk ended in June 1943. In November the idea of a JIA was formally dropped from the JCS agenda inasmuch as a larger idea, that of the merger of the military services themselves, had just been tossed into the hopper.

No detailed steps were ever submitted for achieving that "ultimate objective" of a JIA. No more was heard of that Zacharias-Mashbir-King project. Nothing was ever said about Admiral Cooke's "Office of War Intelligence."

By mid-1943, then, the military and naval intelligence services, under various pressures, had merged some activities and established some joint agencies. Beyond these essentially collaborative efforts of two or more independent agencies, they had achieved no higher degree of unity. The other, largely civilian, intelligence agencies had not achieved even that degree of integration.

## **2. A "POPGUN" AND OTHER PLANS**

Whatever the failure of the intelligence services to agree on the better organization of their business, there was general agreement, certainly by 1943, that the business was more important than had been previously recognized. It followed that the business deserved more understanding, respect, and support than it had hitherto received. It additionally followed, as the course of the war produced the prospects of ultimate victory, that present problems were henceforward inextricably interwoven with considerations of the future status of intelligence in the American government.

This new appreciation of intelligence was most immediately evident in the widespread recognition of the inadequacy of the prewar intelligence system and effort in the United States. There had been disbelief upon the discovery of great gaps in the government's knowledge of foreign peoples and places. There had been exasperation at being caught by surprise by such significant events as the collapse of France in 1940, the resistance of the Russians in 1941, and the attack of the Japanese at Pearl Harbor. Embarrassment had followed the realization that the United States was alone among the Great Powers in not having adequate machinery, independent of the military establishment, for keeping itself informed of foreign developments. More embarrassing had been the discovery of American dependence on, for instance, British intelligence for much of the information needed in the conduct of American affairs. The prewar setup was something to which no one wanted to return.

This was true even of those military and naval personnel who had a personal, professional, and traditional stake in the *status quo ante*. One of the earliest to recognize the need for change was a naval officer, Comdr. John L. Riheldaffer, who argued as early as November 1942 that "the experience of this war appears to me to have demonstrated most clearly the necessity for a permanent postwar intelligence service which will make use of all sources of information." He further argued that "if future intelligence work is not to collapse immediately after the war, the necessary ground work should be made now." No less a personage than Gen. George V. Strong forcefully argued in his biennial report to the Chief of Staff in 1943 that the prewar inadequacy of G-2 was directly traceable to the

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Army's neglect of that organization in the interwar period; obviously with an eye to G-2's peacetime status he further contended "it should be insisted upon that, in times of peace, however great may be the reduction in certain other military departments, a comprehensive military intelligence organization must be carefully preserved and supported so its fruits will be always available for the nation's interests."<sup>17</sup>

Newcomers, military as well as civilian, often tended to be stronger advocates of a better status for intelligence than did old-timers. Exposed to the vast, variegated, and kaleidoscopic character of World War II, new arrivals, talented and energetic spirits from business and the universities, literally discovered intelligence; and they liked what they found. They became seized with theoretical and practical problems of obtaining vital intelligence as a prerequisite to often fateful political and military action. They found themselves applying old skills to a new field, learning new skills under the pressure of necessity, and talking a new language, that of intelligence: collection, evaluation, correlation, synthesis, coordination, and dissemination of intelligence and counterintelligence. For some there was the exhilaration, as well as danger, of clandestinity, of covert and special operations—the fancied Mata Hari and E. Phillips Oppenheim life that came to be associated, fairly and unfairly, with Donovan and his often derided "Oh-So-Secret" OSS. Such people early and easily concluded that this newfound activity was no mere exciting fly-by-night affair but was rather a valid and fascinating field of human knowledge and action and an unavoidable requirement of modern government and politics.

Old-timers and new faces not only agreed upon the abstract necessity of a more effective intelligence system in peace as well as in war, but they also agreed that the character of the emerging postwar world made it a very real practical necessity. While there was much wartime talk of a new and better world to follow, there was just as much realization that difficult and dangerous problems—the future of Germany, relations with the Soviet Union, the demands of Asia and Africa, the task of reconstruction, the fate of Europe's empires—were taking shape in various quarters around the world. All of these problems were seen to impinge upon U.S. interests and policies, and these, as well as America's role in world politics, were all seen as becoming pivotal in the world's affairs. From this perspective of things to come, all early agreed on the need to preserve and build upon the progress—the knowledge, the experience, the sources of information, the files, the techniques, the body of experienced personnel—so far developed or realized in the course of the war.

Perhaps the single most effective stimulus to thought about the present and future of intelligence was the challenge presented by Donovan. He was a giant whose personality, prestige, power, and push shook every rafter in the house of intelligence, to the delight of his followers and the anger of his foes. The Army had firmly resisted OSS, partly because it distrusted the relatively undisciplined OSS organization, and partly because it disliked adding to the traditional armory of warfare the unorthodox methods of OSS. In April 1943 a columnist reported "the red hot story going around" is that Donovan "is not going to stop at being" a brigadier general but will soon "be promoted to lieutenant general and given such sweeping powers as to make all his rivals green around the gills."<sup>18</sup> However exaggerated the story, his initiatives—COI itself, his leadership of the Joint Psychological Warfare Committee, his bold JPWC plan to run PW and joint intelligence, his tendency to pick up any task left undone—were either examples or threats to every intelligence-minded person in Washington or the field. Friend and foe were thereby stimulated or compelled to think new thoughts about the current and future organization of American intelligence.

In fact, by mid-1943 when merger talks were failing, many factors had conspired to prompt a few persons to speculate and draft plans for the future as well as the present of intelligence. In May 1943 an Army officer, in a question-and-answer period, asked Donovan if there was any thought of continuing the work of OSS after the war; "I'd like to know that myself," replied the new brigadier general, "but . . . I think we will have sense enough as a people to continue it."<sup>19</sup> In July the Army set up a special planning division to consider the needs of the postwar army; in November MID received its first postwar study assignment, and in May 1944 there appeared a "Study on Organization of Military Intelligence in the Post-War Period." This recommended the maintenance in peacetime of an "aggressive, potent and thoroughly organized" military intelligence department.<sup>20</sup>

Meanwhile, that intelligence overseer, the Bureau of the Budget, had expanded the study which had been requested of it by the Army and Navy in July 1943. In October the project was made the "focal point" for bringing together all the information which could be brought to bear "on a solution of some of the basic problems" in the intelligence field. The new project covered British, German, and South American intelligence systems as well as the conditions in many American agencies. Also in October there appeared a "Study of Intelligence Activities" in which the author, George F. Schwarzwald, listed six questions about the intelligence needs of the country in peace and war. One of these concerned "the organizational role between undercover and open collection" and wondered whether "the public [would] support OSS? Support anything?"<sup>21</sup>

This questioner, Schwarzwald, developed into the bureau's specialist on the intelligence problem. In February 1944 he worked with the Army on a complete reorganization of G-2. About the same time he helped effect a transfer of some trade intelligence work from FEA to the State Department. From at least then on he tried to get State to organize its own intelligence work and ultimately to take the lead in effecting some better coordination of all the intelligence agencies. While Schwarzwald and others in the bureau would observe, study, and talk about intelligence for the present and future, they had no plan ready when Donovan sprang one on them in November.

Of more immediate substance was the study conducted by another civilian, Mr. Max Ways of the Foreign Economic Administration. This study had its origin in a query to the Army from the FEA Administrator, Mr. Leo T. Crowley, in March 1944.<sup>22</sup> The chief justification for elaborating here on the origin and course of that study is its subsequent role in the next encounter in G-2's continuing battle with Donovan, this time over the latter's November plan for a postwar intelligence organization.

Crowley's query, about the quality of the intelligence provided the Army by FEA, prompted an Army official to assert that the "amalgamation" of all intelligence services "under a single head in a national intelligence agency," as a solution to the problem of duplication, "sometimes quadruplication," of activities, would be opposed by some of the agencies concerned and, "therefore, was, at the present, unattainable." This exchange led to further correspondence in June when Crowley raised with General McNarney the general problem of coordination of the work of the intelligence services. McNarney sent the problem to the JCS which then, in August, directed the JIC to study the matter.<sup>23</sup>

The JIC turned the matter over to its working group, the Joint Intelligence Staff (JIS), which like itself had its civilian members. One of these was Crowley's own representative, Max Ways. Two months later Ways produced a paper on the "Post-War Intelligence policy of the United States" (Appendix L). This asserted the inadequacy of both the prewar and the existent systems for coordinating intelligence, and it detailed defects in the current system. It then formulated "conclusions" or "general principles" relative to the future

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organization of U.S. intelligence. One of these asserted the necessity for the establishment—and for the first time in a formal paper used the very name—of a “Central Intelligence Agency” to produce national intelligence, coordinate the services, and conduct clandestine intelligence operations. The paper was forward-looking but made little progress in the JIS.<sup>24</sup> It was described as “heretical” by the G-2 representative, Colonel Montague, mentioned in Chapter I of this work. The JIC secretary, reporting on the Ways paper, observed that it dealt with a long-range problem and hence the committee “wish[ed] to avoid a hasty solution.” In December Colonel Montague told the JIC that the JIS had been “tinkering” with the subject since August.<sup>25</sup>

Actually Way's paper probably would never have gotten out of the JIS, much less through the JIC to the JCS, had it not been for the Donovan initiative of November 18, 1944, to which we are coming, and which, unlike other proposals, precipitated the first, major governmental debate over a postwar intelligence system for the United States.

Meanwhile, in the Department of State another civilian, Mr. Francis H. Russell, was struggling to bring another plan to the light of day. State had always been a sharp-eyed observer of the intelligence cockpit, but it had not been until May 1944 that the department had its first serious thoughts about entering that cockpit by setting up its own intelligence organization. Near futile as these thoughts turned out to be, they deserve consideration here because they also help prepare us for Donovan's plan.

Those thoughts had their inception in the successful three-way collaboration of State, FEA, and the Budget Bureau in that merger of FEA's trade intelligence work with State's. So impressed was the bureau, especially its George Schwarzwald, with the accomplishment of State's Division of World Trade Intelligence (WT) in acquiring, filing, coordinating, indexing, and utilizing trade intelligence material that it thought WT's methods, systems, as well as services, could be profitably extended elsewhere in State. WT's chief, Francis Russell, obviously encouraged by this recognition, eagerly took up the torch in May.

The British and Donovan led off his argumentation for innovative action. Britain had just debated and announced the establishment of a permanent intelligence branch in the Foreign Office, and Russell cited the action as evidence of the need even in peacetime of “an adequate intelligence service and an efficient organization of information.” Then there were “the activities of General Donovan and others concerning the establishment of a greatly expanded foreign intelligence service in OSS.” According to Russell, “discussions” looking toward “a substantial enlargement” of the work of OSS in the postwar era were then “taking place at a high level.” The State Department, he pointedly remarked, “should in peacetime be the center of foreign information for all governmental agencies,” but this it could not be unless the department's own intelligence house were organized.<sup>26</sup> Clearly, Donovan's activities were as ominous for Russell as they were instructive.

In terms of organization State, said Russell, was less well-off than “any well-run large newspaper.” He quoted a high State official as saying that “the present methods of utilizing information [in State] are as obsolete as the dodo bird.”<sup>27</sup> Added to this organizational deficiency was the prospective deterioration, as the war came to an end, of those valuable wartime files which were developed both in State itself and in such agencies as FEA and OSS. Russell, like others in the old-line agencies, had begun to cast covetous glances at the files and personnel rosters of the agencies apparently fated to die.

As a way out of the informational disorder Russell proposed an “Office of Foreign Intelligence,” a new line office to be charged with a general intelligence function. It would bring under one head the work of all those divisions—WT, Visa, Foreign Activity

Correlation, some cartel units, and others—whose primary concern was foreign intelligence. It would collect, centralize, and analyze information on foreign individuals, organizations, firms, events, and movements. It would be a “fact-finding” and “fact-organizing” body which, Russell assured the touchy geographic desks, would have nothing to do with policymaking. Nor, we must point out, would it have anything to do with espionage, the coordination of other intelligence agencies, or the production of national strategic intelligence. In fact, it was a modest plan; a friendly critic, Schwarzwaldler, called it “a popgun.”<sup>28</sup>

State “tinkered” with it for more than a year. Its necessity, composition, functions, location, and status were worked over by departmental movers and shakers. It was restudied and remodeled, named and renamed a dozen times, and the implementing departmental order was drafted and redrafted. It was chewed over in Russell’s own upper echelons, in State’s management circles, and in conversations with impatient Budget Bureau officers. It was pushed “upstairs” where the thrashing continued and where “it” finally became a “special assistant for research and intelligence.” Even when that was established—at war’s end and out of the sheer necessity of digesting the juicy R & A morsel picked up from OSS—nothing had really happened. State had not organized itself for intelligence and had not taken the lead in organizing the potential intelligence community. In the words of Dean Acheson, “the department muffed] its intelligence role.”<sup>29</sup>

A footnote to this brief account of the Russell plan suggests that it played a role in triggering Donovan’s own plan in November 1944. Some years after the event, an historian, Arthur B. Darling, noted that “Donovan had among his papers” a copy of the September 30 draft of the Russell plan. Later still, Colonel Montague, then a civilian in CIA, wrote that “in October 1944” a copy of this September draft “came into the possession” of Donovan, who “quickly moved to forestall State” by submitting a proposal of his own.<sup>30</sup> Is that the way it happened? We shall see shortly.

### **3. GENESIS OF DONOVAN’S PLAN**

For all their ability men like George Schwarzwaldler, Max Ways, and Francis Russell simply were not in the same league with General Donovan when it came to doing battle with the potentates and princelings of the intelligence services. Such reformers lacked the prerequisites—the power, personality, and program—to move the departmental mountains. They could not even make a first-class issue out of the crying need for reform. They could not get the ear of the man in the White House. This last was Donovan’s trump card, and he played it in the fall of 1944.

Donovan’s thinking about a strong American intelligence system had always implicitly conceived of it as a permanent need of the United States. It had been peacetime—albeit a troubled time—when he urged the establishment of a Coordinator of Strategic Information. The memorandum in which he had done so had sketched such a comprehensive reorganization of the nation’s production of intelligence that it could not possibly have been conceived of as an emergency structure to be dismantled and junked when the crisis was turned. His defense of COI and OSS in the Washington battles of 1941, 1942, and 1943 had rested on such fundamental assertions about the need of the U.S. for finished intelligence as a prerequisite to the conduct of foreign affairs that here again permanency of the effort was elemental. No one could argue that Donovan was less sensitive to experience than Navy Commander Riheldaffer who in November 1942 declared “the experience of this war” had demonstrated the need for immediately laying the groundwork for a permanent postwar intelligence system.

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Donovan had had to fight so hard in those 1941-43 battles for the existence of COI and OSS that it would have been foolishly impolitic, as well as premature in respect of the course of the war, to have raised the issue of the future at those times. On that subject his first recorded statement was made in that question-and-answer period in May 1943, just two months after he had faced the seemingly sure imminence of defeat at the hands of Gen. George Strong. In that answer, given to an audience of Army officers—sure to spread the word throughout every G-2 cubby-hole—Donovan announced in an almost indifferent way his intention of fighting for the continuance of OSS in the postwar world. By coincidence—or what have you—the G-2 and ONI policy line on the matter was laid down just two weeks later when Admiral Train declared “it should be noted that the Office of Strategic Services is a wartime agency, and of transitory character, while the Naval and Military Services *[sic]*—have responsibilities which will continue permanently.”<sup>31</sup>

For Donovan the question concerned not the objective but strategy, tactics, and timing. By mid-1943, after Donovan's May statement, speculation about the future of intelligence and OSS grew common in OSS circles. In June Elmo Roper was writing Donovan that the latter's success in building various intelligence units had demonstrated “the desirability of such units as a permanent part of government.” In July London subordinates, preparing papers for Donovan's negotiations with G-2 and the British on the question of independent operations in Europe, argued that the U.S. “needs an independent secret intelligence service both now and after the war” and that the task of building one had to begin immediately.<sup>32</sup> In August an admiring general, a member of the OSS Planning Group, had informed Donovan that “a mutual friend” had recommended to Admiral Leahy that Donovan be made “Director of Intelligence,” be put in charge of all government intelligence agencies and have responsibility for all military, psychological, political, and economic intelligence, and its “relation to the war and the peace which follows.”<sup>33</sup>

In September Donovan had his first opportunity to put a postwar plan on paper. He was asked by Maj. Gen. Walter Bedell Smith, Eisenhower's Chief of Staff, to submit a report on the possible permanent integration into the military establishment of OSS or a similar organization. Conceivably the request had some connection with that study of the postwar army which had recently been initiated. In any event Donovan returned to Smith in a few days the impossibly titled “The Need in the United States on a Permanent Basis as an Integral Part of Our Military Establishment of a Long-Range Strategic Intelligence Organization with Attendant ‘Subversion’ and ‘Deception of the Enemy’ Functions.” It had two objectives of which the first was permanence for OSS. Proudly defending OSS, Donovan described it as “a living organism” which could be “adapted to a permanent plan” or made to serve as “a design for a new but similar agency.” He asserted the necessity of such a service, the inadequacy of the prewar setup, and the suitability of OSS to meet the requirements.<sup>34</sup>

His second objective was equality with the armed services. He proposed that OSS, or its replacement, be recognized in fact as the “Fourth Arm,” the “Fourth” of the “Fighting Services,” and that it be given “a status equal to that of the Army, Navy, and Air Force.” He envisioned either four chiefs of staff, one of whom was the “Chief of Staff, Strategic Service”—all reporting to the secretary of a unified defense department—or a new “Strategic Services” under JCS jurisdiction but headed by a civilian appointed by the President. Were neither of these alternatives possible, then he recommended the strengthening of OSS by the addition of military and naval officers and by requiring G-2, A-2, and ONI to “look to ‘Strategic Services’ for over-all intelligence.”<sup>35</sup>

Nothing seems to have happened to this paper. Its "Fourth Arm" proposal had simply no prospect at that time of any support outside OSS itself. Donovan surely knew this and could have put the idea forward at least as a device for raising men's sights. Buried though it may have been, the proposal must have been noised about in restricted Army circles where it fueled the fires of those intelligence foes who saw the OSS chief as the man to fear and fight now and in the future.

In March 1944 the OSS Planning Group turned down as "a mistake . . . at this time" a proposal that the JCS arrange the continuance of OSS after the war.<sup>36</sup> Even so, Donovan and OSS grew in the Washington mind throughout the year as the outfit to watch. Francis Russell in State had sounded his own little alarm in February; when he referred to "a substantial enlargement" of OSS work in the postwar era, he had particular reference to South America. In June another State Department official, apparently echoing Russell, spoke of "the apparent bid of OSS to be the international Secret Service for the Government as a whole." In July the OSS R & A chief, Dr. William Langer, provided State's intelligence activists with potentially useful ammunition when he not only urged the establishment in State of its own R & A but also the need for a peacetime secret intelligence service—obviously some modified OSS—which would be independent of but work in conjunction with both State and the military.<sup>37</sup> In August a Donovan memorandum to General Marshall, requesting guidance for planning intelligence services after the cessation of hostilities, provoked the Army staff to recommend a "non-committal and innocuous" reply lest the Army seem otherwise to "tacitly acknowledge a postwar mission for OSS."<sup>38</sup> Also in August Donovan's Deputy Director for Intelligence, General Magruder, who had often pondered the problems of coordination, drafted his own plans for a new intelligence system which would be constructed around a reinforced OSS. When somehow circulated to G-2, it was smelled out as an OSS proposal and in November evoked a chorus of denunciation on the grounds of ignorance, impracticability, stupidity, and even un-Americanism.<sup>39</sup>

By this time, however, Donovan himself had already begun rocking the boat of intelligence with his own proposals. Since he is supposed to have been impelled in this direction by discovery of a State plan, it will help satisfy one's curiosity on the point, clearly a small one, if close attention is paid to the unfolding of the event. As so often happens, a more prosaic explanation seems likely.

By September 1944 the end of the war in Europe was in sight—or at least so everybody thought; they did not know that their confident expectation would be rudely frustrated by the unexpected German offensive in December in the Ardennes Forest. Their expectation of an imminent V-day in Europe caused official Washington to give more thought to the reconversion of the government to a peacetime basis. Donovan, who was out of the country from August 5 to September 14, was informed of the new mood in the capital by his chief administrative officer, Louis Ream, who warned Donovan on September 18 of "a strong feeling in the Bureau of the Budget" that OSS ought to be cut back in size, functions, and operation. A few days later Ream brought to his chief's attention a presidential letter to Budget Director Harold Smith telling him to make plans for the "liquidation of war agencies," the "reduction of Government personnel to a peace footing," and the "adaptation of the administrative structure to peacetime requirements." At the same time Ream reminded Donovan that the War Department wanted a report on the military and civilian personnel required by OSS ninety days after V-Day in Europe.<sup>40</sup>

On September 23 Smith formally sent Donovan a copy of the President's letter on reconversion and requested him to submit within thirty days a statement of his plans and of

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"all . . . proposed actions . . . necessary to convert from a war to a peace basis or to liquidate as the case may be." Four days later Donovan promised to give Smith his plans "for immediate adjustments" and for the period following the defeat of Germany.<sup>41</sup> By the last week in September, then, Donovan clearly had both the obligation and the opportunity to make a major proposal about the future of OSS. To that extent he needed no impetus from State.

As a matter of fact, on September 26—four days before the date of the State document that came into Donovan's possession—either Donovan or someone else in OSS drafted a one-page statement on "The Basis for a Permanent World-wide Intelligence Service." Such a service, said the statement, is an inevitable consequence of the U.S. "policy of active participation in international affairs." This service, charged with the responsibility of producing intelligence about U.S. "national interests and defense," must not be either a "makeshift set-up" or a part of some other department. Such a service, said the statement, was at hand: "a substantial headstart can be secured by implementing" the functions of OSS.<sup>42</sup>

An interesting alteration in the document now occurred. Donovan "dictated" a longer statement which in its typed form is untitled and, according to a pencilled notation, was "written around Oct. 1, 1944." Then this new statement, different in substance but quite consistent with the earlier text, appeared under date of October 5 but with the old title. This was changed the next day to read "The Basis for a Permanent U.S. Foreign Intelligence Service." The change involved the insertion of "foreign" before "intelligence" and the substitution of "U.S." for "World-wide" lest someone get the idea the plan referred to "a sort of a United Nations intelligence set-up!"<sup>43</sup>

How does one explain the combination of the old title and the new text? There is nothing impossible about Donovan having composed both texts, though the second is—in its detail, forcefulness, and argumentation—more clearly his style. It seems more likely, however, that Donovan had taken someone else's effort, substantially rewrote it, and retained the original title. Now is there a chance that State's September 30 draft—while clearly not initiating the September 26 draft—nevertheless played some small part in its subsequent alteration? Is it possible that "around Oct. 1" Donovan, having obtained that draft and becoming worried about a serious threat, decided that a stronger hand needed to be put to the tiller? Yes, possible, but unlikely. While State's plan had behind it some rhetoric about the need for setting up State's own intelligence office as a first step toward "tak[ing] the leadership"<sup>44</sup> in helping the government to organize the entire field of foreign intelligence, Donovan, who probably knew something of State's inner confusion on the subject, could not have taken that plan either as a serious threat or a great inspiration. In any case, Donovan had such an inner drive of his own on the subject and such an external necessity and opportunity to respond to the Budget Bureau that State's own activity could only have been a minor tactical consideration for him. As a matter of fact, of course, the shoe was really on the other foot: it was Donovan and OSS who to a large extent were being used by such as Francis Russell as a spur to move State forward.

So much for that side issue. What, now, was "the basis for a permanent United States Foreign Intelligence Service?" Here Donovan returned to that theme which he had been preaching since 1941 and which especially terrified and angered many in the military. He insisted there should be a central, independent intelligence service headed by an appointee of the President who should be responsible to the President and charged with the conduct of secret operations, the production of national intelligence, and the coordination of the activities of the departmental services. It was not to be a service, in other words, which was run either by one of the major departments singly or by all of them acting as a committee.<sup>45</sup>

Repeating much of what he wrote General Smith in September 1943, Donovan argued that knowledge of other nations' activities was fundamental to the formulation of American national policy; that all major powers had long had intelligence services "reporting directly to the highest echelons of their governments"; that prior to this war the U.S. had neither an adequate secret intelligence service nor an overall intelligence organization; and that the U.S. needed in peace and war an organization to handle the collection, production, and coordination of intelligence.<sup>46</sup>

The OSS director outlined the principles governing the service he proposed. While departmental services would serve their own specialized needs, there should be a "central, over-all Foreign Intelligence Service" serving the whole government, run by a director appointed by the President, "administered under Presidential direction," and advised and assisted by a board of representatives from state and the armed forces. On these points it cannot be stressed too much that many military genuinely believed that Donovan intended to absorb or destroy their intelligence departments; they could not or would not believe that such services could survive in a system run outside the military chain of command. For his part Donovan was just as convinced that if those departments were not integrated by an overall organization they would continue to operate in an uncoordinated and therefore in a fundamentally and dangerously unproductive fashion.

Donovan maintained that his proposed service should be primarily concerned with the collection, analysis, and dissemination of national strategic intelligence. It should have an R & A Staff. Additionally, it should be responsible for "*all secret activities*" such as "secret intelligence, counter-espionage, crypto-analysis, and clandestine subversive operations." It should have its own means of communications and be operated on vouchered and unvouchered funds. Donovan was emphatic in stating "that such a service should not operate clandestine intelligence *within the United States*," and "that it should have no police function and should not be identified with any law-enforcing agency, either at home or abroad." Quite possibly these last negations, long fundamental to Donovan's thinking, were given added emphasis in this paper by way of blocking the FBI from moving into the foreign field, as Donovan had reason to believe it wanted to move.<sup>47</sup>

Finally, the nucleus of a ready-made solution was already at hand. OSS had the trained people, the foreign contacts, the administrative organization (Figure 7), and the operating experience. There was no need to create a new agency.<sup>48</sup>

#### 4. LOBBYING AT THE WHITE HOUSE

The problem now was to get this message to the White House in such fashion as to bypass the opposition, line up support, and obtain the necessary presidential approval. On September 27, 1944, Donovan had named Louis Ream his representative in dealing with the Budget people on "the development of recommendations for reconverting the Government to a peacetime basis." Since the workload promised to be a heavy one, Donovan gave Ream a special assistant, Maj. Joseph H. Rosenbaum. The latter was also given, so Donovan informed Ream, some "related work" of which he would keep Ream duly informed.<sup>49</sup> This "related work" was nothing other than high-level lobbying at the White House in support of the plan for a peacetime role for OSS.

Well connected at the White House, Rosenbaum immediately went to work on a quintet of insiders: Louis H. Bean, Harry Hopkins, Judge Rosenman, Dr. Isadore Lubin, and Oscar Cox. It was Louis Bean—an old New Dealer who was close to Rosenman and Vice President Wallace—who, though favorable to the plan, worried about others conceiving of it

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as "a sort of a United Nations . . . set-up." Harry Hopkins had an assistant, Robert Nathan, who also liked the plan, urged Rosenbaum to send a copy of it to Dr. Lubin, and promised to discuss the plan with Hopkins himself "in the next day or two."<sup>50</sup>

Rosenbaum took the occasion of his talk with Nathan to try to spike the plan of another agency, the FBI, to run a world-wide intelligence service. Donovan's lobbyist stressed to Nathan that no foreign intelligence service should be "tied up with and under the control of a 'domestic police' outfit such as [the] F.B.I., or any combination of a State Department-F.B.I. dominated operation." Here he had reference to the FBI's aspiration to expand its SIS in South America into a world-wide operation. The aspiration had, as we shall see, recently come to Donovan's attention.<sup>51</sup>

In the office of Judge Rosenman the Major found Milton Shalleck "very impressed with the scope of the idea." Shalleck promised to study it for a few days and, finding no flaw in it, would present it to the Judge "with a strong recommendation." Referring to the FBI, Shalleck stated "that 'they' have had submitted a scheme for the immediate setting up of a South American intelligence system for [the] U.S."<sup>52</sup> What Shalleck surely meant was the operation of a world-wide system modeled on its South American setup.

Next on the Rosenbaum list was Lubin, an economist long associated with FDR and very appreciative of the value of OSS intelligence to his White House studies. Lubin, reported the Major, was "definitely impressed by the idea." He wanted only one paragraph redrafted so as to clarify and guarantee the roles of Army and Navy intelligence. That done, the economist was prepared to "present it to the President immediately" and "had a reasonable 'hope' of getting it approved."<sup>53</sup>

The last of the White House quintet to be approached was Oscar Cox, who, according to Rosenbaum, was "the best drafter of Executive Orders" and also "the most effective person to convince Hopkins of the unsoundness of the FBI idea." Cox was first contacted through his assistant, Al Davidson; here also "the Plan was extremely well received."<sup>54</sup>

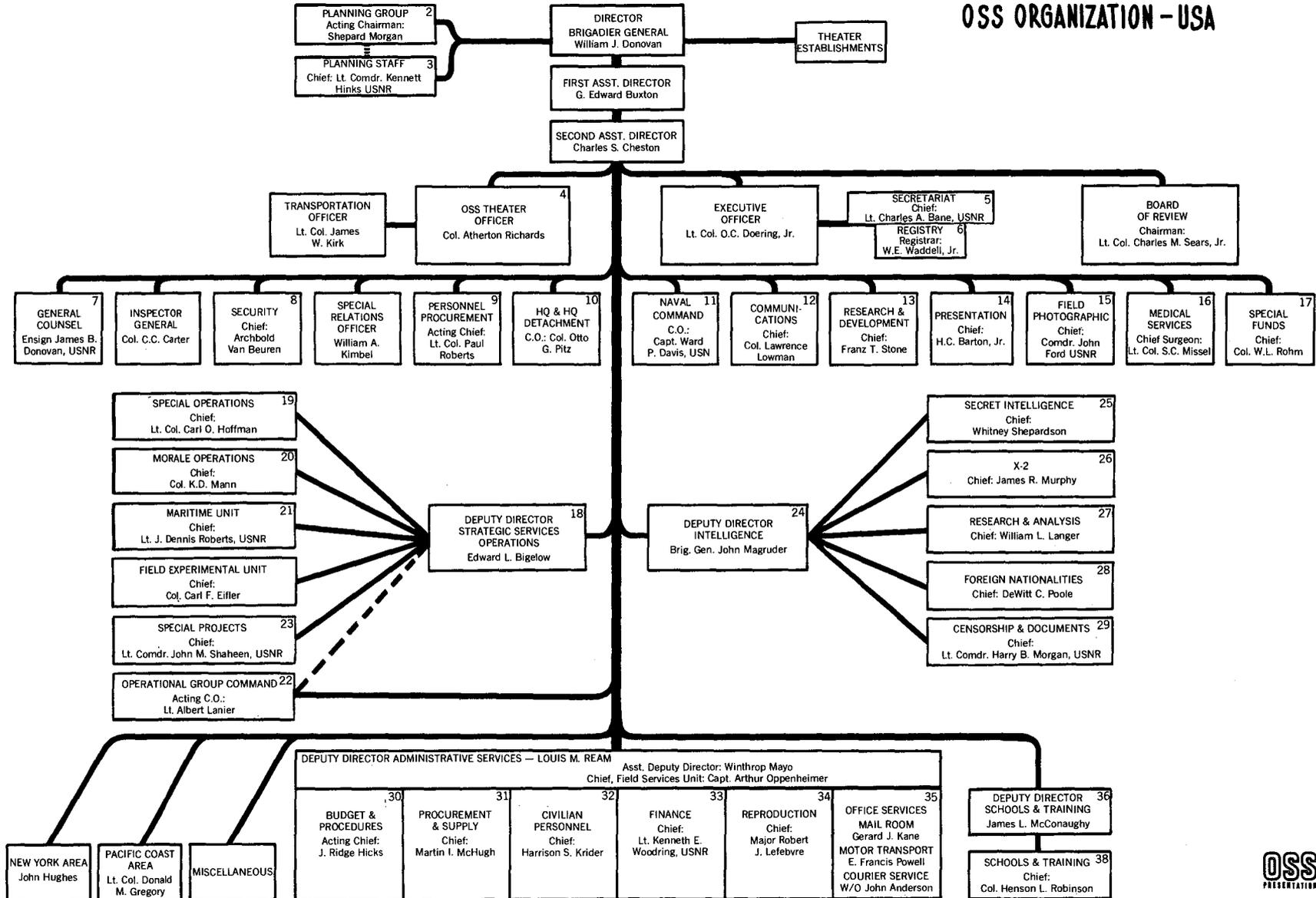
What was the upshot of all this jockeying for position? First, while Bean in the Budget Bureau was encouraging, his boss, Harold Smith, would soon warn FDR to go slow on all intelligence plans other than those that had the bureau's blessing. Second, Hopkins read the plan and, rather noncommittally, found it "very interesting," but Rosenbaum thought OSS could "eventually secure [his] active support."<sup>55</sup> Third, Judge Rosenman seems never to have found time to give any attention to the plan. Fourth, Cox was willing to help with the drafting of an executive order. Finally, real pay dirt was struck with Dr. Lubin.

On October 25 Lubin sent the President some words of praise for Donovan and OSS. "As you no doubt know," wrote the economist—actually the commissioner of labor statistics for the Department of Labor—"Bill Donovan's Office of Strategic Services has been doing some swell work. It occurred to me that there will be room after the war for a service in the United States Government which would carry on some of the work now being done under Donovan's auspices." Lubin, echoing Donovan's own memorandum, stressed the inadequacy of prewar intelligence, the need for national strategic intelligence, recognition of other services' responsibilities, the need for R & A, and the clincher, namely, the availability of OSS as "the nucleus" of a permanent organization.<sup>56</sup>

### **5. DONOVAN'S PLAN—FAT IN THE FIRE**

Lubin's memorandum went to the President. Apparently it was accompanied by a copy of Donovan's paper outlining his postwar plan; it was not accompanied by an executive order for the President to sign. The President, leaving us no record of his reaction, sent it for comment on November 16, 1944, to Under Secretary of State Edward R. Stettinius, Jr.<sup>57</sup>

# OSS ORGANIZATION - USA

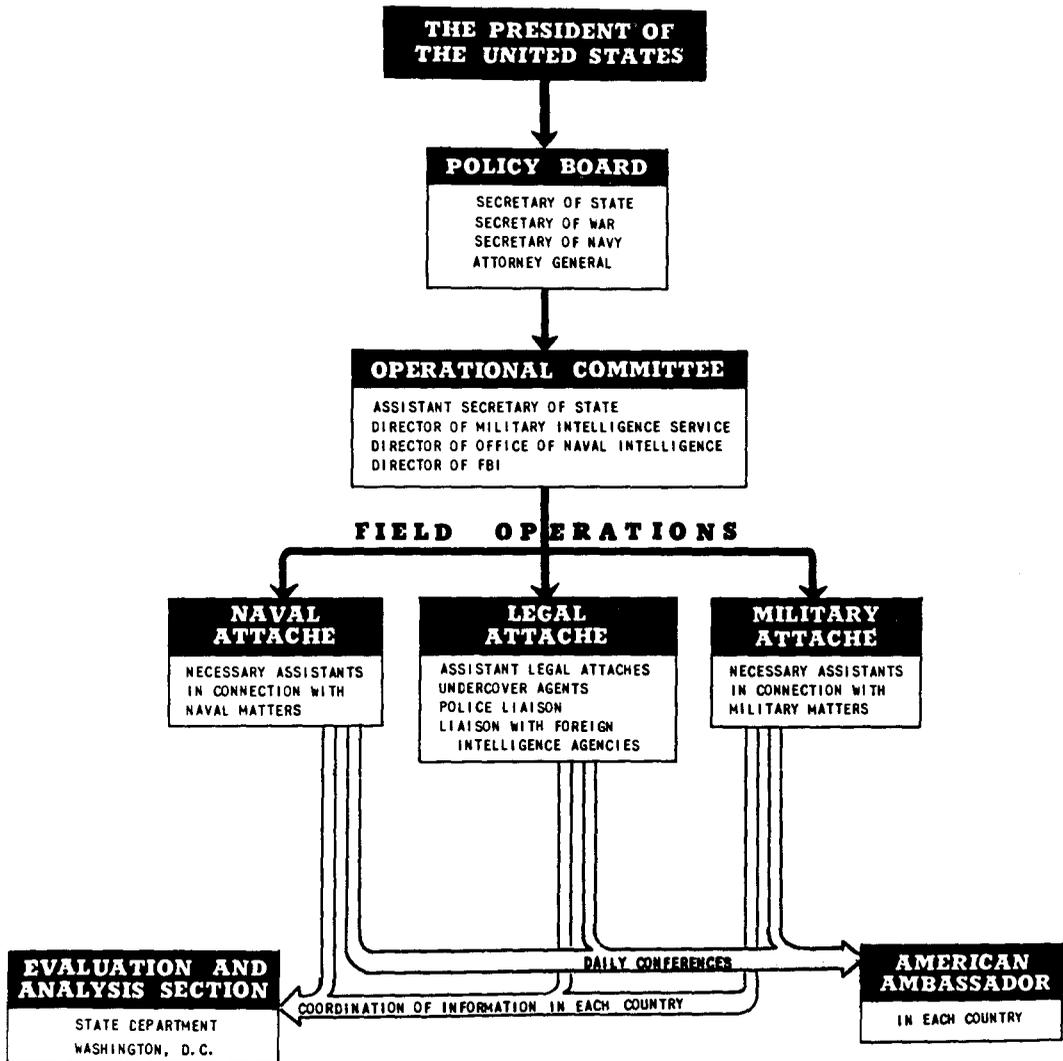


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Figure 7. OSS organizational chart, November 20, 1944.



# Plan for World-Wide Secret Intelligence



A chart of the FBI "Plan for [a Postwar] World-Wide Secret Intelligence [Service]."

Federal Bureau of Investigation

## *IX/donovan's plan*

In State they were still wrestling with their own plan for organizing intelligence. Also, at Donovan's request, Stettinius, on good personal terms with the OSS chief, was preparing a statement of the department's need "during the important periods which lie ahead" for the valuable work of OSS. Also, State simply did not know what it wanted to say about the postwar organization of the nation's intelligence facilities. Hence, the reply of Stettinius to the President was a month in the drafting stage, and by the time it went out, December 15, it had become—thanks to other events—an irrelevancy.<sup>58</sup>

Lubin's memorandum and/or the Donovan plan, which had been pretty well shopped around in White House offices, not unnaturally fell into some hostile hands, those of the Bureau of the Budget, for instance. On November 7 Harold Smith was informed by one of his people that the bureau had picked up "various rumors that OSS, and FBI particularly, have been discussing with White House contacts their plans for post-war foreign intelligence." The writer reminded his Director that George Schwarzwaldner "has had pretty thorough coverage of the military intelligence services and is now deep into OSS operations." Lest there be "premature White House approval of incomplete or poorly considered plans," the writer suggested that the President be informed of the bureau's "readiness to advise him in this area." Of course it was done: guardian-like, Smith informed the President on November 11 of the bureau's special competency in this field and "thought" the President would want to know of the bureau's "preparatory work" inasmuch as the agencies concerned were already submitting their postwar plans to him for his approval.<sup>59</sup>

Less official hands than those of the Budget Bureau got possession of the Donovan plan. As early as October 26, a New Deal columnist, Jay Franklin Carter, who had been running a small intelligence organization for FDR since just before the start of the war, took it upon himself to warn FDR against the plan and against OSS inasmuch, according to Carter, as OSS had probably been "penetrated" by British intelligence, which was therefore "thoroughly familiar with its methods, plans and personnel." Carter, with whom Donovan had some routine dealings, recommended that his organization—less expensive, "a small and informal central office," and "adequately camouflaged"—be given serious consideration for the postwar job. Of course Carter indicated his readiness to take on the job or advise anybody selected by the President.<sup>60</sup>

As was his wont, the President looked for comment. He sent it directly to Donovan "for your eyes only," and asked, "Will you be thinking about this in connection with the post-war period?"<sup>61</sup> Here was an opening tailor-made for Donovan. Instead of pushing his plan upward through a handful of White House advisors he could now directly approach the President on the subject. Because of this new opening, and perhaps for other reasons that are now not clear—the original proposal and the Lubin memorandum apparently bogged down in so many outer offices—Donovan soon drafted a new proposal for transmittal directly to FDR.

But first he replied to Carter's counterproposal and warning about the British. "The author," wrote Donovan, who could not help but know from the text of the letter that it was Carter, "is in the 'horse and buggy stage' of intelligence thinking." Carter's plan for a small outfit, he said, could "hardly meet" the requirements of the military, State, and the rest of the government; it was just this kind of failure to appreciate "the complexity of building and directing intelligence as well as subversive operations," wrote Donovan, which "had made the problem so difficult for us in this war." Despite these difficulties, he continued, the U.S. has at last "an independent American Intelligence Service." As for British penetration, not so. Cooperation, yes; but "we have maintained the integrity of our organization," and indeed "our allies and our enemies know less about our inner workings than we do about theirs."<sup>62</sup>

Next came the new proposal. Clearly this was quite carefully prepared in OSS offices. Top officials were asked for suggestions. Indeed, for over a year various OSS people in Washington, New York, and London—John E. O’Gara, John C. Hughes, William P. Maddox, Francis P. Miller, and William J. Casey—had been discussing and drafting various papers on the subject. Now on November 3 executive officer “Ole” Doering, asking about starting work on a draft directive, thought Donovan’s projected response to the President ought to include some reference to the need for the United States to free itself from “our present national dependence upon British intelligence.” Donovan’s deputy director for intelligence, General Magruder, thought the draft directive “must not be *too general*. It must be precise and in detail as to certain points.” Otherwise, warned Magruder, “the services will worm out of generalities.”<sup>63</sup>

The new proposal went forward on November 18, 1944, less than two weeks after Donovan had replied to Carter’s point about British penetration of OSS. Writing “pursuant” to that note and virtually abandoning the earlier plan—but not the White House lobbying—Donovan sent directly to FDR an entirely new and stronger document on a permanent peacetime central intelligence organization. Whereas the October plan had been restricted to an elaboration of “the basis” for such an organization, the November plan was strengthened by the inclusion of a draft directive ready for signature (Appendix M).

In his covering letter Donovan directly challenged the military by asserting that the problems of peace required that “intelligence control” be “returned to the supervision of the President.” Donovan called for the establishment of a central authority reporting directly to the President and providing him with the foreign intelligence needed to plan and carry out “national policy and strategy.”<sup>64</sup>

These requirements, he continued, could be met “without difficulty or loss of time” by means of the attached draft executive order. He specifically called to the President’s attention the fact that in this order coordination and centralization of intelligence were placed at the policy, that is, the presidential, not the departmental, level; nevertheless, he said—and here he included Lubin’s desired guarantee of the role of Army and Navy intelligence—the military services, State, and other agencies would continue to be responsible for their departmental or operating intelligence. They, therefore, had no reason, wrote Donovan, to fear the establishment of a central authority. “There are commonsense reasons,” urged Donovan, “why you may desire to lay the keel of the ship at once.”<sup>65</sup>

The provisions of the draft order, the fundamental impetus to three years of debate on this subject, can be summarized under the headings of the service itself, the advisory board, the functions of the service, its powers, and the limitations placed upon it.

The first was an independent central intelligence service, a new agency designed to coordinate the functions and supplement the work of the departmental intelligence agencies. Donovan placed this new service in the office of the President and put its director and functions “under the direction and supervision of the President.” Never had the United States had such an institution, and Donovan’s proposal to establish one ignited controversy.

Hardly less controversial was his second point, the advisory board. In Donovan’s plan it was composed not just of the Secretaries of War, Navy, and State but also of these and “such other members” as the President might subsequently appoint. The open-ended membership reflected Donovan’s conception of intelligence as encompassing more than military and political data. The board had the job of advising and assisting the director of the service; the military, when once persuaded to accept a new agency, insisted on the board controlling the chief of the service.

## IX/*donovan's plan*

As to functions, the central service would coordinate, collect, and produce intelligence; its coordination extended to the functions of all government intelligence agencies, and collection included espionage and counterespionage.<sup>66</sup> Additionally, the service would conduct "subversive operations abroad" and perform "such other functions and duties relating to intelligence" as the President might direct. The new service was clearly designed to make a wheel out of the many spokes at hand, to deal in all foreign intelligence affecting the national policies, interests, and security of the United States, and to be the final authority, under the President, in the production of intelligence relating to "national planning and security in peace and war."

To exercise these functions the new service was given control of its own personnel, its own budget, access to the intelligence of other services, the right to call upon those services for such personnel as it needed, and the authority to run its own household.

The restrictions were three: a specific ban on the exercise of any "police or law-enforcement functions, either at home or abroad"; recognition of the right of the departmental services to "collect, evaluate, synthesize and disseminate departmental operating intelligence," which was "defined as intelligence required by such agencies in the actual performance of their functions and duties"; and coordination and/or control by the JCS and/or the theater commander in time of war or unlimited national emergency.

Of course the President—tiring, busy, dependent on the JCS in military matters, and relatively disinterested in the intelligence problem—did not immediately sign the draft directive; instead on November 22 he sent it to his JCS representative, Admiral Leahy, for him to take up with the Joint Chiefs. Three days later it became JCS 1181<sup>67</sup>—a very important number. It had also started on a long, hard row.

On November 27 and 28 Donovan sent copies of this new plan to eleven top officers in State and the military—Army, Navy and Air Force, civilians and service personnel. The letters were tailored to the minds of the recipients. In general, however, he described the plan as a response to a request from the President; he took special pains to assure the military of the continued autonomy of the departmental services; and he made specific what was only vaguely referred to, namely, that the new service would be responsible for both espionage and counterespionage in the field of foreign intelligence.<sup>68</sup>

On November 29 Donovan turned his attention to the helpful Dr. Lubin. The latter had a week earlier sent word to Donovan through Major Rosenbaum that when he, Donovan, discussed his plan with the President, he should "press and stress" two points: that the plan would eliminate much duplication of work and would not interfere with the work of the Army and Navy. Now, on the twenty-ninth, Donovan let Lubin know of his pleasure at learning of the latter's "interest in the establishment of a central intelligence agency for the post war period." Incidentally, while the phrase "central intelligence agency" had already been used by a few persons, including Donovan's deputy Buxton, it seems never to have been used earlier than this occasion by Donovan himself, who in his own plan spoke of a "central intelligence service." Names aside, Donovan suggested to Lubin that "it might be well to capitalize [on] our errors of the past two years and put it into effect at once."<sup>69</sup>

Though Donovan was now pushing a more direct approach to the President, he clearly kept his man Rosenbaum working on White House insiders. Lubin was clearly converted. Oscar Cox, the influential drafter, had apparently also been won over and was working with Judge Rosenman's Milton Shalleck in building up support for the plan in both FEA and State. In FEA not much effort seems to have been required, for the chief there, Mr. Leo T. Crowley, already on record in favor of improving the nation's intelligence resources, was proving most cooperative. In State Secretary Hull had been replaced by Under Secretary

Stettinius, and with the latter in office, so Cox told Shalleck, the State Department "would not want the overall intelligence set-up." On December 5 Cox, so reported Rosenbaum to Donovan, "had stated that he would speak to Mr. Stettinius . . . and . . . approval of the State Department would be forthcoming."<sup>70</sup> OSS was clearly making progress with the civilian agencies.

Obstacles were building up, however, in military circles. One of Rosenbaum's quintet, Harry Hopkins, who had only found the plan "interesting," had solicited the comments of an unshakable Donovan foe, the former chief of G-2, General Strong. On December 13 Strong rejected the Donovan plan as an unnecessary "new and somewhat cumbersome and possibly dangerous organization." OSS, he said, had been established "for war-time service primarily in the theaters of operations" and it ought to be "liquidated in a perfectly natural, logical manner" as soon as the present emergency had ceased. And how would Strong handle the problem of obtaining "adequate intelligence coverage on a world-wide basis"? Very simply: build on the IIC—FBI, MID, and ONI—which had "covered the Western Hemisphere for intelligence purposes in an eminently satisfactory manner without any advertising, publicity or self-seeking." The IIC needed only two modifications: a world-wide instead of a Western Hemispheric charter and the addition of a full-fledged representative of the Department of State.<sup>71</sup>

Strong's thinking, so distant from Donovan's conception of a new presidentially directed intelligence service for coordination and centralization of the nation's intelligence resources, was still close to official doctrine in G-2. "Very interesting and in general in accord with us," was the appraisal given to the new G-2, Maj. Gen. Clayton Bissell. The writer picked out Strong's reference to the OSS proposal as "a dangerous organization," and said it was "entirely in agreement with our objection to [JCS] 1181."<sup>72</sup>

"Dangerous" was the word, actually the chief among many deprecatory words, which was then being freely used in G-2 to describe that unidentified intelligence plan which G-2 had spotted as of OSS origin. That plan, a "think piece," had been written back in August by General Magruder, and a copy had come into the possession of the G-2 policy staff. The latter did not like what they read: a policy-making directorate to coordinate all intelligence agencies, a strong central intelligence service, and departmental agencies "restricted" to their several departmental needs. The policy staff could hardly find enough adjectives with which to denounce the plan: the proposed agency, said a report summarizing five different papers for General Bissell, "would be inflexible, ponderous, wasteful and politically dangerous, and it would not be responsive to the needs of the various Government departments."<sup>73</sup>

A point which had particularly exercised the policy staff was Magruder's suggestion that "an oath of loyalty to the interests of the C.I.S. [Central Intelligence Service] as joint agency should be exacted of all service and civilian personnel while on duty therewith." This point, missed by no one in G-2, could only have been intended by Magruder, at least as seen from the vantage point of many years later, as a device, however misconceived, for building up the fledgling proposed central service vis-a-vis the well-entrenched departmental agencies. Whatever Magruder's intention, his "oath of loyalty" to the CIS as a joint agency was roundly denounced as unconstitutional, incompatible with an officer's oath, and "fallacious," not "dependable, desirable, or democratic"; it was characteristic of Fascism and productive of—the word must be carefully noted—"a Gestapo."<sup>74</sup> The word will recur weeks later, on February 9, 1945, and its use will prove disastrous for Donovan's plan of November 18.

While the G-2 policy staff was finishing with the Magruder paper, the Donovan plan had been taken up by the Joint Intelligence Staff. The JIS was the first hurdle in the long, hard row—the military obstacle course—marked out for the Donovan plan when it was sent by Roosevelt through Leahy to the Joint Chiefs.

## Chapter X

### UP THE JCS LADDER—ALMOST

The reader will probably be helped in following the course of JCS 1181 if he has a brief preview of the course that lay ahead: after the JIS came the Joint Intelligence Committee, then the Joint Strategic Survey Committee (JSSC), and finally the JCS itself. The last, whatever their decision, would at least communicate it to the President. It was at upper echelons—with the JCS, the departmental secretaries, and, if necessary, the President himself—that Donovan expected to fight the last and major battle. He had little reason to expect help from lower echelons, where G-2 and ONI were a potent opposition.

#### 1. TWO NEW PLANS

The starting point, the JIS, was a working committee of the JIC. It had twelve members, six more than the parent JIC, but it had the same agency representation; thus, it had nine military members, three each from G-2, ONI, and A-2, and three civilians from OSS, FEA, and State. The principal military members were the JIS chairman, Capt. John M. Creighton from ONI, Col. Ludwell L. Montague, the G-2 officer already met in these pages, and Col. M. W. Moss from A-2. The civilians were FEA's Mr. Max Ways, also previously met here, Lt. Col. S. Everett Gleason from OSS, and Mr. Raymond Cox from the State Department.

The JIS staff were all housed together—in a temporary structure on the roof of the JCS building on Constitution Avenue—and hence familiar with one another's thinking, both official and personal. Divided into three teams, one senior—the six agency representatives—and two subordinate teams, the staff did all the preparatory work on the intelligence estimates and policy matters involving the parent JIC.

One such policy matter, mentioned earlier, was the "Post-War Intelligence Policy of the United States" written by Max Ways. That paper (JIS 89) had been languishing in the staff and more than likely would have gone nowhere had not the Donovan plan been referred to the JIS for recommendation to the JIC. The Ways paper, prepared in October 1944, revised twice in November, served as the starting point for JIS consideration of Donovan's proposal. On December 5 Ways submitted his paper, with which the other civilians had by then associated themselves, to the senior team—the big six. It was quickly apparent that there was a direct conflict between the civilians and the military. The upshot was the initial preparation of two papers, JIS 96, written by Colonel Montague, and JIS 96/1, another revision of Ways's original paper.<sup>1</sup> In this latter paper Ways's original "conclusions" or "general principles" relative to a CIA were for the first time translated into a draft directive, or actual plan, for such an organization.

The military paper (JIS 96) consisted of three short drafts: a report to the JIC, a reply to the President, and a directive for the President's signature (Appendix N). In the first of these the military members bluntly led off with the conclusion that "the proposals" of General Donovan are "unsound and dangerous." They were less blunt in their reply to the President where they only maintained that the Donovan proposals did not "conform" to

*x/up the jcs ladder—almost*



Col. Ludwell Lee Montague, G-2 spokesman in the JIS against Donovan's 1944 plan for a postwar intelligence agency. As a civilian, Montague subsequently became a member of CIA's Board of National Estimates.

U.S. Army, 1946

three principles which, they said, should govern any effort to improve American intelligence. “Dangerous” did, however, appear in less stark form in their elaboration of this nonconformity.<sup>2</sup>

The first of these three principles was the distinction between “national security intelligence” and “other governmental requirements for information.” Blurring the distinction, they argued, would only prevent the clear formulation of objectives and confuse administrative procedures. The second principle was “the integrity of the chain of command.” They argued that any individual in a position of command responsibility must assume intelligence responsibility and must, consequently, have adequate authority to discharge it. Any arrangement, they insisted, that subjected this individual “to the control of staff officers of other echelons [was] dangerous and impracticable.” It followed that “a single national intelligence service” was “undesirable” and that no department should monopolize “any category of intelligence to the exclusion of another which has a legitimate interest in that field, however secondary.” The third principle was the necessity for the “efficient coordination of [the] intelligence effort.” However, they insisted that no coordinating authority should have its own intelligence operations; otherwise “its natural tendency” would cause it to swallow up the operations of those agencies which it coordinated, thus producing the undesired “single national intelligence service.”<sup>3</sup>

The Donovan plan, said Montague and his colleagues, did not conform to these principles in two respects. First, it would confer on one operating agency the power to control all the others, and second, it would interrupt the chain of command by authorizing “this favored agency” to control other agencies without responsibility to the heads of those departments. As an aside here, it must be noted, needlessly perhaps, that Donovan did not fully concur with these principles and conclusions as they referred to his proposals.<sup>4</sup>

Having thus rejected JCS 1181, the military members then went on to propose an alternative. They admitted there was need for efficient coordination of intelligence activities related to national security. They admitted the desirability of the unification of certain activities of “common concern” provided departmental responsibilities were respected; incidentally, the phrase “common concern”—so important in CIA’s charter—may have been picked up from General Magruder’s plan where it was used to cover espionage, counter-espionage, cryptanalysis, security control, deception, as well as such activities as the production of joint military, naval, and air studies, surveys, and estimates. The military members also admitted the desirability of the synthesis of departmental intelligence on the strategic level.<sup>5</sup> They claimed, however, that these three functions were properly “separable” and should never be combined in one organization.

<sup>4</sup> That was the foundation for their proposed structure. Implicitly harkening back to the fundamental principle of self-coordination by departmental heads, they recommended the establishment of a board of the Secretaries of State, War, and Navy, who, “acting jointly, should be charged with responsibility for the efficient coordination of all Federal intelligence activities related to the national security.” Then came not one but three organizations.

First, there was a “Federal Intelligence Directorate (FID)” to help the secretaries in their task of coordination. FID was chaired by a civilian director appointed by the Secretary of State; there were two deputy directors, namely, a general officer appointed by the Secretary of War and a flag officer appointed by the Navy Secretary. Second, there was a “Joint Intelligence Service (JIS)” to perform those activities of “common concern” which might be assigned to it by the three secretaries. This JIS was separate from the FID but also subordinate to the board of secretaries. Finally, the existing JIC, responsive to the JCS, was left to continue the synthesis of departmental intelligence on the strategic level.

*x/up the jcs ladder—almost*

Thus, instead of centralizing needed intelligence functions in one new independent agency, the military members proposed their distribution among three organizations controlled by the three secretaries. Even here, however, it must be noted that in their draft directive Montague and his colleagues only provided for the immediate establishment of the board, which was then left to its own as to when it set up the FID and the JIS. In other words, all the military now proposed was the immediate organization of a self-coordinating board of the three secretaries. The civilians and Donovan would consider this nothing.

The civilians' paper (JIS 96/1) was something else. Col. Montague, in a teletype message to General Bissell, his boss across the river in the Pentagon, called it "a hybrid and unintegrated paper."<sup>6</sup> It certainly was a lengthy one, taking up nineteen more pages than the six used by the military; and it had parts to spare: "Enclosure 'A'" with "Appendix 'A'" and "Annex to Appendix 'A'" and "Enclosure 'B'" with appendixes "A," "B," "C," and "D."<sup>7</sup> The reader, however, will be spared a long trek through these spaces.

It was "hybrid." According to the account of its origins given by Montague, a history professor before the war, it had at least three contributors: Max Ways, who wrote the original paper; Lieutenant Colonel Gleason, who wrote a draft directive, a suggested compromise, on JCS 1181, and who—Montague failed to make clear—incorporated therein much of the substance and style of the plan of Donovan, his OSS chief; and Captain Creighton, author of a two-page insertion defending wartime military intelligence. Montague assured Bissell that "G-2 had no voice" in any part of the paper, all of which, he said, was "of course heretical."<sup>8</sup> Also, the paper—a mixture of authors and topics—could reasonably be termed "unintegrated." Finally, it was, from the military point of view, as "unsound and dangerous" as Donovan's and hence as highly reprehensible as his.

Even so, there was some initial agreement. The civilians considered Donovan's plan "subject to certain objections both in principles and in methods," and hence they too rejected it. Actually they only had one significant objection: they thought the director, while appointed by the President, should be responsible to, not just advised by, a superintending board.<sup>9</sup> Their agreement with the military on the fundamental importance of the board would prove, in the event, the saving point of compromise.

While parting company with Donovan on the board, the civilians genuinely rejoined him on the need for the immediate establishment of a strong central intelligence agency. Explaining their position, they listed some notable instances of failure of American intelligence—among others, estimates of German intentions in the spring of 1940 and of Russian capabilities in the summer of 1941. They elaborated on some current weaknesses: duplication, lack of coordination, lack of objectivity, inadequate coverage, the need for better training of personnel, and lack of clear-cut responsibility for the collection of various categories of intelligence. Specifically echoing Donovan, they itemized five reasons for changing the system: economy, the better use of available information, improved decision-making, the retention of experienced personnel and doing two jobs—wartime and postwar revisions—at the same time. The civilians agreed with Donovan that "improvement in the existing organization" was "urgently needed." Their objective was the coordination and centralization of government policies and actions relating to "intelligence," not only to "national security" as the military sought.

The civilians named their strong new agency the "Central Intelligence Agency (CIA)" (Appendix O). At the head they put a director appointed by the President but responsible to the three secretaries and, in time of war, a representative of the JCS. They assigned to the agency the functions and duties of coordinating the functions of all intelligence agencies, the clandestine collection of intelligence, the collection of information affecting U.S. "national

security and interests,” and the final evaluation, synthesis, and dissemination of national security intelligence. From Donovan they borrowed “such other functions and duties relating to intelligence” as the President or the board might direct. From him also they took the ban on police powers and the provision for an independent budget. They took much of his language to strengthen their provisions on administrative autonomy and access to personnel and intelligence of other agencies.<sup>10</sup> Following him they provided that in time of war or unlimited national emergency, the CIA would coordinate its plans with the military and be subject, as the case dictated, to the JCS or the theater commander in a theater of military operations.

The civilians limited the functions of the CIA in two ways that specifically conflicted with Donovan’s prescriptions: first, they limited CIA to clandestine collection only and authorized it to obtain what other information it needed from existing government departments and agencies; second, and without elaboration, they stated that “subversive operations abroad does not appear to be an appropriate function of a central intelligence service.” On this last point the OSS view was that “subversive operations and clandestine intelligence [were] recognized by all foreign governments as ancillary to each other.” OSS contended that in peacetime an SO capability had to be maintained so that “when war threatens” such operations could be quickly mounted offensively as well as defensively.<sup>11</sup>

## 2. STALEMATE IN THE JIS

On Monday, December 11, 1944, at the outset of JIS study of these papers, Colonel Montague confidently informed General Bissell across the river that he “hope[d] . . . to dispose” of the “heretical” JIS 96/1 immediately.<sup>12</sup> It did not work out that way. The six staffers debated for the next ten days, including the intervening Saturday and Sunday.

Montague was initially confident that military solidarity on JIS 96 would be maintained and that the civilians could be beaten down. He counted on the relatively neutral status of State’s representative, Raymond Cox, as a civilian vulnerability. He also thought that the civilians recognized the utter hopelessness not only of the Donovan but also of their own plan and would therefore soon yield.<sup>13</sup> Actually the civilians proved unbreakable, whereas the military wrangled and revised their JIS 96.

Their trouble was basically the Air Force—a brash adolescent striving for adult status. It was the Army Air Forces (AAF), and of course it aspired to be just the Air Force—coequal with the Army and the Navy. Consequently, Colonel Moss, the A-2 member of JIS, while loyally supporting JIS 96 at the beginning of the debate, quickly revealed what Montague characterized as “an AAF party line,” which was that the “whole set-up should be under [the] JCS rather than under the three secretaries.” “Motive is evident,” observed Montague, who alluded thereby to the contrast between the airmen’s membership in the JCS and their lack of a departmental secretary coequal with those of War, Navy, and State. The airmen also were not happy with the proposed membership of the Foreign Intelligence Directorate from which they, unlike the Army and Navy, were directly excluded. Hence, Colonel Moss, obviously acting on instructions from headquarters, pushed for AAF recognition at both the level of the three secretaries and in the FID.<sup>14</sup>

In the meantime another membership problem had arisen. Captain Creighton of the Navy supported, apparently proposed, the inclusion of the Attorney General on the top three-man board and a representative of that officer, clearly the FBI, in the FID. With Navy wanting these two additions and the Air Force wanting their two representatives, it was clear, as Montague reported, that “on both levels the situation is becoming crowded.” He recommended splitting the difference, admitting the Attorney General to the board and an air officer to sit with the general and flag officers in FID.<sup>15</sup>

*x/up the jcs ladder—almost*

Proposals and counterproposals, especially on the membership problem, produced four revisions of JIS 96. The first came from Colonel Moss on December 12 (JIS 96/2). He accepted the three secretaries; but, laying much greater stress in his argumentation on the need for decentralization of intelligence operations and correspondingly greater coordination, he renamed FID “the Central Intelligence Coordinating Agency (CICA),” had its chairman appointed by the three secretaries, and of course added an air officer as a deputy. Then on the next day came JIS 96/3 from Captain Creighton. He added the Attorney General to the board, kept CICA as the new name for FID, and added to it a representative of the Attorney General.<sup>16</sup>

At this point Colonel Montague strongly advised General Bissell against the inclusion of the Attorney General but agreed to “FBI participation on [the] next level [CICA].” On the one hand he argued that the “board of three secretaries was [a] golden mean between one-man dictatorship [Donovan plan and JIS 96/1] and an ineffectual congress of all having any activity related to national security”; he pointed out that the “principle of [a] triumvirate is one matter generally agreed” on, even by the civilians. To add the Attorney General would leave both the airmen “disgruntled” at their exclusion and the civilians quick to allege a weakening of the central authority to an “unacceptable degree.” As to the inclusion of the FBI in CICA, Montague cited the precedent of the delimitation agreements worked out from 1939 to 1942 by G-2, ONI, and the FBI. He further argued that, while national security was not the primary function of the Attorney General, one of his subdivisions (FBI) had important functions related to it.<sup>17</sup>

The G-2 policy staff completely agreed with Montague, who was still hoping to finish with the matter by the end of the week. The staff ruled out the Attorney General, admitted the FBI to CICA, and added an air general. Meanwhile, Bissell had been tending in the other direction as far as the Attorney General was concerned, but he was apparently brought back to homeplate when the ONI chief, Rear Adm. Hewlett Thebaud, let it be known that he had been “very much impressed with . . . Montague’s teletype argument” against the Justice chief. That, in effect, settled the matter of a board of the three top secretaries—State, War, and Navy.<sup>18</sup>

The G-2 policy staff had some other words of guidance for Montague. They liked the new name, the “Central Intelligence Coordinating Agency.” Their endorsement warrants an historical aside here on the gradual formulation of the name, the “Central Intelligence Agency.” Those words had been used early in 1942 to describe a more narrowly conceived Marine Corps commandant’s proposal. The same words, but in small letters, had been used almost in passing by Donovan’s deputy, Colonel Buxton, later in 1942. In June 1943 General Strong had denounced OSS for endeavoring to set itself up as a “central intelligence and planning agency.” A year later came Max Ways’s specific recommendation of a “Central Intelligence Agency.” The very name without capital letters was used by Donovan in his letter of November 29, 1944, to Dr. Lubin.

The G-2 staff also had some guidance on the proposed “Joint Intelligence Service,” hitherto immune from controversy. Ever fearful of threats to G-2 integrity, the staff thought this new “JIS” would “tend to compete with G-2 and ONI” if it were primarily loyal to the three secretaries, as seemed the case with the draft of Colonel Moss. Therefore, they wanted it made clear that the JIS would perform common tasks “*for the intelligence agencies* of the Departments,” and they wanted words “specifying that the Service shall be dependent on [the] Departments for [its] budgetary support.”<sup>19</sup>

Then on Thursday, December 14, came the third revision of JIS 96, technically an “Interim Working Draft,” hopefully the foundation of the fourth and final revision still to come. In this draft came a name for the three secretaries and new stress on their essential role in the proposed intelligence system. Their name, the “Central Intelligence *Authority*,”<sup>20</sup> (emphasis added) underscored their function of reconciling the two requirements for decentralization of operations and coordination in regard to intelligence objectives and plans. Once again the principle of a triumvirate was affirmed.

Another new proposal was the inclusion in CICA of a representative of the Department of State. How he happened to replace both the air general and the FBI man is not known; unfortunately Montague’s teletype messages give no information, and no one else involved left such fascinating messages for the reader. In any case, none of the military members could have considered the proposal viable at that time, for their draft included no less than five alternative proposals for resolving the hassle over membership on CICA.<sup>21</sup>

In Montague’s opinion a crisis was at hand. It was now clear that the military were not going to break the civilians and that not one but two papers would come out of the JIS and go to the JIC. The military, however, still did not have their one paper! Could they get united, Montague wrote Bissell on Sunday, they could prevail in the JIC where “the vote might well be 3 to 1, with State and FEA abstaining, or 4 to 2, or 4 to 1, or in worst case, 3 to 2.” His reasoning was predicated on his conviction that his colleagues from FEA and State were acting on a personal and not an “instructed” basis and that they would be abandoned by their respective superiors in the JIC. “In fact,” he wrote Bissell, “the J.I.S. partisans of 96/1 are discouraged and do not expect their paper to get past the J.I.C. (except in devious, unofficial channels).”<sup>22</sup>

Without military solidarity, however, said Montague, the issue was lost. He said it was “urgently necessary” that the military quickly resolve their differences, which really relate, he said, only to secondary issues—and call for a “showdown” in the JIC before “the potential opposition in J.I.C. (as distinguished from actual opposition in J.I.S.) becomes crystallized.” Bissell readily agreed and then made Montague “a completely free agent,” free to “disregard” any views he, Bissell, or the policy staff had previously expressed.<sup>23</sup>

Two days later, December 19, came the fourth revision (JIS 96/4). It embodied a new principle, one that was put forth in one of the five alternatives in the Working Draft, that is, representation in CICA of the six organizations that constituted membership in the JIC. Now there were not three, not four, but six members! “That is not my idea of the best solution,” groaned Montague, “but it was necessary in order to get any paper all.” He found some consolation in that the authority was still on a departmental basis, but with an obvious allusion to AAF pressure he warned that “there may yet be efforts, outside of JIS, to substitute the JCS.”<sup>24</sup>

When reworked on Tuesday, December 20, and finally sent to press, ready for the JIC, as JIC 239/1, this final revision of Montague’s original paper still had some changes, though it remained fundamentally faithful to JIS 96. First, the three secretaries were retained as “the Central Intelligence Authority.” Second, CICA became CIPA, that is “the Central Intelligence Planning Agency.” This change, by no means insignificant, reflected an Air Force emphasis upon “planning,” and it had the practical effect of slowing down the movement toward the establishment of a new JIS. This CIPA was headed by a director, no longer necessarily a civilian, who was appointed by the Central Intelligence Authority; he was “advised and assisted by” six members: one each appointed by the Secretary of State, the Army Chief of Staff, the Chief of Naval Operations, the Commanding General of the

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Army Air Forces, and the heads of FEA and OSS. The CIPA planned, coordinated, and inspected, but it had no administrative or operating functions. Third, in the draft directive for the President's signature there was no provision for the JIS; the authority would work on this later. Finally, the JIC, untroubled in ten days of wrangle and revision, was left to continue what it was doing—that is, “for the time being,” until the authority made up its mind on that also.<sup>25</sup>

Montague described the new paper as “disappointing after the simplicity of JIS 96,” but he said it was the only thing that had any chance of passage through the JSSC and the JCS. He complained that he and Creighton had yielded to Moss: “the tail wagged the dog, Moss being a minority of one but with fine capabilities for extortion inherent in his position.” Had they not yielded, he said, they would have gotten no paper and they might have lost out on the three secretaries, for it was “evident . . . that AAF policy is still to substitute JCS” for the department heads.<sup>26</sup>

Even so, there was a last minute crisis when Moss, “who always has second thoughts,” observed Montague—and we unfortunately do not have the Air Forces Colonel's view of these proceedings—discovered overnight that CIPA was no longer a committee and hence wanted to make it, according to Montague, into something like Donovan's JCS 1181 “or a debating society.” Montague had been proud of the fact, as he put it, that JIC 239/1 had “removed the committee stigma from the agency [CIPA] by making the director a real one.” With Moss now balking, “a service split threatened,” and even after Moss had yielded to appeals to higher motives, Montague feared he might still “jump the reservation.” Wearily, undoubtedly, Montague observed that “Creighton and I are in complete accord and equally fed up with prima donnas.” Hours later Moss returned from the Pentagon “full of harmony and cooperation.”<sup>27</sup> Somebody had gotten to higher authority.

Meanwhile, Montague had reported, and he must have done so with a touch of envy, the revision of the civilians' JIS 96/1 as 96/5. “The only appreciable change,” he said, was “a shortening from 25 to 18 pages by single spacing in the back parts.” Actually there were only two specific changes, one being the elimination of a redundant phrase, and the other the reversal and re-numbering of two adjacent paragraphs! The civilians, though discouraged perhaps, had had no internal problems; both Ways and Gleason favored strong action, and Cox, with no State policy to push, and “shar[ing] their room,” stuck with them.<sup>28</sup>

Montague had also reported that the JIS probably would not be able to send to the JIC a report setting forth the areas of agreement and disagreement, because “the JIS cannot even agree on a statement of its differences.” Then on December 20 he charged that the effort to produce such a summary statement “was wrecked by Ways,” who, he said, simply refused to believe that the military really wanted a coordination authority unless they were willing to put it in his, Ways's, language. Both Ways and the AAF, he warned, would, for different reasons, be quite happy if the military actually agreed on nothing. Such, reported Colonel Montague, were the “local atmospheric conditions.”<sup>29</sup>

After ten days of debate and revision the JIS had rejected Donovan's plan for a strong independent central intelligence service, produced two greatly divergent plans of their own, but could not issue a report on their differences. They did agree, however, that the three plans should go before the JIC in two days, on Friday, December 22, 1944.

### **3. DEBATE IN THE JIC**

In the little time that lay before that meeting, none of the three plans seemed to have made any new converts.

In OSS, a few blocks down Constitution Avenue, the original JCS 1181 was still the norm for judging all other proposals. Hence, the military's JIC 239/1 was no better than the original JIS 96. First, the authority for the coordination of intelligence activities still lay with the Secretaries of State, War, and Navy without any right of appeal on the part of others to higher authority; and since, it was argued, those three departments did not fully encompass the field of intelligence relative to "national security and interests," then they should not have "the final voice" in the matter. That should be the President, who alone could take the view of the nation as a whole rather than the welfare of any one department. Second, the proposed CIPA, which still depended on the secretaries for its actual establishment, had the function of "advising" those officials, and in inspecting and coordinating intelligence activities it had no more power than what the secretaries chose to give it. It had, therefore, "no substantial powers of its own." JIC 239/1 was nothing more nor less than JIS 96 "with a few embellishments."<sup>30</sup>

As for the civilians' paper, now JIC 239/2, it was considered "a sincere attempt" to do something positive; it had the virtue of actually establishing an agency with well defined powers and duties. However, it was subject to the "fundamental objection" that all power lay with the secretaries who could so control the CIPA director as to render him powerless; in that case a "stalemate" was foreseen.<sup>31</sup>

Across the river in the Pentagon the G-2 policy staff thought that certain modifications would make the military's own JIC 239/1 quite suitable for forwarding to the JCS. For technical reasons they thought it proper for the JIC to leave the establishment of the Joint Intelligence Service to be decided upon by the central intelligence coordinating and planning agency. Even so they wanted a provision relative to it to state plainly that such a service, if established, both worked for the departments and was dependent on them for funds. The qualifications of the CIPA director, they feared, were left so unspecified that the position might become "a ripe political plum" to be picked up in the future "by a dangerous individual." They suggested, therefore, that the director be selected from personnel of the State, War, and Navy departments and that he serve a five-year term.<sup>32</sup>

As for the civilians' JIC 239/2, it was "totally unacceptable." In their first general comment the policy staff said:

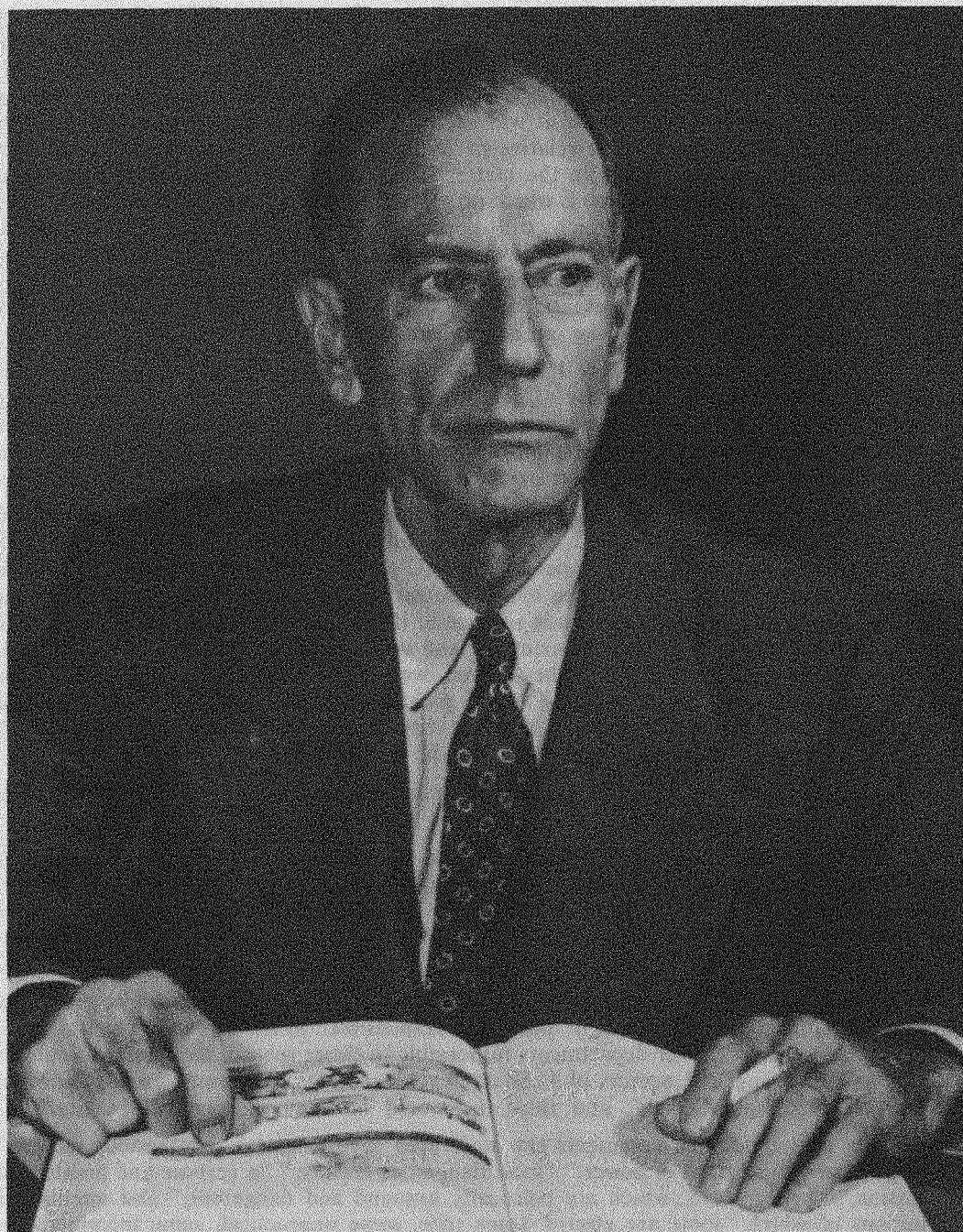
The paper is unsound and dangerous. If approved, it would provide for a monstrous, inefficient and expensive organization, capable of paralyzing military and naval intelligence, and dangerous to the national government. The JIC would commit a serious error, if it recommended that the Joint Chiefs consider the paper.<sup>33</sup>

In their second comment they listed three basic faults: first, the director of the proposed intelligence service, though "nominally responsible" to the three secretaries, would have "excessive powers" over departments responsible to them; second, the director would be capable of "dictating" all aspects of U.S. intelligence activity and would have "unlimited control of secret intelligence"; and third, he would have an independent budget.<sup>34</sup>

In its twelve detailed comments the staff used such language as: "serious menace" (twice), "a terrifying grant of power," "most dangerous feature," "a verbose and amateurish discussion," "principles . . . which are politically unsound and dangerous," and intelligence definitions of which "some are absurd, some trite, some impractical, some incorrect, and most are unnecessary."<sup>35</sup>

Such were the "local atmospheric conditions" when the JIC assembled on Friday. Present for the military were the intelligence service chiefs: ONI's Admiral Thebaud in the chair, G-2's General Bissell, and A-2's Maj. Gen. James P. Hodges. The civilians fielded a

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Brig. Gen. John Magruder, OSS Deputy Director of Intelligence, represented Donovan in the JIC debate on Dec. 22, 1944.

U.S. Army, 1949



Rear Adm. Hewlett Thebaud, ONI chief, who chaired the JIC debate on a postwar agency.

U.S. Navy, National Archives

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second team: Mr. Fletcher Warren was the “acting” representative from State; Mr. John R. Fleming stood in for one of the top FEA officials; and OSS was represented not by Donovan but by General Magruder. Also on hand were the JIS staffers.

At the outset Thebaud and Bissell pressed Magruder on whether or not “in the light of his studies and discussions” he still approved of Donovan’s original JCS 1181. Thebaud wanted to get it “off the books now, if possible,” before proceeding with the other two plans.<sup>36</sup> They may have been encouraged thus to drive a wedge between Magruder and Donovan by a statement attributed to Colonel Montague that “. . . Gen. Magruder took occasion to tell me that he had told Gen. Donovan that *no man* should have the powers prescribed in JCS 1181.”<sup>37</sup> Whether or not he made that statement, Magruder certainly did stand closer to the JIS civilians than to Donovan on the role of the three secretaries in any new intelligence setup.

Nevertheless, Magruder told Thebaud that he approved of JCS 1181 “with certain personal modifications of a minor nature” and that he would defend “the whole concept and objective of the paper.” Later he told Bissell that the plan was “sound in principle and method.” Pressed by Thebaud as to whether the methods outlined in JCS 1181 were “objectionable,” Magruder side-stepped the question and asserted instead that much of the military’s criticism of that plan was based on “a misapprehension of [its] spirit and objectives.”<sup>38</sup>

Bissell queried Magruder about JIC 239/2. “With certain minor exceptions,” said Magruder, he subscribed to that paper “in general”; indeed, he thought it an “extraordinary paper” and thought “very highly of it.” Bissell then thought he had Magruder in a patent contradiction: you support JCS 1181 as “sound in principle and method,” but you also support JIC 239/2 which finds that plan “subject to certain objections, both in principle and method.” Having previously qualified his support of both JCS 1181 and JIC 239/2 Magruder was able to say that he would not necessarily agree to each word in the latter “if we were reading the papers” rather than discussing them in general terms. Thebaud thought it time to proceed with the other two papers.<sup>39</sup>

After Captain Creighton made a brief factual statement comparing the two plans, Colonel Montague, speaking for JIC 239/1, said it established a coordinating authority, which everyone admitted was needed, and provided for the establishment of a working agency, the CIPA, to help the authority decide what to do about a Joint Intelligence Service and the synthesizing currently being done by the JIC itself. He laid great stress on the subordination of the director of CIPA, the working agency, to the three secretaries; as for the six advisors, they were just that: not a committee . . . not a board.” He insisted “the director directs.”<sup>40</sup>

It was time for Magruder to go on the attack. He provoked an argument over the meaning of “national security” and caused Bissell to doubt it was the function of the three secretaries to go so far afield as to tell the Department of Labor that “they should or shouldn’t get information on prenatal care.” Magruder thought that was precisely the point: “the President should have some intelligence agency to do precisely that.” Secondly, Magruder zeroed in on the fact that under JIC 239/1 nothing really happened; if actually signed by the President, only the authority came into being. It would then establish CIPA, which would then study and make recommendations about a JIS and a new or different JIC. Thirdly, and suspiciously, Magruder wondered about the choice of “joint” rather than “central” to describe the proposed JIS; “no portentous reason,” said Creighton.<sup>41</sup>

FEA's Fleming noted that JIC 239/1 had no specific suggestion on the conduct of operations of common concern and thereby prompted Bissell to initiate the first discussion, in a formal context, of publicity on the conduct of clandestine operations. The G-2 chief, defending silence, observed that Congress would "look askance at any appropriation for clandestine work in peacetime if you label it as such." Magruder disagreed; he thought any central intelligence organization, supported by three departments, would get what they wanted for any "legitimate activities, including clandestine" operations. Replying to Bissell's point that press publicity was bad for any clandestine operations, Magruder said he wanted such operations in a central agency just so that they would not stand out like "a signpost" but would be "obscured in the landscape of the overall central agency." "If it's handled by the publication of an executive order," said Bissell, "every foreign government" will know who is doing what. Magruder's rejoinder was that "these documents are not for publication."<sup>42</sup>

Max Ways of FEA then delivered what Admiral Thebaud termed "a very splendid explanation of J.I.C. 239/2." Ways labeled the basic difference between the two papers "a conflict between two administrative principles," both of which are valid. One was the need for coordination and the other for protecting the chain of command. Neither was inviolable; each had to be brought into line with the other. Otherwise one would have coordination but no chain of command, or the latter without coordination.<sup>43</sup>

JIC 239/2, said Ways, was "frankly an attempt to compromise these two principles." On the vital point of the director of the proposed Central Intelligence Agency, Ways said that he and his colleagues thought the Donovan plan, in which the director was entirely responsible to the President, paid too little attention to the just claims of the three departments which were primarily responsible for the national security. On the other hand, he thought the military position paid too little attention to Treasury, Commerce, the Attorney General, and others who had "intelligence functions of a sort." There was a choice, he said, between adding the latter to the three secretaries and thus producing "an unwieldy board" or "an arrangement directly involving the President." The civilians chose "a compromising arrangement": a director appointed by the President but responsible to a three-man board. Ways defended the compromise as a device "not invented in this paper" but used elsewhere in the government and, he thought, with "no conspicuous defects in practice."<sup>44</sup>

His third point was a defense of the union in one agency of the coordination of intelligence activities and synthesis of finished intelligence. He argued that the people responsible for the latter were in the best position to coordinate activities in line with their needs. "It is essential," he said, that coordination be effected by those "who bear the responsibility for the final estimate." Without that union, he foresaw "all departments . . . soon . . . led into all conceivable fields of human knowledge, and . . . attempt[ing] to obtain experts" in all those fields. The only solution, he held, was "an agency with a synthesis function," an agency which "can actually coordinate and accept the responsibility."<sup>45</sup>

That agency, he said, should also have—his fourth point—responsibility for clandestine operations. Admitting, in deference to his opponents, the ever-present possibility that any agency might overstep its limits, Ways argued that JIC 239/2 had provided a reasonable safeguard against it: if the CIPA director intruded into the departments of the three secretaries or some other cabinet officer, any such officials could appeal directly to the President; and of course the three secretaries of State, War, and Navy additionally had their own control over the director.<sup>46</sup>

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On a fifth point, the scope of “national security” information, Ways tried to reduce the gap revealed in the exchange between Bissell and Magruder on data on prenatal care. Bissell clearly feared that under the rubric, as used by Magruder, a central agency would swallow up everything and everybody. Ways argued that JIC 239/2 made it clear that no central agency could possibly hope to branch out into all fields, duplicate the collection systems of other agencies, or absorb them; but a central agency must realize that all information had two kinds of uses, that made of it by the agencies which collected it in pursuit of their own work and that of “entering into a general evaluation of strategic situations affecting the security of the United States.” “Security,” however, had to be defined positively as well as negatively:

The phrase, national security, is taken to be adequate if it is used broadly to include the positive interests of the United States as well as certain negative defensive interests. In other words I feel that the national security requires that we be in an intelligence position to exploit opportunities as well as to simply defend ourselves against surprises. . . . I think national security does include vital positive interests as well as negative security interests.<sup>47</sup>

Under questioning by General Hodges, Ways insisted that military intelligence must remain the province of the departmental services. “The only thing that comes out,” he said, “is the function of coordination which does not now exist anywhere and the function of synthesis which now exists to some extent in the J.I.C., but which we think would be better performed if . . . tied to a coordinating function.” As for the coordination job “dwarfing” clandestine operations—a point introduced by Hodges—Ways said yes, that was true and that was the way it ought to be. He said that such operations had to be “cut to an absolute minimum . . . to those things which are really important.” He admitted that “there still exists in this country a very strong sentiment against clandestine operations in time of peace. I think that sentiment is wrong, but it can’t be ignored.”<sup>48</sup>

Finally, ending the lengthiest presentation so far made, Ways rebutted the argument that giving the proposed coordinating agency an operating function would inevitably cause it to color its judgments in biased fashion. Bias—personal, departmental—was always possible, and a central agency could develop its own bias; but he thought the last possibility—and here he seemed to appeal to the common experience of his listeners—was “much less than the danger we know of the departmental bias that comes out of departmental operations.” Because the agency “is central and has a little clandestine operation,” it does not thereby become a greater danger than the current bias known to all.<sup>49</sup>

Bissell, whether provoked by this last point or not, now exploded; and in doing so, he embodied the G-2 hostility to Donovan, to OSS, and to their peacetime pretensions; he was the faithful successor of Brig. Gen. Sherman Miles and especially of Maj. Gen. George V. Strong.

Addressing himself directly to Ways, Bissell expressed happiness that Ways wanted “to handle this thing on a more realistic basis”; for a year and a half, he said, others, doing just that, had tried to arrive at a practical solution to the intelligence problem, but “those efforts led to nought when they were placed on the basis that we are considering them today—to do something big and at one sweep—we got nowhere.”<sup>50</sup> Presumably no one needed to be reminded of the collapse of the merger movement in 1943.

Next off his chest was the complaint that at the moment—the unexpected German offensive in the Ardennes—when the intelligence agencies “should . . . be devoting every bit

of their energy working against the enemy,” they were spending their time on this problem, admittedly an important one, but really one whose solution was not important “to the more efficient and speedy prosecution of the war.”<sup>51</sup>

Another complaint was the fundamental inability of the people “around this table” to do anything about the problem, which extended far beyond intelligence into “interservice, interdepartmental, and interagency considerations.” Certainly the JIC had done much good work within the limits of its charter, he said, and so also had the separate agencies working very closely where conditions were favorable, as in certain prisoner of war activities and Japanese aviation problems. But beyond telling the JCS that both military and civilians disapproved of Donovan’s JCS 1181, he did not know what recommendations the JIC could make, and he further doubted that “we can do any better job three months from now, or in any other given period,” than has already been done.<sup>52</sup>

What really angered him was the concept of the director of the proposed Central Intelligence Agency. As set up in JIC 239/2, Bissell charged, that official

could go any time to the President and give the Secretaries a run-around, so that their control over him would be next to nil. He is appointed by the President. It is intended that he should go to the President on everything except War, State, and the Navy. Maybe that is the only way to do that, but it certainly gives the three Secretaries no authority.<sup>53</sup>

This official, continued the G-2 chief, had the power to disseminate or withhold information, and he therefore had “the power to win or lose the battle.” Under JIC 239/2, he said, “one man” had the power “to color” the intelligence that went to the user:

In other words, you turn in to him the strength of the German divisions, and he has to determine whether it is or is not right. I don’t believe you meant that. This man tells the President, tells any department of the government, the final evaluation, because the charter says one of his prerogatives is that he gives final synthesis. When he is through with it, that is the end. These items can’t possibly go to the Secretaries for approval. All the Secretaries can do under this plan is to give the director a general overall directive. That gives him the authority to color and control many of the activities of the government. . . . Every bit of intelligence located anywhere else is duplicated in this central agency. If he doesn’t have it, he certainly isn’t prepared to do the final evaluation; if he does have it, you have eliminated largely the necessity for other agencies. You can let them play with it, but he is the one who says what it means.<sup>54</sup>

Another unwarranted power in the possession of this official, as Bissell conceived him, was the blank check “to strip the services of anybody he wants. . . . He can take all their good personnel and, if he is criticized, he will take such as he needs.” Also, “he will determine policies for coordinating facilities. I don’t know any one man who has enough intelligence background to be put in that position without some very considerable advice and direction.” But, said Bissell, “this man doesn’t have to take anybody’s advice . . . he does as he pleases, according to JIC 239/2.” That, said Bissell, is too much:

Such power in one man is not in the best interest of a democratic government. I think it is in the best interest of a dictatorship. I think it would be excellent for Germany; but I don’t think it fits in with the democratic set-up we have in this country where you run things by checks and balances.<sup>55</sup>

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Maj. Gen. Clayton Bissell, G-2 in 1944-46, thought Donovan's 1944 plan was "excellent for Germany but [not for] the democratic set-up we have in this country. . . ."  
U.S. Army

Bissell did not like either plan, but he was particularly sure that JIC 239/2 set up “an intelligence director with too great power. He has his own money . . . a direct pipeline to the President . . . [and] no responsibility to the Secretaries. . . .” Bissell ended this lengthy denunciation with the G-2 view, which also applied to the Donovan plan: “I fear that this would be an extremely dangerous thing in a democracy.”<sup>56</sup>

Clearly the JIC was as badly split as the JIS. On the power of the director Ways was sure the three secretaries—cabinet officers, heads of departments, important people—would win out over any director who might tangle with them or intrude upon one of their departments. “A pretty feeble animal,” was Ways’s characterization of the civilians’ director, really “a rabbit.” In JIC 239/1, however, he was “a house cat” who “won’t survive,” whom “it is a waste of time to create.” On stripping the services of their personnel, Ways, pooh-poohing the fantasy, was confident that all could agree on words which gave the director authority, as happened regularly in the government, to negotiate for the people he needed. On final evaluation, Ways and Magruder conceived that process not as one man “coloring” all that came to him according to his own lights but as a corporate affair involving experts from all departments contributing their time and talent to the production of finished evaluations and estimates that were faithful to the facts and the needs.<sup>57</sup>

When discussion was turned back, at Creighton’s suggestion, to JIC 239/1, Magruder faulted it for doing nothing; he wanted “immediate action.” Bissell wanted to know: “what is the urgency at the moment?” Almost all had a go at this question—the civilians pressing for action, and the military still querying why. Colonel Montague regretted that “somehow the idea had gotten around that J.I.C. 239/1 is not intended to go into effect now,” but Ways quickly replied that “we understand it goes into effect, but we also feel that nothing happens.”<sup>58</sup>

By this time, after three hours, the disputants had begun to go over old ground. Bissell, obviously tired and annoyed with the whole issue, complained the issue was too complicated, there were too many other problems, those involved could not agree on their own differences, that anyhow a lot of good things had been done, there was a lot of coordination taking place, and there was not much prospect of any immediate improvement.

“The clock is turning around, and the war is going on,” he observed; what do we do now? Do we make an interim reply—reject the Donovan plan and agree to study the other two plans—or do we avoid any action? Magruder opposed any such interim statement: either study the matter further or inform the JCS of an inability to reach a decision. He also suggested that the notes of the discussion be sent forward with both papers.<sup>59</sup>

There followed much discussion as to whether any further study and rewriting could resolve the differences and result in the production of either one paper or at least two papers better than were presently before them. Admiral Thebaud, urging the military “to put some more teeth” in their proposal and the civilians “to indicate more plainly” their views of the director, made clear “something ought to be done now and not at the end of the war.” Bissell, still unhappy even with JIC 239/1, was not hopeful of any progress in the week Thebaud gave the staff to rework their papers. Bissell still had “eleven or twelve” items “of considerable significance” which he had not yet had a chance to bring up; one of these, he said, was the matter of the independent budget, which he considered “a rather dangerous venture.”<sup>60</sup>

There was some review of how long the issue had been under consideration. Ways noted that he had been “writing papers . . . since August 15th.” Montague recalled that the

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staff had been “tinkering” with the subject ever since August when the JCS had sent them correspondence with FEA’s Crowley on the need for better coordination. Bissell observed that the paper had been “in the mill about a month.”<sup>61</sup>

No one was hopeful, but everyone recognized that they had to meet again a week later and be able at that time to agree on something they could send forward to the JCS. Speaking for all, Bissell said “we have to tell the staff to go over these two papers and present them to us in the most perfect form they can next week.” He said they were “authorized to modify them in such ways as they can, by agreement or otherwise” so that the JIC could act on them. So the JIS—Montague, Creighton, Moss, Ways, Gleason, and Cox—were sent back to their rooms on the roof.<sup>62</sup>

Thus ended three hours of searching inquiry into the character and features of an intelligence system and a central intelligence organization that could serve the needs of the United States on a permanent and peacetime basis. It was the first time in the country’s history that the issue had been so formally confronted and debated at such length by such responsible officials, military and civilian. It could not have been a happy three hours for anyone involved.

#### **4. THE JIC COMPROMISE**

Meanwhile, General Donovan had obviously decided on his immediate course of action. In what was clearly a strategy meeting, he had met the day before the historic debate with his top aides on the subject—General Magruder, Colonel Gleason, and his representative on the staff of the Joint Strategic Survey Committee, Comdr. William McGovern. Two routes seem to have been marked out: a report to the President and an appearance before the JSSC.

Within twenty-four hours Gleason had finished a draft memorandum outlining for the President the status of the Donovan proposal and the two counterproposals produced in the JIS. Within forty-eight hours, Donovan and Magruder had appeared before the JSSC. The latter was not immediately seized of the issue, but since Donovan was about to leave on another of his many trips overseas he had probably had McGovern work out an early meeting.

On December 26 Donovan took Gleason’s memorandum, shortened it, added an account of his JSSC meeting, signed it, and left for Paris at 11:30 p.m. He told the President that his November plan had produced in the JIC two counterproposals which differed “so fundamentally in approach, concept, and scope as to be irreconcilable.” He said the civilian paper closely followed his own in that it was based on the premise that the end product of intelligence activity had to be “a complete synthesized estimate” which could serve as a basis for policy-making. He admitted that the civilians wanted their director to report to the secretaries rather than to the President; but while the board would set the policies, he wrote, the civilians’ director would still have “the administrative power to carry them out.”<sup>63</sup>

Of course he faulted the military paper. It “evade[d] early action,” had a narrow concept of national security, was “strictly military in concept,” was too departmental in approach, was restrictive of the director’s authority, and would “eliminate little of the existing confusion.” As for the JSSC, he wrote, they too wanted the director to report to the board. They said there were too many individuals already reporting to the chief executive. “That,” Donovan said he told them, was “a matter for Presidential decision.”<sup>64</sup>

The JSSC also thought all the Joint Chiefs should be members of the board. Donovan had no objection to that, but he did stress that whatever the board’s composition the director

should “be free administratively to run his job, [be] responsible as is a general manager to a Board of Directors.” Donovan seems at this point to have made some concession to military insistence on a superintending board, but in the final analysis it did not get anywhere.<sup>65</sup>

He concluded with an expression of surprise that “responsible officers in the intelligence field” suffered “a lack of understanding of the necessity for a sound intelligence organization . . . a central service in which career officers and civilian experts working together” produced estimates beforehand of political and military developments.<sup>66</sup>

Two days later, December 28, his letter was delivered by Major Rosenbaum to Lubin at the White House. Donovan was informed by cable from Magruder that Lubin was hoping to get a copy of both it and the contending plans to Harry Hopkins but that he, Lubin, doubted that Harry would have much time to give to them or would be influenced by any opponents of the plan.<sup>67</sup>

Also on December 28 Donovan received surprising news from Magruder. The latter reported that the result of the December 22 debate was “the conviction” of both the JIS and the JIC that Donovan’s proposals must be “reasonably met.” Hence, the JIS had drafted “a single paper” which, reported Magruder, “there is reason to believe may be accepted” by the JIC at their meeting on December 29.<sup>68</sup> Yes, the part about “a single paper” was true.

On the other side of the fence, and also on December 28, Colonel Montague had teletyped the same news of a compromise to General Bissell. He explained that the “directed revision” of JIC 239/1 was “too slight to warrant a new edition,” and that any effort to change the composition of the six-man CIPA would clearly provoke the AAF once again to insist on making the JCS rather than the secretaries the authoritative body. In the case of 239/2 it was apparent to all, reported Montague, that “patchwork amendment was a hopeless proceeding and that the only profitable course was to write a brand new paper.” So they did—JIC 239/4.<sup>69</sup>

Preparing Bissell for bad news, however, Montague, the draftsman of the compromise, philosophically observed that “true compromise involves some disappointment for all concerned.” In this case the military, making an historic concession, had accepted the unwanted “Central Intelligence Agency” roughly as laid out in the civilians’ JIC 239/2. “The *quid pro quo*” for the CIA, Montague quickly added, was “provisions intended to make ironclad its control by the authority envisaged in JIC 239/1.” Additionally, the military obtained “suppression of objectionable matter in the last twelve pages of JIC 239/2,” namely, the failures and criticisms of U.S. intelligence as presented by Max Ways in his original October paper.<sup>70</sup>

Anticipating G-2 resistance to the idea of combining coordination and centralization in one agency, Montague cautioned Bissell against submitting any “amendments to split up the agency,” since they “would violate the basis of compromise.” On the other hand, that basis would encompass “any amendment to strengthen the authority” over the agency.<sup>71</sup>

We must stop here and note the significance of the compromise worked out in Christmas week 1944. While Donovan more than anyone else had conceived and pushed the idea of what came to be the Central Intelligence Agency, that idea had failed of materialization as long as it had been opposed by the military. When finally taken up by them, when it was finally decided that the best way to beat Donovan was to beat him at his own game—take over his idea and control the projected agency—then controversy about a CIA centered not so much on its necessity as on its character, location in government, structure, function, and restrictions. Consensus on a CIA had been substantially achieved, but much of course still remained to be done to bring it to reality. What the military had in mind for a CIA was, after all, not what Donovan had in mind.

*x/up the jcs ladder—almost*

When Magruder cabled Donovan the text of the draft directive in this new JIC 239/4—a draft we can take up in detail later in revised form—he observed that the “substance of such a paper from JCS would be very impressive.” He doubted that any improvement could be expected from any service committee, except possibly the JSSC. “The best place for future modification,” he said, “is on the presidential level.” Magruder also reported that the draft of the letter transmitting the directive to the President was “in tactful restrained tone”;<sup>72</sup> true enough, the compromisers had eliminated that language which, according to OSS, misrepresented the “spirit and objectives” of Donovan’s proposal.

From the OSS point of view, the new JIC 239/4 was “a great improvement on 239/1,” which really was not saying much. Also, it was “about as satisfactory as” 239/2 and “open to substantially the same objections.” For instance, the new plan was confined to intelligence activities related to national security, whereas the civilians’ plan covered all government intelligence activities. Also, the new plan used elliptical language to provide for the conduct of espionage, whereas JIC 239/2 specifically authorized the central agency to collect intelligence clandestinely. Of course the big objection to both plans was the subordination of the director to a governing board.<sup>73</sup>

When Bissell’s policy staff got hold of the compromise, they proceeded immediately “to strengthen the authority” that would control the new agency. Their first amendment was calculated to put “complete control” of the director in the hands of the central authority. Secondly, they wanted it made clear that the authority, not the director, determined which services of common concern could be more efficiently accomplished by a central agency. Third, they strove to guarantee that CIA access to departmental intelligence was subject to “proper control” in such special cases as signal intelligence. Finally, they wanted a provision against the possibility the director of the CIA would “exercise undue control” over the independent budget that the compromisers gave him.<sup>74</sup>

The compromise was scheduled to be taken up by the JIC on Friday, December 29, but Admiral Thebaud had agreed to a request from Bissell to postpone the meeting until the following Monday. Bissell had wanted to “sleep over” the draft. More importantly he and his policy chief, Col. Feodor O. Schmidt, met on December 30 with Thebaud and his deputy, Capt. (later Rear Adm.) Sidney W. Souers, to work out a common position on revising the new paper. The Navy wanted a tougher restriction on CIA access to sensitive intelligence but accepted the more moderate G-2 language.<sup>75</sup>

When Magruder reported the JIC postponement to Donovan, he added the assurance that the JIS had no reason to believe there was anything “sinister” in the development. At the same time, Major Rosenbaum was quoted as saying that “his friends will register impatience after January 1 over non-receipt of [a] reply to [the] President’s reference to JCS.”<sup>76</sup> After all, the JCS had had Donovan’s proposal for six weeks now, and OSS was not above putting on a little pressure for a reply.

Suspicion proved groundless. The JIC assembled at 2:30 p.m. on New Year’s Day 1945. This time they had one paper, a brief, three-part affair<sup>77</sup> with none of the many pages and sections of the civilians’ plan, and especially one which they could “read” line by line, striking a word here, adding a phrase there, and even inserting a new clause or sentence. They approved the result, and at last they had a paper—JIC 239/5, January 1, 1945 (Appendix P).

While they had completely reversed themselves on the fundamental necessity of separating coordination, centralization, and synthesis, they still found Donovan’s plan for combining them “open to objections” and so, in the most restrained language possible, recommended against its adoption. In its place they offered “a constructive counterproposal” for the “development and coordination of intelligence activities related to the national security.”

Their plan provided for the old governing authority under a new name, “the National Intelligence Authority (NIA),” and with a new member, a representative of the JCS. While there was no substantive significance to the choice of “national” over “central” in the new name, there was significance in making the JCS representative a permanent rather than a wartime representative as had been provided for in the civilians’ plan; for now the NIA had been significantly weighted in peace and war in favor of the military by three members to one. The NIA, “hereby established,” was charged with such intelligence planning, development, inspection, and coordination of all Federal intelligence activities as would assure the effective accomplishment of the intelligence job “related to the national security.”

Next, the plan provided that the NIA “shall establish” a Central Intelligence Agency. Its director would be appointed or removed by the President “on the recommendation” of the authority. The director was made responsible to the NIA and sat thereon as a non-voting member. Assisting him was an advisory board consisting of the heads of the principal military and civilian intelligence agencies having functions related to the national security, “as determined” by the NIA. The reader will note the appearance throughout this document of the NIA as specifically determining, controlling, approving, or otherwise superintending the work of the director.

As for functions the CIA was empowered, “subject to the direction and control” of the NIA, to: synthesize departmental intelligence and disseminate finished intelligence; plan for the coordination of the activities of those agencies having intelligence functions related to national security and recommend to the NIA policies and objectives to accomplish the intelligence mission; perform for the departmental agencies such services of common concern, “including the direct procurement of intelligence,” as the NIA determines; and last, perform such other functions and duties related to intelligence as the NIA may direct. The CIA had “no police or law-enforcement functions.”

Finally, the NIA had an independent budget on which the CIA was made dependent; at the same time, however, that budget, said the JIC, “shall also be available for other intelligence activities” as the NIA “may direct.” With what funds he had, the director of CIA could run his own household. “With the approval” of the NIA he could call upon other departments and independent agencies for such personnel, including military and naval personnel, as he needed.

The core of the new arrangement was the establishment of one new agency with its director located between a superintending authority of four top officials and an advisory board of departmental officials. In none of the previous proposals had this structure been erected; in Donovan’s plan the director, advised by a board of cabinet officers, reported to the President; in the civilians’ plan the director, unadvised, was responsible to the board; the military had the board and the advisors and not one but three agencies. In JIC 239/5 the director was definitely in the middle; given the membership of both authority and advisors, it could be called a military sandwich. It also was a very important compromise, because it would appear, in substance, in the organization established by President Truman in January 1946 and, significantly modified, in the National Security Act passed by Congress and signed by Truman in 1947.

Writing his memoirs years later, Colonel Montague admitted that “without William Donovan’s initiative, in 1941 and again in 1944, there would have been no Central Intelligence Agency.” At the same time, he took great pains to make clear, however, that “it is a mistake to suppose, as is commonly done, that CIA was based on the Donovan plan of 1944. . . . Donovan himself knew better than that. Instead, CIA is based on JIC 239/5,

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which . . . Donovan stubbornly opposed.” Montague also took pains to claim great credit for the JIS for having “during the autumn of 1944 . . . developed their idea of a more effective interdepartmental intelligence system.”<sup>78</sup>

Montague certainly was well placed to write knowingly on the frustrations experienced by the JIS and the JIC in producing national intelligence estimates, but he clearly seems, in the light of the events narrated here, to have arrogated to the JIS as a whole, what really belonged to the JIS civilians, especially Max Ways and Everett Gleason, and to Donovan from whom they borrowed heavily. He failed to note that the civilians had not actually recommended the establishment of a CIA, or written a draft directive on the subject, until called upon to respond to the Donovan plan, from which they then borrowed. He also seems to have glided rather effortlessly over the painful process by which the military were brought by the provocative proposals of General Donovan—without which the JIS civilians would never have had a hearing—to the support of a position which was still basically anathema to them. Finally, Montague overlooked the rather basic fact that Donovan “stubbornly opposed” JIC 239/5 because it did not provide for the strong independent central intelligence service, which he considered necessary, and which the Congress, ultimately taking its cue from him, did establish in 1947.

## **5. UP TO THE JSSC**

When the JIC finished with its compromise they sent it to the Joint Strategic Survey Committee for review and submission to the Joint Chiefs themselves. The JSSC, as described by Admiral King, was an “independent group of so-called ‘elder statesmen’ [established] to advise the Chiefs of Staff on national policy and world strategy.”<sup>79</sup> They consisted of Army Lt. Gen. Stanley D. Embick, Maj. Gen. Muir S. Fairchild as Air Forces representative, and Vice Admiral Russell Willson. They had already heard from General Donovan on JCS 1181, which was also now before them.

They took most of January to dispose of the two plans. On January 15 General Magruder cabled Donovan that “in the absence of Generals Embick and Fairchild your memorandum and the JIC paper are being analyzed to ‘stale mutilation’ by Admiral Willson.” Magruder continued:

A series of conferences with gentlemen not too friendly with OSS and undue deliberations have resulted in a somewhat denatured tentative draft which we hope may be fortified by General Embick when he returns this week. The Willson draft retains fundamentals and recognizes defects in present system, but hedges as to urgency for corrective action which JIC paper does not.<sup>80</sup>

The “not too friendly” gentlemen were “Mr. Berle, representatives of the F.B.I., and the former wartime Directors of Naval and Military Intelligence.”<sup>81</sup> While Berle had long since gotten over his primary problems with Donovan and COI/OSS, he was still too closely allied with the FBI and G-2 to have been concerned with advancing the Donovan cause. One FBI representative was Edward A. Tamm; Donovan was subsequently told that minutes had been kept of the meeting attended by Tamm but that “such harsh things were said, apparently about you by Tamm, that it was decided that no one outside the committee should have them.”<sup>82</sup> (This writer has still not been able to find those minutes.) Gen. George V. Strong had just submitted to Harry Hopkins, on December 13, his letter denouncing the Donovan proposal as erecting “a new and somewhat cumbersome and possibly dangerous organization.”

In hearing from Berle and the FBI the JSSC may have been influenced by Bissell's observation in the December 22 meeting that the subject of intelligence spilled over into "interservice, interdepartmental, and interagency considerations."

Certainly the committee must have obtained from Berle some impression, properly conveyed to protect State's image, of the department's current interest in building up its own "Office of Foreign Intelligence," which had made no more progress than when we last took note of it. True enough, lower-level officials like Francis H. Russell found their superiors—Archibald MacLeish, James Clement Dunn, Nelson Rockefeller, now an assistant secretary—disputing about the location in State of the projected office. The committee must also have heard from Berle something of State's thinking on its role in the wider question of interdepartmental coordination and synthesis. Secretary Stettinius, replying to Dr. Lubin's memorandum supporting Donovan's October proposal, had indicated to President Roosevelt State's claim to the chairmanship of any interdepartmental board set up to coordinate the intelligence services.<sup>83</sup> State, however, remained quite out of touch with developments elsewhere in town.

From the FBI the committee must also have obtained a picture of the bureau's ambitions in the postwar world. For some time now OSS had been concerned with "the question of the status and jurisdiction" of the FBI outside the Western Hemisphere. Wrote one official, Donovan's friend "Jimmy" Murphy: "We have watched them encroach in London, Lisbon, Madrid and in Italy. They now have two representatives in Paris under SHAEF protection. I am informed that [the] FBI is sending ten men to the Philippines." Murphy thought OSS ought to oppose these moves and the FBI's "announced intention and desire to get into the foreign field after the war."<sup>84</sup>

On December 13 Hoover had submitted to Attorney General Biddle a lengthy outline of the bureau's postwar plan as well as an unequivocal denunciation of both Donovan's plan and the counterproposals in the JIS. Incredibly enough, in view of the lateness of the war, Hoover still thought of a world-wide intelligence system solely in terms of the "security work" done in the Western Hemisphere in pursuit of the prewar delimitation agreements among G-2, ONI, and FBI. Very simply he proposed that as theaters of operations reverted to a peacetime status OSS as a wartime agency yield place to the FBI. His plan, he said, called for "no structure such as either the Donovan plan or the alternate plan" of the military would require. All that was needed was that the present committee be enlarged by the addition of a State Department representative.<sup>85</sup> Biddle forwarded the plan to Navy Secretary Forrestal; possibly something of this had accounted for Navy's advocacy of a role for Justice during the military's thrashing over the JIS series of papers.<sup>86</sup>

Except to urge a "go-slow" policy, the JSSC struck no significantly new ground. Like the JIS and the JIC they too rejected the Donovan plan. They noted that of those who appeared before them none but the OSS representatives supported it. They did note that Donovan had "considerably modified his views" about "returning" intelligence to the President, "reporting directly" to the President, and locating the new office in the executive offices of the President. The military had always resented the implication that in some fashion intelligence had been taken from the President. They also noted that General Magruder had produced a new diagram showing Donovan's director "immediately subordinate" to the board. Even so, the JSSC, echoing the original G-2 analysis, found the Donovan plan "open to serious objections" in that "without adequate compensating advantages" it would overcentralize the national intelligence service and place it at such a high level as to give it control of the departmental intelligence agencies without any responsibility to the heads of those departments.<sup>87</sup>

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Instead, the JSSC took up the JIC counterproposal. They were obviously impressed with the “commendable effort [of the JIC] toward the reconciliation of divergent views of its membership.” They thought JIC 239/5 offered “the most promising approach to the eventual solution of the problem of a more effective national intelligence service.”<sup>88</sup> While they offered many suggestions, they actually made only three changes in the text of the draft directive.

They made no change in the NIA although they thought the Joint Chiefs might want to modify JCS representation—strengthen or eliminate it. They ruled against including the Attorney General on the authority, because, they said, he was not sufficiently involved with “intelligence on the policy or strategic level,” and because law enforcement ought to be kept “clear” of intelligence.<sup>89</sup>

They made no change in the CIA or its director. They did think the latter “should have considerable permanence in office,” be either “a specially qualified, high-type civilian or a retired military officer of appropriate background and experience.” They then considered it “absolutely essential” that he be a person able to “exercise impartial judgment” in the many problems that lay ahead. The military, at least G-2, wanted no part of Donovan in the job. Someone, possibly Donovan on his return, pencilled in the margin “a man from Mars?”<sup>90</sup>

Their first change made the “Board” the “Intelligence Advisory Board (IAB).” They assumed that its membership would be the JIC membership—the six military and civilian agencies—plus a representative of the FBI. Then came their second and only substantive change, an entirely new paragraph specifying as “the first duty” of the NIA, “assisted by the Director . . . and the Board,” the preparation and submission to the President for his approval of “a basic organizational plan” for implementing the rest of the directive.<sup>91</sup> This was their “go-slow” exhortation.

While they had accepted the JIC plan, they recognized it as “limited to the basic outline of the proposed organization” and as “avoid[ing] any effort to meet more specifically the many difficult problems” that lay ahead. They had in mind “the degree of centralization, the responsibility for secret or clandestine intelligence,” the future of OSS, and “the position” of the FBI in the new organization, especially as regards its activities in the foreign field. Hence, they thought they “should be on guard against hastily undertaking a too radical reorganization with the attendant disturbance of the present intelligence set-up.”<sup>92</sup>

Consequently, their proposal, they would tell the President, provided for the establishment of a central intelligence service “in two steps.” First would be established the NIA, “a director of a Central Intelligence Agency,” and the IAB. In their report they had written of establishing “a Director of *what will eventually be* a Central Intelligence Agency” [italics added]. In an earlier draft they had referred to “the nucleus” of a CIA. Then, in the second step, these people—four NIA members, one Director of CIA, and seven board members—would submit as their “first duty” their plan for fleshing out the organization.<sup>93</sup>

After this alteration, the JSSC made only one more textual change. They added a sentence charging the NIA and the CIA with responsibility “for fully protecting intelligence sources and methods which, due to their nature, have a direct and highly important bearing on military operations.” This addition quite possibly came from the Navy, which, in its meeting on December 30 with General Bissell, had submitted a proposal authorizing any “military or naval intelligence agency” to withhold from CIA any information whose disclosure would, “in the opinion of the military or naval agency, be detrimental to the conduct of military or naval operations.” Such a provision, in very similar language, had

been recommended on January 8 by the Director of Naval Communications for inclusion in JIC 239/5.<sup>94</sup> Inserted by the JSSC, this obligation to protect sources and methods would become a fundamental principle of the CIA as established by Congress.

The JSSC report, completed on January 24, 1945, should speedily have found a place, alongside JIC 239/5 and Donovan's JCS 1181, on an early JCS agenda; but something happened to it on the way there. While it and JIC 239/5 were submitted to the secretariat of the JCS on January 26 they were not circulated as JCS papers for, believe it or not, almost six months. Initially they were held up at the request of Assistant Secretary of War McCloy, with Marshall's approval, but Commander McGovern, the OSS representative on the staff of the JSSC, learned that that request had been made back on November 29. General Magruder, cabling this news to Donovan, commented that "the significance of this action is not recognized here."<sup>95</sup>

In November McCloy, indeed, had requested that no action be taken on JCS 1181 until the matter had been discussed by the Secretary of War, McCloy himself, General Marshall, and General Bissell. It is quite possible that in January the War Department still wanted to have a conference on the subject before the JCS—currently concerned with the Yalta conference—acted on it. It is also possible that action had been held up as the result of a suggestion, again from the Director of Naval Communications, that JIC 239/5 be combined with another matter heading for the JCS—a proposal to make the Secretaries of State, War, and Navy a new cryptographic security board—and be referred by the JCS to the recently established "State-War-Navy Coordinating Committee" for ultimate referral to the President. It is also possible, as General Magruder probably feared, that the military, who were opposed for their own good reasons to action on any intelligence reorganization, including their own, were simply dragging their feet. Months later, he declared that the matter "was mysteriously stopped short of the JCS."<sup>96</sup>

Whether in January he suspected anything worse than foot-dragging is not evident, but something worse did happen on February 9. Whatever the initial reason for delaying JCS consideration of the Donovan plan and its JIS-JIC-JSSC counterproposal, there now appeared an insuperable obstacle to action.

## **6. BUT NOT TO THE JCS—SABOTAGE**

That Friday morning residents of Washington, New York, and Chicago awakened to find blazoned on the front pages of their respective McCormick-Patterson papers—the *Times-Herald*, *Daily News*, and *Tribune*—under the by-line of Walter Trohan, hostile accounts, as well as the word for word text, of the Donovan plan.<sup>97</sup> A secret JCS document had been leaked to the anti-Roosevelt press.

Washington readers learned that "Donovan Proposes Super Spy System for Postwar New Deal; Would Take over FBI, Secret Service, ONI and G-2 to Watch Home, Abroad." New Yorkers read "Project for U.S. Super-Spies Disclosed in Secret Memo." In Chicago four columns told the same story: "New Deal Plans Super Spy System; Sleuths Would Snoop on U.S. and the World; Order Creating it Already Drafted"; continued inside, the headlines charged "New Deal Plans to Spy on World and Home Folks, and Super Gestapo Agency is Under Consideration."

The fearful picture was fleshed out: "Creation of an all-powerful intelligence service to spy on the postwar world and to pry into the lives of citizens at home is under consideration by the New Deal." The new service, wrote Trohan, "would supersede all existing Federal police and intelligence units" and was given "a wholesale grant of power." "Ostensibly" the

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service was aimed at spying “on good neighbors throughout the world for the purpose of formulating a foreign policy and developing strategy”; under the draft order, reproduced here word for word, the director of the new “super-spy unit” would have “tremendous power” in handling intelligence, could possibly “determine American foreign policy by weeding out, withholding or coloring information gathered at his direction.” Though the article did state the agency would have no police powers at home or abroad, it nevertheless insisted the draft order would “permit spying at home and employment of the police powers of existing agencies whenever needed.”

Such agencies, continued Trohan, could not only be used by the new unit but also could be enjoined “from reporting to their superiors.” By way of illustration he said the CIA director could “employ the FBI on some task and charge the G-men not to report to J. Edgar Hoover . . . or even . . . Biddle.” Trohan added political spice when he wrote that

in the high circles where the memorandum and draft order are circulating, the proposed unit is known as ‘Frankfurter’s Gestapo,’ because the sister of . . . Justice Frankfurter is said to hold a confidential personnel post in OSS. It is assumed she would pick key personnel, at the suggestion of her brother, for Donovan when, as he expects, he would be named spy chief. She is Miss Stella Frankfurter.

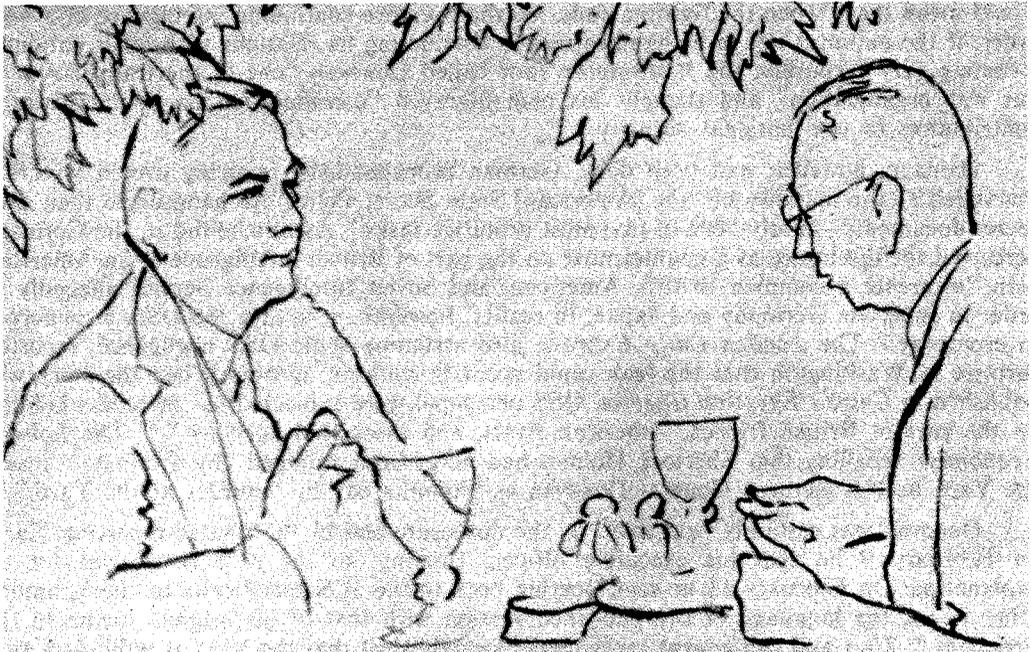
There was more spice: with an independent budget, the unit would have “secret funds for spy work along the lines of bribing and luxury living described in the novels of E. Phillips Oppenheim.”

The *Tribune* editorially returned to the attack on February 10 with denunciations of President Roosevelt for wanting this organization so that he could “play power politics all around the world” and establish a “police state at home.” The same day, Trohan reported that in Congress the “Super-Spy Idea [was] Denounced as New Deal OGPU”; Sen. Edwin F. Johnson (D., Col.) did not “want any Democratic Gestapo”; Sen. Homer Capehart (R., Ind.) opposed “any new superduper Gestapo”; Rep. John J. Sparkman (D., Ala.) thought “a great many people would consider it a super Gestapo”; Rep. Clare Hoffman (R., Mich.), called it “another New Deal move right along the Hitler line.”<sup>98</sup>

Still on the attack, Trohan, with an excellent undisclosed source of information, published on February 11 the entire text of JIC 239/5 under the headlines “Army, Navy Want Control of ‘Spy’ Setup; Generals, Admirals Declare War on OSS.” His article reported that “a pitched battle” had broken out between “the high command of the Army and the Navy” and the OSS for control of the New Deal’s superintelligence agency. He said the military had no quarrel with the objectives of the Donovan plan but “vigorously dispute[d] its control.” He said they wanted intelligence coordination under their tight control, “with the State Department and the White House in subordinate roles.”<sup>99</sup>

Noting that the documents “were stamped with secrecy injunctions” and had limited distribution among the government’s top officials, Trohan justified their publication on the grounds that they concerned “postwar plans, which may be submitted to Congress or released through presidential directive,” and did not come under wartime security restrictions.

More balanced reporting, as well as favorable comment, shortly appeared. The *New York Herald-Tribune* headlined the story “Roosevelt Plans Post-War Global Secret Service; Donovan Maps New Agency to Keep U.S. Alert to Threat of a New War.” The *New York Times* reported that comparison of Donovan’s plan with a gestapo “was received [in Washington] with surprise and not a little disapprobation in informed circles.” Frank R. Kent devoted his regular column to a point-by-point defense of the Donovan plan and to



ATF Street Club; Colonel William P. Donovan,  
Director of the Office of Strategic Services,  
lunching with Frank Kent,  
the shrewd and brooding Baltimore Sun columnist

As head of COI/OSS Donovan often met with newsmen (as above) but rarely, if ever, made any public statements.

Author's Collection

ridicule of the “wild charges” hurled against it. In the *Chicago Sun* Milburn P. Akers, in a spoof, credited the “anti-Communists” for saving the country from the plotting of the World War I hero, “‘Wild Bill’ (we shudder at the very name), ‘Wild Bill’ Donovan,” the prominent anti-New Deal Republican with the Harding-Coolidge-Hoover pedigree.<sup>100</sup> Edward R. Murrow, the CBS broadcaster, said the government’s need for intelligence “wouldn’t mean sending a lot of spies into friendly nations or anything of the kind,” but it would mean that “when the fighting ends, we shall require continuing intelligence of a high order, if the nation is not to be handicapped in conducting its relations with other nations.” Reacting very favorably, the *Washington Post* called Donovan “one of the trail blazers in our war organization” and thought his plan deserved “consideration on its merits as a contribution to our national security.”<sup>101</sup>

Damage, however, had been done. German propagandists, rejoicing over a windfall, marvelled at the inability of “the [American] State Secret Police” to hang on to their own secret documents—surely “one of [its] most primitive tasks.” As to who did it, the Germans perceived the disclosure as a countermove on the part of British intelligence to an American plan “to create a common British, American, and Soviet Intelligence Service allegedly in order to supervise Germany and Japan, in reality, however . . . to give the USA a monopoly in espionage.” The *London Daily Express*, also assuming some OSS negligence, reported surprise in Washington that the leak could occur in such an agency. When the story was published in Cairo’s *Egyptian Gazette*, OSS personnel were subjected to “merciless kidding on the part of British friends, American rivals, and associated agencies.”<sup>102</sup> The *London Economist*, recalling that Sherlock Holmes had never been stumped “by a crime . . . inside the Yard itself,” pictured General Donovan as “humiliated” by “murder at the Yard.”<sup>103</sup>

Donovan was certainly “angered” by the disclosure and by the slanted reporting. Early on February 9 he sent his executive officer, Doering, to the JCS secretariat for an explanation. On February 11 he sent Doering back to the JCS specifically to check, among other items, the language of the published version with that of his original memo to the President.<sup>104</sup> That and subsequent investigations established that the texts as published were the specific texts of JCS 1181 and JIC 239/5.<sup>105</sup>

On February 13 Doering, back again at the JCS, requested and obtained distribution lists of both documents. Obviously zeroing in on the possible culprit in the disclosure, Doering, on instructions, asked “specifically whether or not [the] FBI received a copy.” Donovan had immediately assumed that J. Edgar Hoover was that culprit. It was on this occasion that Doering learned of the “harsh things” apparently said about Donovan by Tamm. He further learned that “possibly General Bissell or Admiral Thebaud might have” sent a copy to the FBI. He was told definitely that Thebaud and Bissell, “and possibly General Strong, had talked with Edgar Hoover and Tamm about the paper [JCS 1181] prior to Tamm’s appearance before the JSSC. It was subsequently established that Thebaud had indeed sent to Hoover a copy which could not be found for return until twenty-six hours after it was requested.”<sup>106</sup>

On February 15 Donovan, officially reporting on the matter to the JCS, specifically cited the German radio’s queries as to how and by whom it was done. The motive, he said, was clear:

Study of the articles leads to the conclusion that the publication was not the result of an accident or a ‘leak,’ but a deliberate plan to sabotage any reorganization of the U.S. intelligence services. The falsehood concerning the Frankfurter employment, the characterization of the proposal as a ‘Gestapo’ and ‘super-spy’ scheme of the President, the immediate canvassing of Congress based upon misstatements and distortions of fact, all make clear a design and intent, through the incitement of suspicion and antagonism, to prevent adoption of any proposal.

The first article alone might have been construed as an attempt to discredit a specific agency or individual. But the second article containing and attacking the recommendations of the JIC confirms the conclusion that whoever transmitted the documents or their contents to the newspapers was motivated by a determination to destroy any project, by whomsoever proposed, which might lead to the establishment of a central intelligence system.

The past history of the newspapers concerned may explain their readiness to make a political attack on the President by any means. Whatever the motive of the newspapers, it is clear that the producer of the documents used these newspapers to create fear of an American Gestapo and to prevent ultimate approval of any plan for a central intelligence service. Further bearing upon intent and motive is the clear evidence in the . . . articles that consideration was given to legal advice before publication. The disclosure then made, in willful disregard of consequences to the nation, at so critical a moment in the war and in the planning of peace, is in the nature of a treasonable utterance.<sup>107</sup>

Lawyer that he was, Donovan said the only way to get at the truth was through the establishment of a “judicial or quasi-judicial body armed with the power to subpoena and to compel testimony under oath,” and he therefore asked the JCS to have such a body constituted.<sup>108</sup>

For whatever reason—and Donovan and OSS were suspicious—the JCS did not take that route. Certainly there was “considerable concern” in the JCS building over the leak; Admiral Leahy, for instance, was reassured by an aide that his, Leahy’s, copy of JCS 1181 was still in its place and could not have been the copy used by Trohan. On February 13 Bissell and Thebaud, wearing their Joint Security Control hats, requested an investigation by the Inspector General. Two days later, the distribution lists having been checked, the JCS asked the Secretary of State and the heads of the FBI, OSS, and the FEA to account for their copies of JCS 1181. They, of course, as well as everybody within military walls, categorically assured the JCS that it was not they who in any way, shape, or manner, had anything to do with Walter Trohan and the publication of the documents.<sup>109</sup>

In a memorandum to the President on February 23 Donovan repeated his denunciation of the disclosure as not a “mere leak but a deliberate plan to sabotage” any reorganization of intelligence. Defending his own agency he said the release of both documents showed that “the security involved was that of the Joint Chiefs of Staff organization.” The “Gestapo” charge, he wrote, was clearly refuted by both the plan itself and by newspaper comments. He called the entire situation “‘an inside job’ or at least, it was abetted by someone on the inside.” He specifically called attention to his letter asking the JCS to take effective legal action to find the culprit.<sup>110</sup>

The villain was not found. The Inspector General, dutifully investigating and reporting, found that 48 copies of JCS 1181 had gone to as many as 175 persons and a like number of copies of JIC 239/5 went to at least 150 persons. The IG concluded that there had been such widespread distribution that it was impossible to pin down the source of the disclosure. General Bissell, in his comment on the IG’s report, considered the finding that in both cases JIC copies could not be located as justification for pointing the finger of guilt at least at that staff.<sup>111</sup> Neither his evidence nor his reasoning, however, seems persuasive, much less conclusive. There were simply too many channels by which other copies, accounted for, could have gotten into the wrong hands.

*x/up the jcs ladder—almost*

Donovan's suspicion of Hoover was a measure of the hostility between the two. The FBI chief had always been quick to thwart what he considered Donovan's designs on South America. At the same time, Hoover had sought to extend to the rest of the world his own South American SIS which, he feared, would be taken away from him under both the Donovan and the military plans. Hoover could well have been alarmed at the prospect—likely to him—of himself as the nation's chief investigative officer being subordinated to—of all people—"Wild Bill" Donovan as the head of a new, national intelligence system with a direct pipeline to the President. With twenty-two years in his job behind him and an indefinite future ahead, Hoover had a stake in that job, his organization, and its place in American government and society. An influential person, he had the motive, the means, and the ability to carry out the deed. Such is how it could have looked to Donovan on February 9, 1945.

Could it have been someone else? General Bissell, for instance? The evidence has shown that he viewed the Donovan plan with abhorrence; he considered it fit for Germany but not for a democratic society. While he did not use "Gestapo" in the December 22 debate, his staff had freely applied it to the Magruder plan and, one may safely assume therefore, to the Donovan plan. Some of Bissell's language and thought is echoed in Trohan.<sup>112</sup> Bissell was also very unhappy even with the JIC plan. G-2 was fundamentally and passionately opposed to any project that appeared to threaten its autonomy as a War Department staff. Bissell himself would not have felt, said one officer who worked very closely with him at this time, "a scruple of conscience"<sup>113</sup> in feeding the two plans into public channels in order to thwart them. Suspicion of Bissell, like suspicion of Hoover, rests on no hard evidence, but the same wondering will occur when we review some additional disclosures in May.<sup>114</sup>

Whoever the culprit was, and if his objective was the frustration of any plan for the establishment of a central intelligence service, he succeeded admirably, at least in the short run.

On February 21 General Bissell sent to General Handy a draft of a memorandum recommending deferral of the issue, and Handy, concurring, immediately sent it to General Marshall for informal coordination with the JCS. Marshall signed it on February 22, General Arnold of the Air Forces added a paragraph on February 27, and as approved by the JCS it was published on March 2, 1945, as JCS 1181/2.<sup>115</sup>

The Marshall memorandum, an obvious reaction to the "Gestapo" hubbub, declared that it had become "inexpedient and undesirable to take action now" on the intelligence proposals. Any action, he said, would lead to congressional hearings and could only constitute "a hazard to our best sources of intelligence." He thought it unwise for the JCS to get in the middle of the "controversial issue" since no reorganization was likely to occur soon enough to have an appreciable bearing on military operations. He also thought some consideration should be given to the possibility of the JCS "placing the President in an embarrassing position." Consequently, deferral was in order. Arnold's addendum reserved to the JCS an opportunity to give the President their views should he see fit to reopen the matter at some future date.<sup>116</sup>

Of course the matter was deferred. At a press conference on March 2 Roosevelt ducked several questions, one of which concerned "General Donovan's memo for coordinating the security agencies."<sup>117</sup> Both that memo and the JIC response to it had been effectively sabotaged—for the nonce—by the McCormick-Patterson press in alliance with "someone on the inside" of the government.

## Chapter XI

### OSS ON THE OFFENSIVE AND DEFENSIVE

No sooner had Budget Director Harold Smith learned of the press query on Donovan's plan than he wrote Roosevelt, just back from the Yalta conference, of his concern about the "incomplete and *ex parte* reports" that were being sent to the White House by "advocates" of various plans for a postwar intelligence organization. "A tug-of-war," he wrote, seemed to be "going on between some of the agencies." Enclosing some Trohan clippings, Smith said that "several additional rumors" had been "set in circulation" in the President's absence.<sup>1</sup>

Rather loftily, Smith, who was sure of his bureau's competency in the field of intelligence, wanted FDR to know of the "comprehensive study" of the situation that was being made by his people and of the fact that "we informed all contenders that nothing would be done prior" to the completion of that study. Smith, therefore, asked FDR to "help us hold the fort and not permit anyone to take your time prematurely in connection with this matter."<sup>2</sup>

In a month the wearied and ailing President, days away from death, let one of those "advocates" slip through the gates of "the fort," pass by its self-appointed commander, and deliver for signature a pro-Donovan memorandum on a permanent intelligence service.

#### 1. ANOTHER ATTEMPT

The advocate was the same Dr. Lubin, who in October had urged Roosevelt to consider making OSS the starting point for a peacetime intelligence service. He returned to the subject on April 4, 1945, just a few days after FDR had gone to Warm Springs, Georgia, for a much-needed rest. "Someone from State, a friend," he recalled years later, someone "who very much believed in Donovan's plan of November 18, 1944, had come to me saying, 'This thing has been kicking around now and something ought to be done.'" Lubin, an economist who thought well of the caliber of OSS economists and of the continuing need for OSS economic intelligence, especially in regard to the reconstruction of Europe, sent FDR a memorandum on a "centralized intelligence service."<sup>3</sup>

Had Donovan had any part in the inception of this memorandum? Had he inspired the unidentified "someone from State" to approach Lubin on the matter? With Major Rosenbaum around, so circuitous a route does not seem to have been necessary. Donovan's calendar for April 4 does show a telephone call from Lubin, the first in three weeks;<sup>4</sup> but, in the absence of any other evidence, one can assume that Lubin, stirred to action by a friend, had called to clear with Donovan the action he proposed to take.

In the paper Lubin reminded the President that Donovan's plan had been "stalled in one of the subdivisions of the Joint Chiefs of Staff." The difficulty lay, he said, in "the fear of certain agencies . . . that they [would] not be permitted to play their part in the proposed setup." To clarify the situation, he recommended that all parties—"the ten executive departments, including even the Post Office"—be assembled for "a frank, across-the-table discussion." If the President liked the idea, he helpfully suggested, "the attached memorandum might be sent to Bill Donovan."<sup>5</sup>



Harold D. Smith, shown here on April 15, 1939, with FDR and Attorney General Frank Murphy, receives his commission as Budget Bureau director. Smith played a vital and not always sympathetic role in COI/OSS history.

UPI (Acme), Roosevelt Library

There is no document telling us whether or not Lubin's memorandum was in any way altered by FDR or took any more of his time than he needed to sign it. In any case, addressed to Major General Donovan, it went out the very next day, April 5:

Apropos of your memorandum of November 18, 1944, relative to the establishment of a central intelligence service, I should appreciate your calling together the chiefs of the foreign intelligence and internal security units in the various executive agencies, so that a consensus of opinion can be secured.

It appears to me that all of the ten executive departments, as well as the Foreign Economic Administration, and the Federal Communications Commission have a direct interest in the proposed venture. They should all be asked to contribute their suggestions to the proposed centralized intelligence service.<sup>6</sup>

Though frustrated and angered by the Trohan treatment, and though just hours away from departing on another of his many trips overseas, Donovan moved quickly to make the best of this new initiative. By 9:00 p.m. on April 6, when he departed for overseas, he and his staff had drafted, typed, signed and dispatched by courier twelve letters, each an original, to the various agencies, and in addition he sent memoranda to the JCS and FDR on the action he had taken. Lest the reader lose track of the controversial JCS 1181 series, with which we are not yet finished, let it be noted that Donovan's memorandum to the JCS became JCS 1181/3. In the memorandum to FDR Donovan reported that he was asking the departments and agencies to submit to him their comments on his November proposal and then, after his return on April 25, to meet with him in order to obtain the "consensus of opinion" which the President desired.<sup>7</sup>

In soliciting comments on his plan as a preliminary to a meeting, Donovan had departed from the procedure outlined by FDR. As likely an explanation as any for this deviation was Donovan's eagerness to generate support in departments other than State, War, and Navy. From his point of view these agencies took too narrow a view of the nation's need for intelligence. They threatened, in effect, to control any projected permanent agency for their own departmental interests.

Worth noting is the fact that Donovan did not ask them to approve of his November plan but to comment on its "objectives and basic principles" as a prelude to a discussion of their "suggestions" as to how a "consensus of opinion" could be obtained. However, he did want them to keep in mind eight principles underlying that proposal; for convenience they can be grouped in terms of structure, function, and relation to other agencies.

First and fundamental was the responsibility of any centralized service to the President and an advisory board of the Secretaries of State, War, and Navy and such others as the President might direct. The service should have "an independent budget under Congressional control," and its operations in wartime in military areas would be subject to the JCS or the theater commander.

Second, the agency would be responsible for the integration of "intelligence activities in fields of common concern" and for the "synthesis and evaluation" of the intelligence required for "national planning and security in peace and war." It would coordinate existing facilities for the collection, processing, and dissemination of intelligence with a view to achieving economy, efficiency, and the mutual advantage of the several agencies. It would bring together "specialized military and civilian personnel" so as "to reflect the needs and responsibilities of the several agencies on the national policy level." It would have "no police or law enforcement function."

## *XI/oss on the offensive and defensive*

Finally, on another fundamental as well as very touchy point, Donovan affirmed the “maintenance of the integrity of operational intelligence and internal security functions of the several executive departments and agencies.”<sup>8</sup>

Put another way, Donovan was reiterating his basic proposition that the chief executive, articulating national as opposed to departmental needs and views, required a central service to coordinate and integrate intelligence for national planning and policy-making. Such a service was, in Donovan’s view, not only compatible with but necessarily complementary to those departments which Donovan recognized had both undeniably valid functions and the singular and accompanying capabilities for carrying them out. Donovan had always maintained, however, that those departments needed to be welded, like so many parts, into a whole, which still did justice to both parts and whole.

Fear on this last point was noted in one of the preliminary reactions to Donovan’s invitation. A Navy official, Assistant Secretary H. Struve Hensel, was “inclined to agree” with Donovan on the need for a central organization, but he did “doubt whether General Donovan really means to stick to that line” that coordination could be effected on the policy rather than on the operational level. Hensel specifically noted that Donovan’s proposed executive order authorized the central agency to collect intelligence “directly or through existing Government departments and agencies.”<sup>9</sup> Hensel’s doubt would have been confirmed by the certainty of ONI and G-2 that Donovan intended to swallow up all other intelligence collection agencies.

In the War Department, G-2 drafted a reply to Donovan, apparently in the hours bordering Roosevelt’s death at Warm Springs on April 12. Advising against furnishing Donovan with “detailed comments,” G-2 submitted a draft stating “the general attitude” of the department toward the idea. That approach was frowned on by the Operations Division, which thought the occasion should be made “the vehicle for showing positively that the Departments concerned will begin to develop a more effective coordinated intelligence system.” Even so, G-2 thought OPD would concur.<sup>10</sup>

By this time the first formal reply, from the Secretary of the Treasury, had been sent to Donovan. Morgenthau thought the objectives were not “sufficiently clear” to permit “the expression of a firm opinion.” He was “skeptical as to the necessity or propriety of establishing such an agency and wondered whether the purpose could not be achieved by “a better liaison between departments and agencies.” (Shades of that abortive effort in the spring of 1941 to achieve that very same objective!) Morgenthau also noted that “the burdens on the President are now monumental. We shouldn’t add to them if we can avoid it.”<sup>11</sup>

On which President? Morgenthau’s memo is dated April 12, 1945. FDR died that day at 4:35 p.m., and at 5:48 p.m. the White House announced the news that shook the nation. Had Morgenthau written that letter before he learned of FDR’s death and simply referred to the post-Yalta burdens whose load was increased by the President’s obvious poor health? Or had he—a cabinet member called to the White House—taken the time after receipt of that news—when the whole nation was transfixed on the meaning of the death of FDR and the imponderables created by the rise of Harry S. Truman—to write, even to sign, what was in the context of the hour a very unimportant letter?

Similar uncertainty, centering on FDR’s death, attends the making of a decision at the State Department, on the other side of the White House. At State, Secretary Stettinius was meeting, at Attorney General Biddle’s request, with Biddle, Secretary of the Navy James Forrestal, who had succeeded the deceased Frank Knox, and with Under Secretary of War

("Judge") Robert P. Patterson. They had met to formulate a common response to the Donovan invitation. As they discussed various suggestions, wrote Biddle after the war, "we were interrupted by a message from Stephen Early, the President's secretary, that Stettinius should come immediately to the White House." After Stettinius returned with "the terrible news" of the President's death, they all sat there "stunned and uncertain for a few minutes." Then they went to the White House.<sup>12</sup> Somewhere along the line, however, they had decided that until the end of the war no further consideration should be given the idea of a central intelligence organization.

Had they arrived at that decision before Stettinius left for the White House or after his return? Or had Biddle, Forrestal, and Patterson themselves arrived at this decision in the absence of Stettinius, and then on his return easily won his assent to their decision as the simplest way of disposing of the matter in the light of the unimaginably new situation then taking shape?

Whether that decision was influenced by FDR's death is not known, but it is clear that the death itself was a disaster for Donovan. Upon learning the news, he reportedly spent three hours, sitting on the edge of his bed, elaborating to his European colleagues on the loss to OSS and himself personally.<sup>13</sup> As long as Roosevelt lived, Donovan had a chance of making OSS the nucleus of something permanent. He had a decently effective working relationship with the President, who appreciated the need for intelligence, espionage, coordination, and centralization, and who never seemed worried about the possibility of Donovan either destroying G-2 and ONI or building a gestapo. He had put Donovan in business, kept him there, and twice acted favorably on Donovan's plans for a postwar organization. Whether he would have gone down to the wire for Donovan and OSS would, in the final analysis, have depended on his own assessment of the pros and cons at the time a decision had to be made. From Donovan's point of view there was, at the least, always a good possibility of winning with FDR.

## **2. THE NEW PRESIDENT**

With the relatively obscure Democrat from Missouri, Harry S. Truman, only three months Vice President, and now President of the United States, the situation was quite different. There was nothing connecting them.

What either World War I veteran thought of the other, especially Truman of the legendary "Wild Bill" Donovan, has not been discovered. The interwar years seem never to have brought the two together. During the war Truman made a name for himself by his chairmanship of the Senate Committee to Investigate the National Defense Program, and the recognition helped him to replace Henry Wallace as FDR's running mate on the 1944 ticket; but none of this connected him with Donovan.

Significantly different, however, was the relationship between Truman and that defender of the intelligence fort, Budget Director Smith. Truman came into office with a "high opinion" of Smith, whom he considered "an efficient and honest public servant." The two men had their first meeting on April 18, 1945—Donovan absent in Europe until April 25—when the new President definitely invited Smith to stay on the job. "You probably know these [budget and business] problems," Truman told Smith, "better than anyone else around."<sup>14</sup>

More importantly, Smith moved quickly to raise the intelligence question with the President, and the initiative just as quickly revealed the closeness of their thinking. Just two days after their first meeting, Smith, in a lengthy memorandum on intelligence, warned

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Truman, as he had recently warned FDR, against hasty action approving any of the many plans for a postwar intelligence service that various agencies were advancing. He made no reference to the pending matter of the invitation from Donovan to discuss his proposal of November 18. Smith's advice against taking "early action" and his reference to "supporters of immediate action"<sup>15</sup> could only refer to Major General Donovan and such as Dr. Lubin.

Smith then reviewed for Truman what the former considered the foundation of the bureau's competency in the matter. His people had conducted "an intensive study" of G-2 in 1942 and of ONI in 1943. Also in 1943 they had studied the Foreign Broadcast Intelligence Service and the Radio Intelligence Division, both of the FCC. Early in 1944 they had conducted another study of G-2. These studies, said Smith, had involved the bureau in observation of the intelligence work of other agencies—State, FEA, Commerce, OWI, and of course OSS—and even of certain foreign countries.<sup>16</sup>

Smith then informed Truman that on the basis of these studies he had initiated a new study of "guideposts for postwar intelligence organization and coordination," a study which, he assured the President, would take into account the proposals of the JCS, OSS, and others. The problem was real, he said, but in the past it had been greatly compounded by "hasty or competitive action—often unavoidably hasty," and he thought that that ought to be avoided "from this time forward." Asking the President to rely on the bureau's experience, judgment, and recommendations, he said he was "confident that we know what is going on in this area, what the problems are, and some of the past mistakes which should not be repeated in whatever plans may be made for the future." In a handwritten postscript he said "I hope to have a chance to speak to you about this next week."<sup>17</sup>

He had his chance on April 26, when he elaborated on this study and also raised a problem about the intelligence activities of the New Deal columnist J. Franklin Carter. Smith's summation of the conversation is important because it is the earliest contemporary evidence of the thought of Truman as President on the subject of intelligence. It is, therefore, the starting point, historically speaking, for any appraisal of Truman's contribution to the establishment of CIA.

Beginning with his memorandum, Smith complained that, after the bureau had undertaken some studies, "someone" would "dash" into the President's office with "an *ex parte* presentation" and thereby cause trouble and upset the bureau's efforts. A sympathetic President "emphatically" said he would not accept "any *ex parte* presentation," would "kick back" to Smith anything that fell within his purview, and would not sign any executive orders "without careful clearance." Smith, proceeding to the point troubling him, the "tug of war" going on among the FBI, OSS, G-2, ONI, and State over the reorganization of intelligence, reasserted the bureau's competency in the matter (experience and personnel) and briefly expounded his solution—"a sound, well-organized intelligence system, whether it be the counselor [*sic*] service or what not . . . new concepts and better-trained, broad-gauged personnel." Whatever those words meant to either man, "the President agreed that this was very important and that we should not be rushed off our feet."<sup>18</sup>

Taking up the Carter issue, Smith said he was not always familiar "with the precise nature" of the assignments that Roosevelt had given Carter. Truman said he had just received a communication from Carter, but the President could not locate the document on his desk. Wrote Smith: "he pointed to a stack of reports which he said he would never find time to read." Returning to the subject of Carter, Truman "commented that he wants to clean up all of this sort of thing; that if the Departments of the Government cannot do this kind of work we ought to get Departments that will be able to do it." When he found Carter's letter, he said, he would send it to Smith for comment and recommendation.<sup>19</sup>

Years later Truman wrote of his early thought on intelligence and CIA. In 1955 he repeated in detail Smith's summary of their "tug of war" conversation but made Smith's solution appear as his own. In 1956 he recounted his discovery "on becoming President" of the lack of coordination of the intelligence reports that landed on his desk. What he said he did about the situation pertains, however, not to April but to November and later, and hence it must be set aside for the time being.<sup>20</sup> Writing in 1963, when unhappy with CIA's involvement in the U-2 and Bay of Pigs episodes, Truman (or whoever wrote for him) regretted that the agency had strayed, as he saw it, from the original purpose that he had set for it. It had been established, he wrote, to serve as "the quiet intelligence arm of the President," to provide him with the information he needed to make policy, and to provide it free from departmental "slanting," in its "natural raw" state, and in "comprehensive" but "practical" volume so that he could do his "own thinking and evaluating."<sup>21</sup>

Whatever the clarity of Truman's retrospective view of the situation, there was no such clarity in his mind in the spring and summer of 1945, at least as far as one can judge from the contemporary evidence at hand. Certainly the new President had a felt need to master the numerous, conflicting, and "slanted" papers that reached him. That he and Smith agreed on the need for a sound intelligence system, new concepts, and better people, is not exactly surprising or illuminating. Beyond that felt need and that openness to a new solution, Truman seems to have had little in mind as of April 26.

In any case Smith and Truman were marching hand in hand on the intelligence problem. They were both on their guard against *ex parte* presentations; and probably Truman knew Smith had Donovan in mind in this regard; and it is not unreasonable to conclude that even at this date OSS as a war agency and Carter as an irregular activity had been lumped together by Truman as some of the work that needed to be "cleaned up."

Smith and Truman continued in their happy collaborative fashion when on May 4, discussing FBI funds for work in South America, the President remarked that he "was having a study made of the intelligence services in South America." What study this was is a mystery, but Smith took the opportunity to say that he had totaled up the figures on Army, Navy, and FBI "intelligence people" south of the border and he "had become more than a little concerned about the possible effects of our activities upon relationships with the South American countries." The President, saying "he was also concerned, commented that if we continue our present attitude toward Latin American countries in this respect we will not be in a position to complain very much when they send their intelligence people into the United States." Truman then "said with considerable vigor that he was 'very much against building up a gestapo.'" <sup>22</sup> What brought on that *non sequitur*?

On May 11 Smith again brought up the subject of the FBI, this time in regard to a proposal for a new building. That, said Smith

brought out the discussion again that the President does not want to set up a gestapo. I referred to the fact that a special building would tend to isolate the FBI from Justice and that while we had permitted a great expansion in the FBI during the war, there was some question concerning its postwar proportions and therefore some question about such a building. The President said he had been doing some thinking about an information service, rather than an investigating group, and he wished I would give some thought to this possibility. He apparently was thinking of this in terms of international relations. He indicated also that he has some knowledge of the work the FBI does and that he apparently does not approve of some of it. I then indicated that I thought it was not altogether appropriate to be spending Federal funds merely to satisfy curiosity concerning the sex life of Washington bureaucrats and members of Congress. The President seemed to agree heartily.<sup>23</sup>

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Thus, Truman and Smith had reached more understanding on the intelligence situation, this time on the FBI. Their common opposition to certain bureau activities, when coupled with their concern about American intelligence activity in South America, did not bode well for the bureau's aspiration to convert its South American SIS into a world-wide activity.

Also, the two men had turned their attention to the President's informational needs. Truman had volunteered the news that he had been doing "some thinking about an information service, rather than an investigating group." Smith was encouraged to give some thought to that possibility. Rather uncertainly, Smith thought Truman was thinking of such a possibility "in terms of international relations." While obviously the two men were not too clear as to what they were talking about, they did agree to do "some thinking" in common.

Thus, in three meetings—April 26, May 4 and 11, 1945—Truman and Smith had harmoniously covered several aspects of the intelligence situation, and Donovan had not yet had a chance to meet with the President.

By the time Donovan did return to Washington, April 26, the President had been forewarned against him and was also in the process of agreeing on intelligence matters with Donovan's influential foe in the Budget Bureau. The prospect for Donovan was not, whether he knew it or not, encouraging.

The columnist Drew Pearson was quite correct in his column for April 27—an ironical coincidence of dates—when he listed Donovan as one of the seven personages who "will miss Franklin Roosevelt most." Donovan "will miss Roosevelt terribly," wrote Pearson, who explained, not completely accurately, that FDR "as an old personal friend" had given Donovan "free rein, including grandiose plans for a postwar espionage service." By contrast, wrote Pearson, "Truman does not like peacetime espionage and will not be so lenient."<sup>24</sup>

### **3. REBUFFED**

When Donovan returned to the pending business, he found waiting for him replies not only from the Treasury Secretary but also from the Postmaster General, the FCC and FEA chiefs, the Attorney General, and the Secretary of Agriculture. The postal chief was willing to cooperate, but he was not ready to let anyone poach on his territory: with his responsibility for "the security and sanctity of the mails" he wanted it "made clear that any government intelligence service outside the Post Office Department must operate through the . . . Department and recognize the absolute jurisdiction of this Department." The FCC was also cooperative but did think that the proposed agency had probably only "an incidental effect" upon the commission's foreign broadcast and radio intelligence divisions. FEA's Leo Crowley was, not surprisingly, "thoroughly in accord" with the proposed service and was furthermore "glad to subscribe to the eight principles." On the other side of the fence, Agriculture saw no need for any new coordinating agency, since the department was satisfied with itself, its collaboration with State, and was confident that any needed "additional coordination" could be satisfactorily obtained through "the instrumentality of the Bureau of the Budget." Also, Biddle at Justice was happy with the FBI-Army-Navy "exchange of intelligence" that had worked so "well in this country and in Latin America"; he thought it "should be built on" rather than that a new organization should be developed. Regardless, he thought no change should be made in wartime, that Congress ought not to be asked to provide funds, that Congress anyhow would not acquiesce, and finally that the service should "be organized quietly and not in the manner suggested."<sup>25</sup>

Other replies soon came in. Interior Secretary Harold Ickes, cautiously offering “only general comment,” saw the proposed service, first, as of some value if it “supplemented” what the department already had access to, but second as a “handicap” if it interfered with Interior’s ability to tap any source of legitimate concern to it. Secretary Frances Perkins at Labor offered several pros and cons but admitted her concern with the proposal was “limited” and that “problems involved are rather far removed” from Labor’s purview. Commerce Secretary Wallace, formerly Vice President, thought the Donovan idea was “undoubtedly worth careful consideration and would gladly send a representative to the proposed meeting.”<sup>26</sup>

One of the last, and surely the most important, was the letter of May 1 from Secretary of War Stimson. Actually it was written in General Bissell’s office and was, therefore, an expression of G-2 objectives and policy.<sup>27</sup> As such its four basic points were familiar to Donovan.

First, the War Department held that the Secretaries of State, War, and Navy, who were primarily responsible for defending the country against foreign aggression, must retain the authority to carry out this responsibility and could not tolerate the existence of any intelligence service, such as that proposed by Donovan, which deprived them of control of their own service. Second, Stimson objected to any coordinating agency engaging in operations, because the “inevitable tendency” would be the expansion of that agency at the expense of those it coordinated. Third, he held that methods of coordination and combined operations must be worked out directly by the department heads who controlled the operating agencies. Finally, there was no need for either “an independent agency or budget.”<sup>28</sup>

Stimson concluded with the news that the departments of “State, War, Justice and the Navy have together examined the proposed central intelligence service and are in substantial agreement that it should not be considered prior to the termination of hostilities against Germany and Japan.”<sup>29</sup> Donovan was thus directly informed that the four big powers had met on their own, taken a concerted stand, viewed his proposal adversely, and opposed any meeting to consider it. They had already arrived, so they implicitly said, at the only possible “consensus of opinion.” They could have been confident that their simple declaration, like a “bare bodkin,” put the quietus to Donovan’s plan.

For Donovan the situation was not encouraging. In the face of impressive opposition he had only the enthusiastic support of FEA, which, however, had even less tenuous lease on life than OSS, and the unhedged willingness of Commerce to meet with him. Also, he had encountered skepticism, caution, and indifference in departments which conceivably could have been easily won to his side but which, in any event, neither singly nor collectively could be expected to provide sufficient counterweight to the big four. Then there was the President.

Before Donovan had returned from Europe, he had moved to construct a bridge between himself and Truman. He had directed his office to inform the White House that the OSS director had received “instructions from the late President Roosevelt to forward to him, directly through Miss Grace Tully, his confidential secretary, certain selected secret intelligence material of special importance and interest.” Hoping to make similar use of Miss Rose Conway, Truman’s secretary, Donovan directed that she be sent memoranda on the very delicate surrender negotiations which Allen Dulles, OSS representative in Switzerland, was then carrying on with representatives of the German forces in Italy.<sup>30</sup>

On April 30, a few days after his return, Donovan sent the President a copy of FDR’s memorandum of April 5 and asked for an opportunity in the President’s “crowded days” to

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discuss "certain aspects of the plan" and to obtain his instructions before proceeding any further in the matter. Hardly waiting for a reply, Donovan on May 4 sent Truman some basic documents on the Trohan disclosures and informed him that the JCS had taken no action on his proposal to set up a proper investigative body to ferret out the truth of the matter.<sup>31</sup>

Pending his first meeting with Truman, and with the War Department response in hand, Donovan considered some advice from General Magruder on how to proceed with the President. With State, War, and Navy unified on the issue, argued Magruder, the President would "find it politically difficult to contest them." As Magruder saw it, Donovan, to obtain the immediate action he considered vital, had to choose between proceeding with "the development of political pressures on the President . . . sufficient to defeat" the four old-line agencies and "admitting a willingness to compromise" on "the independence of the directorate [the proposed director] and the immediacy of establishment."<sup>32</sup>

Magruder doubted very much that Donovan could "array sufficient pressure, in Congress or elsewhere, to cause the President to buck the line-up of department heads." In that direction Magruder could only foresee defeat. If Donovan chose to compromise, however, if he "acceded to the policy control of the three secretaries," Magruder thought that he could win the support of "many high-ranking Army, Navy, and State officials," that "Navy would be isolated in their obstructionism," that the FBI "would automatically cease to be a factor," and finally that the President would not be forced to undertake a first-class scrap." Concluded Magruder: "I recommend what to you is a pet abomination, namely, compromise as suggested . . . above."<sup>33</sup>

From the vantage point of many years later, however, not even compromise seems likely to have won the President's endorsement, especially in the face of the opposition from the four old-line departments and the Bureau of the Budget. Judged on the basis of the contemporary evidence, Truman's thought on intelligence was, in the spring and summer of 1945, far removed from the sophisticated concepts of the experienced General Donovan. Truman had barely gotten beyond discontent with the existing situation, tended to confuse intelligence and information, and also tended to equate "espionage" with "gestapo." He and Smith had agreed on the need for "a sound, well-organized intelligence system, whether it be the counselor [*sic*] service or what not . . . [and for] new concepts and better-trained, broad-gauged personnel."

Such was the limited intelligence perspective of the President when he granted a fifteen-minute appointment to General Donovan for May 14. All we have on that day's encounter is what Margaret Truman, quoting from her father's appointment schedule, has given us: "At 9:45 Major General William Donovan came in to 'tell how important the Secret Service [*sic*] is and how much he could do to run the government on an even basis.'" At noon, according to Donovan's appointment book, he "lunched with Dr. Lubin et al."<sup>34</sup> Had they met and heard, in effect, that Donovan had been given no "instructions" relative to obtaining the "consensus of opinion" which had been sought by Lubin's memorandum of April 4? There is not the slightest evidence that Truman, disliking *ex parte* presentations, gave Donovan any encouragement. The "bare bodkin," already driven deep by the big four, had surely been given the final thrust home by the chief executive.

Nevertheless, Donovan, eschewing Magruder's advice, had already turned to the drafting of a response to Secretary Stimson's letter of May 1. From Colonel Gleason and Commander McGovern, his JIC and JSSC representatives respectively, he received lengthy expositions of "details to support a reply" to the Secretary.<sup>35</sup> These were briefed by lawyer Donovan into two basic points.

One, he labled as “a misconception of my proposal” the idea that its adoption involved the subjection of “the intelligence operations of the departments to outside control.” He insisted that his proposal was specifically designed not to interfere “with the operational intelligence of any department” but to provide the President and the heads of the departments with “something we have never had in all our political and military history,” namely, broad and coordinated intelligence estimates of a strategic nature on which joint policy decisions [could] safely be based.” Two, he admitted that State, War, and Navy needed the authority to discharge their responsibility for providing security against aggression, but he denied that that entailed for them “the right . . . to have exclusive control” over the proposed agency. He insisted that the responsibility lay with the President, the Commander in Chief “in peace as well as war,” in whom “must reside the authority of decision.” He insisted that the President was entitled to have a central service which was free from the domination of any executive departments but which at the same time gave adequate representation to the “professional competence of each department” so that the President might have intelligence free of bias and based on facts. To do that, however, he said it was necessary “to give intelligence a status which heretofore it has not had.”<sup>36</sup> There, in that sentence, was expressed the truly fundamental objective for which Donovan had been striving since 1941.

Stimson, an old friend of Donovan, was seventy-three years old when he took office in 1940; and venerable and impressive as he was, he was not, at war's end, the power in the Pentagon. Donovan's letter was referred, ironically enough, to G-2 for the necessary action. There it was considered an attempt “to reopen the matter” which had been effectively decided by the big four on April 12 and communicated to Donovan on May 1. G-2 recommended, therefore, that no answer be made inasmuch as the matter had been settled and any reply would “undoubtedly involve the Secretary of War in a detailed controversy with a much lower echelon.” The recommendation was successfully coordinated with McGeorge Bundy in Stimson's office and with Major Mathias F. Correa in the Navy Secretary's office, and no further coordination was deemed necessary.<sup>37</sup>

A marginal note on this account read: “Per tele[phone] call of 29 May to . . . [Stimson's] office, this file is considered closed—no reply to be made—and file has been sent to AGO [Adjutant General's Office] for file.”<sup>38</sup> No “instructions” from Truman, and no appeal to the Secretary of War; thus ended the new initiative launched when “someone from State” thought something ought to be done about the Donovan plan which had been “kicking around” for some time.

#### **4. NOW WHAT?**

With his November 18 proposal Donovan had precipitated the first significant intragovernmental debate on the establishment of a peacetime central intelligence system. Walter Trohan, by his revelations in the McCormick-Patterson press, had precipitated, for the first time in American history, a public discussion of the more questionable activities inherent in intelligence operations. Debate and revelation produced, however, not action but a return to the *status quo ante* wherein all interested parties, fundamentally agreed on the need for improvement in intelligence work, nevertheless continued to play with plans in a desultory fashion.

Truman became further involved in the process, but this had no connection with Donovan. Truman's rather belittling characterization of his May 14 meeting with Donovan makes it clear that the latter would not be the President's mentor on the subject. The two

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men met again on June 16 when Donovan and Justice Jackson, ready to leave for the War Crimes trial, paid a brief visit to the White House;<sup>39</sup> but again the two seemed unable to establish any rapport.

No, the first specific plan that Truman seems to have received came not from Donovan or even from the Bureau of the Budget but apparently from a high-ranking AAF officer. This plan, which Truman must have seen about June 16, called for the establishment within the executive office of a "National Security Intelligence Board." It was chaired by a presidential appointee and had as its members the three Secretaries of State, War, and Navy, and if possible, the chairmen of the Senate and House foreign relations committees. The plan recognized the need for departmental intelligence but called for a concentration in the board of coordination, espionage, counterespionage, special intelligence facilities, and research. OSS, among other agencies, was recommended for extinction. On the face of it, the plan was not just an "information service."<sup>40</sup>

It had, according to Truman's advisor, Judge Fred Vinson, some "commendable features," "some dubious elements," and it certainly "involved policy issues of the gravest and most delicate sort, likely to arouse repercussions not only outside but within the government." Vinson, therefore, suggested, and Judge Rosenman concurred, that since the matter concerned governmental reorganization it should be sent to Budget Director Smith for his evaluation. Truman, faithful to the advice Smith had given him, had already asked Smith to "look into this matter discreetly . . . advise me . . . get the viewpoint of the War, Navy, State and Justice Departments. When you have surveyed the field, you might talk to Sam Rosenman and Fred Vinson about it."<sup>41</sup>

Smith's reaction, which is undocumented, could only have been unfavorable since the proposal ran counter to that "comprehensive study" which the bureau was making and to which we shall come shortly. There is no indication that Truman ever again saw the proposal. It shows up again, in August, but also again unsuccessfully. It is never mentioned by Smith in his accounts of his discussions with Truman.

Two weeks later, on July 6, Truman and Smith returned to the subject of the FBI in South America. Again Smith thought the subject "involved an important policy question" which ought to be resolved by Secretary of State James F. Byrnes, who had just replaced Stettinius on July 3. Smith "explained that I had received somewhat conflicting, and at least unsatisfactory, answers to my questions concerning the fundamental issues." The President also "had some question, from the standpoint of good neighbor relations, about our having the FBI in South America."<sup>42</sup>

Smith brought up the FBI question again on September 5, which is somewhat ahead of our present frame of reference, but Truman's remarks bear reading at this point. When Smith, wanting to cut back on the FBI, said that the bureau was "willing to settle for 8,000 employees, but that we had roughly determined upon 6,000," and when he gave Truman the size of the prewar FBI budget, the President

said that he thought the FBI should be cut back as soon as possible to at least the prewar level; that he proposed to confine the FBI to the United States; and that he had in mind a quite different plan for intelligence. In this connection, I pointed out that we were making a comprehensive study of intelligence and that we would probably have a report for him in the near future.<sup>43</sup>

While we shall see before this chapter is out just what that comprehensive study offered, we still do not know what it was that Truman actually had in mind as far as this "quite different plan" was concerned. Clearly the subject had been on his mind, but by September 5 he seems not to have revealed his "plan" to anyone.

When Harold Smith told FDR that he had notified all “contenders” in the tug of war that nothing would be done prior to the completion of the bureau’s study of the problem, he wrote as though he were just the referee and not, as in fact he was, one of the prime “contenders,” although, be it admitted, he contended not for his agency but for his agency’s plan.

Certainly, as Smith recounted for Truman, the bureau had been actively studying the field. Their intelligence man, Schwarzwaldler, had in February done a thorough analysis of both the Donovan and the JIC plans and, of course, judged them good or bad as they measured up to the criteria being developed by himself and his colleagues. In March Schwarzwaldler, producing a lengthy “Study of British experience in intelligence and security,” raised “the kinds of questions the answer to which might be useful to our purposes,” but the answers produced a paper which left no clear guidelines on the applicability of British experience to the American problem. In April the bureau formally tackled the postwar intelligence problems.<sup>44</sup>

Then on May 16 came what appears to be the first draft, also written by Schwarzwaldler, of Smith’s “comprehensive study.” It recognized both the inadequacy of the prewar intelligence setup and the undesirability of continuing the wartime machinery, so hastily conceived and so poorly coordinated. It then laid out, in response to what the Director thought the President wanted, certain “very broad conclusions” to serve “as a basis for initial discussions looking toward the development of more detailed plans.”<sup>45</sup>

The first of six conclusions was the need for more widespread understanding of intelligence. Second was the need to strengthen, and build, where needed, departmental intelligence facilities. Third was the separation of “security intelligence operations from those . . . producing the more basic categories of intelligence”; from this followed the need for a “separate framework” for the development and coordination of each kind of program.

Fourth was the undeniable necessity for the establishment of “an authoritative coordinating mechanism” to coordinate intelligence operations. Schwarzwaldler’s paper proclaimed the inability “of an independent agency,” such as COI/OSS, to do the job and insisted instead that as the desire for coordination must spring from the agencies so also must the central machinery spring from them, include them, and be subordinate to them.

Fifth was Schwarzwaldler’s recognition of the need for “high-level national policy intelligence.” The President did need intelligence, but this did not necessitate “the continuation . . . of some such large scale central operation as exists now in the Office of Strategic Services.” The President’s need could be met by a “small central intelligence and research staff” which would be authorized to coordinate and reconcile conflicting intelligence, state the nation’s intelligence needs, see that gaps are filled, and mobilize the resources of all the agencies in fulfillment of the nation’s intelligence requirements.

Schwarzwaldler’s last conclusion was the recognition of the need for “centralized operations” in a few limited fields. One was espionage, if, as he said, the country should decide to engage in such operations. Another was the interception of radio communications where the argument for central direction struck him as particularly strong. Finally, he thought “files and maps of widespread common use” might be conveniently and efficiently centralized.<sup>46</sup>

In short, these six conclusions laid the greatest stress on decentralization of intelligence at both the operating and producing levels and on self-coordination in both areas, with a small central staff serving the President and some undefined mechanism to handle limited centralized operations. These conclusions could never be reconciled with that plan which had

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been sent to Truman in June and which called for the centralization of coordination, espionage, counterespionage, special intelligence, and research. They were equally incompatible with Donovan's plans for the establishment of a central agency directly responsible to the President and charged with overall coordination and synthesis. They also added up to more than "an information service."

When considered by a Budget Bureau committee on May 25, this paper generated neither opposition nor enthusiasm. It was considered too general to send forward to the President, even though that is what Schwarzwaldler wanted done. It was felt that more study was needed and that a specific plan ought to be ready for the President when, as expected, he called for it.<sup>47</sup>

A month later Schwarzwaldler had a plan: since there were three functions to be performed—coordination of operations, production of supradepartmental intelligence, and the conduct of centralized operations—there might have to be three separate organizations—a central coordinating agency, a central producing agency, and a central operating agency. That idea, not too dissimilar from, and no more successful than, the military proposal in JIS 96 of a Federal Intelligence Directorate, a Joint Intelligence Committee, and a Joint Intelligence Service, also never went forward to the President. The bureau decided not to press for either a producing or operating agency but to concentrate on the establishment of a coordinating agency within the Department of State.<sup>48</sup> In fact, the bureau's solution to the intelligence problem, its "comprehensive study," was still three months in the future, and the summer was taken in shaping it.

Meanwhile, State was another contender, albeit a confused one. The department had been reorganized at the end of 1944, but nothing had been done about the proposed "Office of Foreign Intelligence." Francis Russell, the prime sparker for action, had warned that the Secretary would be "a very angry man in a month or so when he realizes the vulnerable position he is in with respect to General Donovan as a result of the failure . . . to give evidence of awareness by the Department that there is a problem of foreign intelligence organization."<sup>49</sup>

While Stettinius never seems to have been so angered, there was in fact more awareness of the problem in State; assistant secretaries had now become involved. Assistant Secretary Dunn was reported to have made these comments on the intelligence order: "Don't call [it] intelligence. Not now—leisurely, after reorg[anization]. . . . Should have group digging up past history and precedents." Archibald MacLeish, Assistant Secretary in charge of Public and Cultural Relations, heard via the grapevine in the middle of December of the big conflict within the JIC over the Donovan plan and was reported to have "some very far reaching ideas on the subject." True enough, he thought intelligence would fit well in his department; Dunn thought "gathering and analyzing information" but not secret intelligence might fit there. Another new Assistant Secretary, Nelson Rockefeller, thought intelligence ought to be in a "neutral corner."<sup>50</sup>

Actually it had already been put in such a corner when Secretary Stettinius, writing FDR in mid-December, informed him that he was consolidating all intelligence activities of the department under the new Assistant Secretary for Administration, Gen. Julius Holmes, then departing Eisenhower's staff. When FDR directed Stettinius in mid-January 1945 to move forward—with Donovan, Holmes, Stimson, and Forrestal—on "the consolidation of foreign intelligence between State and War and Navy," the problem of locating a new intelligence office in State was held up pending Holmes's arrival on the scene.<sup>51</sup>

In the meantime another new idea on the location of intelligence was thrown into the hopper: attach it to "a Special Assistant with rank equivalent to an Assistant Secretary." Among other reasons it was felt that Holmes already faced "a tremendous load" in running the three offices then under his jurisdiction. When Holmes arrived at the end of January he set about reviewing old proposals, soliciting new proposals, and generally studying the problem *de novo*.<sup>52</sup>

One new proposal came from the department's geographer; General Holmes thought it had "great merit" and ought to be thrown "into the hopper." There was also a new draft of the original Russell proposal. On March 3 Holmes lunched with the Budget Bureau's Schwarzwalder and a few days later received from him a copy of an earlier document the latter had written explaining intelligence and prescribing a new office for State.<sup>53</sup> Another proposal was written by J. Franklin Carter as a result, according to him, of discussions with Stettinius, Holmes, and Dunn; Carter, who thought OSS too penetrated by the British to be serviceable in the postwar world, sent this plan to FDR, who in turn sent it to Admiral Leahy.<sup>54</sup> Nothing happened, however. In April a top management committee, discussing State's "most urgent" problems, first took up "the mail distribution problem," then the careless handling that caused secret documents to wind up in the Dead Letter Office of the Post Office, and finally the intelligence matter, the preparation of "a statement of organizational principles based on the facts for submission to General Holmes."<sup>55</sup>

Still more proposals came in. There was more revision of the basic proposal. Management thought the words "intelligence" and "research" had "objectionable connotations" and hence the new office ought to be named "Office of Foreign Reference Services," a name which evoked both opposition and indifference. There was much haggling over which of a score of State units ought to be included in or excluded from the new office. There continued to be disagreement over where the office should be located, but in general the idea of a Special Assistant was clearly triumphing. There remained a good deal of doubt and disagreement as to the role of intelligence—character, scope, and function—within the department. A final important cause of inaction may well have been the fact that both Secretary Stettinius and his successor, Byrnes, spent much of their time attending international conferences—a fact which prompted General Holmes to comment, on another matter, that he would have taken it up with the Secretary if he could have found one "with whom he could sit down" and discuss it.<sup>56</sup>

Still another contender, the FBI, not only had a postwar plan but was also, at least as OSS saw the matter, actively but gradually implementing it, especially in Europe. In Paris OSS had carefully watched from November through March a buildup of FBI representation both inside and outside the embassy. In January the OSS Paris office saw no possibility of limiting what it considered a "definite extension" of FBI work unless "steps [were] initiated [in] Washington."<sup>57</sup> At headquarters OSS, like any agency, had always been determined to protect its own area of operations, but where the FBI was concerned there was always special sensitivity in view of the bureau's unyielding resistance to any OSS work in South America.

When the Paris matter was taken up through channels with the Department of State and when J. Edgar Hoover explained to State the purpose and function of its French representatives, General Donovan was told by his counterintelligence chief, "Jimmy" Murphy, that it was "simply an extension of the program Mr. Hoover has been undertaking for a long time to establish an intelligence network in Europe." Murphy insisted that, when Hoover described the work of the FBI men as "strictly in a liaison capacity," he was not "stick[ing] to facts." When Hoover justified the need for his men in Paris because of the

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inevitable French ramifications of any American espionage case, Murphy could not help but observe that that was the same argument OSS had always made about its own "SI and CE work leading into South America" but that "apparently Mr. Hoover feels that the argument applies only to the FBI."<sup>58</sup>

On Donovan's direction General Holmes was informed in May that Donovan had no objection to the FBI representatives in Paris provided they performed only duties consistent with their law enforcement functions. When Donovan's representative pointed out to Holmes that "there seemed to be a tendency on the part of the FBI to expand its activities all over Europe," and when he asked Holmes if he wished to have the situation "developed and slowly become a permanent one," Holmes "stated positively" no, that he felt that the FBI representatives should be attached to embassies and legations only for limited periods of time and for specific purposes. The entire matter came up again in July, this time in regard to Spain, when an OSS official told Holmes that the FBI as "a national crime detective agency . . . was branching out into international intelligence activities."<sup>59</sup> It was on that occasion that Holmes lamented the unavailability of a Secretary of State.

The FBI role in the postwar intelligence system had of course been exercising both President Truman and Harold Smith. They had discussed the matter on May 4 and 11 and July 6, and on the last occasion Smith thought the issue involved "an important policy question" which Byrnes, the new Secretary, "should resolve." That question, whether the FBI should continue in South America and even expand around the world or be restricted to the United States, was one of the ingredients of that "comprehensive study" which the Bureau of the Budget was making and which also figured in the Budget Bureau's calculations on the FBI budget for the coming year.

In the military camp the wintertime brouhaha over the Donovan plan had been followed by a summertime calm in which talking, speculating, and the drafting of papers on intelligence continued at a leisurely pace. In March Secretary of the Navy Forrestal had queried Admiral King on the desirability of "a single agency of the government for the collection of intelligence." To King "it sounded logical," [but] it had "elements of danger." He feared that over the long run such an agency would garner too much power; he wondered whether it could be considered "consistent with our ideas of government."<sup>60</sup> If Forrestal and King were referring to Donovan's plan, as they probably were, then they misconceived it. Donovan wanted in one agency centralization of clandestine activities and coordination of otherwise independent agencies or autonomous departments. To him this was not a single *service* but a single *system*.

In April General Bissell showed no enthusiasm for the Carter plan, which Admiral Leahy had sent over from the White House for comment. Bissell thought it served primarily the interests of the State Department and showed little awareness of the scope of military and naval intelligence. He said it did "highlight the current need for studies on postwar coordination of intelligence at the departmental level." Wanting to keep intelligence where he thought it belonged, with the three secretaries, he suggested the President be advised to "charge the State, War, and Navy Coordinating Committee with initiating a study of postwar intelligence coordination."<sup>61</sup>

In May a detailed plan for a postwar intelligence organization was drafted by a G-2 colonel, but shortly after it began circulating, someone in G-2 thought it "not proper" for the intelligence service to act on it. His reason was that the letter Stimson had sent Donovan on May 1 "prohibited our consideration of a central intelligence organization." He was then informed that on the contrary they were actually under instructions from Bissell to be

prepared with positive steps leading to interdepartmental coordination. At the same time, another colonel was preparing "a possible charter for an interdepartmental board," which, when set up, could review the plan just submitted.<sup>62</sup>

Other less formal comments and suggestions had been made in Washington and in the field as various individuals turned their thoughts to the problems of intelligence in occupied Germany, besieged Japan, and a postwar world in which real peace seemed by no means assured. Also of course the JCS 1181 series was still on the JCS agenda, though on a backburner. Finally under consideration were the intelligence aspects of the problem of the unification of the military services, a problem then coming to the fore.

As far as action was concerned, however, the early summer months were uneventful. The President, certainly a very busy man, was barely seized with the intelligence issue. The Budget Bureau, trying to keep everyone in line, was still studying it. The State Department, though convinced that its primacy in foreign affairs gave it correlative primacy in foreign intelligence, was confused on both its departmental and interdepartmental roles. The FBI had a plan and, apparently, a program of action, but since it remained dependent on State, War, and Navy as far as foreign operations were concerned it was really not free to push hard for its objective. The military, having successfully resisted repeated OSS offensives, could think that its "fort" was safe and time was on its side.

## **5. ASSAULTED AGAIN**

The only contender that could not afford to stand still was OSS, but it had been stopped dead in its tracks. Donovan had raised the problem of intelligence, explored and defined the basic objectives, functions, and relationships, and had offered not only a solution but also the way to resolution of the problem. He offered a plan in October 1944, again in November, and again in April 1945, and when he tried to carry on a dialogue with Stimson in May, the latter's bureaucracy simply closed the file. However much one played with plans, one could do nothing about the issues itself until Germany and Japan were both defeated.

Even without being sentenced to inaction, OSS was in a fundamentally weaker position than all its rivals and foes. In the first place it was a war agency with no statutory foundation for permanence. As such it had little strength—no sustaining traditions, no hallowed place in government, no corps of influential alumni, no prestige in Congress, no deep and wide public support, nothing beyond temporary acceptance as an emergency mechanism in the war against Hitler and Tojo. Indeed, as a war agency it shared in that general unpopularity attaching to the swollen national government as being inefficient, wasteful and costly and, therefore, in need of dismantling as soon as military factors permitted it. Simply as a war agency OSS had no future.

While this had always been the implicit extent of its lease on life, and the Army and Navy had frequently taken the trouble to hammer the point home, the situation was aggravated when victory appeared imminent. The Normandy landings in June 1944 had not only stirred the national expectation for victory and peace but had also stimulated the eagerness to demobilize, reconvert, and get back to normalcy. Thus, in October Donovan, under pressure from the Budget Bureau, had promised an immediate five percent reduction in personnel—assuming no increased demands were laid on him—and a twenty-five percent reduction within a reasonable administrative period after the termination of hostilities in Europe. In January OSS was readying a response to one of the chief economizers in government, Sen. Harry Byrd of Virginia, who wanted information on the reduction of

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personnel after V-E Day and the abolition of functions and units at the conclusion of the war.<sup>63</sup> The new President, in his first two meetings with his Budget chief, made explicit his determination to trim or eliminate war agencies just as speedily as possible. Just about V-E Day Donovan and OSS in Europe were preparing for an inspection by Truman's former Senate committee, which had sought information on OSS installations, supplies, and activities in that theater.<sup>64</sup> Such pressures and necessities, weightier after V-E Day itself, May 8, 1945, were by no means restricted to OSS, or even to war agencies; but, applied to OSS, an agency aspiring to permanence in some form or other, they only served to underscore the likelihood of abolition even while OSS could do little to forestall it.

Another factor in the vulnerability of OSS was the intense hostility that its bold pretensions to permanence and power had generated among the old-line departments, especially War, Navy, and Justice. These had not wanted COI/OSS in the first place, had never become reconciled to it, and were determined it would never attain what they were sure it aspired to, namely, control over their intelligence and their intelligence departments. Their hostility had been further fed by the professionals' contempt for amateurs, the military's resentment of civilian intrusion in their field, distrust of OSS—its objectives, schemes, procedures, and practices—annoyance with the pushiness of the prestigious OSS "crowd," and of course dislike for Donovan, the dominating personality, who energized the entire organization and made it as fearsome a foe as any war agency could hope to be. This hostility was even ennobled by the conviction, in the minds of such military as General Bissell, that Donovan and OSS were a threat to the Republic.

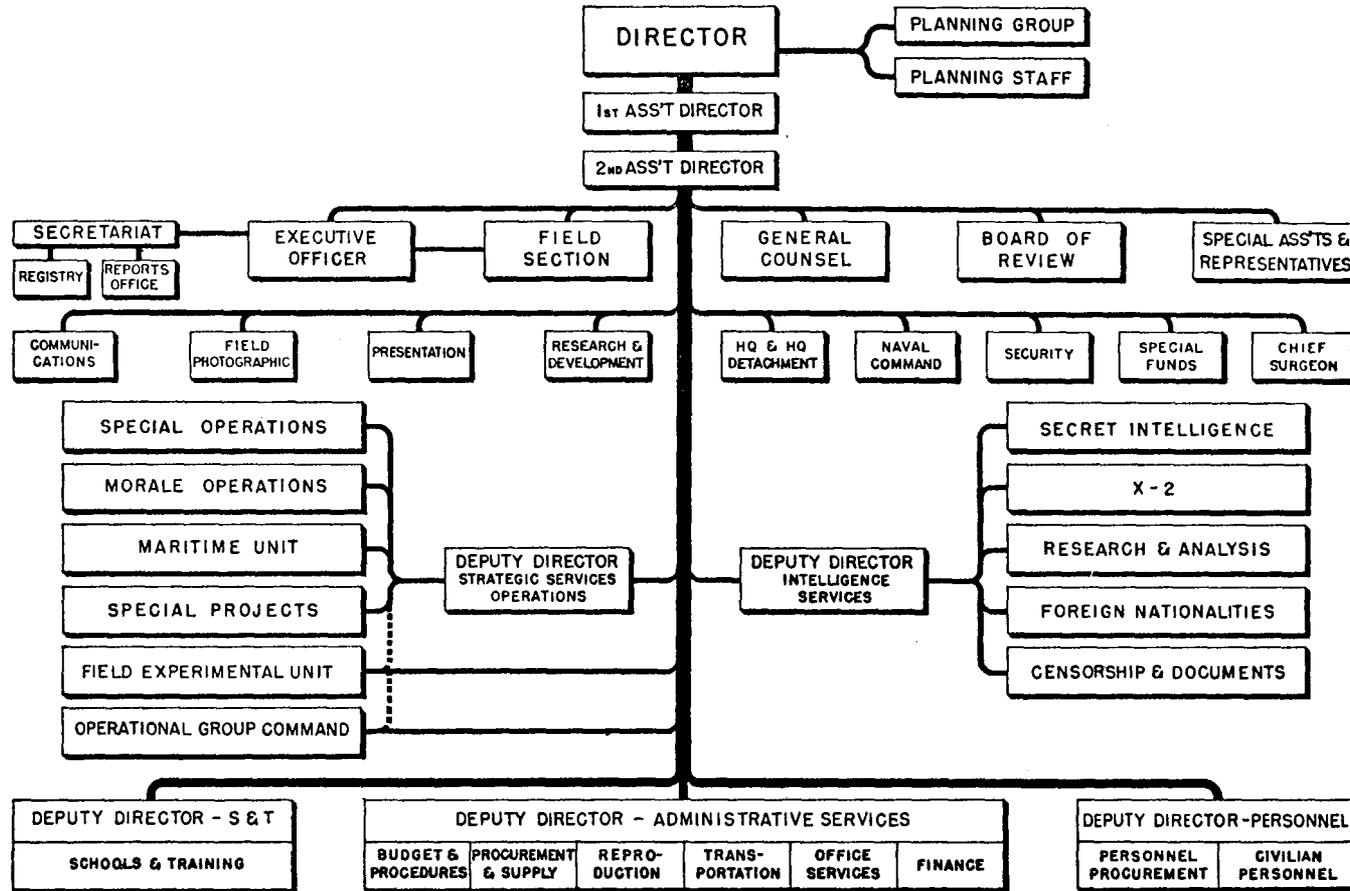
Still another aspect of OSS vulnerability was the exposed position of many of its assets which, as victory became more imminent, were avidly sought by the old-line departments as additions to their own resources. Like many agencies of government which had to find wartime responses to new challenges, OSS had developed many functions, acquired much experience, and possessed valuable personnel; and many of these assets, if shaken loose from their spawning parents, could, it was felt, become permanent parts of the establishment which remained when the wartime superstructure was torn down. Certainly R & A was wanted by State and the military. Certainly there were many intelligence and counterintelligence operations which the Army wanted to take over from OSS. Indeed, the Army and Navy, which had been perfectly willing in 1941 to let Donovan run a secret intelligence organization, now wanted it for themselves. On a large scale, intelligence was a wartime development whose peacetime extension—and that included espionage—commended itself to practically everyone in the government. They all wanted a "piece of the action," a piece of OSS, but not OSS (Figure 8).

Hobbled by these basic vulnerabilities, OSS was further hampered in the spring of 1945, especially after V-E Day, by a malicious press campaign fed by selective disclosures of secret material. The Trohan series in February turned out to be not a one-shot affair but the first installment. The second installment, in May, coincided—accidentally, if one can believe it—with Congressional consideration of the OSS budget. Someone had his sights on Donovan.

Because of his excellent prewar reputation, the importance of his European missions, the excitement inherent in his role as a "mystery" man, Donovan personally had always enjoyed a good press. As head of COI and OSS, and faithful to the secret character of his operations, he held no press conferences, issued no daily releases, made no public statements, never involved himself and his agency in the public discussion of controversial policies or actions. He had, however, often held private, off-the-record meetings with different newsmen and publishers; while these provided some satisfaction of legitimate curiosity, and never

# OSS ORGANIZATION

(WASHINGTON)



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Figure 8. OSS organizational chart, June 1945.

## *XI/oss on the offensive and defensive*

created any stir, they certainly were calculated to advance the interests of Donovan and OSS. Given the state of Washington, the war, and the press, it was inevitable that there be some publicity—some favorable, some unfavorable; there were snippets in the beginning about the new office, coverage of the switch from COI to OSS, gossip column items about the socially prominent members of the “Oh-So-Secret” and “Oh-So-Social” organization, and considerable news on the later controversy with OWI. Except for the last item, everything else was routine speculation, persiflage, or harmless war information. The general impression of OSS was that it was the least-known agency in Washington. No one had yet sunk his teeth into it.

The protective shield was shattered, however, when desperation and bitterness induced someone, or some organization, worried over the shape of intelligence things on their way, to give to Walter Trohan the documents and details on the government’s own first-class row over postwar intelligence policy and structure. OSS had thereby been ticketed as an aping gestapo. Next came allegations, with heavy play in the McCormick-Patterson press, of Communists in both OSS and the War Department; and both Donovan and General Bissell had to travel to Capitol Hill on the same day to defend their organizations. Then came charges in the ultra-liberal New York *PM* that OSS, because of its heavy concentration of bankers with prewar connections with German industry, favored “a soft peace” for Germany.<sup>65</sup>

Then came the second installment. Just when the House Appropriations Committee was working on the OSS budget for fiscal year 1946, there came a series of stories and charges, largely based on secret documents, which were clearly aimed at tarring OSS with every black brush at hand. They came in the McCormick-Patterson press, and most carried the Trohan by-line. First on May 16 was the headlined news that “MacArthur Bars OSS Propaganda”; described as quite “satisfied with his own intelligence unit,” General MacArthur had reportedly refused a Donovan offer of a large corps of what Trohan characterized as “propagandists and information sifters.” The story went on to describe OSS belittlingly as the most mysterious agency in government and as “the glamor set” whose members took “oaths of secrecy ‘as awesome as [those in] a fraternity initiation.’” Lest his readers had forgotten, Trohan reminded them that Donovan had earlier suffered a “rebuff” when his plan to “take over all foreign intelligence” was publicized and “widely denounced in Congress as a scheme to create an American Gestapo.”<sup>66</sup>

Next, on May 17, another *Times-Herald* writer, J. C. Oestreicher, publicized a “top secret” cable on a Japanese peace feeler which OSS recognized as one Donovan had sent to the President, the Secretary of State, and the JCS. In State the document had been given “very limited distribution,” and the JCS copy had not gone beyond the secretariat; within OSS it had received “limited” distribution. OSS thought the paper stressed the story because it served their policy of an early peace with Japan.<sup>67</sup>

Cabling from Europe, Donovan sent the draft of a suggested letter to the President and the JCS charging that the Japanese story and the revelation of his November plan were connected, that in both cases the information had been “furnished by the same source,” and that the content and the tone of the recital clearly indicated not only inside knowledge but “malice and vindictiveness.” Once again Donovan suggested the establishment of “a board with power to compel testimony under oath to discover those who are concerned with these disclosures.”<sup>68</sup>

Before any letter was written, however, two more damaging Trohan stories had appeared. The first, on May 18, proclaimed “OSS Is Branded British Agency to Legislators,” and on the next day the second article declared “British Control of OSS Bared in

Congress Probe.” Both stories attributed the information to unidentified members of Congress who had become “interested” in the hitherto “top secret” activities of OSS and who no longer felt restrained by reasons of military security not to reveal “the tieup of OSS and the British.” The first story pointed out that OSS, which had “spent more than \$125,000,000 in propagandizing and intelligence work around the world,” was “scarcely more than an arm of the British Intelligence Service.” It declared that OSS was now asking Congress for \$38,000,000 for the next year even though the war in Europe had ended and the organization’s services were “not wanted in the Pacific.” The two stories cited a score of items proving the “tieup”: the training of OSS agents in England, British use of OSS for getting information otherwise denied them in the United States, a close connection between OSS and the British passport control office in New York—“the headquarters of British intelligence in the U.S.”<sup>69</sup>

Trohan had another story on May 20: “Strategic Offices’ Aid Also Turned Down by Nimitz.” Trohan reported that Rep. Paul W. Shafer of Michigan had just made public an exchange of correspondence between Donovan and Adm. Chester W. Nimitz in which the latter had politely but definitely “spurned OSS cooperation in the Pacific theater.” Donovan, so reported Shafer and Trohan, had offered to Nimitz a number of inducements among which was “the use of special secret funds, made available by Congress to be spent only on Donovan’s personal certification.” Shafer said he was “convinced that the successes of MacArthur and Nimitz in the Pacific were “due in no small measure” to their decisions “to keep OSS from cluttering up the area with misinformation and well-meaning but ineffective propaganda.” War, Shafer had learned, was the business of fighting men, not of “economists, psychologists, historians, and other joy-riders in the OSS, OWI, and like organizations.”<sup>70</sup>

When Donovan’s deputy, Charles Cheston, sent Donovan the news of the first Trohan article on the British “tieup,” Cheston had described it as “an obvious follow-up of the MacArthur story in the campaign to destroy public confidence in OSS.” In reply Donovan suggested that OSS explore the possibilities of having one of Shafer’s friends explain to him what had been done. Donovan thought the disclosure of the Nimitz correspondence was a “concrete” story, “something we can get hold of,” and, therefore, that OSS should be “alive to the possibility of having our case presented by the appropriations committee.” He suggested inserting in the appropriations hearing a statement more complete than the one already submitted. “There is no doubt,” he concluded, “that the opposition has determined to make it a real fight. Therefore, let them put in their entire case before we take any obvious countermeasures.”<sup>71</sup>

Perhaps we should stop at this point to ask just who was “the opposition”? Donovan has attributed the release of the cable on the peace feeler to “the same source” who had given Trohan his November plan. On that occasion he had instinctively suspected J. Edgar Hoover, and so he must have suspected him of the cable release. Did that suspicion persist, or was it altered when the other revelations quickly followed? More pertinent, where now does the evidence point?

The little that is available suggests that, if Hoover was involved, he had a partner in the military establishment. The Japanese peace feeler originated in OSS and went to the JCS, State, and the White House; it could have been leaked from any one of four places. The MacArthur and Nimitz stories originated with OSS and the military. Another Donovan cable, not mentioned so far in these pages, was publicized by Drew Pearson on May 25 after its contents had become previously known in the office of Assistant Secretary of War McCloy. The most fascinating evidence, however, concerns the source of the two articles on the OSS “tieup” with the British.

## XI/oss on the offensive and defensive

On March 12 one Col. Richard Park, Jr., told General Bissell of his trip with President Roosevelt, at the conclusion apparently of the Yalta conference, and of the territory he had covered after leaving the presidential party at Cairo. According to Bissell, Park then "laid on my desk a memorandum containing his evaluation of OSS activities . . . and suggested I should read the first two pages which I did." When Bissell had finished—"the paper recommended a rather thorough OSS housecleaning was desirable"—he told Park it was entirely inappropriate for him to make any comment and he therefore had nothing to say.<sup>72</sup>

Park subsequently sent his report, "top secret," to President Truman with this explanation of its origin: "the day the late President departed for Warm Springs [December 18, 1944] he authorized me to make an informal investigation of the Office of Strategic Services and report on my findings and conclusions. Certain information had been brought to his attention which made such an investigation both timely and desirable." There then followed fifty-four pages, double-spaced, of scores—over 120—of items accusing OSS or its personnel of incompetence, insecurity, corruption, "orgies," nepotism, black-marketing, and almost anything else one could name. While Park cited seven "laudatory comments" on the work of OSS, they did little to lessen the clearness of his recommendations for the replacement of Donovan, the "scattering" of OSS—for instance, R & A to G-2 or State—and the establishment of a postwar organization modeled on the FBI-ONI-G-2 structure in South America.<sup>73</sup>

One section of Park's report is entitled "Compromise in Foreign Governments." Close analysis suggests irresistibly that this section in particular was the ultimate documentary source of Trohan's articles on the British connection. Let an example illustrate the parallelism:

### TROHAN

Recently it was learned that directives contemplating a breakaway in the future from the British were proposed. But it is considered a break will be virtually impossible as the British know almost without exception the name, location, cover and assignments of every OSS man in the world.

Let one more case be cited:

### TROHAN

A further example of the close tieup . . . was disclosed in the case of William Alto, a major in the Spanish Republican Army, who enlisted in the United States Army at the outbreak of the war. Because of his experience and knowledge of languages he was promised a commission in OSS. He was transferred to an OSS training school. Alto did not approve of the OSS assignment and asked to be transferred back to the army. Before this transfer came through he was reportedly offered a job in British intelligence by OSS.

### PARK

Late in 1943 directives were issued with regard to a future breakaway from the British but it was difficult to understand how this could be accomplished as the British were believed to know almost without exception, the name, location, cover and assignment of O.S.S. agents throughout the world.<sup>74</sup>

### PARK

William Alto, a major in the Spanish Republican Army in the Spanish War, enlisted in the U.S. Army about the time of Pearl Harbor. Because of his linguistic ability and background he was transferred to the O.S.S. and promised a commission which did not materialize. He requested he be transferred back to the Army. This was accomplished but before his transfer came through he was offered a job in British intelligence by the O.S.S., thus indicating the close cooperation between these two organizations.<sup>75</sup>

Park's report, the Japanese cable, the MacArthur and Nimitz stories, and the Pearson cable all either originated with or circulated mainly in military circles. No other organization, not even OSS, and least of all the FBI had this kind of direct connection with the material. Conceivably then the military could have been responsible for the release of all of it, or the material could have been released to three different writers by different agencies acting independently and for their own reasons. Two conclusions seem warranted: one, if the FBI was involved, it surely had the active support of one or more government agencies; and two, the military was surely involved.

Donovan's recommendation against "any obvious countermeasures" until the opposition had submitted their entire case prompted Cheston to postpone sending a letter to the JCS and the President. Instead he and Otto Doering planned to discuss the situation "confidentially" with Rep. Joe Martin and invite both him and Speaker Sam Rayburn to visit OSS to learn about "the agency's record and purposes." Donovan concurred in this approach<sup>76</sup>—a not so obvious countermeasure—but, while he and his headquarters staff tried to grapple with each daily grenade, the situation was getting beyond their control.

The JCS had a call from the House Appropriations Committee. That body had taken cognizance of the Washington press reports to the effect that neither General MacArthur nor Admiral Nimitz desired the services of OSS in the Pacific war, which, of course, had now become the one scene of hostilities. The committee wanted a statement from the JCS as to the truth or falsity of the reports. Their request prompted the JCS to send messages of inquiry not only to MacArthur and Nimitz but also to the theater commanders in Europe, the Middle East, China, and India-Burma so that the committee might have "a balanced picture of the over-all value" of OSS.<sup>77</sup>

The replies from MacArthur and Nimitz confirmed what Trohan had reported. The India-Burma theater found no requirement for OSS under "current directives" and thought that OSS personnel should be brought wholly within the normal command channels of the War and Navy departments. The other three replies were most supportive of OSS: the China area said the potential value of OSS was expected to be extremely high; from the Middle East came recognition for the great contribution OSS had made to the Italian campaign and the continued essentiality of its work as long as the situation in Italy, Austria, and the Balkans remained unstable; the European commander considered the future value of OSS to be high and said its cessation in that theater should not be considered under any circumstances.<sup>78</sup>

On May 29 the JCS sent the committee these replies and their own judgment that OSS would "continue to be useful in the conduct of the war." Their report noted that "in the areas where OSS has been utilized there is agreement as to the value of its contributions in the war effort." The JCS thought OSS should be permitted to continue its operations in accordance with the desires of the responsible commanders in the field. They did think with the cessation of European hostilities the requirements for the next fiscal year "should be appreciably less than those for the past year."<sup>79</sup>

However, days before the JCS had sent their reply to the committee chairman, Clarence Cannon, the damage had been done. That OSS had fared badly at the hands of the President and Congress, especially in comparison with the FBI, was carefully noted, surely gleefully, at G-2 where the following "buckslip" was marked for retention "in our permanent file:"

"OSS	
Requested	\$45,000,000
Budget cut to	42,000,000
Congress cut to	38,000,000
President cut to	24,000,000
"FBI	
Requested	49,000,000
Budget cut to	46,000,000
Congress put back in	49,000,000
President cut to	43,000,000" <sup>80</sup>

## XI/oss on the offensive and defensive

More adverse publicity was fed into public channels when in June *Newsweek* reported, without any attribution, that one of the “sensational investigations of war activities will be an inquiry into the use of ‘unvouchered funds’” by OSS and OWI. Such funds, said the magazine, had been made available for “‘cloak and dagger’ and propaganda operations” but had been used “for buying many diverse things, ranging from whiskey to real estate and radio stations.” *Newsweek* said that Truman, when head of his Senate committee, had been deterred from carrying out such an investigation for fear of interfering with the war effort but that he had promised at the time to “see to it that the practices were aired after V-E Day.”<sup>81</sup>

The rumor of a funds investigation was further circulated by Danton Walker in his *Times-Herald* “Broadway” column: “The Office of Strategic Services, with some \$20,000,000 to spend and no one to account to, will be getting congressional calls for itemized accounts soon.” Repeating the charge a month later, Walker said OSS and OWI would “have to do some tall explaining to Congress over a matter of ‘unvouchered funds’ involving astronomical figures.”<sup>82</sup>

The *Washington Post* had already reported learning that OSS had been “under fire in high official quarters since before the death of President Roosevelt because of a feeling in these quarters that it had become topheavy with representatives of international industrial and banking interests.” Roosevelt was reported “so concerned” that he had considered paring the budget and scope of OSS. Next, “apparently the critics got the ear of President Truman,” because a House committee, “presumably with administration approval,” cut the OSS budget by almost half. The article listed the names of some of the prominent bankers, industrialists, and financiers in OSS and then reported that after Truman’s meeting with Donovan in May there had been many resignations of OSS executives, much reorganization, and considerable curtailment of its activities.<sup>83</sup>

It does not appear that Donovan ever sent the President and the JCS that suggested letter on the Japanese or any other disclosure or that he ever asked for a board to ferret out the culprit. It does not appear that he ever took “any obvious countermeasures”—at least until after the Japanese surrender—to defend himself and his agency.

He had had several meetings with newsmen, especially after the original disclosure by Trohan and largely in response to newsmen’s curiosity about his plan and the attendant publicity. From these off-the-record interviews came several articles defending him and generally echoing his concern for an effective central intelligence service to meet the needs of the President and the nation. In July, for instance, the *New York Times* columnist Arthur Krock defended OSS against the charge of being loaded with bankers. Of course Donovan had hired bankers, said Krock, but he had also hired professors, “daring young officers from the Army and Navy,” experienced military officers, journalists, writers, and diplomats. The variety of people hired, concluded Krock, “shows the OSS to be a remarkably balanced and representative group, its personalities testifying to General Donovan’s skill as a recruiting officer of the many talents required.”<sup>84</sup>

While in mid-1945 Donovan had certainly not given up, he had little reason for optimism. He had been stymied by the big four, ignored by the President, and was unsupported in the Congress. He had been smeared by the press—he harbored Communists, was controlled by the British, was rebuffed by heroes MacArthur and Nimitz, traveled with self-seeking bankers, financiers, industrialists, and socialites, had squandered money, and was marked for a sensational exposé. Heading a hobbled and expiring organization, Donovan still hoped he could persuade the country and the government of the rightness of his program for a postwar intelligence system.

He made a try at interesting Congress in the subject. On August 8 he urged Sen. Harley Kilgore to direct the attention of his Military Affairs Subcommittee, then reporting on Germany's war potential, to the necessity of establishing "a national centralized intelligence agency" as the only effective instrument for detecting the "overall pattern of activity betokening future aggressive intentions." Donovan said he did not believe in "a single intelligence service for all departments of the government," but he did hold it "necessary that the intelligence functions of existing departments be clarified, that objectives be defined, and that activities be coordinated." He wanted "a central agency" in which all departments were represented and which had authority to obtain necessary materials from all. Once again he listed the essential elements of such an agency: responsibility to the President, an advisory board, the power to coordinate, an independent budget, respect for the integrity of other agencies' functions, military control in theaters of operation. "This," he said, "does not mean the establishment of a Gestapo. Quite the contrary. Such a service should have no powers of arrest either at home or aboard. It should have no authority to exercise surveillance at home. It should deal only with intelligence in foreign affairs."<sup>85</sup> Before this exhortation to Kilgore could take effect, however, the war ended, and Donovan and the country faced an entirely new situation.

## Chapter XII

### THE ABOLITION OF OSS

The war against Japan ended much sooner than had been expected. The first atomic bomb was dropped on Hiroshima on August 6, 1945, and the second fell on Nagasaki on August 9. On the next day Japan announced it wanted clarification of the preliminaries to a surrender. Late on August 14 President Truman announced the end of hostilities. With the headiness of peace came a reconversion fever.

#### 1. A LAST-DITCH EFFORT

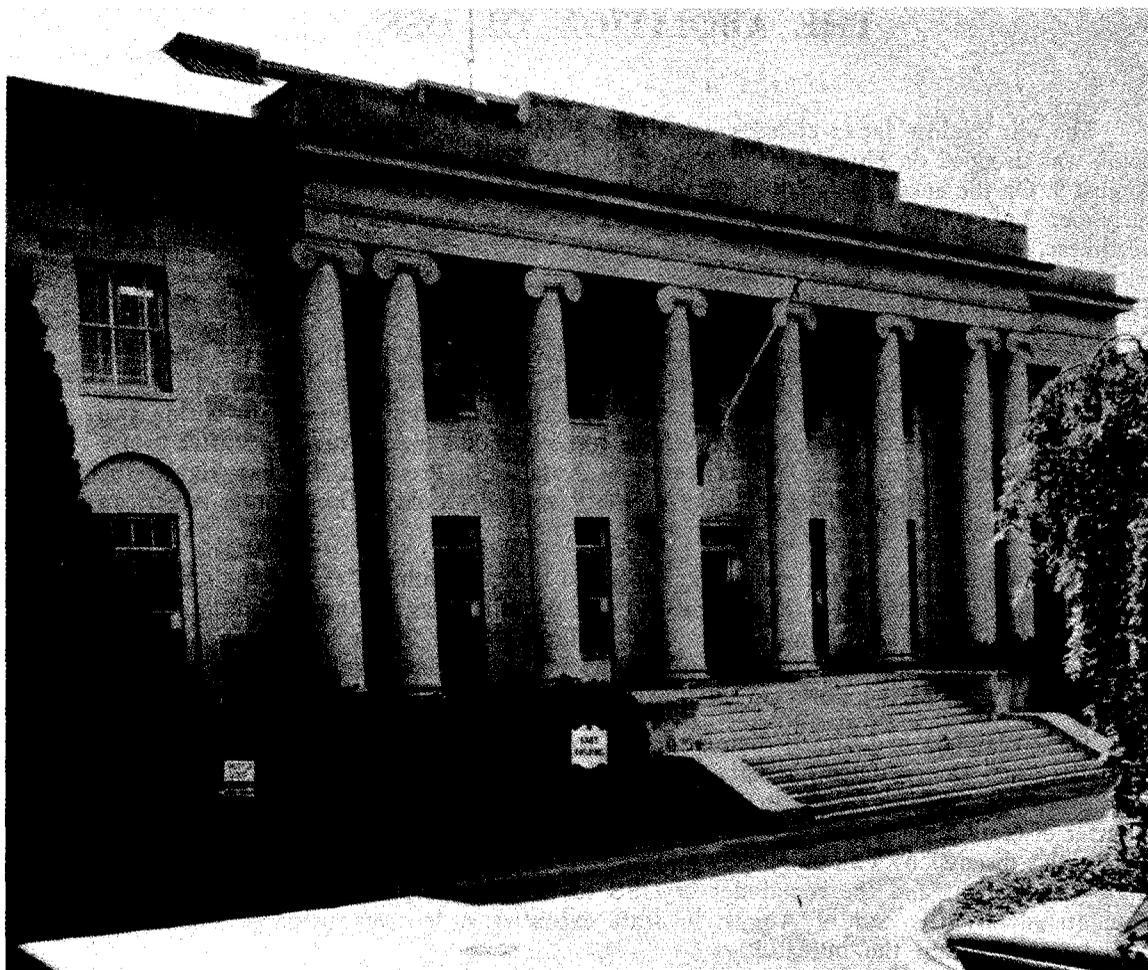
Illustrative of this fever was the speedy abolition of OWI. A liability for the President because of its unpopularity with Congress and the press, OWI was instructed, almost simultaneously with the peace announcement, to hand in its liquidation plans within two days. Those plans were delivered to the White House at 3:00 a.m. on August 18 after twelve hours of hectic meetings in OWI offices.<sup>1</sup> On August 31 President Truman signed the executive order abolishing OWI and also Nelson Rockefeller's old Office of Inter-American Affairs.

The President had in the meantime appointed a special committee to handle not only the OWI liquidation but also the administration's overall policy on the dismantling of the wartime machinery. The committee consisted of Harold Smith, Judge Rosenman, and John W. Snyder, the Director of the Office of War Mobilization. Smith and his Budget Bureau planners did most of the work, especially the drafting of the necessary executive orders.<sup>2</sup>

These planners had turned their attention to OSS by August 23 when Harold Smith formally asked Donovan for his plans for the further reduction of personnel. At the same time Smith directed his people to prepare the papers for the termination of OSS and the transfer of certain of its activities to other agencies. A draft memorandum, quickly readied for Smith's discussions with Rosenman and Snyder, recommended transfer of R & A to the State Department and the remainder of OSS to the War Department for "salvage and liquidation." By the end of August a draft executive order was prepared and under consideration within the bureau.<sup>3</sup>

Donovan had been out of the country from July 25 to August 13; he arrived back in Washington on August 14 at 12:00 noon, just hours before Truman's surrender announcement.

Donovan, recognizing the newness of the situation as quickly as anyone, saw the need for reducing personnel, terminating some operations, and liquidating certain units. He knew that OSS as such was sure to be abolished. However, for him the cessation of hostilities did not eliminate the need for intelligence; peace merely changed the intelligence requirements. Hence, some operations had to be continued and new ones even initiated, and above all some provision had to be made for a permanent intelligence agency, which could not only pick up where and when OSS left off but which could go farther and satisfy the country's basic intelligence needs which, in his opinion, had so long been neglected.



"The Kremlin"—the OSS name for the Administration (now the East) Building at 25th and E Streets in Washington. Donovan occupied the lower right hand corner of the building.

Central Intelligence Agency

Back at his desk he soon had from subordinates a sheaf of analyses and proposals on what to do now. Paul B. Nelson, predicting that OSS would soon “find its tenure of life abruptly curtailed,” said the agency’s salvation lay in turning to “salesmanship and discreet advertising” to sell its “product . . . strategic intelligence.” On the subject of “indoctrinating” the military “on the value of the work of this organization,” General Magruder was strongly convinced that “a thoroughgoing treatment of our overall objectives centering about Intelligence [was] more effective than the detailed and somewhat isolated aspects of operational activities.”<sup>4</sup>

David Bruce, stating the need to base national policy on complete strategic intelligence, which was “thoroughly analyzed by American minds, free of any foreign bias,” once again formulated the basic OSS proposition that such intelligence required an independent staff of trained experts—military men, diplomats, and scholars—who knew foreign languages, had “a detailed acquaintance with almost every portion of the earth’s surface,” and who were “competent to assimilate, study, analyze, and evaluate all the factors pertinent to the deliberations of policy makers operating on the highest strategical levels.”<sup>5</sup>

Lieutenant Colonel Gleason produced “further evidence of need for a central intelligence agency.” He denounced the recent action of the JIC whereby it named the Army Map Service as the custodian of topographic maps and of topographic map information; calling the action “one more instance of partial solutions,” he said the situation called for a central agency to handle all types of maps and to service not just the JCS agencies but all government agencies. A memorandum to the President was prepared on the subject, but Donovan decided, for reasons unknown, not to send it forward.<sup>6</sup>

Gleason, just back from a trip to Europe, also reported on his European colleagues’ thinking on the tactical situation confronting Donovan in his efforts to get action on a postwar agency. They saw two alternative possibilities: either transforming OSS into a small, strategic intelligence agency functioning directly under the President and completely independent of the existing departmental agencies; or creating, with OSS as the nucleus, a central intelligence agency subordinate either to the President “or some other national authority,” and performing for the other agencies all intelligence functions of common concern. Both plans, they felt, would encounter hostility from the other agencies, but they thought the first would “stir up such ill-feeling” that no such agency could ever function. They thought, so concluded Gleason, that Donovan should strive for the first plan, what Gleason called “a presidential agency,” as a device for obtaining acceptance of the central agency plan; and if that failed, if “the opponents of *any* reform refuse to make concessions,” then Donovan could possibly get acceptance of the presidential plan. “Unfortunately,” observed Gleason, touching upon the dilemma and difficulty confronting OSS, “there is decidedly less enthusiasm for this plan within OSS itself.”<sup>7</sup> In short, where lay the prospect of success?

Donovan, a week after his return, received Smith’s inquiry about his plans for further reduction of personnel; he used the opening to launch still one more effort to establish a permanent intelligence agency based on the assets of OSS.

First he informed Smith that OSS was already “working under what is in effect a liquidation budget.” He had taken steps to terminate many operational activities and to reduce the remaining parts to a size consistent with obligations in the Far East, in the occupation of Germany and Austria, and in the maintenance of missions elsewhere in Europe, Asia, and the Middle East. The differing requirements of liquidating and continuing functions required a “gradual elimination of our services in step with the orderly reduction of personnel.” He foresaw the completion of liquidation occurring on January 1, or at the latest February 1, 1946. At that point, he said, he wished to “return to private life.”<sup>8</sup>

## **XII/*the abolition of oss***

In that private capacity, he said, he now wanted to take up the problem of the disposition of the OSS assets. There was no permanent agency of the government to perform the OSS functions which had been carried out as incident to the war but which in reality were essential to the government's activity in the "organization and maintenance of the peace. . . ." Since November, Donovan recalled, he had been trying to get some action on the permanent utilization of "the valuable assets" of OSS. One of these was "the establishment for the first time in our nation's history of a foreign secret intelligence service which reported information as seen through American eyes." Another, "an integral and inseparable part of this service," was his R & A. Building a modern intelligence system, he said, was no easy thing and was more difficult in peace than in war; and hence he urged, once again, that action be taken before the disappearance of OSS to take advantage of "its experience and 'know how.'"

He had already submitted a plan for the establishment of a centralized system, but the discussion of that proposal, he told Smith, "indicated the need of an agreement upon certain fundamental principles before a detailed plan [was] formulated." Agreement on these principles, he thought, would facilitate acceptance of a common plan. Once again, as he had done in September 1943, in October 1944, and in April 1945, he outlined the argument for and the basic characteristics required of a modern American intelligence system. As in his 1943 paper to General Smith, he gave his new statement of principles a lengthy title: "Principles—The Soundness of Which it is Believed Has Been Established by Our Own Experience And a First-Hand Study of the Systems of Other Nations—Which Should Govern The Establishment Of a Centralized United States Foreign Intelligence System" (Appendix Q).

Introductory to those principles were his oft-repeated assertions that national policy must be based on knowledge of other powers' abilities and intentions, that the U.S. had never had, prior to the war, a secret intelligence service and did not then have a coordinated intelligence system, and that "the defects and dangers of this situation," which "have been generally recognized," could be remedied by adherence to those "Principles" which had been validated by experience and study. Such adherence would provide American policy makers with information on foreign powers "as seen and interpreted by Americans," and would thus, Donovan was implicitly saying, free the United States from that dependence which had been such a wartime embarrassment to many Americans.

In newly formulating his "Principles," Donovan obviously tried to find language that would meet some of the objections produced in earlier discussions of his proposal. On departmental autonomy, a point he pertinently took up first, he asserted

[t]hat each Department of Government should have its own intelligence bureau for the collection and processing of such informational material as it finds necessary in the actual performance of its functions and duties. Such a bureau should be under the sole control of the Department head and should not be encroached upon or impaired by the functions granted any other Governmental intelligence agency.

Incidentally, Donovan's principles included no references to the coordination of other agencies' intelligence functions; the omission must have been an oversight, because coordination was the one desideratum on which all agreed, though they differed on how to achieve it.

Otherwise Donovan was uncompromising. There must be "a national centralized foreign intelligence agency" independent of any government department since it had to serve all and had to be free "of the natural bias of an operating Department." Such an agency

should be run by a director, appointed and supervised by the President, advised and assisted in the formulation of policy by a board consisting of the Secretaries of State, War, Navy, and Treasury. Such an agency, established to serve all departments, should be charged with the collection of information bearing on the national interest and the production of "strategic interpretive studies." Such an agency should also have sole charge, "in the foreign field only," of espionage, counterespionage, and those special operations (including morale and psychological operations) "designed to anticipate and counter any attempted penetration and subversion of our national security by enemy action." On the business of a gestapo Donovan asserted that the agency he recommended "should be prohibited from carrying on clandestine activities within the United States and should be forbidden the exercise of any police functions either at home or abroad."

Donovan then pushed his proposals in high places. He informed the President of his plans, reminded him that "you have stated you wished to explore [this matter] with me before coming to a decision," and hoped they could get together before he, Donovan, left in the next two weeks for Germany and the War Crimes trials. Of course he fully informed the JCS of his action, and also sent to them reports from the various theater commanders setting forth their requirements for the services of OSS. He sent copies to Secretary of State Byrnes and to John Snyder, with whom he managed to discuss the matter personally.<sup>10</sup>

On August 27 he met with all his branch chiefs to discuss "the future of OSS and the Question of Personnel for the next 2 or 3 months." On August 30 he informed the field of his message to Smith. He asked that work be continued on "an efficient basis" and that even new work be taken if its neglect "would be of disadvantage to U.S. interest." He said they must "assume the continuity of Government." He wanted them in the next four or five months "to do the very best job we can."<sup>11</sup>

Also on August 30 he and some of his staff met with Budget Bureau representatives to discuss the reduction of the OSS budget and "the program for the demobilization of OSS." Donovan stressed the importance of making a determination on the "final disposition" of those activities whose continuance was either necessary or required by theater commanders. He wanted to know "who would make the final decision." Said Smith's representative:

I told him that it would be up to the President and that I understood that all re-organizational matters of the Government were being considered by Messers. Smith, Snyder, and Rosenman. I could give him no answer on the question but that I felt confident that it was being actively considered.<sup>12</sup>

The discussion must have left Donovan feeling somewhat unwanted. He again tried to make contact with the President. On September 4 he reported to Truman that the Chinese ambassador had "talked [with him] about postwar intelligence." Wanting American help "in watching the situation in Korea and Manchuria," the ambassador "suggested a working arrangement intelligence wise—with a postwar intelligence agency maintaining liaison with them in China and exchanging information on the Far Eastern area." Donovan thought Truman might "wish to pass this on to any agency that may be established," but he assured the President that in the meantime "OSS can watch developments since even though we are liquidating we are obliged to keep an intelligence unit there for the next ninety days."<sup>13</sup> The President refused to bite.

Donovan now went public. He let loose a barrage of news, "obvious counter-measures," designed to promote and defend OSS. He and his aides, meeting with newsmen, gave them the story of the plight and the problems of American intelligence, the accomplishments both of OSS and of individual OSS officers, the controversy over the future of OSS, and Donovan's return to private life.

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The Donovan case was put forth in blunt laymen's language in five articles written in the *Chicago Daily News* by Wallace Deuel, who worked closely with Donovan throughout the war. Beginning on September 4 the Deuel headlines told the OSS story: "Capital Ax Falling on Our Priceless Secret Spy System"; "Savage Fight Looms for Control of OSS—Its Daring Exploits Paved Invasion Paths"; "OSS Softens Foe Prior to Attack"; "Mata Hari's O.K. but Spying's Done by 'Longhairs' Now"; and "If OSS Didn't Exist, It Would Have to Be Invented."<sup>14</sup>

There were other stories, including names, of the OSS teams who had effected the release of the Japanese-imprisoned General Wainwright, the Doolittle flyers, and thousands of others. There was much publicity given to OSS collaboration with the underground government of Japanese-occupied Thailand; OSS, said the Associated Press, "pulled another spy thriller from its voluminous collection of war secrets." The *Washington Post* reported "4000 stranded fliers rescued by OSS underground railway." The *New York Times* reported the "U.S. 'Cloak and Dagger' Exploits and Secret Blows in China [are now] Bared." On September 12 Donovan released the names of twenty-seven OSS men whom he decorated for heroism and courage.<sup>15</sup>

On the really substantive point, the future of American intelligence, Donovan and his aides let out the story as they saw it: the fundamental necessity for intelligence, the prewar weakness of the U.S. in that respect, the wartime duplication and confusion, and the need for coordination, espionage, and a new agency. These themes were much reported and commented upon, mostly favorably, by reporters, columnists, and editorialists. OSS, Donovan, intelligence, and American intelligence were getting extensive publicity, but as far as OSS was concerned, it was all in vain.

### 2. REVIVAL OF JCS 1181/1

Even before the Budget Bureau had turned to the dismantling of OSS, and even before Donovan had launched his new initiative, high-ranking military officers had picked up the subject of postwar intelligence with unaccustomed vigor.

That plan for a "National Security Intelligence Board," which Truman had seen in June, was revived on August 17, 1945, by its apparent author, the Deputy Chief of Staff for the Air Forces, Maj. Gen. Howard A. Craig. Adding some charts and a draft executive order to implement the plan, Craig sent it to the Army's Operations Division with the strong urging that some such instrumentality had been necessitated by the demands placed upon the United States by "the New World Organization [United Nations] and the chaotic conditions of the world today."<sup>16</sup>

Craig's recommendation either prompted or coincided with similar thinking in the Operations Division, in General Marshall's office, and in the Joint Strategic Survey Committee, which, be it remembered, had submitted a report in January on both Donovan's plan (JCS 1181) and the JIC plan (JIC 239/5). The similar thinking centered, however, on that JSSC report (JCS 1181/1) which was, after all, the existent military consensus on the desired postwar intelligence structure. The JSSC had recommended against Donovan's plan and in favor of the JIC plan but had also urged a "go-slow" policy on its implementation.

The day after Craig sent his memorandum to OPD, to Brig. Gen. George A. Lincoln, Chief of the Strategy and Policy Group, the latter made available to him a copy of an OPD recommendation for the revival of the JSSC report. On August 20 a revision of this OPD recommendation was also made available to Craig with the observation "that JCS 1181/1 covered everything we want except the matter about not collecting intelligence in the

United States itself.”<sup>17</sup> What “we want,” namely, the response that the military had finally produced as a counterproposal to the Donovan plan, was considerably less than what Craig had recommended, namely, a “board” in the executive office, headed by a director appointed by the President, and charged with coordination, espionage, counterespionage, research, special intelligence, and any other functions assigned it by the President—a large order indeed, at least from the military’s point of view.

The OPD recommendation, intended for General Marshall, declared that “the strength and position of the United States in the future world requires the establishment of a super secret espionage set-up to obtain politico-military intelligence which can be used in the formulation of foreign policies and strategic planning.” Furthermore, “the advent of atomic explosives serves to point up the future necessity for an effective, super secret espionage system for the United States.”<sup>18</sup>

The recommendation, written by the OPD chief, Lt. Gen. John E. Hull, described JCS 1181/1 as an “adequate mechanism” for meeting the need. To Hull the time for action was at hand; otherwise the necessary qualified people, who were still in both OSS and the armed forces, would soon be returning to civilian life. Hull thought only one change was required in the proposed directive: clarification “that the new Central Intelligence Agency shall collect information only outside the limits of the United States and its possessions.” That change would “effectively counter the *Times-Herald* charges that such an agency will be a U.S. ‘Gestapo’.” Hull, therefore, recommended that General Marshall ask the JCS to revive JCS 1181/1, direct the JSSC to bring it up to date, and incorporate the anti-gestapo clarification.<sup>19</sup>

Meanwhile, the JSSC had also taken up the matter of reviving 1181/1. The chairman, General Embick, told General Hull on August 21 that “with the advent of the atomic bomb and the necessity of keeping close surveillance on any industrial effort in other countries along that line” his committee thought the paper on the Central Intelligence Agency ought to be revived. He added another reason: to “keep some of these people who are now available.” That was good news to Hull, who then informed Embick that “as a matter of fact, we have a memorandum in draft form which I expect to clear with General Marshall tomorrow morning,” and which will “throw . . . that thing back at you to come up with a recommendation.” Agreeable to that, Embick also set forth the need to include “a specific disclaimer of the role of this agency in domestic espionage.”<sup>20</sup>

Hull was then told by General Lincoln, his strategy and policy chief, that General Craig thought they “should press the matter.” Lincoln reported that he himself had “heard something is stirring in other quarters and it might be well to get to the President first.”<sup>21</sup> He could have been referring to either Budget Bureau or OSS activity that was gathering steam; in any case, the remark testified to the reality of the competition in the formation of a postwar intelligence organization that was then taking shape.

Hull was also reminded by Lincoln that the proposed recommendation had not been cleared with G-2’s General Bissell. Whereas OPD and the JSSC had so far been proceeding in untroubled fashion, they now encountered some complications. Bissell, opposed as he was to both Donovan’s plan and the JIC plan, even though the latter was modified by the JSSC, reminded Hull of a little history. He said the entire matter had been referred back to the President and that subsequently the Secretary of War had himself informed General Donovan that the question henceforth should be handled, said Bissell, “by the Department heads who control the operating agencies.” Hence, concluded Bissell, it was “inappropriate” for the JCS to reconsider what the Secretary of War had already “ruled on.” If Hull

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thought it necessary for the JCS to process the matter in order to get it off their “docket,” Bissell suggested having the State-War-Navy Coordinating Committee “undertake an original study of interdepartmental intelligence coordination at this time.”<sup>22</sup>

Bissell provided another complication. He informed Hull that he seriously questioned the advisability of raising the matter while there were still over 8,000 Army officers and men assigned to OSS “on activities which can no longer by any stretch of the imagination be defended as contributing to the prosecution of the war.” He said that Congress had “clearly indicated a wish drastically to reduce OSS activities” and that it had accordingly “radically reduced OSS appropriations.” He warned that “if this matter gets into the press”—which interestingly enough it soon did—“the War Department may find itself in an embarrassing position in having left 8,000 men with the OSS, none of which were [*sic*] engaged in the main effort with MacArthur or Nimitz, when the clear intent of Congress was to curtail that activity.”<sup>23</sup>

Bissell had still another complication. He said OSS was “currently involved in a bitter controversy” with the Justice Department and was attempting to involve the JCS through the Joint Security Control. Finally, said Bissell, there were “additional factors” bearing on the issue which he would give Hull “verbally for security reasons.”<sup>24</sup> The reader’s curiosity cannot be satisfied on either the bitter controversy or the added factors.

In direct discussion with Hull, Bissell stressed his point that the history of the case showed it was a departmental and not a JCS matter. At most, he thought, the JCS could submit their views to the Secretaries of War and Navy, who in turn could forward them to the President if they so wished. Also, Bissell objected to letting the proposed agency have any operating functions.

On the procedural matter Bissell was convincing. Hull, informing the JCS Secretary, Brig. Gen. Andrew J. McFarland, of the imminent arrival of a recommendation on 1181/1, telephonically explained how he thought the matter should be handled:

Well, here’s my idea on it which I gave to General Marshall, and he indicated he thought it wasn’t too screwball—this thing go back to the Joint Strategic Survey Committee, they come up with their views on it which the Joint—upon which the Joint Chiefs of Staff can come to some sort of a meeting of the minds among themselves. Then they refer it to the Secretary, the Department—from then on it’s a departmental matter. In other words, it’s not something that the Joint Chiefs of Staff should communicate directly to the President on.<sup>25</sup>

Subsequently, however, the JCS Secretary had his own complication, and this was one of the points already made by Bissell, namely, that the entire matter had been disposed of when the JCS sent their reply to the President in March. McFarland wondered whether raising the matter required “Presidential concurrence.” Fortunately, where there is a will there is a way, and so McFarland also had another way of looking at the problem: “so far as the present incumbent [Truman] is concerned, it was a new matter,” and since the original reasons for recommending deferral no longer obtained, then the Joint Chiefs were free to “renew it on their own.” Conversation resolved the doubt; the two generals agreed the matter should be reconsidered by the JCS but sent forward on a departmental level. “That’s 100% correct,” concluded MacFarland, “but it was just in cranking the thing off, so I’ll go ahead—as a matter of fact, I’ve got it in the mail now to be put out to the other Chiefs to get their agreement.”<sup>26</sup>

The mail did go out that day, August 24, to Admirals King and Leahy and General Arnold. They were told that Marshall thought they should resume consideration of JCS 1181/1 but that, in view of the lapse of time since it had been written, it should first be reviewed by the JSSC. They were also told that consideration should be given to "stipulating" in the final paper that the new agency would collect information "only outside the United States and its possessions." The JCS informally agreed to Marshall's proposal on August 30, and that same day they asked the JSSC to review the matter.<sup>27</sup>

OSS, for whom the Budget Bureau was then drafting an execution order, and which had just launched a last appeal for a stay of execution, was now brought into the review of 1181/1. On August 31 Admiral King had referred to the JSSC Donovan's letter of August 25, with its resignation announcement, its liquidation and operating plans, and the effort to get a consensus on his ten "Principles." The JCS had a few days earlier become seized of another order of execution for OSS, this time from General Bissell; and for a while it looked as though it might also be referred, as a go-slow tactic, to the JSSC for review.

Bissell, having warned Hull about the inadvisability of raising the intelligence issue because of the Army personnel still with OSS and now performing no war work, took the matter to Marshall. The latter learned on August 25 that OSS had 8,000 Army officers and men, 3,500 civilians, and \$20,000,000 for fiscal year 1946. Bissell told Marshall the need for both people and money had been greatly reduced, and would soon be further reduced; he therefore recommended that "all Army officers, Warrant Officers, and enlisted personnel now on duty with the OSS be withdrawn *promptly*" (emphasis added). He also recommended that any OSS functions which could only be performed by military personnel be transferred "at once" with their military personnel to either the War or Navy department.<sup>28</sup>

An Air Forces general, writing for General Arnold, observed that the Bissell paper would have "the effect of virtually disbanding" OSS and "scattering throughout the services the military personnel experienced in their methods and techniques." While he first thought of sending it to the JSSC, he finally settled for language specifying that in the curtailment of OSS activities thought should be given to utilizing its procedures and personnel.<sup>29</sup>

The "promptly" above was ultimately changed to read "as rapidly as possible without disruption of essential work which should be completed." The scope was modified to include Navy, Coast Guard, and Marine personnel as well as Army. Donovan was asked to show how he would implement the directive, which was informally approved September 15.<sup>30</sup> By that time, however, it had been overtaken by action of the President and Harold Smith, who were fully aware of what Donovan was currently doing, in the government and in the press, and who may or may not have known that the military were restudying the postwar intelligence problem.

### **3. BUDGET BUREAU MOVES ON OSS**

On September 5, 1945, before the JSSC had rendered their report on 1181/1, President Truman and Harold Smith had turned to the intelligence problem for the first time since the bombs had been dropped on Japan.

That was the occasion when, discussing a cutback in the FBI budget, Truman said that he proposed to confine the FBI to the United States and that "he had in mind a quite different plan for intelligence." That was also the occasion when Smith said he would have ready for him in the near future a "comprehensive study of intelligence." Both men continued vague on their ideas, and neither seemed curious as to what the other actually had in mind.

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On September 13 they returned to the subject in general and to OSS in particular; wrote Smith:

I referred briefly to the Office of Strategic Services and to the fact that General Donovan . . . was storming about our proposal to divide his intelligence service. The President said that Donovan had brought someone into his office this morning, but they did not talk about this matter. The President again commented that he has in mind a broad intelligence service attached to the President's office. He stated that we should recommend the dissolution of Donovan's outfit even if Donovan did not like it. I told the President that this was precisely my attitude. However, I wanted to check this point with him before we went ahead with our work.<sup>31</sup>

Donovan was not known to "storm," that is, to be in a rage or violent passion, or rush about impetuously, violently, or angrily; but he certainly did get angry, and on those occasions, his voice, always quiet, restrained, never rose but his blue eyes blazed fiercely. Some of the "storming" reported by Smith could have been communicated to the two Budget Bureau representatives who met with him on August 30 to discuss the OSS demobilization. Some of it could have been manifested by Donovan in discussions, inevitably retained in government corridors, about the administration's policy on OSS and the future of American intelligence. "Storming" could have been Smith's appraisal of the pro-OSS publicity that was then clearly emanating from OSS circles.

Donovan had indeed been in Truman's office that morning, September 13. According to Truman's calendar he was there at 10:15 in order to present to the President a sixty-three year old civilian from Pittsburgh, Mr. Henry Laussucq, whose pre-D-Day exploits in France merited him, in Donovan's opinion, not only a Silver Star but also a presidential meeting. At 10:30 the Hon. and Mrs. C. W. Ferguson of West Virginia were scheduled "to shake hands" with the President. Then at short intervals came Omar Bradley, Emory Land, Henry Garvey, G. Bromley Oxnam, Mrs. LaFell Dickinson, and still others; so President and OSS Director had little time to do other than smile, shake hands, and pin a star on Mr. Laussucq.<sup>32</sup>

Truman, whetting our appetites, revealed that what he had in mind for the future intelligence service was a "broad" service "attached to the President's office." One cannot help wondering whether Smith was at all curious as to whether the President would be receptive to that "comprehensive study," the gist of which was at that time just seven days away from completion and which could hardly be squared, as will be seen, with Truman's simple description of his objective.

Most immediately important in that meeting on September 13 was Truman's go-ahead signal on the abolition of OSS. He had refused to discuss the subject with Donovan. He had not picked up the statement of "Principles." He had not solicited Donovan's advice on the subject. He had no need for either Donovan or OSS, and clearly the sooner they were gone the better—as far as he was concerned.

While Smith had wanted the President's agreement before proceeding with the abolition of OSS, he or someone on his staff had let the State Department know what was coming their way. On September 12 Dean Acheson, then Acting Secretary of State, cabled Byrnes in London that the Budget Bureau was preparing the draft of an executive order transferring to State two OSS units—R & A and the Presentation Branch—and he wanted the Secretary's authorization to concur in the transfer.<sup>33</sup>

Not until the thirteenth did Smith let Donovan know. It seems Smith did so early that day, before meeting with the President. According to Donovan, who drafted a memorandum for the JCS, two bureau representatives, calling on him, said they came "at the instance" of Mr. Smith, who with Rosenman and Snyder "constituted a committee to determine on a future intelligence service." They informed Donovan that that committee had reached the conclusion the R & A elements of OSS (less certain missions to Germany and Austria) would be transferred to State and the remainder to the War Department. Later in the meeting, according to Donovan, they said "this conclusion was only tentative."<sup>34</sup>

When Donovan asked them if they had reached this conclusion, "whether tentative or final, without having consulted with the Joint Chiefs of Staff under whose jurisdiction OSS still continued," they replied that so far as they knew the JCS had not been consulted. "In view of this recital," so Donovan informed the JCS, "I thought that the matter should be called to your attention."<sup>35</sup> At this late hour in the history of OSS Donovan apparently had no other recourse than to hope that some salvation lay with Marshall, King, Arnold, and Leahy. There was certainly no point in appealing to the President.

Not until the thirteenth either did the JCS get notification of the impending change. Then the Bureau of the Budget "informally" furnished the Joint Chiefs a copy of the draft executive order.<sup>36</sup> Whether this was done as an afterthought, provoked by Donovan's query or done independently, before or after Donovan was informed, is not known. The draft was in the JCS system, notably on September 15, when the JCS informally approved the directive on the reduction of OSS personnel. Curiously enough, however, for some unexplained reason, nothing happened for four days. Possibly the delay was tied up with the JSSC review of JCS 1181/1.

#### **4. A PENTAGON PLAN**

The JSSC had completed their review on September 7 (JCS 1181/5). They made only one change in the draft directive as they had approved it in January; where the earlier paper said "the Central Intelligence Agency shall have no police or law enforcement functions," the newer one declared that the agency would "not conduct espionage activities within the United States, nor exercise any police functions either within or without the United States."<sup>37</sup> That of course was calculated to take care of the gestapo charge.

The directive still called for an NIA composed of the three secretaries and a JCS representative, a CIA whose director was appointed or removed by the President on the NIA's recommendation, and an IAB (Intelligence Advisory Board) consisting of the various service intelligence chiefs, as determined by the NIA. With an independent budget, the NIA would direct and control the CIA in the synthesis of departmental intelligence, the development of policies of coordination of intelligence agencies' functions, and the performance of services of common concern, and such other functions as were assigned it, by the NIA of course.

Whereas the JSSC had earlier urged a go-slow policy on implementation, they now called for "no further delay." They thought the cessation of hostilities emphasized the importance of proceeding immediately to set up a central intelligence system. They thought such a system could be fitted into whatever postwar military reorganization was decided upon, and hence the unsettled state of that matter was held to be no cause for inaction. Perhaps their most important reason for action lay in the development of new weapons; the atomic bomb had "advanced the question of an efficient intelligence service to a position of importance, vital to the security of the nation in a degree never attained and never contemplated in the past." Indeed, they held it was now "entirely possible that failure to provide such a system might bring national disaster."

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Even so, the JSSC found no reason for altering their plan to build the new system in three stages; first, the issuance of an executive order establishing the NIA, a director of the CIA, and the IAB; second, the preparation and submission to the President by the above group of "a basic organizational plan for establishing the complete intelligence system"; and third, the actual establishment of the system "by Presidential directive and legislative action as appropriate."

The JSSC commended the Donovan plan for stressing the need for a central coordinating authority and acknowledged with satisfaction that Donovan's letter of August 25 had made "minor modifications" of the earlier proposal. The changes, however, did not "materially affect the question of how best to proceed to accomplish the end in view." The Donovan plan was still "open to serious objection."<sup>38</sup>

This JSSC revision of 1181/1 was readily endorsed by OPD's General Lincoln, who thought "provision for development and coordination of intelligence activities related to national security to be one of the most vital factors in the postwar era." This was held "particularly true" because of the threat posed by atomic weapons against "the industrial and war-making potential of this country." On one point still left open by the JSSC, the extent of JCS representation in the NIA, Lincoln considered a single representative to be named by the President was sufficient.<sup>39</sup>

In place of that single representative, Fleet Admiral King recommended the inclusion in the NIA of "the Attorney General, the Chief of Staff, U.S. Army, and the Chief of Naval Operations." That would have given the military two secretaries and two chiefs, a predominance of 4-2 in the NIA. Except for one other minor modification, King also was content with JCS 1181/5.<sup>40</sup>

Not so G-2's General Bissell. Even before the revision had been made, the JSSC chairman, General Embick, had been made aware of the document which Bissell considered the Bible on the matter, namely, Stimson's letter of May 1 to Donovan. Embick was also made aware, apparently before the revision, of Bissell's strong objection to giving a new agency operating functions, an independent budget, and making its director a presidential appointee. When the revision (JCS 1181/5) was published, Bissell let the OPD chief, General Hull, know that certain provisions of it were "opposed to views held by the Secretary of War." The latter, he said, thought it was "neither necessary nor desirable to establish an independent agency or budget"; the Secretary was also held to be opposed to giving the agency any operations to perform; he thought department heads, who control operating agencies, should work out methods of coordination and operation involving more than one department. Bissell submitted revisions which could bring JCS 1181/5 into line with these views of the Secretary of War.<sup>41</sup>

Bissell's objections were described by someone, probably Assistant Secretary of War McCloy, as "arguments in G-2's struggle for survival." Studied in OPD, all but one were rejected. OPD agreed with Bissell that the departments "should share in some agreed proportion the budgetary requirements of the Central Agency." Having thereby guaranteed the department's control of the agency's budget, OPD was convinced it had also guaranteed the NIA's ability to prevent the central agency's expansion at the expense of others, especially G-2, and to prevent any diminution of the prestige of departmental intelligence. Hence, OPD went along with the idea of an operating agency. As for Bissell's Bible, OPD very pertinently noted that "G-2 rests his case on a letter to the director of OSS from Mr. Stimson . . . [but] so far as is known in OPD, this letter was drafted by G-2. Whether the Secretary was given an unbiased statement of both sides of this provocative subject is not known."<sup>42</sup>

OPD's General Lincoln, acting as a diplomatic middleman, telephonically discussed with General Embick Bissell's "violent objection." The two men quickly agreed on replacing the independent budget with funds supplied by the three departments; they thought the former smacked of "empire building"; they agreed the three secretaries would have an easier time obtaining funds from Congress than would "a brand new and little-known director of an intelligence agency." On the question of operating functions Embick and Lincoln both agreed the new agency should build on, not replace, existing agencies and that it should be allowed "to supplement" the information supplied by other agencies as the situation dictated; as Lincoln pointed out, and Embick readily agreed, "this atomic bomb problem might well require special work."<sup>43</sup>

For Embick the "main value" of the projected agency, however, lay in a research and analysis group, which, in his awkward phrasing, "will integrate and make us sensitive of the whole thing and derive its meaning." He considered Donovan's R & A group as "far superior" to anything in Army, Navy, or State. Lincoln readily agreed it was "the best part of the OSS." Both Embick and Lincoln were also unhappy with the Budget Bureau's plan to move R & A to State. Said Lincoln: "it must not come solely under the State Department." There, said Embick, it would "get into that same routine" of looking at the situation from a narrow, day-by-day instead of a detached and global point of view. He knew of no desk man in State who "readily knows, has followed historically the fundamental aspirations of various nations."<sup>44</sup> Neither officer raised the question, however, of how to prevent the transfer of R & A to State.

Embick agreed with Admiral King on including the Attorney General in the NIA, but Lincoln made no comment. Embick's position on this point surely reflected his strong admiration for the FBI and his concern for the "technological stuff" connected with the atomic bomb. He thought the bureau had done "a splendid job in South America." He said it possessed "trained men" there and these would have to be taken over by the new agency since it did not have any to replace them. Because of this fact, and because of the complexity of the "technological stuff," he thought "the FBI might be the very people" to follow technological and industrial developments; they might "do that—better than anybody else—plus the training. You know what I mean." Hence, he favored keeping the FBI "as a going concern and not break[ing] it up in South America," keeping it as one of many to be tapped by the new central agency.<sup>45</sup>

Summarizing the various points of view for the Chief of Staff, OPD's General Hull thought Bissell's fears could be assuaged by giving the departments control of the budget. Independently of that concrete reality, however, he also thought an independent budget "undesirable because it would divulge the extent of the agency's activities; be more difficult to handle with the Congress; and might, at some future time, allow a dangerous freedom of action to a type of organization unfamiliar in the United States." He reported that McCloy opposed an independent budget but also favored giving the new agency operating functions; on two new points McCloy thought it "desirable to give the agency some other name and to make it as inconspicuous as possible in the governmental organization."<sup>46</sup> Rarely was any thought ever given to this element of the "conspicuousness" of an intelligence agency.

Ironically enough, Hull then made a recommendation to eliminate the one change that the JSSC had made, on request, in JCS 1181/1. The prohibition against espionage in the United States and police functions anywhere, said Hull, "as now written, clearly states the agency's objective as being espionage against foreign countries." Bissell thought the original wording should be retained, and Hull, concurring, explained that "we should not spell out in writing the fact that espionage activities are prohibited *only in the U.S.*"<sup>47</sup>

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General Marshall accepted Hull's recommendations on both the retention of the original wording against "police or law enforcement functions" and the switch from an independent to a departmental budget. "As to [the] Attorney General," scribbled Marshall, "decide in [the] light of [the] discussion." Marshall undoubtedly knew that Admiral Leahy and the AAF opposed the inclusion of the Attorney General. OPD had let it be known that his inclusion was unnecessary because the coordination with G-2 and ONI of the FBI's espionage and intelligence activities in the Western Hemisphere was an operational, not a cabinet-level, consideration. OPD had also warned that, when the organization became publicly known, the Attorney General's inclusion might be interpreted as suggesting that the CIA was "connected with law enforcement activities within the U.S."<sup>48</sup> JCS 1181/5, as revised, was now ready for the Chiefs themselves.

Hull had written his memorandum to Marshall on September 16. On September 17 the latter was informed, apparently for the first time, that the Budget Bureau was taking steps to abolish OSS and scatter its parts.<sup>49</sup> This was a second OSS matter heading for the Chiefs.

### 5. A RESCUE ATTEMPT

Donovan's memorandum of September 13, beginning to gather dust by the seventeenth, was sent on the latter date to Marshall, who of course, like so many top military and civilian leaders, had on his mind many problems other than the fate of OSS. Marshall was told Smith's office "has prepared, and *intends to present soon to the President for approval, draft Executive Order (Furnished for JCS INFORMATION) to terminate the Office of Strategic Services; and to transfer to State Department*" the R & A and Presentation branches and to the War Department the remainder of OSS. He was further informed, with reference to Donovan's memorandum, that "General Donovan, having learned that the Bureau of the Budget had arrived at conclusions on [the] disposition of OSS *without consulting JCS, calls the matter to JCS attention.*"<sup>50</sup>

The JCS had begun to move. On September 17, on Admiral King's recommendation, the proposed Budget Bureau executive order was referred to the Joint Planners for recommendation as a matter of priority. King also recommended that the JCS promptly forward to Harold Smith a memorandum stating that, inasmuch as OSS operated under the direction and supervision of the JCS, the Chiefs requested that the proposed executive order not be submitted to the President until they had had an opportunity to study the order and present their views thereon to the Budget Bureau.<sup>51</sup>

On September 18, on a memorandum headed "*PROMPT ACTION IS INDICATED,*" Marshall initialed his approval of the King recommendation. Also on the eighteenth the Joint Planners set up a special subcommittee to study the proposed executive order.<sup>52</sup>

At the same time, September 18, the JCS were completing action on JCS 1181/5 (Appendix R). They accepted the JSSC revision of September 7 subject to only three amendments: on the budget and police functions as discussed above and on Admiral King's minor modification noted earlier. The JCS stuck with the original composition of the NIA—the three secretaries and a single JCS representative—and did not add the Attorney General. The CIA was made an operating agency.

The JCS also accepted the view that the matter should go to the secretaries of War and Navy for dispatch to the President rather than directly to him.

In forwarding their report to the President the nation's top military leaders had thereby sent him, for the first time in the country's history, their considered judgment on a new and

comprehensive program for the coordination of the collection and production of intelligence related to national security. It was not the bold program Donovan had proposed, but it was something they had not previously endorsed.

Even so they were somewhat embarrassingly hurrying to catch up with a course of events that had overtaken them; on September 20 they sent to the Director of the Bureau of the Budget the following appeal:

Inasmuch as the Office of Strategic Services is an agency operating under the direction and supervision of the Joint Chiefs of Staff in accordance with a Military Order of the Commander in Chief, dated 13 June 1942, as amended by Presidential Executive Order, dated 9 March 1943, the Joint Chiefs of Staff are anxious to study the draft Executive Order in order that their views may be made available to the Bureau of the Budget. The Joint Chiefs of Staff, accordingly, request that the proposed Executive Order not be submitted to the President prior to receipt of their comments and views.<sup>53</sup>

Their views were not needed, however. Later that day, September 20, 1945, they were each informed separately by the JCS Secretary, General McFarland, that "information has been received informally from the Bureau of the Budget that the Executive Order . . . was signed by the President two hours before the receipt by the Bureau of the letter from the Joint Chiefs of Staff. . . ." <sup>54</sup>

Their hurt feelings could not have been assuaged by the assurance that the budgeteers, nevertheless, had "requested that they be informed of the results of the Joint Chiefs' study of the Executive Order, now being conducted by the Planners."<sup>55</sup> How those results might conceivably affect the issue under consideration the Budget Bureau did not bother to specify. Truman and Smith had charted their own course.

## 6. FINIS

Not only had they swiftly moved past the JCS, but they had also moved much faster than the "working level" of the Budget Bureau had wanted. Schwarzwalders and others had apparently been quite willing to accept, for instance, the January or February deadline proposed by Donovan. They had envisioned for OSS a gradual liquidation which would be geared in part to an equally gradual development within the State Department of the latter's own intelligence facilities. They thought time was needed for others' absorption of those OSS assets which would be salvaged rather than liquidated.<sup>56</sup>

Whatever particularly motivated Truman and Smith to move as hastily as they did is not evident. It was, however, part and parcel with their action on OWI, OIAA, and FEA, and other elements of the war machinery. Neither man felt any pain in terminating OSS. It is reasonable to assume that both thought quick surgery was better than prolonged consultation. Schwarzwalders gave reasons, a few years after the war, for what he termed "the sudden dumping of OSS into the State Department": "pressure from OSS" to get action favorable to its postwar plans; "urgency, as represented by OSS top officials," to end the uncertainty about the agency's future so as to retain as many valuable people as possible for the postwar job; and "the desire of some of the top officials in State" to move quickly on the takeover of some of the OSS assets.<sup>57</sup>

Whatever the reasons, Smith had indeed met with Truman at 3:00 p.m. on Thursday, September 20, in order to present to him "an Executive Order abolishing" OSS and "distributing its functions:"

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When I gave the President the Order on OSS for his signature, I told him that this was the best disposition we could make of the matter and that General Donovan (Director of OSS) would not like it. I showed the President our communication with Byrnes (Secretary of State) and indicated that the State Department was willing to accept certain of the OSS functions while the rest would go to the War Department. The President glanced over the documents and signed the Order. He commented, as he has done before, that he has in mind a different kind of intelligence service from what this country has had in the past.<sup>58</sup>

The President signed "Executive Order 9621, 'Termination of the Office of Strategic Services and Disposition of Its Functions'" (Appendix S). He thereby abolished OSS, effective with the "opening of business October 1, 1945." Simultaneously he transferred both R & A and the Presentation Branch to State where they were "consolidated" in an "Interim Research and Intelligence Service" (IRIS), which was thereby brought into being. He transferred the remainder of OSS to the War Department. The secretaries of State and War were given free rein to utilize and dispose of their new acquisitions as they saw fit.

Smith had prepared a second document for Truman's signature that day—a letter directing Secretary Byrnes to develop a foreign intelligence program (Appendix T). Having just abolished the country's first central intelligence organization, Truman commissioned Byrnes to set up a replacement.

I particularly desire that you take the lead in developing a comprehensive and coordinated foreign intelligence program for all Federal agencies concerned with that type of activity. This should be done through the creation of an interdepartmental group, heading up under the State Department, which would formulate plans for my approval. This procedure will permit the planning of complete coverage of the foreign intelligence field and the assigning and controlling of operations in such manner that the needs of both the individual agencies and the Government as a whole will be met with maximum effectiveness.

In that letter are elements of both the remarkable and the ridiculous. The remarkable thing is that for the first time in any modern context an American President had made a public statement affirming the necessity for developing a comprehensive, coordinated foreign intelligence program serving the needs of individual departments and the "Government as a whole." A President had actually and publicly used the word "intelligence" as referring to the country's need for evaluated information about foreign states. At long last intelligence had been accorded, at least verbally, some of the status Donovan had sought for it.

The ridiculous feature of that letter is the placing of the mantle of leadership in the development of that program on the shoulders of the department which was least qualified and ready to wear it. True enough, Smith had been in communication with Byrnes, and both the latter and his Under Secretary, Dean G. Acheson, had readily concurred in State's takeover of the OSS units and of the leadership role. The fact, however, was that neither Byrnes, Acheson, nor the department as a whole had any practical idea of where and how to proceed.

State had been given the leadership role because the Budget Bureau, the master intelligence planner of all, had so decided. The Budget Bureau had wanted to clear away the wartime machinery, strengthen the old-line departments, decentralize operations, and achieve coordination through committees directed by the primary foreign service organization, the Department of State. This was the essence of that "comprehensive study"

which the bureau had finally completed and the gist of which Smith had apparently communicated to Truman when he gave him the Byrnes letter for signature.<sup>59</sup> The full report did not actually go to the President, however, until a month later. The bureau had it all worked out—on paper—and State had only to follow the script.

In addition to these remarkable and ridiculous aspects of the Byrnes directive there is also a puzzling feature. Once again, as Truman glanced over and signed them, he commented that he had “in mind a different kind of intelligence service from what this country [had] had in the past.” What *did* he have in mind? Was it “an information service, rather than an investigating group”? Was that the same thing as his “broad intelligence service attached to the President’s office”? Did whatever he had in mind coincide with the Budget Bureau plan which Smith had presumably just outlined to him? Was it truly “the creation of an interdepartmental group, heading up under the State Department which would formulate plans for [his] approval”? Did he really have anything concrete in mind?

Smith had still a third document for Truman’s signature—a “Dear John” letter to “My dear General Donovan.” It acknowledged the work Donovan had done in already liquidating parts of OSS that were no longer needed in peacetime but also stressed the need to take “timely steps . . . to conserve those resources and skills developed within your organization which are vital to our peacetime purposes.” It acknowledged the “capable leadership” which Donovan had brought to “a vital wartime activity” and said he could take satisfaction in the achievements of OSS and pride in his own contribution to them. It reassured him that “the peacetime intelligence services of the Government are being erected on the foundation of the facilities and resources mobilized through the Office of Strategic Services during the war.”<sup>60</sup>

A week later Donovan held a final gathering of OSS employees, “a strangely subdued crowd,” which assembled in one of the OSS buildings, Washington’s old but now demolished Riverside Skating Rink. Among all the tearful words said that evening perhaps the most pertinent to our narrative were these addressed by Donovan to his colleagues: “You can go with the assurance that you have made a beginning in showing the people of America that only by decisions of national policy based upon accurate information can we have the chance of a peace that will endure.”<sup>61</sup>

With that assurance they went forth, two days later, as members of the “the former OSS.”

Some of them, of course, like Col. “Ned” Buxton, had already returned to civilian life and to civilian employment and had come back to the Skating Rink to share the sadness.

Some, like General Donovan himself, were still technically in the military service but fast getting out. Effective with “the morning report of 1 October 1945,” Major General Donovan was reassigned to duty with the Office of the Assistant Secretary of War.<sup>62</sup> Surely no one expected him to appear.

The great majority returned, at least temporarily, to their old desks; or, now home from overseas, they hung their hats wherever they could find space in the OSS “tempos.” They all had new bosses, however: 1,362 of them—those transferred to State—now reported to a stranger, to Col. Alfred McCormack, Special Assistant to the Secretary of State for research and intelligence and head of the “Interim Research and Intelligence Service”; those transferred to the War Department—9,028—found a familiar face in charge, Brig. Gen. John Magruder, who against his wishes had been put in charge of an OSS rump, the “Strategic Services Unit.”<sup>63</sup>

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All waited, either for the piece of paper that would send them back home to pick up peacetime living again, or for the piece of paper, telephone call, or oral directive that would tell them what to do now. All waited as they wondered what would happen to the OSS fragments that had been “scattered”—technically but not physically—on the two sides of the Potomac River. They wondered how the king’s men—in the White House, State, and Pentagon, and the Bureau of the Budget—would put Humpty-Dumpty together again.

# Part Three

## POSTWAR—THE CIA STORY

### Chapter XIII

#### A QUESTION OF LEADERSHIP

By September 1945 Donovan had been defeated, at least for the time being. His OSS had been abolished by President Truman and Budget chief Smith. His plan for a postwar intelligence agency had hardly been considered by either of these officials, and in any case it had been decisively rejected by the military men. He himself had gone back to New York.<sup>1</sup>

The military of course had emerged victorious from their long and bitter struggle with Donovan. G-2 could only experience joy at the abolition of OSS, even though it faced a new problem with the incorporation of the OSS rump alongside itself in the War Department. Other military men could feel happy that certain fundamental principles of military organization and operation had been successfully defended against what they considered objectionable proposals from Donovan. Moreover, the military had emerged from the struggle—probably to their great surprise—as the possessors of their own approved plan for organizing the nation's intelligence work.

No sooner, however, had Donovan been suddenly swept from the arena than the military found—again, probably to their great surprise, and dismay—another contender in the ring, the Department of State. Those officers who found that new world conditions had intensified the need for intelligence and who thought they had finally come up with the right solution were surprised to discover that the President, not even bothering to consult them about the present or the future of intelligence, had simply charged the State Department with the responsibility for developing what the military thought they had just hammered out. They found that they had to fight another battle, with a new foe.

Thanks, then, to Truman's letter of September 20, State had the responsibility for action; but, because of State's unreadiness to act and thanks to the momentum generated in the struggle with Donovan, the military had the initiative. Hence, the diplomats from Foggy Bottom started out in charge, but they were soon challenged by the soldiers across the river. For State it proved to be a painful experience; it began with the Bureau of the Budget.

#### 1. STATE'S GUIDE: THE BUREAU OF THE BUDGET

In April 1945 the bureau had shifted the focus of its intelligence work from short-range, wartime departmental problems to the comprehensive, long-range organization of the present and future intelligence capabilities of the government as a whole. George Schwarzwaldner credited the shift to the gradual emergence of the problem itself, to the discussions which Smith had carried on with Roosevelt and Truman, and to the responsibility which Roosevelt had given the bureau in September 1944, in connection with reorganizing the postwar government.<sup>2</sup> A more concrete reason for the shift probably was the bureau's unhappiness with the fact that both Donovan and the JCS had already gone far to pre-empt the intelligence portion of that reorganization.

In August the bureau sent to Secretary Byrnes, in compliance with a request from him, its recommendations on the organization and operation of his department. It made two major recommendations regarding intelligence. The first was the establishment within State

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of an "Office of Intelligence and Research"—that project which had been initiated by Francis Russell and kicked about in State for more than a year. The bureau conceived the office as centralizing, coordinating, and producing the intelligence that was needed by State but was currently lacking or on hand but badly exploited. For this purpose the office had to have a planning staff, divisions for research, analysis, and dissemination, the departmental library, and control over some otherwise uncoordinated units of State. The second recommendation was the assumption by State of leadership in the development of an integrated program of foreign intelligence and research for the government as a whole.<sup>3</sup>

These two recommendations reflected the bureau's conviction that coordination of the nation's intelligence effort had to rest with the primary foreign service department, State, but that to carry out its proper function State had first to develop its own strong intelligence department. The conviction, often communicated to State, encountered no opposition, but it also generated no effective support until at the close of the war it was taken up by Byrnes and Acheson.

When on August 15 Byrnes invited Acheson to return as Under Secretary of State, Acheson raised the problem, as he described it in his memoirs, "of properly amalgamating the new wartime agencies dealing with intelligence and information into the Department." Byrnes handed him "a Budget Bureau plan of reorganization to read overnight." It was, Acheson found, "full of nonsense about coordination and weak on lines of command, but the parts on the intelligence and information units were sound."<sup>4</sup>

What Acheson had specific reference to is not clear, because the text of that August report is not available. However, other Budget Bureau papers, some of which had already been discussed, show the thinking which prompted Acheson's comments. In May Schwarzwaldler had produced his statement of "broad conclusions" about intelligence. In June, after his colleagues found that paper too general to send forward to the President, Schwarzwaldler produced his recommendations for establishing separate coordinating, producing, and operating agencies. Thereafter, the bureau decided to concentrate on a coordinating agency and on State as its leader.<sup>5</sup> All this bureau output did include valuable expositions on the importance, character, and wartime inadequacy of intelligence, but the recommendations for correcting the situation hinged on departmental self-coordination through committees. This self-coordination probably prompted Acheson's remark about "nonsense."

All this time, from July to September, Schwarzwaldler and others were putting the finishing touches on the bureau's "comprehensive study" of intelligence. Entitled "Report: Intelligence and Security Activities of the Government," it was officially finished on September 20, apparently given in briefest form possible to President Truman when he signed the directive to Byrnes, and apparently communicated, in substance at least, to both Byrnes and Acheson.<sup>6</sup> The report underlay Truman's directive to Byrnes to organize the intelligence work of both his department and the government as a whole.

It must be stressed that at this time the Department of State had no office of intelligence, although it had numerous offices which various people had been trying to tie together in more effective ways. It must also be stressed that State had no plan for taking the lead in organizing the other intelligence agencies of the government. State had only status as the senior foreign service. In the Budget Bureau's report it now had a guidebook: an analysis of the mistakes of the past, a statement of guiding principles, and a set of recommendations.

Lest that report be unfairly depreciated, let it be said here that from a large perspective, as a report to the President on the role of intelligence in the American government, it had significance insofar as it affirmed the validity of intelligence as a

function of government. It had additional significance by reason of its affirmation of the need for improving the government's machinery for producing the intelligence, both "positive" and "negative," which was needed to serve the nation's security. To that twofold extent the document supported the status accorded intelligence in Truman's public letter to Byrnes.

The mistakes of the past, as laid out by the bureau, were evident to all and unarguable. The prewar situation had been characterized by the inadequacy of departmental intelligence facilities, the lack of government-wide coordination of these departments, an over-emphasis on "negative" or what the bureau called "security" intelligence, and the lack of central facilities to serve the needs of the President himself. The wartime inadequacies and mistakes were even more obvious: proliferation of agencies, expansion of functions, inadequate utilization of existent resources, and planless collection of masses of information.<sup>7</sup>

In its guiding principles the bureau began at the bottom and worked its way upward but never really reached the top. At the base there had to be, said the report, "more widespread understanding of intelligence"—what it is, what purpose it can serve, and how it is related to policy. The report rejected views of intelligence as "a tainted word identified solely with espionage and intrigue," as "a kind of information of military or wartime use solely," or "as applicable only to high strategic or national security questions." Intelligence was not limited to "special or 'secret' kinds of foreign information" and could not be neatly categorized as "military," "naval," "economic," and "political" information. Rather it was "all the facts" about foreign countries which policymakers required "in the shaping of intelligence policy and action." For the bureau the most important fact about intelligence was the need for it "at all levels where decision is made or influenced, or where action is taken."<sup>8</sup>

Therefore, at the next echelon, "the departmental, or lower, level" of government, there had to be strong intelligence facilities. Here the bureau tilted with those who allegedly favored "extreme centralization" of intelligence or "the creation of a single super-intelligence organization not connected with any of the departments." Such centralization, said the report, was "no more workable than would be the centralizing in one agency of the job of producing all statistics for the government."<sup>9</sup> Certainly Donovan, presumably the target of these words, had never recommended such homogenization of intelligence. He, as much as the bureau, accepted the decentralization of intelligence as a starter.

At this departmental echelon, however, there must be, continued the report, a separation of "security intelligence operations" from the production of "the more basic categories of intelligence." The reason was the requirement of the former for "the use of skills and a point of view not desirable in the production of other forms of intelligence." Not only should the two operations be separated but "when both are large . . . they should not be under the same head."<sup>10</sup>

Having emphasized the need for strong departmental facilities and the separation of these into two basic groups, the report tackled the inevitable problem of coordination: at this echelon, at the center of government, there must be an "authoritative coordinating mechanism" to coordinate the intelligence operations of the government through the assignment to various agencies of "specific operating plans" to satisfy the legitimate needs of all departments. Neither "the *ad hoc* type of interdepartmental committees used during the war" nor "an independent agency such as the Coordinator of Information" could serve effectively as that mechanism. The job could only be done by some "central machinery" for "the development of operating plans by which all agencies would be bound."<sup>11</sup>

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So much stress had been placed by the Budget Bureau on the importance of departmental intelligence, especially on that of State, that when its authors—chiefly George Schwarzwaldler—arrived “at the top of Government” they found that the principal facilities for the production of high-level intelligence had already been established and there was, therefore, no need for anything more than, possibly, an “independent central staff”; even so, it could be “small”; it would “secure and harmonize” intelligence, “reconcile conflicting intelligence,” and mobilize all agencies’ resources to meet urgent requirements.<sup>12</sup>

Because so much stress had been laid on the departments, it also followed that there would be little need to carry out “centralized operations.” The bureau believed that if the government decided to conduct secret intelligence activities, then those operations might well be centralized; so also the interception of radio communications, also the filing of maps. These matters, however, could well be laid aside until after the development of the much more important central coordinating body.<sup>13</sup>

On the basis of these principles the bureau made its recommendations for the intelligence machinery that was needed. Central was the coordinating mechanism. For this the bureau recommended two interdepartmental groups organized under the leadership of the Department of State. One group was concerned with foreign positive intelligence. It was named the “Interdepartmental Intelligence Coordinating Committee,” and was composed of assistant secretaries of State, War, Navy, and the Commerce departments. The other group handled internal security and security intelligence programs. It was the “Interdepartmental Security Coordinating Committee” and was composed of assistant secretaries of State, War, Navy, Treasury, and the Assistant Attorney General. The two groups would have a joint secretariat, would work through a variety of subcommittees, and would be solely concerned with planning and the development of specific operating plans to be assigned to the different departmental facilities for execution.<sup>14</sup>

When this elaborate structure was in place and operating, it might be found that the President occasionally would wish “direct and immediate access” to intelligence on very important matters. He might then require the establishment “in his own office” of a small staff. This, however, would not engage “in large scale initial research and analysis on original raw materials.” Likewise for centralized operations: the planning carried on by the coordinating committees might result in a decision favorable to a few such operations. If so, they would be conducted as “an interdepartmental service under the appropriate coordinating committee.” In both cases there was no need to do anything now.<sup>15</sup>

The bureau report had no recommendations for developing that desired wider understanding of intelligence. It did elaborate on the need for strengthening departmental facilities and made some recommendations on the separation of security and other intelligence in State, War, and Navy.<sup>16</sup>

That was the Bureau’s “comprehensive study” of intelligence. Its basic recommendation, a complicated State-run coordinating mechanism, was in marked contrast with the simplicity of both the Donovan plan and the military’s counterproposal. The former had called for a strong new agency under presidential direction and supervision to conduct operations, produce intelligence, and coordinate other agencies. The latter had accepted a new agency so long as it was absolutely under the control of the Secretaries of State, War, and Navy, which meant, in effect, under the control of their respective intelligence departments. Donovan could only have considered the bureau plan a tragic joke; and the military had no confidence in the future leadership of State which, among other considerations, had no intelligence department.

## 2. STATE TAKES THE LEAD

State's leader, James F. ("Jimmy") Byrnes, thought he should have had Truman's job. Byrnes had been well known as representative, senator, associate justice of the Supreme Court, and—in the war machinery—economic stabilizer and war mobilizer. So close an FDR advisor was he that he was popularly titled "Assistant President." Two days after FDR's death, Truman offered him the second best job, Secretary of State, a post which under the law at the time placed him first in line of succession to the presidency.

Like his predecessor, Byrnes was a traveller. He had been appointed on June 30, sworn in on July 3, and departed three days later for the Potsdam conference. Henceforward he was so often absent from Washington on foreign travels that one State Department official was moved to quip that "the State Department fiddles while Byrnes roams."<sup>17</sup> Making foreign policy in foreign places kept him very busy; it also delayed his familiarization with his departmental responsibilities.

The department had just gone through two reorganizations in 1944 under Secretary Stettinius. Byrnes, at his swearing in, announced the coming of another; he said he had asked the Budget Bureau to investigate the structure of the department. "That," observed Dean Acheson at the time, "was the most important item in the speech . . . we were asked to stay at our posts until the poor old Department was reorganized again and the Secretary returned from the Big Three meeting."<sup>18</sup>

The organizational problem was magnified before the summer was out. On August 31 Truman signed the executive order transferring most of OWI and OIAA to State. On September 20 he added elements of OSS to the transfer. On September 27 he threw in parts of FEA.<sup>19</sup> Byrnes claimed, as a memoirist thirteen years later, that while in London he had learned with "something of a shock" that President Truman had enlarged his cabinet domain by the addition of 4,000 more employees than it had when he had departed a few weeks earlier. Fearing the department would become an administrative rather than a policy-making body, Byrnes subsequently expressed to Truman "regret" about the transfer, but the latter assured him he could handle the situation better than any departmental chief. That "aspirin," commented Byrnes, did not "relieve the headache."<sup>20</sup>

While Byrnes probably exaggerated both the "shock" and the "regret"—after all he and Acheson had discussed the situation as early as August 15—he did have a problem in integrating into his old-line department so many new people with their additional and often new functions. Furthermore, whatever his experience and great talents in other fields may have been, on the particular problem of intelligence he was starting from scratch. First, he had had no experience in or with the subject. Second, he even had the mistaken notion in mid-1945 that there was actually an intelligence service in his own State Department. Third, he advocated, without evidencing any knowledge of the subject, the highly impracticable idea of consolidating all intelligence agencies, including his imagined State service, into "only one" organization.<sup>21</sup> Finally, he seems not to have perceived the unreality of the situation whereby he had been mandated by the President to organize State's intelligence around the rump of OSS and organize the rest of the government on the basis of another agency's, the Budget Bureau's, script. He was hardly in a position to take any lead.

What he seems to have done as a starter was to turn the problem over to someone else, and it could well have been for just such a practical reason—to run the department—that he and President Truman reversed themselves on letting Acheson leave the government. On August 8 Dean Acheson—lawyer, former Under Secretary of the Treasury, and for four years Assistant Secretary of State, and now anxious to return to private practice—had

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submitted his resignation to Byrnes, had it accepted by Truman the next day, and then left the city on vacation. He had not arrived at his destination before Byrnes picked up the telephone to convey to him the news that acceptance of his resignation had been an "error due to the confusion and pressure of the moment" and that he was wanted back, upgraded, as Under Secretary of State. Responding to the sudden recall, Acheson returned to Washington three days later, once again Assistant Secretary, until August 27 when he was sworn in as Under Secretary.<sup>22</sup>

Within a week Byrnes left for London and did not return until five weeks later, October 8. In the meantime Acheson was left in charge, wearing his own new hat and that of Acting Secretary of State. To his daughter Mary he wrote that "we are snowed under, exhausted, and getting more so. There are three of us at the head of the Department instead of eight. The place is disorganized, the morale low, and no one has the authority to take the steps which have to be taken. So we struggle on as best we can."<sup>23</sup>

While Acheson had the advantage of knowing State, and of knowing it from the inside, and while he had evidenced as early as May 1944 a belief in the desirability of centering in the postwar State Department some of the wartime economic intelligence functions of FEA, intelligence was not his field, and he had no substantive program of his own either for the department or the rest of the government. Like Byrnes, he too had to build around another organization and work according to someone else's script. Like Byrnes again, he too must delegate to others the development and implementation of plans to do the twofold intelligence job. Unlike Byrnes, he had to work in this respect with people who did not know the department.

Acheson had wanted to keep as Assistant Secretary of State in charge of administration—a very important post in terms of reorganization—General Holmes, who had been trying to get State's intelligence work organized, but Holmes was replaced by an Army officer, Col. Frank McCarthy, who knew nothing of State and lasted only three weeks. He was succeeded by Donald S. Russell who had the distinct advantage of having been Byrnes's law partner and who had been brought into the department by Byrnes just two days after he himself was sworn in. Russell, not to be confused with Francis Russell of War Trade Intelligence, was soon, however, embroiled in fundamental conflict with another new man, Col. Alfred McCormack, who was brought in to convert the OSS elements into State's own IRIS, Interim Research and Intelligence Service. These men—Acheson, McCormack, and Russell<sup>24</sup>—had the concrete responsibility in State of "developing a comprehensive and coordinated foreign intelligence program for all Federal agencies concerned with that type of activity."

On September 12 Acheson cabled Byrnes in London the news of the plan settled upon by Colonel McCarthy and concurred in in principle by several top officials of State. The plan called for the establishment of a special assistant for research and intelligence to unify those functions of collection, evaluation and dissemination of foreign intelligence which were then spread throughout the department. The plan, said Acheson, "would free the operating offices of the intelligence function and thus relieve them of a very considerable burden."<sup>25</sup> Little did he realize then, however, how anxious they were *not* to be relieved of that burden.

Under the special assistant, Acheson went on—clearly evidencing close collaboration between State and the Budget Bureau—there would be two offices, one for counterintelligence and one for intelligence. In the former would be concentrated all the counterintelligence work currently scattered throughout the department. There was "a pressing need," said Acheson, for such a consolidation.<sup>26</sup>

As for intelligence, Acheson told Byrnes, bringing him up to date on the facts of life, "we do not have even the nucleus of an office of intelligence in the Department at present." He explained that State had depended "heavily" on OSS, which had "two highly effective branches around which we could build the office." The personnel were experienced, were doing "invaluable work for us," and "their complete abolition would be disastrous and would impose a new and heavy load upon the Department, one which we could bear only with great difficulty, if at all."<sup>27</sup>

He then informed Byrnes that OSS was "dissolving rapidly," that "its best people [were] departing daily," and that the Bureau of the Budget was preparing an executive order to transfer two OSS units to State. If the order were signed, and if Byrnes concurred, the units would be placed in an interim office under the proposed special assistant, and State could then do with them as it wanted.<sup>28</sup>

State was said to have found the man for the job: Colonel McCormack, in G-2, "a brilliant organizer," Princeton '21, sixth in his Columbia law class, and earning \$75,000 per year when he joined the Secretary of War as a special assistant in 1942; the War Department considered his work "most outstanding."<sup>29</sup> Acheson did not know or at least did not report that McCormack was considered the leader of a pro-Communist group in G-2; unfair as the charge was, nevertheless, it soon proved troublesome.

Byrnes, busy with bigger matters, readily concurred with the Acheson recommendations. "Speedy action" had been recommended by Acheson, because by this time it was apparent that the abolition of OSS was close at hand and that the gradual transference, envisioned by Schwarzwald, of OSS units to State would be replaced by their "sudden dumping" into "the poor old Department." Within two weeks of Acheson's cable to Byrnes, Colonel McCormack's transfer to his job in State was effected. Acheson announced on September 27 that McCormack, as Special Assistant to the Secretary of State in charge of research and intelligence, would head an interim office incorporating OSS units. From this would come that "strong intelligence unit" ordered by the President.<sup>30</sup>

On October 1, with the abolition of OSS and the establishment of IRIS, McCormack received a twofold directive from Acheson. First, he was told to handle OSS matters, establish a board to decide the future of the new OSS unit, have the same board decide which State units should be consolidated with the OSS nucleus, and consolidate both OSS and State units by January 1 so that all intelligence activities within the Department would be under his control.<sup>31</sup>

Second, he was told to turn his attention at the same time to the presidential directive regarding a government-wide program. He was supplied with copies of Truman's letter to Byrnes and of the JCS memorandum on a permanent intelligence system. The latter, observed Acheson, differed from the former "in some respects" and was "a more detailed document." When McCormack had made "a careful and immediate study" of both documents, he should then advise the Secretary on the measures to be taken.<sup>32</sup> It all sounded so simple.

Nevertheless, at long last the Department of State had its own intelligence office. Its chief, a Special Assistant, ranked with assistant secretaries and was entitled to such deputies, assistants, and appurtenant staff as were needed. He was responsible for procuring and producing State's foreign intelligence and for developing a coordinated Federal foreign intelligence program. He headed the Interim Research and Intelligence Service, which had until the end of the year to absorb into the permanent structure of State, or otherwise dispose of, the personnel, records, function, property, and funds of the R & A and Presentation branches of OSS.

### XIII/a question of leadership

McCormack's first job was making a reality out of what was really a paper structure. He had taken over 1,362 OSS people, who were still hanging their hats in their old offices. He brought a few from G-2, where he had been Director of Intelligence in the MIS. His new office was expected in the first month to bring in another forty or fifty, and a hundred of State's own people were at the same time being transferred to IRIS. He also had responsibility for 250 OSS people actually transferred to the SSU in the War Department but obligated to provide IRIS with certain services. McCormack had also taken over two OSS branches, which of course were already subdivided into various subsections. With the help of the Budget Bureau experts he set to work deciding whether each was to be saved and reorganized or liquidated.

By the end of October, when everything—people, units, functions, funds—was still in flux, McCormack had an organization, according to a chart and Budget Bureau paperwork, consisting of three offices: research and intelligence, collection and dissemination, and security. The first two were the OSS units; it should be stressed that research and intelligence consisted largely of five divisions organized according to geographical areas of the world—a fact which produced bitter conflict with State's long-established geographic desks. The security office actually existed only on paper, since, as McCormack complained later, its establishment had been prevented by "passive resistance" in State.<sup>33</sup> Another organizational innovation was the establishment on October 11 of State's own Intelligence Advisory Board whose members were supposed to facilitate cooperation of their offices with the Special Assistant.

McCormack soon had problems of a very significant character. First was budgetary. For whatever reason, Congress cut the funds available to State for intelligence purposes. According to one view at the time, there was an honest misunderstanding, connected with the temporary character of IRIS, that State had sufficient funds to do the job assigned it by Truman's executive order abolishing OSS. According to Acheson, who was an unhappy participant in the events that were just beginning to unfold, there was "congressional opposition to professional intelligence work." Whatever the motivation, the effect of the cut was a need for McCormack to prepare a supplemental budget estimate.<sup>34</sup> That led directly to McCormack's second—and in the long run more troublesome—problem, a conflict with the powerful geographic deskmen who were championed by Byrnes's former law partner, Donald S. Russell, the Assistant Secretary of State for Administration.

When the new estimate was submitted, Assistant Secretary Russell raised the question of whether the intelligence research of the department should not be done on a decentralized basis, that is, in the various geographic and functional offices, rather than on a centralized basis as contemplated in the structure set up by McCormack and envisioned as the long run answer to the department's need for its own intelligence organization.<sup>35</sup> What Russell proposed was another breakup of Humpty-Dumpty, another "scattering," which would turn the intelligence research people over to the various and traditionally powerful area divisions of State. The proposal directly conflicted with the plan approved by Byrnes and set in motion by Acheson on October 1. IRIS's life was in jeopardy, and it was only twenty-three days old.

To head off the growing controversy, so he recalled, Acheson convened a high-level meeting in his office on October 27. Among the chief contenders present were McCormack, Russell, and several division chiefs, including the Assistant Secretary for American Republic Affairs, former Ambassador Spruille Braden, who was the chief spokesman for the opposition. Acheson and McCormack attempted to do what they probably should have done

much sooner, that is, explain to the gathering just what was taking place and what was envisioned. The opposition protested that the project was hitherto unknown to them, that it was being presented to them on a take-it-or-leave-it basis, and that in any case it was unnecessary inasmuch as, according to them, the projected work was already being done by their divisions. While Braden has claimed that the meeting, the beginning of what he called "a knock-down, drag-out fight," left the matter "subject to further consideration," Acheson immediately took the issue to Byrnes, who settled it in favor of Acheson, McCormack, and IRIS.<sup>36</sup> It turned out to be a temporary victory.

The proposal to set up a separate intelligence office in State had touched some raw nerves and gotten tangled up with a variety of issues. First, the project was entrusted to a new man with over 1,000 new people, who in turn were roughly a quarter of a whole host of other new people who were suddenly being dumped into a department, which not only had serious organizational problems of its own but also had deeply-held traditions, principles, and ideals, as well as all kinds of ordinary personal and institutional vested interests which seemed rather rudely and seriously threatened by an infusion of foreign blood. Second, as far as the intelligence issue was concerned, the establishment of a separate office was interpreted as a direct challenge to the time-honored function of the area desk officers as the principal foreign policy advisors to the Secretary of State and the President. Third, and worse still, the new people who would be given this sacred function were considered by the defenders of the *status quo* as not only inexperienced in the department's work and unqualified to discharge it but also insufficiently screened and tested to be entrusted with the important and delicate work of State; to be specific, too many of them were suspected of being Communists or pro-Communists who had wormed their way into government because of the looseness of wartime recruitment practices. Fourth, many in State took the view that the department had been collecting, producing, and disseminating intelligence for decades, and they had been doing so well that they did not need a horde of suspect outsiders to show them a better way, much less introduce them to the subject.

The fight, in other words, had just begun; it was only the first battle that had been won by Acheson and McCormack. Moreover, Acheson and McCormack had an even bigger fight shaping up on the larger and more important problem of developing an interagency intelligence program. So much time had necessarily been devoted to the pressing business at hand that nothing had been accomplished on the second problem. At the same time the department was feeling pressure from the Pentagon to "take the lead" as directed by the President. The military were threatening, in effect, to take the lead away from State, just as the desk officers in State were threatening to take the lead away from McCormack. State had a two-front war on its hands, and despite appearances the department was losing on both fronts.

### **3. PRESSURE FROM THE PENTAGON**

The military had two intelligence problems similar to those of State, but they were in a better position than State to move forward on both. On the takeover of the OSS elements, the War Department had no internal opposition, but there was a problem as to what to do with not one but two intelligence departments! On a government-wide system of intelligence, the military at least had a plan; their problem was getting it, or something as good as it, accepted. Unlike State, the military were ready for action.

On the OSS matter, the bulk of the organization—9,028 employees out of an OSS total on October 1 of 10,390, and their accompanying records, funds, and properties—had been transferred to the War Department for incorporation as an organizational entity rather than

### *XIII/a question of leadership*

for dispersal throughout the department. The functions of both the Director of Strategic Services and of the JCS so far as they related to OSS—and which were not transferred to the Secretary of State—had been transferred to the Secretary of War. He was empowered to terminate any function found no longer necessary and “wind up” all its affairs.<sup>37</sup>

Within the department the Secretary’s responsibility was assigned to Assistant Secretary McCloy, who then renamed the OSS units the “Strategic Services Unit (SSU)” and placed General Magruder in charge. At a meeting of all concerned on September 26 Magruder had asked if he had any preference or option in the matter, but he was told, military style, that he “was in charge at least for the time being.” He was instructed to obtain McCloy’s decisions relative to SSU from Col. R. Amin Cutter in McCloy’s office, and when the Colonel “indicated certain inherent difficulties”—presumably his issuing orders to a brigadier general—McCloy merely reiterated his decision.<sup>38</sup>

Magruder was instructed to continue the liquidation of such activities as were no longer needed or desired and “to preserve as a unit” such functions and facilities as might be desired for “permanent peacetime purposes” or be required by theater commanders or occupational authorities. Both this instruction and the command relationship with McCloy’s office made clear, as McCloy told the G-2 chief, that he, Bissell, was “off the hook in connection with this matter and [had] no more responsibility than G-1 or the other staff sections.”<sup>39</sup> Thus, the War Department had two separate intelligence units, G-2 and SSU.

Magruder’s job of liquidating activities was relatively clear-cut and feasible; the job had been begun by Donovan, was largely finished by October 1, and the remainder of the job was definable, though often taxing in execution. Thus, morale operations, subversive operations, operational groups, maritime units and other such activities, which were largely military or para-military, were discontinued. The job of preserving assets, however, was considerably more difficult, inasmuch as no one had yet defined satisfactorily the permanent status, powers, and functions of what was clearly incorporated in the War Department as a holding operation pending high-level decisions on such questions as the future of espionage. While SSU was clearly committed to preserving, at least temporarily, its fundamental espionage and counterespionage capabilities with their attendant services and facilities—such as communications, transportation, reproduction, and space—their effectiveness was steadily decreased by the uncertainty in which the central organization, its field units, and all its personnel were demoralizingly enveloped. Finally, the juxtaposition to G-2 not only raised a long-range organizational problem with the War Department but also promised to be a congressional problem when budgets for two intelligence units were scrutinized. The resolution of such problems was dependent, on paper at least, on the leadership of the Department of State in developing a coordinated federal intelligence program.

On this second problem, the generals and admirals had a significant headstart on State. They at least had long recognized the fact of “intelligence” as an autonomous field of study and action; a prewar military officer, but not a foreign service officer, could work “in intelligence.” They also had long-established intelligence departments which had their personnel, activities, files, and funds. They had had considerably more experience in the recent war with the organizational problems of intelligence. They had emerged from the war with the general and positive conviction that intelligence had really come to stay.

More pertinently, they had had more than a year of very helpful, albeit often bitter, debate on the subject. While they had been greatly annoyed with Donovan and often terrified of his proposal, they had been compelled by him to confront the issue. They had done this at the relatively low level of the Joint Intelligence Staff, at the higher level of the

Joint Intelligence Committee, at the still higher level of the Joint Strategic Survey Committee, and finally the matter had been taken up by the Joint Chiefs themselves. The product of their lengthy and methodical consideration of the subject was the amended JCS 1181/5, the proposed presidential directive regarding the coordination of intelligence activities.

They had completed action on the proposal on September 19 and had forwarded it to the Secretaries of War and Navy for their transmittal to the President. The secretaries decided, since Truman had moved so swiftly to entrust the coordination job to the Secretary of State, to send the JCS proposal to him instead of to the President. They sent it to Byrnes on September 29 with the expressed confidence that he would transmit it to Truman. Actually it is not clear that State ever did send it to the President.<sup>40</sup>

Nor did they wait long before they took action. In this case "they" were the Navy and, in particular, the Secretary, James V. Forrestal, the strong defense-minded investment banker who had headed the Navy's expansion and procurement program until he succeeded Frank Knox in 1944. Forrestal had become very much concerned with taking a constructive approach to the highly controversial subject of the unification of the armed services, and he had therefore commissioned another New York banker, Ferdinand Eberstadt, in June 1945, to produce a study and recommendations on the subject. The product of a task force, the Eberstadt report, sent to Forrestal on September 25, was a book-length study in which intelligence was but one aspect of naval policy on postwar military reorganization for national security.<sup>41</sup>

Eberstadt recommended that a Central Intelligence Agency be established within, and report to, a "National Security Council," a relatively new concept to which we shall come in the next chapter. He described the agency's function as the coordination of the compilation, analysis, evaluation, and dissemination of the information collected by others. His accompanying chapter on intelligence, written apparently by the ONI planning chief, Capt. Sidney W. Souers, was more specifically faithful to the JCS plan just adopted in that it called for a new agency, "under suitable conditions of responsibility" to the national defense departments, to coordinate intelligence activities, perform services of common concern, and synthesize departmental intelligence on the strategic and national policy level.<sup>42</sup>

The Eberstadt-Souers chapter had ruled out "complete merger" of the intelligence services of State, War and Navy on the grounds that each department required "operating intelligence peculiar to itself." It admitted the overall inadequacy of prewar intelligence but elaborated on the progress made since 1940: expansion of G-2 and ONI, the establishment of COI/OSS, the Joint Intelligence Committee, successful mergers growing out of the King-Marshall initiative in November 1942, and the work of the Joint Intelligence Collection Agencies. Even so, it admitted there was still too much duplication, JIC was not permanent, OSS was in process of liquidation, and no facilities had been established for "clandestine intelligence operations abroad in peacetime."<sup>43</sup>

About the time Forrestal was presumably skipping through these pages, he received another endorsement of the idea, considerably less formal but more urgently expressed. In Navy's material division, Admiral S. M. Robinson, much concerned about the threat presented by the development of "so many new weapons," wrote Forrestal on October 4 of the country's great need for both "adequate research" and "a proper Intelligence Department." The admiral ridiculed State's developments as "wholly and completely inadequate" to supply intelligence to the military services. Robinson urged the establishment of an intelligence agency reporting to the President, supported directly by Congress, free of any

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departmental control, headed by someone with “a completely free hand” in organization, and charged solely with obtaining “advance information” on others’ intentions to attack the United States. Establishing such an agency Robinson considered to be “the most important thing to be done now in this country.”<sup>44</sup> His proposal went far beyond both the Eberstadt report and the JCS plan and even, in the strength of its language, beyond Donovan himself.

Admiral King, when asked for his comments, explained to Forrestal that Robinson was probably unaware of the JCS recommendation recently forwarded to the Secretary of State. King, agreeing with Robinson on the subject’s importance, thought “the present unsettled question” of intelligence ought to be resolved at the earliest practical date.” He, therefore, recommended that the Navy “press for an early establishment of the central intelligence agency along the lines recommended by the Joint Chiefs of Staff.”<sup>45</sup>

As a starter Forrestal, with a strong Navy position in hand, proposed an “informal social gathering” of J. Edgar Hoover, Colonel McCormack, General Bissell, and the acting ONI chief, Commo. Thomas B. Inglis, to discuss the establishment of a national intelligence agency. Inglis quickly reminded the Secretary that the ball lay in Byrnes’s court, that any such gathering had first to be cleared with the cabinet heads of the offices involved, and that the meeting had to be “strictly unofficial and off the record.” Noting Hoover’s opposition to a national agency and anticipating “considerable veiled antagonism” on the part of others, Commodore Inglis thought the proposed dinner “would be an interesting but perhaps somewhat uncongenial meeting.” He also thought General Magruder ought to be invited in order “to get all sides of the story.”<sup>46</sup>

The procedural problem and the uncongenial prospect may well have dissuaded Forrestal from hosting such a dinner. He chose instead a more direct route—an alliance with the Secretary of War. First, however, he inquired about the status of the JCS memorandum and was told that the Secretary of State had “not yet taken action” and was “likely to retain the memorandum for study for an appreciable time.”<sup>47</sup> Next he asked King for his comments on the Navy’s interest in the field of intelligence and was told it was four-fold: a strong ONI, elimination of duplication, improved facilities “for the acquisition of secret foreign intelligence,” and unification of activities of common concern so as to synthesize departmental intelligence on the strategic and national policy level. King then gisted the salient points of the Eberstadt report and specifically endorsed the JCS plan. Noting Truman’s letter to Byrnes, King recommended that the Secretary “be urged to expedite the establishment of an interdepartmental group” so as to bring about the development of that comprehensive and coordinated foreign intelligence program desired by President Truman.<sup>48</sup>

Forrestal the next day, October 13, sent Secretary of War Patterson a memorandum on those subjects of common interest which he thought the two of them ought to discuss in the near future. Among them was “joint intelligence.” Forrestal, referring to the JCS recommendation, called it a subject “which should have our close attention.” He thought the paper “soundly conceived” and said the two of them “should push it vigorously at the White House.”<sup>49</sup>

The top echelon of the War Department had long favored more unified management, though not complete merger, of the intelligence services of the Army and Navy. Forrestal was reminded by the Eberstadt report and by King that the latter and General Marshall had pushed the development of joint activities as early as November 1942. At a JCS meeting in March 1943 King recalled that he and Marshall, “for the past year, encountered overlaps and wasted effort in the various activities of M.I.S. and O.N.I.,” and that the two of them had discussed the matter “for months.”<sup>50</sup>

On the secretarial level, Stimson had recorded in mid-1943 Knox's complaint that Navy intelligence "was run riot" and Knox was proposing with Admiral King "consultation [*sic*] of the Army and Navy and the Donovan organization so as to avoid duplication." Knox was described as "anxious" for the Army and Navy to "stand together." Later in the year, Stimson recorded that he and Knox "agreed that our two intelligence services are pretty bum." Knox, said Stimson, had "got to work on reforming his," but he, Stimson, while he had talked about it, had to admit he had "not been able to make much progress." Stimson, Knox, and General Marshall then reviewed the situation, and Marshall promised "that he would take it up at once."<sup>51</sup>

While nothing really happened for the rest of the war—because of military actions, political problems, unification as an overall topic, and controversy over the Donovan plan—both General Marshall and Stimson's successor, Patterson, were ready for change when Forrestal proposed "vigorously" pushing the JCS plan at the White House. On October 18 Marshall told the Senate Military Affairs Committee that the armed services needed a better intelligence system; he recommended a joint agency, including State as well as the armed services. He said that such information as could be obtained by attachés "over the coffee cups" was not sufficient for the country's needs. "We should know," he said, "as much as possible about the intent, as well as the military capabilities, of every country in the world. We must know the facts for our own defense."<sup>52</sup> About the time he made this public statement Marshall informed King that their intelligence services needed to be combined.<sup>53</sup>

Within a week of Forrestal's proposal Secretary Patterson, who had joined the War Department with Stimson in 1940, and who was surely familiar with the broad outline of the intelligence problem, appointed a committee to report to him within ten days as to the position he should take in discussions with Forrestal. Heading the committee—the "Lovett board"—was Robert A. Lovett, Assistant Secretary of War for Air; assisting him were eight top officials, including the chiefs of G-2, A-2, and OPD. These eight were given less than a week to report to Lovett on the past and the present of their particular organizations and to make their recommendations on the future; among the points to be covered were a government-wide foreign intelligence program, a central intelligence unit, the intelligence functions of various departments, War Department intelligence, and the immediate disposition or assignment of the Strategic Services Unit.<sup>54</sup>

The committee held nine meetings, received seven written reports, and took formal testimony from eleven persons, including General Bissell, Special Assistant McCormack, General Embick, and David Bruce and Russell Forgan late of OSS. The ONI and FBI directors, invited to appear, declined to do so. Pressed for time, the committee restricted themselves to some general observations and to only two specific questions, a CIA and the disposition of SSU. They submitted their report on November 3, and it was approved by Patterson on November 6.<sup>55</sup>

As for general observations they went over much well-traveled ground: inadequacy of prewar intelligence, wartime duplication, lack of harmony, jealousy and mistrust among agencies, lack of trained personnel, and the frequent wartime turnover of intelligence chiefs—four in G-2, eight in A-2, and five in ONI. They singled out prewar opposition to the conduct of clandestine intelligence as the reason why otherwise competent officers failed to understand "the techniques and methods of utilization of foreign intelligence." They laid heavy stress, in keeping with widespread military reaction to the implications of the atomic bomb, on the vital importance of correcting this situation and of doing so before wartime assets—obviously the OSS remnants—disappeared irretrievably.<sup>56</sup>

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On the question of a central intelligence agency the Lovett board said it had studied many proposals, including Donovan's, but had found itself "more nearly in agreement" with the JCS proposal (JCS 1181/5) than with any other and was, therefore, adopting "a substantial part" of the language of that plan in stating its own recommendations. In short, the Lovett board very largely agreed with the JCS, the Eberstadt report, and Admiral King. It endorsed the idea of the tripartite structure of an NIA, a CIA, and an IAB, but it also recommended a stronger CIA and more influence for the intelligence services.<sup>57</sup>

To the NIA the Lovett board added a Secretary for Air, when and if that position was established, and they provided for such other members as the existing members proposed and the President approved. They gave the director of CIA at least six years in office "in order to insure continuity." They specified that G-2, A-2, and ONI sit on the IAB, and they took great pains to insure that the director would consult with the IAB and that the latter's members would have the right of appeal to the NIA in case of a difference of opinion on policy and estimates or appreciations.<sup>58</sup>

On the budget they recommended an independent fund rather than, as favored by the Navy, one supplied by the departments; the agency's appropriations should, they said "be obtainable without public hearings." On personnel supplied to CIA by the services they required the approval not of the NIA but of the IAB.<sup>59</sup>

On the agency's functions they strengthened one and added two. Instead of directing the agency to "plan for the coordination" of other agencies' activities, they omitted "plan" and authorized the agency simply to "coordinate" those activities. They explicitly authorized the agency to "operate as the sole collection agency for all departments . . . in the foreign espionage and counter-espionage fields." (They would not have retained that explicit language had their paper been a public directive prepared for the President's signature.) Finally, they added a provision permitting the CIA director in certain circumstances to withhold dissemination of certain material.<sup>60</sup>

Of course they retained the guarantee on the existence and functions of the departmental agencies. Likewise, they retained the anti-gestapo provision, to which no one had ever objected, and the requirement on the part of the CIA director to protect sources and methods.

The Lovett board said that it had "unanimously" reached its decision to endorse the establishment of an NIA and a CIA. That may well have been so when the work was done, but G-2 had entered, in its report to the board, a strong protest against setting up any central agency with operating functions. G-2 held that only departmental agencies should conduct operations, and that where joint operations were necessary, they should be conducted by a joint agency functioning directly under the operational chiefs of the departments concerned.<sup>61</sup>

Also, G-2, or strong elements within it, could not have been happy with the board's recommendations on the disposition of SSU, a matter intimately related to G-2's own continuing "struggle for survival." The board found SSU's attachment to McCloy's office an "unsatisfactory" arrangement. First, it seemed to establish two separate intelligence units in the War Department. Second, G-2 was then "engaged in both foreign espionage and foreign counter-espionage matters," but such matters, noted the board, were "an important part" of the SSU functions.<sup>62</sup> Here it must be stated that since mid-1942 G-2 had indeed been engaged on a small scale in espionage operations in Europe. These operations, conducted by Col. John V. Grombach, "a born conspirator," had been carefully watched by OSS. Colonel Buxton described them as evidencing "a positive intention to overlap our jurisdiction." OSS had in fact drafted a protest to the JCS but withheld it when FDR directed the resurrection of Donovan's plan in April 1945. In October G-2 was still running agents.<sup>63</sup>

The board rejected the idea of transferring SSU to G-2, because it held that all espionage, including that conducted by G-2, ought to be concentrated immediately in the new CIA. It was held administratively convenient, in the meantime, to continue SSU under McCloy's jurisdiction. The board thought, however, that there was a need to insure coordination of the two units and to eliminate all nonespionage functions from SSU. Therefore, it recommended the establishment of a new office, an "Interim Activities Director," a major general, who, consulting with Magruder and Bissell, would have "direct charge" of SSU and its coordination with G-2's espionage activities. At the same time the new interim activities director would prepare recommendations for reducing the number of G-2 personnel engaged in such activities and transferring them to his direct control pending the creation of the CIA. The interim activities director would thereby have control over all personnel engaged in foreign espionage, would be able to coordinate all such activities, and would have them ready for convenient transfer to the new agency. Should the latter not materialize, however, then such personnel would be transferred to G-2.<sup>64</sup>

The Lovett report did for Secretary Patterson what the Eberstadt report had done for Forrestal: it provided an independent justification for the Secretary's endorsement of the JCS plan. Both civilian secretaries had now reached the same point attained by the generals and admirals after a year of study and controversy. All had come a long way since December 1944, when Montague and his military colleagues were willing to settle for a secretaries' triumvirate and the promise of separate coordinating, operating, and synthesizing agencies. Now they had settled on one agency, well-sandwiched between an authority and a board, and charged essentially with all three functions. They had so far kept it out of the President's office and close to their own departments' scrutiny and influence.

With these two reports in hand, moreover, the two secretaries had both a common position and a common front—though the Navy disliked the independent budget—and their alliance presented a serious challenge to the Secretary of State, who not only stood alone—at his level—but who also lacked in himself and his department clarity and conviction on his own objectives. Like his colleagues, Byrnes also had his report, the Budget Bureau study of September 20, but basically that was a foreign import which had really struck no roots within State. Also, Byrnes's subordinates, McCormack and Russell, had not only done nothing by the end of October to take that lead as directed by Truman, but they had clearly come to a parting of the ways on what should be done internally; without internal cohesion and growth, State could hardly play a strong leader role. Before the month was out, the department had felt the pressure from the Pentagon.

#### **4. THE MILITARY TAKE THE LEAD**

They did so as early as October 18. By that date the Navy had not been consulted by State and had "become apprehensive" that its "interests might not be considered if Mr. McCormack proceeded unilaterally" to develop his plan. Forrestal thereupon arranged a meeting for that date between his acting ONI chief, Commodore Inglis, and State's Donald Russell. Thereafter, according to Inglis, "the Navy continued to press State for action."<sup>65</sup>

Also on the eighteenth there had come unmistakable public pressure when Marshall urged the establishment of a joint intelligence agency. It was "strong testimony," observed Assistant Secretary Russell. To meet the challenge from both Army and Navy, Russell hurriedly drafted his own proposal and sent it to McCormack. Russell thought it might meet the requirements of the President's letter and might also help solve the department's budgetary problem involving intelligence. He submitted it "merely" for discussion since, as he said, he was "not familiar" enough with the matter to have a considered judgment."<sup>66</sup>

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Russell's plan need not detain us long inasmuch as it died on the vine. It provided, somewhat like the Eberstadt report, for a "Council of National Defense" and a "Unified Foreign Intelligence Service." The latter was headed by a civilian director appointed by the President and given the jobs of coordination, collection, and synthesis. Russell's plan also provided, interestingly in one case and provocatively in another, the transfer to the council, not to the service, of those OSS functions which had already been transferred to the War and State departments. Russell did not say how the council would run SSU, nor did he bother to explain to McCormack why McCormack should be happy to turn his IRIS over to some other outfit.<sup>67</sup>

Additional push came from the Lovett board. It had taken oral testimony from Colonel McCormack, who was certainly quite able to detect the swelling tide of the members' thinking. Moreover, as the ex-Director of Intelligence in MIS, McCormack surely had enough contacts among his former colleagues to keep himself reasonably well-informed on events within the War Department. The Lovett board had also endeavored to obtain copies of State, Navy, and Budget Bureau "studies relating to foreign intelligence activities of the nation" but learned that they "were not sufficiently developed to be made available."<sup>68</sup> Had McCormack had to say he regretted his inability to provide information on the department's program for taking the lead?

The important pressure, however, came from Admiral Leahy and President Truman. On October 31 McCormack, clearly replying to a query from the Admiral, sent him a copy of the President's letter of September 20 marked to show the President's wish regarding "machinery for formulation of plans for post-war intelligence." McCormack explained that "it has seemed to us in the State Department that this Department should formulate its own plans before going ahead with the inter-departmental group." He further said, and surely quite inaccurately, or inadequately, that that position was "acceptable to the Army" and, he thought, also to the Navy.<sup>69</sup> Quite the contrary; both expected him to move ahead simultaneously on both of his tasks.

Next came a directive from President Truman. The fact of such a directive is unarguable, but uncertainty attends both the text and the issuance of it. On November 14 Secretary Forrestal, in a very important meeting with Secretary Patterson and Secretary Byrnes, began the discussion by saying "that there was only one matter that he wished to discuss, namely, the question of a Central Intelligence Agency and [he] referred in this connection to the President's directive to Admiral Leahy." Byrnes's rejoinder, that Leahy was not aware of some legislative complications affecting the matter, indicated knowledge of the directive referred to by Forrestal.<sup>70</sup>

The nearest thing to such a directive is an unsigned and unaddressed memorandum of November 7 on the subject of a "Central Intelligence Service." Located in the Admiral's JCS papers, the memorandum stated that the development of plans for a government-wide intelligence program had become "bogged down" because of the War and Navy departments' belief that the problem was "being worked out by the Department of State in obedience" to the President's letter to Byrnes. The memorandum recommended that the President call a conference with the three secretaries and direct them to work together to prepare a plan for the establishment of a "Central Intelligence Service" acceptable to all three. They were directed to submit this plan for the President's approval "at the earliest practical date, and not later than 31 December 1945."<sup>71</sup> Within one week the three secretaries, while not conferring with the President, were certainly working together, as we shall see in a moment, to prepare a plan acceptable to themselves. To that extent they were acting pursuant to the substance of this November 7 memorandum.

What had produced this presidential directive to Admiral Leahy? And what had prompted McCormack to send Leahy a defensive note on October 31? Truman, in his memoirs, has recounted how uncoordinated he found needed intelligence reports to be when he took over the presidency and how he then “asked Admiral Leahy if anything was being done to improve the system.” Truman also said that he “asked Leahy to look into the subject.”<sup>72</sup> If one accepts that account at face value, then it appears that on Truman’s inquiry Leahy first asked McCormack what he was doing about a government-wide plan and, having gotten an answer, then prepared the November 7 memorandum for Truman’s scrutiny and approval. Such an explanation does not account for the core of the directive, namely, that the three secretaries, not just the Secretary of State, should develop a plan.

A more plausible explanation is that the initiative came not from Truman but from Leahy, and that in turn he, Leahy, had been prompted by someone from the Navy Department to look into the matter and do something about it. After all, Forrestal had wanted to push it vigorously at the White House. He had just arranged for the ONI chief to discuss the matter with State’s Russell. Thereafter “the Navy continued to press State for action.” Now, on November 14, Forrestal had “only one matter” for discussion with Byrnes and Patterson. To be short about it, the Navy pushed Leahy, who—getting no prospect of action out of McCormack—then almost unobtrusively persuaded Truman to alter the course he had laid down on September 20.

On that date he had directed the Secretary of State to “take the lead in developing a comprehensive and coordinated foreign intelligence program” and had further said that “this should be done through the creation of an interdepartmental group, heading up under the State Department, which would formulate plans for my approval.” The Budget Bureau’s September 20 report clearly indicated that the bureau envisioned State’s leadership in establishing and running a host of interdepartmental committees whose regular daily work—producing, assigning, reviewing, and evaluating operating plans—would be the desired comprehensive, coordinated program.

The military, however, had chosen to read the President’s letter differently. They interpreted it to mean that State would organize an interdepartmental committee which would then make its recommendations on the intelligence machinery that was required. According to George Schwarzwald, Forrestal and Patterson sold this interpretation to Byrnes; actually it appears that Leahy had already sold it to President Truman, for now it was the three secretaries, and not just the Secretary of State, who went to work to devise a plan. That very definitely is what Forrestal and Patterson clearly had in mind.

When Truman, in his memoirs, recalled asking Leahy about intelligence, the latter informed him that on FDR’s request he, Leahy, had referred Donovan’s plan to the JCS. Truman continued his account:

This plan, so Leahy told me, provided for an organization directly under the President and responsible only to him. The Navy, however, had worked out a counter-proposal under which there would be a central agency to serve as an overall intelligence organization but with each of the departments responsible for national security having a stake in it. Much of the original work on this project was done by Rear Admiral Sidney W. Souers, deputy chief of Naval Intelligence.<sup>73</sup>

The Navy’s counterproposal was not apparently, as one might first think, the Eberstadt report but the JCS plan which Truman subsequently tended to think of either as “the Navy” or “the Souers” plan because he first really became aware of it through Admiral Souers.<sup>74</sup> To credit Souers with doing “much of the original work” on that plan was certainly singling

### XIII/a question of leadership

him out mistakenly from all those, in the committees and behind the scenes, who worked on that plan in the JIS, the JIC, the JSSC, and the JCS. The only valuable item in Truman's abbreviated account of his handling of the intelligence problem is his request to Leahy "to look into the subject." That laid the groundwork for the three secretaries' discussion of intelligence on November 14. It was the first time the subject had become a major topic for all three. It signalled the beginning of the process whereby the military tried to force their plan upon State.

After Forrestal and Byrnes had opened the meeting with their preliminary references to the President's directive to Leahy, Byrnes indicated his readiness to discuss the "framework of the organization" and thought they should take all the plans submitted and try "to integrate and reconcile them." Secretary Patterson said Lovett had been "devoting a great deal of time to the study of the problem" and hence wanted him to present his conclusions.<sup>75</sup>

Lovett passed out summaries of his committee's report, which was henceforth referred to as "the War Department plan" in contradistinction to the JCS plan. Lovett quickly went over details that are now well-known to the reader. Many of these he justified on the basis of arguments drawn from American, British, German, and Italian wartime experience. He stressed the role of the IAB in producing reports which would both present "the combined views of the members" and still permit expression of "dissident views." When he mentioned that overt and special intelligence were fitted in with clandestine intelligence in his proposal, Byrnes said that on that question the Budget Bureau report was "very elaborate" and he could "not agree with it all through."<sup>76</sup>

In a few minutes Lovett and Byrnes were tearing that report apart. The former said it was "too loose and had too many aspects of a town meeting." Byrnes did not like "the joint commission" proposed in the plan, because it included, for example, the Department of Commerce. Furthermore, he did not like so much emphasis given to research and analysis. It was "too elaborate" and "too big." Also, while the report "contemplated" a CIA, Byrnes said it left operations in each department, and it did not solve the duplication problem. Rejoining the attack, Lovett faulted the Budget Bureau plan on three grounds: it provided for "very loose coordination"; it provided for "multiple collecting agencies"—a "bad" arrangement in clandestine intelligence; and it treated the problem "as though the Cabinet members were going to operate it." That was "impossible," observed Lovett.<sup>77</sup>

Byrnes said the report minimized the value of "clandestine espionage" [*sic*] and "inquired as to the authorship of the report." Lovett understood that it had been "written by Mr. Donald Stone and Mr. Schwarzwaldler."<sup>78</sup>

In discussing the role of the FBI, there was general agreement that intelligence should be divorced from police powers. Otherwise, feared Lovett, there would be a gestapo. On the other hand, he thought the FBI should be on "the reading panel," that is, the advisory board, because the bureau had the best personality file in the world and also because it had become expert on the production of false documents.<sup>79</sup>

In conclusion Byrnes observed that it was apparent that all favored a central agency, and he and Patterson suggested "the appointment of a working committee to get at the problem as quickly as possible since the existing organization [was] rapidly disintegrating and funds for certain units [were] available only until January 1." Byrnes named as his representatives his two jousting subordinates, Russell and McCormack; Patterson named Lovett and later added Brig. Gen. George A. Brownell; and Forrestal later named Rear Admiral Souers and Major Correa.<sup>80</sup>

The last item in the minutes of the meeting was an inquiry from Patterson, eager for action, as to the name of a good man to head the new agency. The only name Lovett had heard was that of Allen Dulles; he “was generally regarded as highly competent in that field” and had “organized the best job of the OSS in Switzerland.”<sup>81</sup>

For the Department of State this meeting was a setback. It had opened with the subject of intelligence being handled by the three secretaries and had ended with the establishment of an interdepartmental subcommittee to work out a solution. The leadership role had certainly been dislodged from its State moorings. In the meeting State’s Secretary dumped overboard the chart according to which State had been plotting its course. Also, Byrnes had split with McCormack on the subject of a “central agency”; the latter had just two weeks earlier told the ONI chief that he did “not believe in a Central Intelligence Agency” and had no specific suggestions as to which agency should operate “secret agents.”<sup>82</sup> The State Department, if not its Secretary, had clearly been challenged to come up with something better than it had so far offered.

## Chapter XIV

### TRUMAN'S NIA AND CIG

Despite State's confusion, Harold Smith of the Budget Bureau sent the President a progress report at the end of October 1945. Smith detailed "a number of steps" that had been taken "to readjust the Government's intelligence activities to a post-war basis and to establish within the normal framework of the Government an effective intelligence operation." He described these steps as consistent with a plan which had "resulted from several years of study" by his staff. He reminded Truman that the two of them had already discussed "the basic elements" of the plan and that these had been embodied in memoranda recommending the abolition of OSS. He sent to the President, finally, the supporting study, that September 20 report, which was the distillation of the bureau's experience and wisdom on the subject.<sup>1</sup>

#### 1. STATE GETS A PLAN

The step "of greatest importance," said Smith, was the establishment within State of an office for research and intelligence; he mentioned the appointment of McCormack as the man in charge. Another important step was the transfer of the two OSS units for incorporation, first in IRIS, and then in State's new permanent intelligence structure. Thus, he said, that office was "provided with a going and competent research staff." Another step, a minor one, was the transfer to State of "a small part" of FEA.<sup>2</sup>

However, "the immediate problems" encountered by Colonel McCormack in building up his own facilities had "delayed action" on the other important intelligence assignment given State, namely, the leadership in developing a government-wide program. He assured the President that his people were assisting State "in organizing these groups and in developing an orderly procedure."<sup>3</sup>

Another reason for delay was the lack of understanding of "the principles on which a strong post-war organization should be based"; what he meant of course was that other people had not accepted the bureau's view of things. He complained that it had been "difficult to accomplish as much as is desirable" because others had been proposing and advocating a variety of suggestions for the postwar system. He further complained that "the letters which you made public to Secretary Byrnes and General Donovan have apparently not yet made it sufficiently clear that we are not going back to our pre-1939 situation but are moving in accordance with a plan to develop a more effective program for the future." He concluded that State might possibly require "an additional directive to the departments concerned to clarify the exact responsibilities placed on the Secretary of State in your previous public letter."<sup>4</sup>

Did this suggestion for "an additional directive" have anything to do with the November 7 memorandum on a presidential conference with the three secretaries and on "the President's directive to Admiral Leahy" mentioned by Forrestal on November 14? Hardly, even though Smith's memorandum had been prepared by Schwarzwalder on October 25 and sent to the White House, apparently on October 31.<sup>5</sup> Smith's diary is silent

on the memorandum, and there is no evidence of Truman's awareness of it, much less of its particular suggestion for another directive. Moreover, the directive as apparently issued outlined a course of action which Schwarzwaldler, his superiors, and Smith himself would at that time have strongly opposed; they wanted State's leadership role re-emphasized and clarified, not shared, especially not with those who, like the military, still had the wrong view—as they saw it—of the needed solution to the intelligence problem.

As far as reporting progress, however, Smith had certainly been justified in reporting the collaboration of his staff with State. They had been collaborating for months. In mid-September they had worked briefly first with Colonel McCarthy, for a short time Assistant Secretary for Administration, and then with Colonel McCormack. The staff had had informal contacts at the working level in Navy, War and Commerce in order to obtain acceptance of the plan it had drafted. In October it had had discussions with groups in ONI and with members of the Lovett board. It drafted a letter for Byrnes to send to the service secretaries regarding the two interdepartmental committees that lay at the heart of its plan. The staff had also drafted a directive, drawn charts, and written other supporting material for State's use in getting its interdepartmental system organized. Early in November George Schwarzwaldler was coaching McCormack on fielding such "pointed questions" from congressional inquisitors as "why hasn't Secretary Byrnes done anything on setting up the Interdepartmental machinery?" Schwarzwaldler cautioned against referring to that machinery as a Budget Bureau plan; "it is," he said, "the President's plan outlined in his letter of September 20 to Secretary Byrnes."<sup>6</sup>

That reminder indicated how ineffectual, though steady, bureau assistance had so far been. The plan was officially the President's, but there is no indication that Truman ever really knew what it entailed. It had been accepted by State, in some fashion, and had thereby become State's plan, but the fact that it was still referred to as a Budget Bureau plan surely reflected an uncertain conviction on State's part as to its desirability and practicability. Yet that plan was all that State had when Byrnes met with his War and Navy counterparts on November 14.

After that meeting the situation began to change; after all, a subcommittee had been appointed. One has to presume, in the absence of documents, that Byrnes summarized the discussion for Russell and McCormack, whom he had named to that subcommittee, and strongly directed them to develop quickly a counterproposal which he could put forward at the next secretarial meeting. He must have directed them to take cognizance of the criticisms leveled by himself and Lovett at the Budget Bureau plan. He must have directed them to try to narrow the gap between State and the service departments. In any case, within five days the State Department had its own plans.

Its structure, modeled on that of the Budget Bureau plan, was "elaborate" (Figure 9). At the top were two "authorities," not "committees," both of which were chaired by State: the first was the Interdepartmental Intelligence Coordinating Authority consisting of the three Secretaries of State, War, and Navy; the second was the Interdepartmental Security Coordinating Authority consisting of the same three secretaries plus the Secretary of the Treasury and the Attorney General. Serving these two authorities was a common secretariat headed by an executive secretary and two deputies, all of whom were appointed by State, and other assistant secretaries and appurtenant staff provided either by State or the other departments. Assisting the executive secretary were two advisory groups corresponding to the two top authorities: membership consisted of representatives of—for the intelligence group—the heads of G-2, ONI, and A-2, and—for the security group—the heads of G-2, ONI, FBI, and Treasury's Chief Coordinator of its enforcement agencies. Last came the committees, twelve under the coordinating authority and eight under the security authority.<sup>7</sup>

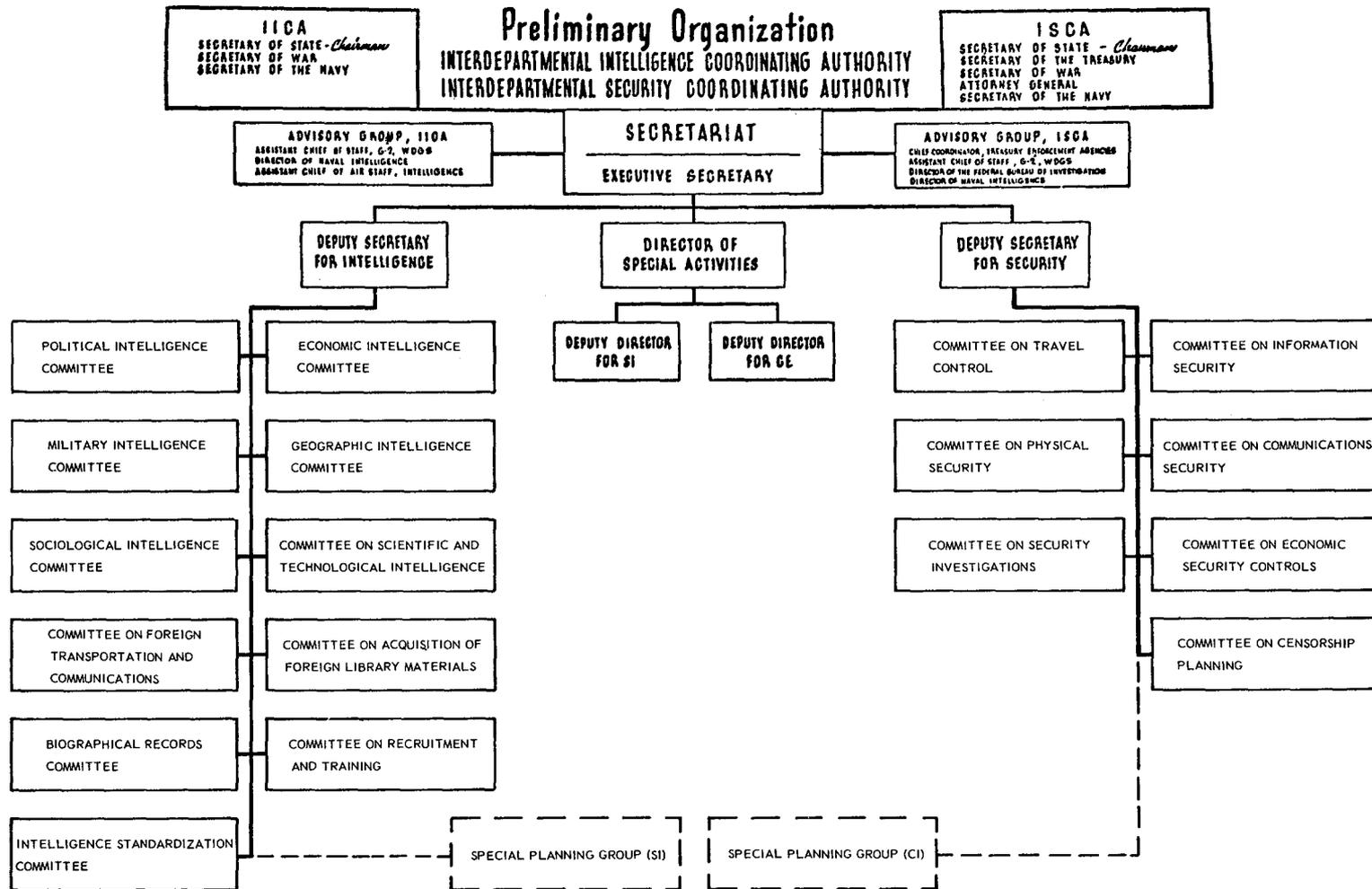


Figure 9. State's "Preliminary Organization" of national intelligence, November 1945.

The two authorities had the functions in their respective fields—one, “in the broad field of foreign intelligence,” and the other, “in the specialized field of internal security and security intelligence”—of determining overall objectives, requirements, and means, and also of exercising ultimate responsibility for review, operations, emergency planning, and other contingencies. The executive secretary planned the authorities’ programs and directed the work of the committees. The advisory groups were channels of communication and assistance between the executive secretary and the agencies. The committees did the actual work of developing the “specific operating plans” for the collection of intelligence in their particular areas of responsibility.<sup>8</sup>

The plan recognized the need for “centralized operations”—espionage, counter-espionage, production of national intelligence, topographic studies, and biographic files—but accepted them only in principle, subject to formulation of detailed organizational and operating plans. It envisioned not one central agency to run such operations but as many agencies or arrangements as the particular problems and situations might require. Above all it envisioned centralized operations as measures of last resort only.<sup>9</sup>

On the fundamental function of producing national strategic intelligence the plan was silent, but a supporting paper asserted strong State Department opposition to establishing either an interdepartmental or independent agency for that purpose.<sup>10</sup> Instead State proposed assigning the function to the “*projected* Special Estimates Staff of the Special Assistant for Research and Intelligence”<sup>11</sup> [emphasis added], and that, of course, was Colonel McCormack. However, he did want the military services to assign to that staff specially qualified people to assist in the preparation of those estimates. To that extent he simply re-echoed the constant demand that Donovan had made for the military’s more effective collaboration with his agency.

The plan was largely faithful to its Budget Bureau inspiration. First, the plan, based on the President’s September 20 letter, covered “the entire ‘foreign intelligence field,’” not just “intelligence activities related to the national security.” Hence, the plan embraced “the furtherance of our national interests as well as the safeguarding of our national security.” Likewise, it included “the commercial and cultural fields in addition to the military and national security fields.”<sup>12</sup> Second, it established two coordinating authorities, which McCormack considered an improvement on the JCS plan, which, he said, vested responsibility for “the whole field of intelligence in a single Authority.” Third, it emphasized both coordination as the primary function to be performed and coordination by committees as the method of operation. Fourth, it evidenced no need to move quickly on espionage and counterespionage and left strategic intelligence to State. Fifth, like the bureau, State definitely opposed the establishment of a central, independent agency. To our confusion, however, McCormack for discussion purposes often used the term “central agency” to describe one or another part of his elaborate interdepartmental coordinating mechanism.<sup>13</sup> Finally, State agreed with the bureau that State should be in charge.

Hence, McCormack made it clear that State was taking the lead as directed by the President. Second, State was “heading up” the interdepartmental groups as their chairman. Third, State appointed the executive secretaries and his two deputies, provided the secretariat with its administrative services, and thereby controlled the executive of the authorities. Fourth, through the secretariat State ran the committees, whose product promised to be the comprehensive, coordinated foreign intelligence program desired by the President.

On this primacy of position, McCormack, comparing his plan with the War Department's plan, criticized the inclusion of a representative of the JCS along with the three secretaries on the ground that it gave the military a three-to-one preponderance. He also correctly observed—what Donovan always readily perceived—that the independence of the proposed CIA director, in the JCS plan, might be “illusory” since the intelligence chiefs on the advisory board had “such a variety of mechanisms for influencing him,” namely, their secretaries on the authority, their JCS machinery, the advisory board itself, and its appeal procedure. McCormack objected to such military preponderance; by contrast, he said, his plan gave the military a vote of two to one but contemplated that leadership lay with the Secretary of State and executive direction with an official of the Department of State. He also objected to an independent budget.<sup>14</sup>

As a final observation on this State plan, let it be noted that it had little to commend itself to the War and Navy departments which had now become solidly united behind their conception of a central, independent agency performing the functions of coordination, production, and centralized operations. From their point of view, State's plan was loose, diffuse, weak. Whereas they had opposed Donovan because he attempted too much, they now opposed State because it attempted too little.

## **2. DEADLOCK, REVISION, AND DEADLOCK**

The subcommittee, which had been appointed by the secretaries, met on November 19 but “were unable to make any progress,” especially on three points. First, whereas McCormack interpreted the President's letter as authorizing State to develop a program and put it in operation, the military held State had only been directed to establish a group which would then make recommendations for the President's approval. Second, whereas McCormack vested power in an executive secretary who was both an employee and an appointee of State, the military wanted him appointed by the President on the recommendation of the NIA and made responsible to that body. Third, the military wanted strategic estimates made by the proposed CIA, not by State's projected Special Estimates Staff.<sup>15</sup>

The subcommittee, reported Inglis, now a rear admiral, was “deadlocked.” The Navy and Army representatives, Inglis told Admiral King, “were in agreement that the plan recommended by the Joint Chiefs of Staff was sound and should be adopted in principle.” State, he said, was “strongly opposed.”<sup>16</sup>

While the service members consulted with their superiors and Colonel McCormack went back to his drafting board, new pressure emanated from the White House. President Truman recalled, in his memoirs, that subsequent to inquiring of Admiral Leahy about the intelligence situation he asked Secretary Byrnes “to submit his recommendations for a way to coordinate intelligence services among the departments.” He explained to Byrnes that, while he had already spoken to Leahy, he wanted State's view because of the department's important role in the matter. Truman recounted how Byrnes took the position that any intelligence organization should be responsible to the Secretary of State and that the Secretary should control all intelligence.<sup>17</sup>

To bring the matter to a conclusion Truman asked Byrnes and the other secretaries to meet with him on November 29. Presumably that request was pursuant to the recommendation for such a conference which appeared in the November 7 memorandum on a “Central Intelligence Service.” On November 27, however, Byrnes, at a regular meeting with Forrestal and Patterson, had to inform them that he had not had enough time to resolve the differences of opinion within the State Department with respect to the several plans under

consideration. He therefore said he could not discuss the matter for the present. He also stated that he would have to ask the President to give him a little more time. The meeting with the President was postponed.<sup>18</sup>

While Byrnes now put pressure on McCormack to come up with an acceptable revision of his plan, the Bureau of the Budget put its own kind of pressure on the President on State's behalf. The bureau's staff had tried to win some working level acceptance in the military services of McCormack's plan but had continually run into strong advocacy of the JCS plan. Such advocacy had always run counter to the bureau's basic conviction that no new agency was required, that the job could very largely be done by existing departments—if properly organized—and that an interdepartmental coordinating mechanism was the major requirement. From this conviction followed the bureau's relative indifference to the President's own needs and the need for "secret intelligence," that is, espionage; both needs were considered residual, small, and susceptible of satisfaction—if necessary—at a later date. From the bureau's point of view pressure for a central agency turned the whole situation upside down and subordinated the need for coordination to the establishment of a new, large, powerful agency, such as OSS. Hence, they found such advocacy not only aggravating, because subversive of progress, but also ill-informed and ill-advised, because incompatible with the right (the bureau's) view of things.

Hence, the bureau, allied with State, took its case to the President on November 28. First, Harold Smith that day handed Truman a memorandum contrasting a half dozen proposals for a peacetime intelligence system with the one "you," that is, the President himself, had approved on September 20. The other proposals, said the memorandum, made "centralized secret operations . . . the backbone" of the system and "neglected or subordinated" other and more important intelligence to it. By contrast the President's plan had made such operations merely the "adjunct" of a larger, comprehensive coordinated government-wide system. Smith's memorandum complained that State's efforts to proceed along the line "you" laid down had been "hampered by the continued advocacy of the alternative central agency proposals." It suggested—delicately—that the President might wish to discuss the matter with Byrnes to see what assistance he needed in order to obtain implementation of the letter of September 20.<sup>19</sup>

Handing the paper to Truman, Smith "commented on the injection" of the JCS into the situation and on "the alleged somewhat indifferent attitude of the Secretary of State." Then, "pointing out that we had made a comprehensive study of the subject," Smith said that "like too many other things now, it was getting royally bitched up." What he meant, of course, was that others did not know enough to let the bureau handle the matter. He continued:

I told the President that I felt we needed somehow to get hold of the issues. Referring back to the situation with respect to intelligence, I commented that I understood it had been proposed that he have a meeting on this subject. The President said that a meeting had been suggested with Admiral Leahy; representatives of State, War, and Navy; and someone else whom he had forgotten for the moment. I said that I would like to suggest—if it were not inviting myself—that I might be helpful at such a meeting. Apparently the President had not thought of this idea and he grabbed it up with a good deal of enthusiasm, it seemed to me. He said, 'Of course I would like to have you sit in. I will let you know when we have any such meeting.'<sup>20</sup>

Actually such a meeting was at that time a month away, and many other developments preceded it. Most immediately was a high-level meeting in State on November 29. At that time McCormack had a revision of his plan. Some changes had been made relative to the important problem of the appointment of the executive secretary. Donald Russell had recommended some "clarifying changes in wording," and certain changes had been made at the suggestion of Ben Cohen, the department's counselor, with whom Secretary Byrnes had directed that the draft be cleared. On December 4 McCormack submitted the paper to Byrnes and accompanied it with a transmittal letter to the secretaries of War and Navy.<sup>21</sup>

The most obvious change was at the top (Figure 10). Instead of two coordinating authorities, State now proposed nothing other than a "National Intelligence Authority"—an obvious concession to the JCS plan. The NIA's membership was restricted, however, to the three secretaries but made expansible on invitation of the authority's chairman, State, to other departments to join in discussions affecting them. Second, the executive secretary remained an employee and appointee of State but his selection had to be approved by the War and Navy secretaries; his deputies were appointed by the authority on recommendation of the executive secretary and could be Army or Navy officers. No significant change was made relative either to centralized operations or to the production of national strategic intelligence.<sup>22</sup>

Among the points singled out in Byrnes's letter only four need be noted here. One, Byrnes, now supporting his intelligence chief, justified the employment of an interdepartmental organization with personnel drawn from existing agencies rather than an independent agency with a separate budget on the twofold ground that the former tended "to avoid publicity" and to reduce competition between existing agencies and what Byrnes, McCormack, *et al* chose to call "the central agency." Two, he noted that the changes made in the secretariat protected State's primacy but made the secretary a representative of the authority as a whole, and not merely of State.<sup>23</sup>

Three; Byrnes noted that the plan did "not preclude any centralized intelligence operations" but provided "planning mechanisms" that might well lead to centralization in many specialized fields. Four, "with respect to clandestine activities" Byrnes understood "the prevailing opinion" to be that such operations, if conducted, might well be done by a "central agency"; consequently he noted that the plan "sets up machinery for study of that problem."<sup>24</sup>

State had made some effort to make the plan palatable to the military, but the plan remained faithful to its Budget Bureau inspiration and to the protection of State's primacy. The heart of the thing still lay in a variety of committees and in a secretariat run by State and staffed with borrowed people. For the military the plan provided inadequately for centralized, especially clandestine, operations and unacceptably for the production of national intelligence. Fundamentally the military were not happy with State leadership; some thought the problem was peculiarly their own and best handled by them, and others simply distrusted both the intention and the ability of State to run a government-wide, even a departmental, intelligence system. There was certainly little in State's past or present to make anybody think differently. The military had, in short, little reason to follow State's lead; ironically enough, however, they were so desperate for action in this field that they almost accepted that lead.

The secretaries, and some of the subcommittee members, met again on the issue on December 11. They were still divided between the JCS and the War Department plans on the one hand and the revised McCormack plan on the other. General Brownell, of the subcommittee, observed that there was little agreement beyond that on "a Central

# Preliminary Organization

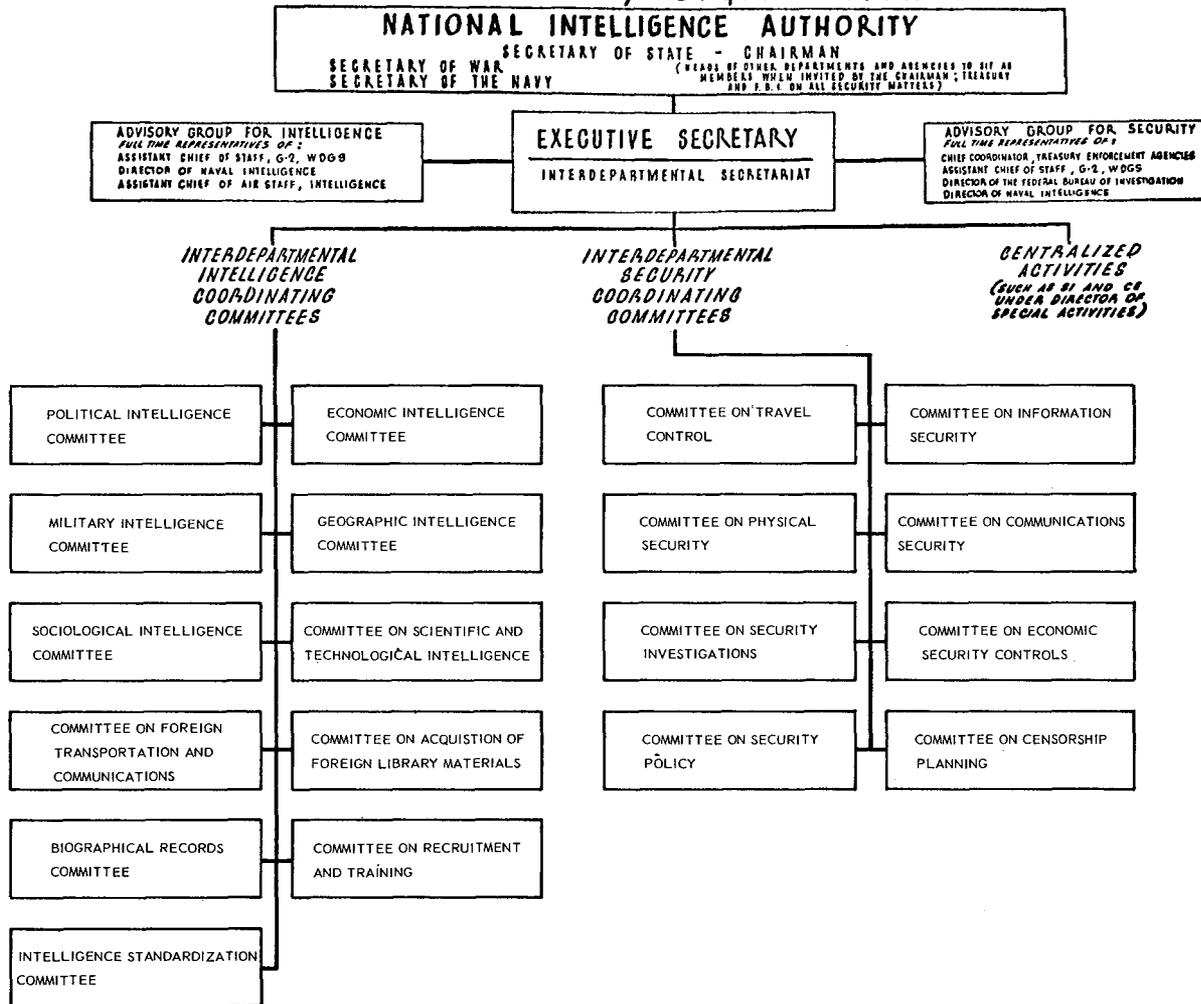


Figure 10. State's revised "Preliminary Organization," December 3, 1945.

Intelligence Agency” and “an Intelligence Authority at the top.”<sup>25</sup> It must be interjected here, however, that this alleged agreement on a CIA was a questionable proposition. The JCS plan used the term to refer to an independent agency; the Lovett board gave that agency an independent budget. McCormack used “central agency” in reference to the secretariat itself, to the complex of the secretariat, advisory groups, and committees and to a device for conducting one or more centralized operations.

After “an extensive discussion,” the three secretaries “appeared” to agree that the executive secretary (the director in the military plan) should not be appointed by the President but that his appointment should be a matter of agreement among themselves. There was also extended but inconclusive discussion on whether that secretary should be an official of the State Department or outside all three departments as proposed in the War Department plan. Nor was there agreement on whether the members of the advisory groups should be representatives of the heads of the named organizations or the heads themselves. It was a matter of agreement, however, that the subcommittee would try to resolve the differences while Byrnes was out of town on his trip to Moscow and that the three secretaries would consider the matter on his return.<sup>26</sup>

Before leaving town, Byrnes instructed McCormack to make every effort to settle the two issues which they apparently thought were the only ones outstanding, namely, the status of the executive secretary and the membership of the advisory groups. Obediently McCormack on December 15 submitted to Forrestal and Patterson modifications of these points. First, he proposed that the secretary be in fact a representative of the NIA as a whole and that this be arranged through making him removable from office by a majority vote of the NIA, namely, the service secretaries. Second, if the services wanted their intelligence chiefs themselves on the advisory boards, that was acceptable to State; McCormack also agreed that the secretary should submit to the proper advisory board for concurrence or comment all recommendations for the intelligence program or for any operating plan designed to carry it out.<sup>27</sup>

For a change the pressure was now felt at the Pentagon. State, trying to recover the lead, had submitted a plan; having considered some objections to that plan, State had quickly come up with concessions. Secretary of War Patterson, therefore, directed on December 17 that the Lovett board be quickly reconvened to reconsider the matter in order to reach, hopefully, a compromise decision. He said he did not want to wait for a written report but wanted to meet with them as soon as they had studied the revision.<sup>28</sup>

The Army now had several objections, of which one, namely, the basic difference in concept between the two plans, was fountainhead to the others. The War Department, or Lovett board, plan contemplated an agency under the supervision of the NIA having certain operating functions in addition to coordinating functions, and being independent of any regular government department. On the other hand, State’s plan contemplated no independent agency but provided interdepartmental committees as the authority’s method of exercising its coordinating function; under the State plan the organization had no operating function in the first instance, although the authority might authorize certain operations of common interest; and the entire plan had “a flavor” of a State rather than an independent enterprise.<sup>29</sup> Here a note must be interjected on this point of “independence.” Under the military’s plan—in the JCS or War Department form—the CIA was certainly made independent of any single department of the government; but it was thoroughly subordinated to the authority (three secretaries and the JCS representative) and subjected to close, continuing scrutiny by the intelligence chiefs on the advisory board. Through this sandwich-like arrangement the military certainly expected their secretaries and chiefs to guarantee

their control of the new agency. The CIA was envisioned as considerably less independent in fact than in words. The real argument between the military and the civilians was whether it would be independent of the one or the other.

The Army men recognized the concession made by McCormack in the status of the executive secretary, but they still wanted him stripped of any affiliation with any particular department. They also readily acknowledged McCormack's concession on the advisory boards' membership, but they now wanted the reduction of the two boards to one—presumably a logical correspondence to the single authority at the top. The soldiers much disliked the concept of detailing personnel from the three departments to the interdepartmental organization; they thought direct hiring and firing developed loyalty to the central agency, provided increased stability in personnel, and offered career prospects to those interested in high-level intelligence. The soldiers most objected, however, to State's restricted concept of the functions of the proposed organization. They wanted clear recognition as fundamental functions of the authority both the "direct procurement of intelligence by foreign espionage and counterespionage and the accomplishment of the evaluation and synthesis of intelligence on a national level." Such recognition had the advantage, they argued, of providing immediate disposition of the OSS personnel then in both War and State departments. Unlike State, which opposed immediate centralization of espionage and synthesis but wanted to retain its R & A inheritance from OSS, the military wanted to put Humpty-Dumpty (R & A and SSU) back together again.<sup>30</sup>

Without question Army officers, who had several minor objections not worth detailing here, did not like McCormack's plan. They knew exactly what they wanted, but they also had weighty reasons for making maximum concessions to State in order to obtain an early agreement.

First, unlike State, they felt desperately the need for an early agreement; they were particularly spurred on by their worries over military implications of the atomic bomb; and they were especially anxious to retain the OSS assets before they disintegrated. "In this sense," cried Major General Craig in OPD, "nearly any form of organization [would be] better than none."<sup>31</sup> Second, an early agreement could be more easily realized through State's plan than through their own, since the former could be effected simply by presidential direction whereas the latter required, under current funding provisions, the passage of legislation.<sup>32</sup> Third, immediate establishment of some form of national authority provided an opportunity for gaining needed experience before submitting the required legislative proposal. Fourth, following State's route offered less likelihood of publicity and controversy. Fifth, that method also avoided a controversy between the departments and reference of that controversy to the President for settlement; as a practical matter, also, the Lovett board knew that McCormack had the support of Secretary Byrnes and that Secretary of War Patterson wanted agreement with Byrnes. Finally, as another practical matter, it was argued that if a new organization was established and run by a State Department official, perhaps by McCormack, then it might be better to let him have the type of organization he wanted and thereby let responsibility for success or failure in the preliminary phase be clearly fixed.<sup>33</sup>

Caught between the pros and cons of accepting the State plan with maximum concessions possible, the Lovett committee had to keep the Navy's attitude in mind. The Navy had accepted the committee's modification of the JCS plan but had been unhappy with the switch from an interdepartmental to an independent budget. On the other hand it disliked the State plan intensely. The new CNO, Admiral Nimitz, informed Forrestal, in a memorandum originally drafted by Admiral Souers, that the plan was "unsatisfactory in

many respects." Nimitz disliked the making of national intelligence estimates by State. He said it provided no "real central intelligence agency." He claimed "the complex committee structure" would result in "wasted effort of key personnel." He saw no objection to eliminating a JCS representative from the NIA, but, significantly enough, he thought the director of the CIA should be an Army, Navy, or Marine officer in order to "assure a non-political administration" of the intelligence effort and because an officer, subject to military discipline, could be required to avoid undesirable publicity.<sup>34</sup> In short, the Navy preferred the JCS to the War Department plan but apparently indicated to the Army willingness to carry the fight for either plan directly to the President.<sup>35</sup>

After much consideration of how to extract maximum concessions from State, and then whether to endorse acceptance with concessions or fight to the finish, the Lovett members recommended acceptance subject to three amendments: one, that the two functions of synthesis and direct procurement be recognized as functions of the NIA provided that such functions could be decentralized should the authority so decide; two, that the executive secretary should make recommendations prior to June 30, 1946, on the advisability of seeking legislation to establish an independent CIA, under the authority, and having its own budget; and three, that there be only one advisory group, not two. This last modification was considered necessary "to insure that the Chiefs of the intelligence agencies of the service departments will actively support the Authority."<sup>36</sup> In other words: postpone the battle for a few months, but in the meantime, let's get started—even if on your terms.

Meanwhile, Colonel McCormack had taken his case to the public airwaves. In an interview on December 22 he ridiculed the idea of "one big intelligence agency" as comparable to a suggestion that all Washington's lawyers turn over the preparation of their cases to one central organization! He said that "we don't want a new agency; we want to improve the work of the existing agencies, and see that the intelligence they get is accurate, timely, and relevant." His elaboration of the State plan was faithful to the Budget Bureau model. Queried about reported differences with Army and Navy, he explained that intelligence was a complicated subject and that differences of opinion were inevitable; he said that "the Secretary of State, as directed by the President," had proposed a plan, and then modified it to meet the views of the Army and Navy. He admitted that "one or two points" were still under discussion, but he hoped complete agreement would soon be reached.<sup>37</sup>

Five days later his floor fell in, and he almost literally had no place whereon to stand. On December 27, with Byrnes just leaving Moscow for home, there took place another meeting on the intelligence problem. The only two available accounts are Patterson's, as summed up that day by General Craig of the Lovett committee, and that of George Schwarzwald, writing six days later.

Patterson reported, according to Craig, that "the State Department was not united behind the McCormack plan and there was a strong feeling on the part of many people in the State Department that this intelligence activity should be integrated or scattered through the different divisions of that Department."<sup>38</sup> While there is some confusion here and subsequently as to whether reference is had to McCormack's government-wide plan or his internal plan for the establishment of a permanent central intelligence organization in and for State itself, there is no question but that Patterson was insistent that State had to have the latter as a prerequisite to cooperation in, to say nothing of leadership of, a government-wide system.

According to Schwarzwaldler, Patterson indicated at the conclusion of the meeting that he was prepared to accept the State Department plan provided that State "was actually going to proceed to set up a central intelligence organization to carry out the responsibilities it was assuming under its plan." Clearly Schwarzwaldler, who could not have been confused as to the distinction and relationship between McCormack's two plans, had reference to that internal problem which had so agitated the geographic desk officers. Schwarzwaldler then noted the dropping of a bomb; "an officer of the State Department from one of the geographic offices was present acting as a secretary of the meeting, and he interpolated at that point that the question whether State would have any central operation was still unsettled." Schwarzwaldler observed, classically, that "that broke up the meeting."<sup>39</sup>

McCormack was in a difficult situation to say the least. The War and Navy departments, ostensibly conciliatory, were bearing down on him. His Secretary was not only absent but also an uncertain support. His internal program was under heavy fire from powerful officials. These in turn had the support of State's official in charge of administration, Byrnes's former law partner Donald Russell. It is not surprising, then, that "following that meeting," according to Schwarzwaldler, "McCormack met with Smith [of the Budget Bureau] to report on the apparent hopelessness of proceeding without further direction from the President."<sup>40</sup> Deadlocked once again.

### 3. THE PRESIDENT TAKES OVER

Schwarzwaldler, reflecting on the collapse of the December 27 meeting, could not forebear reiterating how dependent the creation of an effective government-wide system was upon the prior creation of an effective department within State itself; he further reflected:

The past gives the military little assurance that sometime in the future they will not be caught short again with a Secretary of State 'washing his hands of it' unless they take steps to keep informed independently. Further, the reception now being given to the creation of central intelligence facilities in State by some of the old line people there does not give the War and Navy Departments much encouragement to believe that the State Department can grow up fast enough to assume its new role. They hesitate to pin their faith on State Department leadership in this field which they have come to see as one of the most vital in our peacetime Government. Their advocacy of a central agency (which would be largely staffed and influenced by the military) revolves around the belief that adequate Government intelligence must depend on the military agencies.

The people in State who are talking about dismembering the Research and Analysis operation inherited from OSS by 'decentralizing' it to the various offices should understand that the alternative is a central agency under military domination with a full blown research and analysis operation reporting directly to the President.<sup>41</sup>

These old line officials, notably Spruille Braden of Latin American affairs and James Clement Dunn of the European division, had not been thinking in terms of State's role in a national system such as that proposed either by the JCS or by Colonel McCormack. They had not been brought in on that problem anymore than they had been given much official briefing on the takeover of the OSS elements, the establishment of IRIS, and the appointment of McCormack as Special Assistant. They had only been concerned, belatedly from their point of view, with this internal situation—the dreadful prospect of a large, foreign, central office threatening their positions as advisors to the Secretary and the President.

They had lost the first round of their fight on October 27 when they failed to spike the Acheson-McCormack program for the establishment in State of a separate intelligence office. As noted, however, that was only a temporary victory for McCormack. On November 29 Assistant Secretary Russell had appointed a high-level committee to prepare a detailed plan for establishing the permanent office. On December 12 the committee submitted a majority report in favor of a centralized office and a minority report conceding some centralization but urging decentralization to the geographic desks of the principal intelligence research to be conducted. On December 19 that report was considered by State's Intelligence Advisory Board, which by a 9-8 vote turned in a split recommendation. On the one hand it held that the establishment of an office pursuant to Acheson's directive of October 1 would best meet the needs of the department, and it, therefore, recommended the establishment of an Office of Research and Intelligence (ORI), to meet the administrative problem created by the termination of IRIS on December 31, 1945. On the other hand it held that the question of a permanent intelligence research organization should be a matter of further study and consequently that the board itself ought to be kept in existence for that purpose.<sup>42</sup>

With a January 1 deadline crowding in on it, State had to come to a decision. On December 28—the day after State's internal problem had broken up the meeting on the government-wide problem—Russell convened in his office a meeting of the principal contestants. There was agreement on the centralization of collection and of certain research activities, such as maps and biographical intelligence, but there was “an irreconcilable difference of opinion,” reported Russell, on the proposed organization of an office of research and intelligence with five divisions. The geographic desks, he said, argued that research had to be tied closely to operations and, therefore, that function ought to be integrated with the geographic and functional offices. The economic offices, said Russell, shared this view in part but favored the proposed office as a temporary measure subject to a future review of the controversy. McCormack was quoted as favoring the operation of intelligence “as one central block” as the best way of preserving both objectivity in analysis and the high standards of research already attained by the OSS elements. Russell also reported that McCormack had stated that Secretary of War Patterson had declared he would not accept the department's plan for a unified intelligence authority unless it first had its own integrated and independent departmental intelligence organization. As for his view, Russell recommended to Acheson and Byrnes the second of four alternatives he outlined, namely, that McCormack have his office for three months but thereafter it be transferred to the geographic and functional desks.<sup>43</sup>

This recommendation was quickly endorsed by Braden, even though he favored immediate transfer; he also noted that McCormack's proposal on intelligence collection had not been “fully discussed” at the meeting on December 28. Dunn, seeing no reason for letting “mechanical and physical difficulties” stand in the way of “the adoption of a sound principle in organization,” urged immediate transfer. McCormack, restating all his arguments for centralization, warned that decentralization would destroy R & A—an integrated, flexible, independent research unit capable of looking at national intelligence integrally and serving the entire department. It would “end all possibility of organized State Department intelligence,” and would negate “the President's idea of State Department leadership in government-wide intelligence.” He urged that the Office of Research and Intelligence be set up, as proposed, “as a definitive organization,” subject of course to whatever changes experience might suggest.<sup>44</sup>

Thus was that problem posed for resolution by the Secretary, who had returned to Washington at noon on December 29 but was thoroughly tied up with briefing the President, the public, and the press on his two-week visit to Moscow.

The military had also been anticipating Byrnes's return. At the end of the meeting on December 27 Patterson had instructed General Craig to confer with both McCormack and Major Correa of the Navy Department to see if they "could produce an agreed plan by the time Mr. Byrnes returns from Moscow."<sup>45</sup>

Subsequently Patterson had turned over the whole matter to a new Assistant Secretary of War, Howard Peterson, and had stated his readiness to accept State's plan provided, first, that State created machinery comparable to the responsibilities it was undertaking, and second, that State appoint a deputy to handle the department's internal intelligence organization and thus free McCormack to handle the interdepartmental problem. He hardly needed to specify that State had also to make certain basic changes in the plan itself.<sup>46</sup>

Patterson must surely have coordinated his position, formally or informally, with Forrestal, but there is no documentation on the point.<sup>47</sup> Behind both men were departments which were impatient to implement the JCS plan in one form or another. Both secretaries had put their stamps of approval on that plan. Neither of them, and no one in their departments, liked the McCormack plan. They would accept it, greatly modified of course, but they would do so only because, as Craig said, something was better than nothing. They wanted action immediately, and they both knew Byrnes was scheduled to depart Washington, this time for London, just a few days after he returned from Moscow.

There had been drafted for them what appears to be a last final offer, a significant alteration of Patterson's earlier hedged acceptance of State's plan. There is in the files a memorandum, in finished form, prepared for signature of both War and Navy secretaries and addressed to Byrnes. It was clearly written after December 15 and could not have been written after January 6; it was probably prepared at the very end of December for Byrnes' consideration during his end-of-the-year stopover in Washington. Even if not sent, it has value as an illustration of the drive of the services to get as much as they could and to get it immediately. They did not want State's plan; they would accept a modified War Department plan; they would settle for a modified JCS plan. Their offer prefigured the January settlement.

First, the memorandum stated that the secretaries could not accept the State Department plan, even with the modifications of December 15, because it failed to provide for "a centralized executive organization" responsible only to the NIA and "actively assisted" by the services' intelligence chiefs, and because it did not provide for "centralized performance" of the functions of synthesis and espionage. At the same time the memorandum recognized that the War Department plan was considered by State as "inadvisable," because it provided for the establishment of an independent agency, separate from the three departments. Hence, the memorandum offered the concept of a central *dependent* agency entrusted, however, with both operating and coordinating functions. The proposal called for housing the organization in State for administrative purposes, staffing it with personnel drawn from the three departments, and placing at its head a State Department official unless "the President, in view of his known and acute interest in this subject, [might] wish himself to select the chief executive." In that case both Army and Navy were ready to make a man available. The proposal also accepted deletion of the provisions relating to the independence of the agency and of its budget. In summary, the memorandum held out for the operating functions, for a less than desirable central organization, and also for a chance to head it with a military man.<sup>48</sup>

As for the means of achieving this arrangement, the memorandum offered Byrnes his choice of either the JCS or the State plan with those modifications of one or the other which would be acceptable to all three departments. However, in the event Byrnes chose a modification of the State plan, then the service secretaries warned they would "feel obliged to advise the President" that that alternative was in their opinion "much less desirable" than their own proposal. In short, the burden of the right choice lay with the Secretary of State, and the President would be informed accordingly.<sup>49</sup>

The President had already become more actively involved with the problem, and his interest inevitably increased the pressure on both Byrnes and McCormack. In his first months in office Truman had made a few simple statements to Harold Smith about the intelligence problem. On September 20 he had ordered the abolition of OSS and the charting of a new course of development. Other than expressing a felt need for a clearer picture of world events and less paper to read, however, the President had rarely become involved with any of the problems of intelligence that have been covered in this narrative. The situation soon began to change.

Most immediately important was the obvious fact that little was being accomplished to effect the new development he had authorized. Then, Marshall's congressional testimony on October 18 made intelligence a public issue. On October 31 Harold Smith sent the President a progress report but also indicated probable need for a new directive. Early in November Truman and Leahy, probably on Leahy's initiative, discussed the situation. Sometime thereafter Truman discussed it with Byrnes, and had even laid on a conference, subsequently postponed, to resolve the matter. On November 28 Smith complained to him that the situation had been "royally bitched up." A few days later Admiral Inglis was reporting his understanding that "the President has been pressing Secretary Byrnes to submit his plan." Then, in a manner that could not have escaped Truman's attention, Colonel McCormack had publicly, but discreetly to be sure, aired a policy dispute within the President's administration.

The evidence suggests that until the end of December the problem of intelligence was one which others took to the President. By December 27, however, the problem had so crystallized that the President felt compelled to inject himself directly into the matter. He had asked his advisor, Comdr. Clark Clifford, a fellow Missourian, to get the papers on the subject. On December 27 Admiral Souers sent Clifford, "as you have requested," copies of the State Department and the JCS plans and a "detailed comparison" of them. In Souers's handwriting on the memorandum there appears this note: "Comdr. Clifford asked for my recommendations at the request of the President."<sup>50</sup>

Why Souers? While another Missourian, a St. Louis businessman, Souers was not on that date personally known to Truman. The latter then knew the name of Souers as that of "a pillar of the Democratic party in St. Louis" and knew of him also "as an officer who had played an important role in the development of the JCS plan and was high in the confidence of Adm. Leahy and Sec. Forrestal."<sup>51</sup> Years later Souers said he had been able to do much constructive work on the intelligence problem "with a close personal friend of mine who was on the personal staff of President Truman."<sup>52</sup> This could have been fellow Missourian Commo. James K. Vardaman, a St. Louis banker who was then the President's naval aide. More than likely, however, it was fellow Missourian Clark Clifford, who was soon working with Souers on the JCS plan. In either case, Souers, who had just been made ONI's deputy director, and who was familiar with the previous year's struggle over the Donovan plan, could easily have been put forward to Truman by Clifford, Vardaman, Leahy, or Forrestal as the man to consult on the relative merits of the disputed plans.

Souers sent to the President the JCS plan as approved on September 19, not that plan as amended by the Lovett board. He had probably done so on his own and not as a result of a specific request from Truman, who hardly knew the difference between the two. The unamended plan had the formal JCS stamp of approval on it; it had been endorsed by the Eberstadt report; and its provisions for an interdepartmental rather than an independent budget suited the Navy. The plan also had the support of both service secretaries. It was the logical plan for Souers to send forward.

In his "detailed comparison" Souers indicated that all the merits were on the side of the JCS plan: it promised unbiased intelligence, which was derived from all sources and approved by all three departments; it would better serve the President, who would appoint the director, and who would receive summaries and estimates approved by all departments; it established a central intelligence agency, which was not controlled by any one department; and the plan contemplated "a full partnership between the three departments, created and operated in the free spirit of cooperation, and with a feeling of full share of responsibility for its success." By contrast, wrote Souers, McCormack had made it clear over the radio and in various talks to Army and Navy officers that the Secretary of State or his representative "should determine the character of the intelligence furnished the President." Should the McCormack plan be adopted, wrote Souers, it would inevitably be looked upon as "a State Department intelligence system, not an inter-governmental system." Additionally the plan lacked the beneficial effect of the many months of full discussion that had been given to the JCS plan.<sup>53</sup>

Souers disavowed any personal bias in the matter. "As you know," he wrote to Clifford, "my interest in this subject is wholly objective as I am not a candidate for the job of Director and couldn't accept even if it were offered me."<sup>54</sup> How did Clifford "know" all that, if the two of them had not already discussed the possibility, and if Souers had not indicated, as he recalled later, that he "was eager to get back to his business in St. Louis"? Who had raised the possibility that Souers might be a good man for the job? Clifford himself? Leahy? Forrestal? Vardaman? It is interesting to recall that only a month earlier the only name that came to the minds of the three secretaries as a possible director was that of the former OSS official, Allen Dulles. Now, the Navy had an admiral in mind, the deputy director of ONI.

The President now had the two rival plans before him. One was as simple as the other was complex. The JCS plan prescribed an authority directing an agency which was assisted by a board. State's plan called for one or two authorities directing an interdepartmental staff which, assisted by two advisory groups, directed numerous committees. "My inclination," wrote Truman years later, "was to favor the plan worked out by the Army and Navy, with the aid of Admiral Souers. . . ."<sup>55</sup> That inclination could have followed quickly upon any perusal of the two plans. No matter how soon after December 27 he adopted this position, however, he had first to take it up with Byrnes before he did anything about it. Therefore, he, like Colonel McCormack and Secretaries Patterson and Forrestal, was waiting for the returning traveler in order to dispose of the intelligence problem.

#### 4. A NEW PEACETIME INTELLIGENCE SYSTEM

McCormack's internal problem was apparently the first of the intelligence problems that Byrnes disposed of on his return. On January 4, 1946, McCormack, in a telephone conversation with Harold Smith, reported that he was "making progress" with the Navy—remarkable, if really true—but not with the Army. McCormack then asked Smith if he "had gotten in touch with Secretary of State Byrnes on 'our local problem.'" The local problem was most certainly the future of his proposed permanent Office of Research and Intelligence. Unfortunately for McCormack, Smith's answer was in the negative.<sup>56</sup>

Indeed, before Smith could reach the Secretary, Byrnes had disposed of the problem. On Saturday, January 5, he took up Donald Russell's recommendation to set up ORI temporarily but transfer it in three months to the geographic and functional desks. Since the interim organization had to be terminated immediately, wrote Byrnes, and since his imminent departure for London left too little time to give the subject "the consideration it should receive," he was letting McCormack have his ORI "temporarily upon the express understanding that the final decision" on its "ultimate location" would be made by March 1, 1946.<sup>57</sup> He took the easy way out; he postponed a decision. McCormack's position vis-a-vis the services was thus additionally undermined.

On Sunday Byrnes met at Washington's Shoreham Hotel with Forrestal and Army Under Secretary Kenneth Royall. Secretary Forrestal is reported to have told Byrnes: "Jimmy, we like you, but we don't like your plan. Just think what might happen if another William Jennings Bryan were to succeed you in the State Department."<sup>58</sup> True or not, the story correctly pictured the situation. The War and Navy departments simply did not feel safe in entrusting intelligence to the Department of State. They felt it was their province and that only they could really handle the job. Secretaries Forrestal and Royall were clear and united on the issue as they confronted the Secretary of State.

That Secretary must have been inwardly split. On the one hand, his official position obligated him to defend and advance State's traditional role as the senior foreign affairs service. As the civilian head of a civilian service Byrnes was fully aware of the military-civilian aspects of the intelligence problem. As spokesman for the department Byrnes had the concrete responsibility of arguing persuasively for his department's proposal. On the other hand, Byrnes probably had little stomach for a fight. The two secretaries had undoubtedly indicated their liking for him but their dislike for his plan. He probably found the latest version of that plan too reminiscent of the Budget Bureau plan, which he had so disliked in November. He knew his own department was badly split on the intelligence issue. Since he was leaving town the next day, he had little time to argue or give the matter "the consideration it should receive"—and the points at issue in both plans were numerous and complicated.

Most importantly, it is quite possible, even likely, that Byrnes and the service secretaries had already been informed of Truman's preference in the matter and had really been convened at the Shoreham to give effect to it. When Truman recalled his "inclination . . . to favor" the JCS plan, he immediately added that he had been "ready to put it into effect."<sup>59</sup>

That readiness was put forth clearly in an unaddressed and unsigned memorandum entitled "Central Intelligence Agency." The memorandum declared that "my purpose in establishing a Central Intelligence Agency is the coordination of existing intelligence agencies . . .," and it further declared that "it is my desire that without further delay" the Secretaries of State, War, and Navy prepare for "my consideration" a draft directive covering certain essentials. These had clearly been lifted from the JCS plan. The "my" in the memorandum could only refer to the President. The message was clear. Unfortunately, the only copy of the memorandum available is an undated carbon, which bears an added pencilled date of "January 7, 1946"—the day after the Shoreham meeting. If the date is erroneous, as is quite probable, then it is equally probable that that message had been communicated to the Shoreham conferees in time for their meeting. If the date is correct, then the memorandum was unnecessary, because on January 6 the three secretaries did exactly as the memorandum directed them to do.<sup>60</sup>

Put another way, on January 6 Byrnes surrendered either voluntarily or at presidential direction. On the one hand, Byrnes did not win acceptance of the State plan, modified or unmodified; on the other hand, he accepted the JCS plan—the one perused by Truman—almost unmodified. Actually there were precisely four changes, enough perhaps to save departmental face and ease departmental pain; nine words were deleted, and ten words and the letter “s” were added.

The deleted words eliminated from the NIA a representative of the JCS. McCormack had argued cogently against another military man on the NIA and against a member who, unlike a cabinet officer, had no final authority of his own. The military had no difficulty with McCormack's objection and had been quite prepared to yield to him. With the three cabinet officers constituting the NIA there was a certain symmetry of rank, authority, and departmental responsibility.<sup>61</sup>

With the addition of six words, underscored in the following quotation, CIA was authorized to “accomplish the synthesis *and evaluation* of departmental intelligence relating to the national security *and other information collected* by it. . . .” The first two words suited the military fine, and the next four represented an easy concession to State's interest in giving the organization a scope broader than that of “national security.” The addition of the letter “s” in the provision relative to CIA's relations with other agencies pluralized the agency's “planning function,” but to what purpose or effect this was done is not evident.<sup>62</sup>

Finally, the underscored words in “funds *and personnel*” meant that the departments participating in the NIA would make people as well as money available to the NIA.<sup>63</sup> State, and the Budget Bureau, had opposed the establishment of a new agency with its own funds and the right to hire and fire its own people; what State and the bureau wanted was a kind of voluntary self-help project where people on loan from the various departments worked co-operatively in a common enterprise. The additional “and personnel” could only have been a move in this direction, and to that extent it was the only modification of the JCS plan that was a positive victory for State. At least State had not had to accept the War Department plan with its independent budget!

This January 6 agreement offered less than earlier proposals for a CIA. Donovan had proposed the establishment of a strong independent agency reporting to the President, advised by the services, and performing numerous functions. This idea had been strongly opposed by the military, who wanted really to do very little about the subject other than think about it later. Under prodding, however, they finally accepted the idea of a new agency performing several functions but controlled by the departments and their intelligence services. State and the Budget Bureau opposed a new agency, wanted self-coordination, reserved the production of national intelligence to State, and paid little regard to the performance of certain central functions, such as espionage, of interest to both Donovan and the services. What the three departments had accepted on January 6, then, was a slightly diluted military or JCS plan. It was considerably less than Donovan advocated, less than the military had come to support. Would it be further diluted or strengthened from here on in?

Under a covering letter of January 7 the secretaries sent their recommendation to the President. That recommendation, as JCS 1181/5, had been approved by the Joint Chiefs in September and forwarded, via their service secretaries, to Secretary of State Byrnes for transmittal to the President. At long last, it seems, and amended once again, that directive officially went to the President.<sup>64</sup>

Ironically enough, the covering letter was drafted by Colonel McCormack, who could not have been happy either with the outcome of the Shoreham meeting or the writing of the letter. It was the official response to the President's letter of September 20 to the Secretary of State. He and his fellow secretaries informed the President that pursuant to that letter they had constituted themselves "an interdepartmental group" to formulate a plan for his approval "for a comprehensive and coordinated foreign intelligence program for all federal agencies concerned with that type of activity." They noted that their draft directive provided that the NIA, the DCI, and the IAB would submit for his approval "a basic organization plan."<sup>65</sup> McCormack, as he wrote those lines, must have contemplated the drafting of that plan as an opportunity for molding the JCS plan more to State's liking.

An earlier opportunity soon appeared, however. Before Byrnes left for London, Harold Smith managed to obtain "a brief appointment" with him. Smith then learned "about a proposed Executive Order disposing of the matter of the organization of intelligence activities in the Government." Returning to his office, Smith "talked to [L.W.] Hoelscher and Schwarzwaldner . . . who gave him a copy of the proposed Order." (Was that the directive as finished by the secretaries and forwarded by State on that same day, January 7?) Whatever the form of the order, Smith on the next day telephoned Matt Connelly, Truman's secretary, and asked him "to tell the President not to sign" the order. Connelly called the next day, January 9, to say that "a meeting on intelligence, called by the President, was about to be held." Smith immediately left for the White House.<sup>66</sup> Someone had once again slipped into that "fort" and had "prematurely" taken the President's time.

When Truman had written of his readiness to put the JCS plan into effect, he had gone on to say that Harold Smith had "urged postponement so that the people in his bureau could make a thorough analysis of it." Smith made his pitch on January 9. Present were the President, Leahy, Judge Rosenman, General Vaughan and Commodore Vardaman (the President's military and naval aides, respectively), and several persons from the Navy Department. Smith observed that War and State "were not represented," and we are all left wondering why that was so.<sup>67</sup>

From Smith's account only two major points were made. One, "the implication of most of the statements made at the meeting was that intelligence could not be handled in the State Department because that department was too weak." Two, Smith "took the part of the devil's advocate." He was worried about the expense, tolerable in war but not with a peacetime budget of \$25,000,000,000, that resulted from several departments, badly organized, duplicating one another's work. Contrary to a rejoinder from Leahy, Smith said he was not just thinking about money but about organization. The proposed system was bad organization and bad administration. He said he had listened to many discussions on intelligence, was much interested in the subject, but was also much concerned because there was so little understanding of the subject. "I am not so sure," he concluded, with his self-confidence intact, "that we are not approaching the subject of intelligence in the most unintelligent fashion."<sup>68</sup>

Somewhere in the discussion Truman, according to his account, interjected a conciliatory note:

'Harold,' I said, turning to Smith, 'I know you have expert intelligence men in your office, but I like this plan. If your people can make it better, that's all right. But I have been waiting to do this for a long time [since their first discussion on April 26, 1945?]. So you appoint your men and meet in Admiral Leahy's office with Admiral Souers, get the people from the Department of Justice, and let's get it done.'<sup>69</sup>

#### XIV/*truman's nia and cig*

Two days later, January 11, 1946, there took place off stage center—although in Truman's office—a ceremony worth noting here. At 12:45 Maj. Gen. William J. Donovan was ushered in to receive for his OSS services an Oak Leaf Cluster for the Distinguished Service Medal awarded him for his World War I battlefield exploits. According to the President's calendar, Donovan, "when asked what guests he wished to invite, expressed [the] wish to come alone." The citation credited him with anticipating the need for secret intelligence, research and analysis, and the conduct of unorthodox methods of warfare in support of military operations. (Someone had neglected to mention propaganda.) He was credited with giving "valuable service in the field of intelligence and special operations" to theater commanders, the JCS, State Department, and other government agencies. He had contributed "in a high degree" to the success of military operations.<sup>70</sup>

The medal was the work of Judge Rosenman. Donovan's unaccompanied appearance may have been due to the fact, as he wrote Rosenman, that he "was not aware that any time had been fixed until telephoned by the White House. . . ." Donovan also said that "the President told me that he was working on a central intelligence agency and that he would like to have my views before any decision is made." That was polite nonsense, of course; and both men must have known it. Nevertheless, Donovan told Rosenman of his willingness to help and of his hope that Rosenman "would take a personal interest in the kind of organization" to be established. With no less but with more justified self-confidence than that possessed by the Budget chief, Donovan observed that it had been his duty in the last five years to give considerable attention to the problem and that he, "more than most men, perhaps," knew the "dangers and pitfalls that must be avoided." In reply the Judge said he thought that the President had discussed the problem with Donovan.<sup>71</sup> Can anyone not imagine the alarm that would have been rung in the Pentagon had it been reported that Donovan had been called in to help rejigger the JCS plan!

Truman, having settled on a plan for a permanent peacetime intelligence system, gave the job of putting it in final shape to Clark Clifford and Admiral Souers, who were directed to coordinate their work with the Budget Bureau and Attorney General Tom Clark. Their first draft, a proposed executive order made as early as January 8, made a significant change: to the NIA was added "an additional representative of the President of the United States."<sup>72</sup> The origin of the change is not known. In December 1944 a JIC draft had included the Chief of Staff to the President, but this was changed back to a representative of the JCS; so it remained until the secretarial meeting at the Shoreham. Whatever the origin of this latest change, it must have been considered acceptable to Truman himself. It certainly had the effect of directly involving the President in the work of the NIA and thereby of enhancing its stature. It was a significant move in the direction of Donovan who had always argued for an intelligence system serving presidential and national, not only departmental, needs.

On January 12 this draft was changed twice. First, whereas it had been left to the NIA to establish the CIA, the CIA was now declared established. That thereby eliminated the entire paragraph laying out the first duty of the NIA as the preparation of a basic organizational plan for the implementation of the order. Stylistically, the word "synthesis" was replaced by "correlation," because Truman allegedly had told Souers that "[expletive deleted], you can't say 'synthesize'; that sounds too much like making bathtub whiskey!" However, another contemporary account credits the change to "the mere preference of Latin to Greek." Laughingly disagreeing years later, Clark Clifford said Truman probably had trouble pronouncing "synthesis"! <sup>73</sup>

By January 18 the proposed order had been changed considerably, and obviously the changes had come from the Budget Bureau, State, and the Attorney General. Those changes, further diluting the JCS plan, remained substantially unaltered in the document as it would be issued on January 22.



President Truman awards Donovan, for whom the President had no use, an Oak Leaf Cluster for his Distinguished Service Medal, Jan. 11, 1946.

Donovan Collection

In the meantime the document was polished, coordinated, and readied for the President's signature. Copies were prepared for dispatch to the three secretaries; other copies were prepared for the Attorney General, the Postmaster General, and the secretaries of Treasury, Interior, and Commerce, all of whom had some interest in the business. On January 21 Harold Smith apologized to the President for the way he had "tackled the subject" in the President's office. Smith pointed out that he was in the position of "being objective and impersonal about the subject," and at the same time had "wanted to smoke the situation out" and make the President "aware of the facts" as he saw them. No need to worry, the President reassured him; as a matter of fact Truman thought the order would be "a lot better as a result of the argument." Though ready for signature and release that day, the order was held back, because the President's press secretary, Charles Ross, thought that the State of the Union message, going to Congress that day, would get all the attention.<sup>74</sup>

On Tuesday, January 22, 1946, President Truman signed the new directive<sup>75</sup> on the coordination of federal foreign intelligence activities and released the document to the public (Appendix U). It was no longer an unaddressed executive order; since January 18 it had become a presidential letter addressed specifically to the Secretaries of State, War, and Navy—and in response to their letter of January 7, 1946. As such it was immediately and primarily concerned with the activities of just those three departments, and it was therefore unlike the JCS plan which assigned the NIA comprehensive and unclear authority over all government intelligence agencies having intelligence functions related to the national security.

The three secretaries were informed that the President wanted "all federal foreign intelligence activities to be planned, developed, and coordinated" so as to accomplish "the intelligence mission related to the national security." For that purpose the three of them, and another person to be named by the President as his personal representative, were designated the National Intelligence Authority. That body was once again a four-man team of three cabinet officers and a presidential representative.

In an important concession to State and Harold Smith, the second paragraph embodied a novel concept which introduced a somewhat confusing aspect, in theory at least, to the status and function of the Director of Central Intelligence (DCI). The paragraph created a headless body and a bodyless head! It created a "Central Intelligence Group" (CIG) to work "under the direction of a Director of Central Intelligence." The CIG was not "headed" by the DCI; nor was the DCI the "head" of the CIG. CIG worked "under [his] direction." Semantics? Someone's mistake? Sloppy drafting? Hardly in all three cases. Before explaining, let it be noted that this "group" was constituted of such persons and utilized such facilities as the three secretaries, within the limits of their funds, made available.

The paragraph established not an agency with a head and a body, as was sought by the military men in the Pentagon, but something closer to that executive secretariat—that body of pooled departmental personnel—that was sought by State and the Budget Bureau. That executive secretary, that DCI, directed the work of the people who were assigned to him, but they were not his people to hire, train, assign, reassign, direct, supervise, retire, or fire; they were simply on loan to him. They were a "group" distinct from him but "collectively" organized to help him discharge his responsibilities to the NIA. "Group," not "agency," characterized the rather loose arrangement anticipated, namely, a body of persons "collectively" organized, assigned and withdrawn, and working under the DCI's "direction." It was a State and Budget Bureau concept.

That the DCI and CIG went their connected and yet separate ways showed up also in the third paragraph where the functions to be performed were made the responsibility of the DCI rather than of the CIG, or as might have seemed more natural, of the CIG headed by

the DCI. Those functions were practically unchanged from the text of JCS 1181/5 except that they were now the DCI's functions and except that they more narrowly pertained to the three departments. The only significant change was the omission of even a euphemism for espionage, a word no one wanted to put on paper. The JCS plan had called it "the direct procurement of intelligence"; the January 18 draft had spoken of "the direct procurement of intelligence outside the continental limits of the United States." The final text subsumed the idea, for reasons of delicacy, under the umbrella of "services of common concern," of which it had long been recognized as one of the most important. Also, CIG's performance of ". . . other functions and duties related to intelligence" was further limited to intelligence "affecting the national security," a qualification already used five times in the directive.

Of course the uncontroverted anti-gestapo provision was retained. However, where the CIA was denied by the JCS any "police or law enforcement function," the CIG was additionally denied "internal security functions." Also, the directive withheld any right to make "investigations inside the continental limits of the United States and its possessions, except as provided by law and Presidential directives." Undoubtedly these changes represented a Justice Department contribution.<sup>76</sup> Another uncontroverted provision, the protection of intelligence sources and methods, was retained. Other provisions need no special mention here.

The JCS had their plan, but it had been diluted by State and the Budget Bureau. In place of an independent agency there was an interdepartmental group of borrowed people subsisting on financial handouts and utilizing such borrowed facilities as might be offered them. There was, however, a DCI—appointed by the President, responsible to the NIA, and a nonvoting member thereof—and he did have that trinity of functions—coordination, production and operation—sought by the military. Most importantly, the thing had been established and put in operation; and, whatever the theoretical and structural defects, those on the scene were happy. What would happen to it was probably anybody's guess at the time. Both the military and the civilians could probably foresee many opportunities for change.

The first opportunity to influence future growth fell to the military when on January 23 Truman made his new friend, Admiral Souers, the first Director of Central Intelligence. Souers had wanted to return to St. Louis but had been prevailed upon by the President to stay for at least six months in order to get the organization started. Souers had been picked because of his acceptability to Truman and also because he had been backed by Admiral Leahy as the man most familiar with the background of the problem.<sup>77</sup> No thought had apparently been given to the appointment of a civilian; after all it was basically a military plan, and it was natural that an officer be the initial head. The choice of an admiral rather than a general was an interservice matter that could henceforward be nicely handled on a rhythmically alternating basis.

Also on January 23 President Truman announced the appointment of Admiral Leahy as his personal representative on the NIA. On that day, he, Admiral Souers, and the three secretaries were the only five persons definitely holding positions in the new federal foreign intelligence system. It was "year zero" again, although not necessarily so from Truman's point of view.

It probably did not occur to Truman then or subsequently to think that the same or a better organization could have been established sooner than it was and without the period of trial and error that had taken place and would take place before the CIG yielded place to CIA. Certainly it did not occur to him that OSS itself should have been somehow revamped and perpetuated as the nucleus of the new situation. Nor did he show any interest in implementing the Donovan plan of 1944; and indeed as far as Truman's thought on the

subject at the time can be ascertained, he could not—in the face of strong opposition—have found it acceptable. Nor did it occur to him, as far as is known, that the JCS plan of September 19, 1945, could just as easily have been implemented then as to have to be put through another four months of argument and modification. The directive of January 22, 1946, hardly seems a big improvement over JCS 1181/5.

Truman then and later was proud of what he had done. He had not contributed much to the formulation of the idea of a central intelligence organization. He had his own felt needs. He had chosen the JCS over the State plan, but probably most any President would have done the same. Truman's real contribution to the NIA-CIG establishment was his insistence that it be done. He made the choice between the two plans and then directed that his preference be implemented.

In his State of the Union message on January 21, 1946, Truman had rather passingly referred to intelligence when he noted that "a few wartime activities, for example, the . . . foreign intelligence services . . . have become part of our regular government establishment." That reference to the incorporation of OSS elements into the State and War departments was an unprecedented public presidential recognition of the status of intelligence in the American government. A few days after the issuance of his directive—a notable document simply as an elaboration of a country's intelligence structure—he described the new setup as "a practical program" which, he thought, would work "for the best interests of the Government." He called it "a necessary arrangement" to get information together for those who needed it for policy-making. He could not say, however, whether there would or would not have been a Pearl Harbor had there been a NIA-CIG setup.<sup>78</sup>

What Truman had done was publicize intelligence. Roosevelt seems never to have made a public reference to intelligence, though he believed very much in it. By contrast Truman had issued two important official documents on intelligence, mentioned it in a State of the Union message, and otherwise discussed it publicly within the first nine months of his presidency. To that extent Truman had helped give intelligence a new status in American life.

Truman's letter to the secretaries received a good press. The *New York Times* described the NIA and the DCI as "a clearing house" for all the government's foreign intelligence activities and reported the interpretation of the "services of common concern" as meaning that the DCI would "operate his own staff for 'top secret' missions." Describing the plan as a modification of the Donovan plan, the paper said it differed in several important particulars, notably in that it placed the CIG and DCI under the secretaries instead of the President and that it made the organization responsible for funds to the departments rather than to Congress.<sup>79</sup>

Editorially the *Washington Star* called the President's action "a forward-looking step toward correcting a serious weakness in our national security setup in time of peace." The military analyst, George Fielding Eliot, said it was a "necessity of survival" for the U.S. to "provide itself with this means of getting at the facts and judging the trends of events." Another military columnist, Hanson Baldwin, hailed Truman's act as one of "the most important basic developments in the national defense picture since the end of the war."<sup>80</sup> *Time* magazine noted indelicately that the President had "put the U.S. in the business of international espionage"; while the bulk of the work of the new organization was concerned with "vast, non-secret facts," observed *Time*, "the U.S. is also going to join, after all these years, in the game of spying on the neighbors. Harry Truman did not say so, but that is the idea." Nor did the idea escape the rest of the country; on March 21 the Gallup pollsters reported that seventy-seven percent of those queried thought Congress "should provide

money to maintain a large force of secret agents who would operate throughout the world to keep us informed of what other nations are doing." A lonely dissenter, in the days when the Russian atomic espionage case was breaking in Canada, was Henry Wallace, then Secretary of Commerce, who characterized as "hellish" the system of secret agents to gather military information and urged its replacement by open above-board dealings in international affairs.<sup>81</sup>

*Time* further observed that Truman's letter had also "ended, for a while at least, a bitter, home-grown feud." The magazine recalled that the three major departments had agreed on the need for espionage and better coordination of intelligence but disagreed on the means. The fight, said *Time*, centered around "mild, determined" General Donovan who had set things in motion early in 1941. Skipping quickly from 1941 to 1944, *Time* said Donovan had proposed an overall information agency, provided with funds by Congress, advised by the departments of State, War, and Navy but not answerable to them, and headed by an overall director reporting directly to the President. The departments were "dead set against the kind of independence which Donovan proposed," and the opposition became "so bitter that someone even slipped his memorandum to the Patterson-McCormick press," which "howled" about "a 'spy director,' " a U.S. gestapo, somehow under the control of the sister of Justice Frankfurter. *Time* noted that "Donovan had been careful to say that the agency should have no police power either at home or abroad. But the furor had its effect. In the end Donovan's idea of an independent agency went down the drain."<sup>82</sup>

*Time* reported that Donovan, back in Manhattan practicing law, "did not mourn too loudly the kicking around his original plan had got. Any kind of intelligence coordinating agency, he argued, was a realistic step in a confused and dangerous world,"<sup>83</sup> In April, however, Donovan went public. He denounced the NIA as "a good debating society but a poor administering instrument." His principal objection, he said, was the board's divided authority and responsibility; it was "too open to the twisting and interpreting of information" by the three secretaries. On another occasion he ridiculed the subordination of the DCI to "a committee" of secretaries who had "their own jobs to do, running their own departments." Intelligence, he said, was "an all-time job," which ought to be independent of the people it serves so that it was not "slanted or distorted" by the views of the people directing operations. He also denounced the system whereby the DCI was dependent on the departments for his funds, his facilities, and his personnel. "To be effective," he maintained, "an intelligence agency should be on a basis of equality with other agencies and responsible to the same ultimate authority as they are."<sup>84</sup>

That, of course, was the status which Donovan had always sought for intelligence and which was considerably more substantial than the recognition Truman had accorded it on January 22: a part-time committee and a DCI running an organization of borrowed people, funds, and facilities.

On that January day President Truman had thought he had disposed of the intelligence problem. He thought implementation of his order was all that lay ahead. He had yet to reconcile himself to the drive within his own government to establish an independent, unified Central Intelligence Agency.

## **Chapter XV**

### **PROGRESS AND PROBLEMS**

Between Roosevelt and Truman there was this difference in their handling of the intelligence problem: when FDR set up COI, he, unlike Truman when the latter established the NIA and CIG, knew what he was doing.

Roosevelt, readying for the worst in 1941, was prepared to entertain almost any suggestion from Donovan for the conduct of operations in intelligence and political warfare; for FDR COI was an open-ended proposition. Truman, by contrast, was quite prepared to let the three secretaries run their intelligence departments as they saw fit, provided their collaboration gave him what little he wanted from them, namely, a daily summary of important information. Beyond this personal service he had no interest in the system; for him it was ordained to be, when established, a closed book. How unrealistic was his expectation became evident in the short administration of his first Director of Central Intelligence, his new friend Rear Adm. Sidney W. Souers.

#### **1. THE SOUERS ADMINISTRATION**

Souers was in a markedly different situation than was Colonel Donovan, as each set about the job of establishing an intelligence organization. Donovan was implementing his own idea, was subordinate only to the President, had money to hire people, rent space, buy equipment, and finance operations, and was the master in his own house. Souers served others' ideas, had several bosses, had neither money nor people of his own, and literally had no "house," or organization, of his own in which to be master. Donovan, though eager to get into service with troops when the opportunity presented itself, was nevertheless an eager activator who was prepared to pick up any job left lying around, and who feared not to shake up anybody or any department when the situation warranted it. Souers, impatient to get back to business in St. Louis, aimed to carry out instructions and to get along with the military and civilian brass who were close at hand. Souers trod lightly.

Above him as DCI was an impressive constellation, the National Intelligence Authority consisting of the Secretaries of State, War, and Navy—Byrnes, Patterson, and Forrestal—and the personal representative of the President, Fleet Admiral Leahy. The secretaries had contact with the President on departmental matters, and Leahy was Truman's voice on intelligence. The NIA bossed Souers, even as he sat among them as a nonvoting member. During his four and a half months as DCI, they met three times as the NIA and issued him three directives. They were in charge; he had no independent authority.

Beside him was the less prestigious but nonetheless potent Intelligence Advisory Board (IAB). Its regular members were the heads of the four departmental intelligence services of State, War, Navy, and the Air Forces. Initially these four were: State's Colonel McCormack, Army's new replacement for Bissell as G-2, Lt. Gen. Hoyt S. Vandenberg, ONI's Rear Adm. Inglis, Souers's recent boss, and A-2's Brig. Gen. George C. McDonald. On occasion, when invited by the DCI because of the subject matter, the FBI chief or his representative joined the IAB meeting. These service chiefs clearly had an immediate and



Though anxious to return to St. Louis, Rear Adm. Sidney W. Souers served as the country's first Director of Central Intelligence, Jan. 23 to June 10, 1946.

Central Intelligence Agency

concrete stake in the activities of the new intelligence setup. Ostensibly an advisory body, they were treated by Souers as a coequal partner in the new business. As the NIA gave Souers his directives, the IAB gave him his people, money, and facilities. The board met five times while Souers was DCI; they had no difficulty with him.

Souers's position among all these powerful people was not enviable. The President, having picked him for the job, wanted his daily bulletin. The NIA members, having hassled over the character and function of the new setup, wanted it to function quickly and smoothly. The IAB members, watching their vested interests, had their individual and collective views on what the DCI and the CIG should or should not do. Thus directed and watched, Souers—technically assigned to the Office of the Secretary of the Navy—had to go hat in hand, as practically his first official act, to the departmental chiefs for the loan on January 25, 1946, of two persons each to help him get started.<sup>1</sup>

Among the first to come on board were Colonel Montague, who had moved from G-2 to State, and Col. James S. Lay, Jr., who had also gone to State from his position as secretary to the JIC. More than the other six who joined Souers, Montague and Lay were familiar with the long struggle over the Donovan plan, the evolution of the JCS plan, and the struggle between McCormack and the military, and they were, therefore, called upon to write for Souers the first two directives which the NIA issued to him as the basic guidelines for the construction and operation of the new CIG. These directives, discussed in the first NIA and IAB meetings in the first week of February, were officially promulgated on February 8, 1946.<sup>2</sup>

The first directive underscored the triumph registered by Harold Smith and Colonel McCormack in the drafting of Truman's letter of January 22. Whereas that instrument had declared that persons assigned by the departments should "collectively form a Central Intelligence Group," the new document specified that the CIG should be "considered, organized and operated as a cooperative interdepartmental activity, with adequate and equitable participation" by State, War, Navy, and the Air Forces. CIG was clearly no independent agency; it was not even a group; it was "a cooperative interdepartmental activity" which was managed by the DCI but staffed with departmental people, financed with departmental funds, and occupied departmental facilities. The remainder of the directive, laying out the policies and procedures governing the CIG, specified the close relationship between the DCI and the IAB in the organization and operation of the CIG.<sup>3</sup>

The second directive, constituting and activating CIG, laid out the main offices, specified two pressing tasks, and provided initial authorization for personnel. Since the new organization had been established to perform basically three functions—coordination, production, and operations—it was now given a separate office for each of those functions (Figure 11). Hence, there was a Central Reports Staff (CRS) to produce "strategic and national policy intelligence," a Central Planning Staff (CPS) to plan for the coordination of intelligence activities, and a Central Intelligence Services (CIS) to be "such operating agencies" as the Authority might later establish.<sup>4</sup>

The first task was the "producton of daily summaries containing factual statements of the significant developments in the field of intelligence and operations related to the national security and to foreign events for the use of the President, the members of this Authority," and for ten other high military officials and Colonel McCormack as Special Assistant to the Secretary of State. Spelling out this task had occasioned the first disagreement in the NIA. Secretary of State Byrnes, jealously guarding State's role as the reporter of foreign affairs to the President, had held up issuance of the directive until he could personally get assurance from Truman that he only wanted "factual statements" from the CIG. The second task was

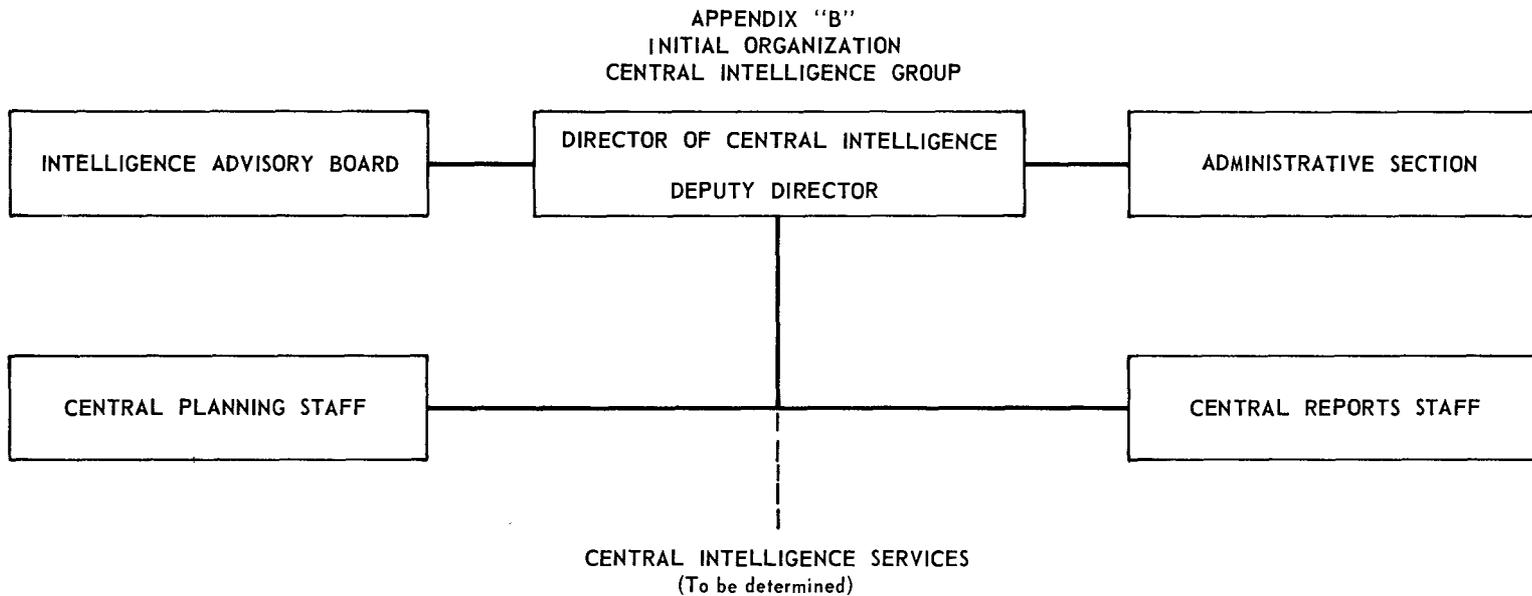


Figure 11. "Initial Organization" of CIG, February 8, 1946.

“a survey of existing facilities for collection of foreign intelligence information, and submission of appropriate recommendations,” in other words, advice on what to do with the Strategic Services Unit.<sup>5</sup>

As for personnel, the four departments were called upon to make 165 persons available to Souers: forty-three from State, seventy-nine from the Army (including twelve from the Air Forces), and forty-three from the Navy. Of this total sixty-one were assigned to CRS, forty to CPS, and the remainder to an Administrative Section; CIS had no authorization. Ten days later Admiral Souers announced his first interim appointments; these included three assistant directors, one for each of his three principal offices: Ludwell L. Montague, now “Mr. Montague,” headed the Reports Staff; Capt. W. B. Goggins, USN, took over the Planning Staff; and Brig. Gen. Louis J. Fortier headed “Operational Services,” a new name for the “Central Intelligence Services.”<sup>6</sup> Souers and his new staff had offices in what was then known as the “New War Department Building,” at Twenty-first and Virginia avenues, but is now known as “New State.” CIG—with directives, a structure, people, and tasks—was in business.

The first order of business was the production of a daily summary for the President. Truman wanted Souers, so the latter understood him, “to go through the dispatch traffic and make a digest of significant developments.” Admiral Leahy said the President wanted “a single summary” each day of the significant information available to State, War, and Navy. All the President wanted from CIG, wrote Montague, whose CRS had this production job, was “a single, all-sufficient daily summary of current information.” Byrnes made sure it contained no comment or interpretation.<sup>7</sup>

The first issue of the “Daily Summary” appeared on February 13, five days after the activation of CIG. Truman wanted it at 8:00 a.m., but Montague claimed to have persuaded Souers to persuade the President to receive it at noon on the ground that a midday paper, reporting on the Eastern Hemisphere, carried the day’s news, not that of the day before; in July, however, Arthur Krock reported in the *New York Times* that Truman received his bulletin “at eight fifteen every weekday morning.”<sup>8</sup>

On that occasion Krock praised the new system—with its “integrated,” “clarified,” and “correlate[d]” secret information—as much better than anything available to earlier presidents, including Roosevelt. Less impressed than Krock was White House staffer George Elsey who wrote of Krock’s column:

This is of course a very great exaggeration. The morning summary is not an ‘evaluated’ job at all; it is just a synopsis of Army, Navy, and State dispatches. This gives too much credit to the C.I.G.’s work—and ignores the fact that the President was receiving the same quantity and the same type of info[rmation] before the CIG from his Map Room and the Sec[retary] of State.<sup>9</sup>

Even so, Truman years later was happy with “the new intelligence arrangement” and his “daily digest” of foreign information. “Here, at last,” he wrote with reference to this daily publication and to information received from State, Army, and Navy, “a coordinated method had been worked out, and a practical way had been found for keeping the President informed as to what was known and what was going on.”<sup>10</sup>

After the daily bulletin came a “Weekly Summary.” Montague claimed to have launched it as a circumvention of the prohibition against interpretation in the daily report. On March 26 Souers informed the IAB that his Reports Staff had worked up several practice issues but that he needed two or three seasoned intelligence officers with specialized experience to work on the publication. On June 7, a few days before he resigned as DCI,

Souers circulated copies of a trial issue. Its appearance alarmed the new IAB member from State, the former chief of R & A of OSS, Dr. Langer, who had replaced McCormack. Now guarding State's territory, Langer doubted whether CIG was as well qualified as the departments to write interpretative articles and whether CIG had anything to add to either the daily summary or what other departments had produced.<sup>11</sup>

Souers and Montague sought to assure Langer of their honest endeavor to put events "into perspective" without infringing upon departmental responsibilities. General Vandenberg thought that CIG could safely proceed with its weekly but that State might check it carefully for any distortion of views. Lacking support from other IAB members, who thought "a good beginning" had been made, Langer yielded.<sup>12</sup> The first issue appeared June 14, four days after Souers left his post. The weekly was delivered to the White House at noon on Saturdays so it could go aboard the *Mayflower* for Truman's weekend cruise. Arthur Krock liked the weekly as much as the daily. Montague, however, thought the weekly "undistinguished," and said it had no copy fit to print and was produced by incompetent analysts; though its founder, he sought unsuccessfully to abolish it.<sup>13</sup>

For both him and Admiral Souers the real job in the production of national intelligence was the writing of estimates of the capabilities and intentions of foreign countries as they affected the national security of the United States. For Montague, who had had considerable experience with JIC estimates, that was the professional job. For Souers it was CIG's "primary function."<sup>14</sup> Unfortunately CIG had too few people to do the job. Hence, in Souers's term of office no national estimates were produced.

Nor was anything accomplished, though the subject was raised, on another aspect of the production job, namely, research and analysis. The subject was not raised, however, by Souers, who, knowing and sharing the military's interest in the reunification in CIG of the OSS elements of R & A and SSU, had an interest in doing so. It was raised rather by the member, Colonel McCormack, who had no such interest because he had no desire to yield his R & A to anybody—CIG or the departmental desks in State. McCormack, however, had a problem, and he needed help.

A House Appropriations subcommittee had just completely wiped out his fiscal 1947 budget request for \$4,150,136, and the action seemed likely to be supported by the full committee. Such a cut not only endangered McCormack's Office of Research and Intelligence but also State's contribution to the support of CIG—\$330,000. Hence, McCormack wanted the IAB to ask the NIA to issue a statement in support of State's budget. Under questioning McCormack admitted—what everyone knew—that "there was some difference of opinion within the Department . . . as to the organization and even the need for intelligence activities" in State. That admission provided an opening for several to suggest the transfer of R & A to CIG. The suggestion, made several times, brought no other rejoinder from McCormack than the further admission of belief that Secretary Byrnes had "not yet formulated a definite opinion" as to the future of intelligence in State. While not unsympathetic, the IAB felt able to do no more than recommend that Souers take up with Byrnes both the budget matter and the possible transfer of R & A.<sup>15</sup>

It was too late, however; on that very day, April 8, the full committee axed McCormack's budget. That action, reflecting congressional involvement with both McCormack's battle with State's desk officers and with the issue of the security of personnel in State, was not lost upon Byrnes, who now had no trouble making up his mind about the future of State's intelligence. On April 22 the axe fell on ORI; its R & A people were turned over to the geographic offices, and the rump was reconstituted as the "Office of Intelligence

Coordination and Liaison (OCL)"—from IRIS to ORI to OCL in six hard months. Naturally McCormack resigned, within twenty-four hours.<sup>16</sup> The collapse opened the way for CIG to develop its own research and analysis group, but Souers left that to Vandenberg, who had a real zest for the job.

So much for CIG's performance under Souers in the field of production. While he had termed the writing of estimates as the group's "primary function," the matter of coordination had historically been the major consideration of those who had sought improvement in the government's management of its intelligence activities. Not surprisingly then, Souers had begun receiving, four days after activation of CIG, "numerous suggestions or recommendations for studies leading to the effective coordination of Federal intelligence activities." Also, CIG had initiated some studies on its own. All these studies, reported Souers to the IAB, dealt with problems which were now only partially solved, or were badly served by existent machinery, or now needed new solutions in light of new circumstances.<sup>17</sup>

Souers could have categorized his problems more realistically—and candidly—as those for which coordination was or was not sought by the various IAB members. To the uninformed the word "coordination" connoted rationality, efficiency, and necessity. To the potential objects of coordination, however, to the intelligence departments with their vested interests—responsibilities, tasks, budgets, personnel, operations—the word raised the specter of tyranny. To them, coordinator came too close to controller. They feared the rise of any outside superior who could, if he wished, even abolish their organization. Consequently, when they sought coordination, they sought not dictation of their structure or function but assistance with their problems.

Their problems were considerable. Because of the wartime development and expansion of intelligence they—individually and/or collectively—had acquired needs, functions, and resources which were not essential to their basic missions but which needed somehow to be serviced, performed, or utilized. There was a multitude of such war-born problems, and the departments were quite eager to get assistance and to shift burdens. These they readily sought to turn over to CIG or through CIG to someone else. Hence, the problems that went early to CIG were either unavoidable ones, like the fate of SSU, or such noninflammatory ones as the disposition of State's photographic intelligence file.

Among the twenty-five studies listed by Souers as underway in CIG the two most noteworthy related to SSU and FBIS (Foreign Broadcast Intelligence Service), both of which fell under the rubric of "operational services." Other studies, in various stages, were concerned with the acquisition of foreign publications, disposition of files of the U.S. Strategic Bombing Survey, coverage of the foreign language press in the United States, coordination of geographical and related intelligence, utilization of private research in the social sciences, and the exploitation of American business concerns as sources of foreign intelligence.<sup>18</sup> The last occasioned some slight difficulty in August when the FBI momentarily considered it a possible violation of the bar against any "investigations" by CIG in the United States. When Hoover was assured the exploitation had nothing to do with subversive groups of interest to the FBI but only concerned overt collection from Americans with foreign business interests, he withdrew his objections.<sup>19</sup> As coordinator, Souers raised no hackles.

So much for coordination. While G-2 had strongly opposed any coordinating agency also engaging in operations, especially clandestine collection, CIG had been authorized by the President to "perform . . . services of common concern." Despite G-2's objections, the JCS and the military secretaries had always assumed that CIG would conduct espionage as

well as perform many other less controversial "services of common concern." Espionage and one of these noncontroversial tasks, namely, foreign broadcasting, were the two most pressing problems confronting CIG.

What to do with SSU? Absorb it into G-2, liquidate it, or transfer it to CIG? The first alternative had been ruled out by the highest authorities as not serving the interests of the government as a whole. The second was considered contrary to the best interests of the United States in a world in which a nuclear Pearl Harbor loomed possible. The third was the only viable course of action.<sup>20</sup> Surveying the situation, called for in NIA Directive No. 1, was actually ordered by CIG's first directive, which was issued February 19. It established a survey group under the leadership of General Fortier, who just the day before had been named head of CIG's Operational Services.<sup>21</sup> On the basis of that survey the NIA on April 2 ordered Souers as DCI to take over the direction and disposition of SSU. Because of the inherent limitations of CIG as a "cooperative interdepartmental activity" with no powers, people, money, or facilities of its own, Souers had to continue to run SSU as a War Department operation. General Magruder, never happy with the post-OSS miseries of his intelligence directorate, took the change of events as the occasion to retire; he was replaced by Col. William W. Quinn on April 2.<sup>22</sup> CIG, with a grasp on centralized espionage and counterespionage, tackled the challenging problem of transforming an old security organization into a new one. The problem at least had a solution, although Souers admitted it was "only a stop-gap measure."<sup>23</sup>

A similar solution was necessarily applied to the pressing problem of what to do with FBIS. The monitoring of foreign broadcasts had been initiated in 1939 with the establishment of the Princeton Listening Center as a pioneer research project for the study of Axis radio propaganda. The Center was taken over in 1941 and greatly expanded by the Federal Communications Commission, which operated it throughout the war.<sup>24</sup>

At war's end the FCC was asked by the War Department not to liquidate the FBIS but rather to turn it over to the department pending action by State, where it seemed to the military to belong. Transfer was effected December 30, 1945. In February General Vandenberg, representing the War Department, requested Admiral Souers to assume responsibility for advising the NIA on the proper disposition of the service. The War Department reasoned that in peacetime the FBIS product would be less military and more political, economic, and social in character and, hence, would interest other departments more than itself. The military thought State, with an obvious interest, should operate it or CIG should take it over as a service of common concern.<sup>25</sup>

In the difficult spring of 1946, State, however interested it was in FBIS, was in no position to take on a new intelligence burden. CIG was interested, but Souers had to stress—what everyone knew—that CIG was not an independent agency and was not empowered to sign contracts, and that it could not accept a transfer of funds from the War Department for direct administration of FBIS because CIG was not an authorized disbursing agency. Consequently Souers's solution was continued administration—liquidation and reorganization—by the War Department under, however, direction from the DCI. This provisional solution was approved by the NIA on July 8.<sup>26</sup>

When Souers wrote his progress report on June 7, and resigned June 10, he could report production of a daily bulletin, the imminent appearance of a weekly, initiation of a score of studies, and interim solutions to two pressing problems; he could also report of course that CIG had been organized. It was not an impressive record, but the time had been short, the tasks many and challenging, the resources few, and the problems fundamental.

Souers had been in office only 107 days. Of the 165 people assigned to him he had on board less than half, only seventy-one; by any standard of comparison even 165 employees—had he had them all—were few indeed; CIG as “a cooperative interdepartmental activity” was dwarfed by G-2, ONI, SSU, and ORI; the FBIS had 274 people. More fundamental, perhaps, were the administrative, budgetary, and legal difficulties which, as he reported, “presented real problems.” First, CIG had not obtained necessary funds and personnel, because departmental budgets had been cut. Second, CIG had not been able to hire personnel directly from civilian life and had been entangled in “complications” in obtaining people from the departments. Third, without appropriate legislation CIG had not been able to negotiate contracts, such as were required for the monitoring of foreign broadcasts.<sup>27</sup>

Souers recommended that the NIA and CIG “obtain enabling legislation and an independent budget as soon as possible, either as part of a new national defense organization or as a separate agency.” These were essential to the conduct of centralized operations and to the development, support, coordination, and direction of “an adequate Federal intelligence program for the national security.”<sup>28</sup> Experience had confirmed what Donovan had been the first to proclaim, namely, that the intelligence task required a central agency with independent powers.

Three days after issuing his report Souers took leave of the IAB with the usual remarks of farewell. In reply, the new DCI, General Vandenberg, uttered the commonplace “hope that the work of Central Intelligence should be maintained at the standard set by Admiral Souers.”<sup>29</sup> Even as he uttered the words Vandenberg knew—and perhaps the others did also—that, however much he might maintain the same standard, Vandenberg was going to run an entirely different CIG than Souers had set out to establish and operate.

## **2. VANDENBERG'S TRANSFORMATION OF CIG**

Lt. Gen. Hoyt S. Vandenberg was one of World War II's “flyboys.” At 47 he was boyish-looking, handsome, popularly known as “Van,” nicknamed “Spark Plug,”<sup>30</sup> and definitely on the way up the Air Forces ladder. A West Point graduate, he had had much flying experience in the interwar period, and during the war he had held many top staff and command positions. He had been Commanding General of the Ninth Air Force in Europe in 1944, and in July 1945 had been appointed Assistant Chief of Air Staff of AAF Headquarters. In January 1946 he replaced Bissell as the Army intelligence chief.

Vandenberg had been much decorated for staff and operational work in the air campaigns over North Africa, Sicily, and France. He was known for his skill in developing “good teamwork” in the various interagency assignments he had been given.<sup>31</sup> He was known for his “boldness, enthusiasm and charm and his airman's broad view of the world.” As successor to Souers, it was said, he would need all these attributes “to make anything of his as yet rootless organization,” which was “administratively . . . as much of a puzzle as some of the international puzzles it [was] supposed to unscramble.”<sup>32</sup>

Souers apparently had much to do with Vandenberg's selection as the second DCI. Looking among the members of the IAB he considered Vandenberg a better selection than Inglis, not for any personal reason, but because he was the nephew of the powerful Republican foreign affairs chieftain, Sen. Arthur H. Vandenberg, whose support for eventual legislation to establish CIG was desired. At the same time, however, it must be pointed out that a general, not another admiral, seemed next in line. Vandenberg, aspiring to become chief of staff of the prospectively independent Air Force, had no interest in the DCI job but was persuaded to take it on as a way of making himself better known to the President and the prospective secretary of a unified defense organization, Navy Secretary Forrestal.<sup>33</sup>



Boyish-looking Lt. Gen. Hoyt S. Vandenberg was the second Director of Central Intelligence, June 10, 1946 to May 1, 1947.

Central Intelligence Agency

As IAB member Vandenberg was conversant with both the progress and the problems outlined by Souers in his report of June 7. As new DCI Vandenberg had the three-fold intention of enlarging CIG, reorganizing it, and getting it established legislatively as an independent agency. He had no intention of continuing the organization as a small "cooperative interdepartmental activity" in which he and the IAB were co-partners.

Nor did he lose time in inaugurating his new regime. He who had arrived in CIG with "a reputation as a chopper of dead wood" brought his own people with him. Unlike Souers who had had to borrow eight people from the four departments to get started, Vandenberg brought with him from the Pentagon a staff of Army colonels headed by Col. Edwin K. Wright. Seven years later, wrote an historian of the period, "CIA still echoed with talk of the colonels who arrived with General Vandenberg and took over from others who for one reason or another did not measure up to his standards."<sup>34</sup>

These colonels, recalled Ludwell Montague, who was writing from personal experience, immediately "closeted themselves in a back room and, without consulting anyone, drew up plans for a CIA that would be self-sufficient in every aspect of intelligence activity." They consulted, said Montague, no one who [like himself] had been "through the debates of 1944-46." When their goal had been achieved, continued Montague, Vandenberg, as DCI, "would discover a wasteful duplication of effort and would coordinate the departmental agencies right out of existence." Montague even claimed that Vandenberg himself later told him that "this was his purpose"; Montague wondered "whether Donovan had been coaching him, or whether it was his own idea." Thus, continued Montague, "CIA would become the single intelligence service" that he and his military colleagues on the JIS had "warned against" in JIC 239/2.<sup>35</sup>

Whatever Vandenberg's, as well as Donovan's, ultimate goal was,<sup>36</sup> Vandenberg and his colonels, ten days after he took office, produced a draft NIA directive designed greatly to enhance his organization and his power. The draft was a proposed redefinition of the DCI's functions which had first been stated in the President's letter of January 22 and then restated in the NIA's second directive of February 8.

Vandenberg's proposal authorized him as DCI to undertake any research and analysis which he thought required to produce the necessary strategic and national policy intelligence. His redefinition, aimed at orienting CIG to considerable original research instead of just digesting others' cables, would have included the centralization in CIG of the "existing [R & A] organizations of the State, War and Navy Departments, including their funds, personnel and facilities..."<sup>37</sup> The proposal produced "turmoil" in the IAB.<sup>38</sup>

The "turmoil," for which Vandenberg expressed regret at the next IAB meeting, on June 28, 1946, was especially strong in State where Dr. Langer spotted possible infringement upon the responsibilities of State and its research divisions. He wanted, he said, to make CIG "a real going concern," but he thought the language of Vandenberg's redefinition was "rather loose in places and would subsequently give rise to suspicions." He felt it went beyond the authorization in the President's letter of January 22. He doubted the necessity for CIG to undertake "extensive research and analysis." If the departments felt they could not do the job, he thought, they could specifically authorize CIG to take up the work.<sup>39</sup>

Vandenberg backed off: he was not trying to usurp anyone's functions; he only wanted to get the people necessary to help the three departments do their job; he wanted to find out where their work stopped, where there were gaps and deficiencies, where he could help; he "wanted only enough experts to find the holes." He said that Admiral Leahy and the Secretaries of War and Navy, with whom he had discussed his concept, agreed with him.

Finally, after much discussion, he and Langer agreed on “finding the holes.” They agreed on CIG’s undertaking such research and analysis as were necessary to determine which intelligence functions were being inadequately performed or not performed at all. On the basis of those determinations the DCI, with the approval of the appropriate member or members of the IAB, could then centralize such R & A as could be better performed centrally.<sup>40</sup> Though forced to retreat, Vandenberg had won enough of a victory to “augment” CIG and undertake some R & A. It was a good beginning.

Vandenberg’s proposed redefinition also touched his function as coordinator. In the President’s letter he had been authorized only to “plan for the coordination” of departmental activities and to “recommend” to the NIA needed policies and objectives. No provision was made, he said, for an executive agent responsible for coordinating and supervising such activities so as to ensure implementation of agreed upon policies and objectives. He, therefore, now proposed that he be “directed to act as the executive agent” of the NIA in coordinating all Federal foreign intelligence activities related to the national security. This too was reworded: the IAB eliminated “executive” so that the DCI was only the “agent” of the NIA; but the directive, when finally issued as NIA No. 5 on July 8, only decreed that the DCI would “act for this Authority” in coordinating foreign intelligence activities. The diminution clearly reflected the President’s view, as expressed by Admiral Leahy, that “agent” implied unwarranted freedom for the DCI, whereas Truman held the three secretaries as “primarily responsible for coordination of intelligence activities.”<sup>41</sup> Even so, Vandenberg now had authority to “act” as well as plan and recommend.

The new directive, an important restatement of the original directive and of the President’s letter, also specifically authorized the DCI to conduct two services of common concern, namely, the monitoring of foreign broadcasts and the conduct of espionage and counterespionage abroad. The first enabled him to take over the FBIS, and the second gave him the SSU and the FBI’s SIS. Since neither the President’s letter nor the original directive had used such words as “espionage” and “counterespionage,” this new directive became the first official American document specifically authorizing such activities in peacetime. The language of the authorization—“all organized Federal espionage and counterespionage” abroad—was designed to safeguard both domestic FBI operations and “incidental operations” run by the military services for their own purposes.<sup>42</sup>

With this new directive in hand Vandenberg on July 17 aired his plans and problems at his first official meeting with the NIA. He told them he had three problems: money, the authority to spend it, and the authority to hire and fire; and the only solution was legislation establishing CIG as an agency. Secretaries Byrnes and Patterson showed understanding of his problems but gave a cool reception to his solution. Byrnes mistakenly thought the NIA had been specifically designed to obviate the need for an independent budget. Patterson, agreeing, and forgetting that he had once favored an independent budget, said the NIA had been “designed to conceal, for security reasons, the amount of money being spent on central intelligence.” Patterson opposed a separate budget lest it “expose . . . intelligence operations.” Byrnes thought they “could not afford to make such disclosures in this country.”<sup>43</sup>

More receptive than these two was Admiral Leahy who said he had always understood that CIG would “eventually broaden its scope” and who was now “about convinced” that it should try to obtain its own appropriations. He reported, however, that President Truman thought it inadvisable to try in the present Congress to obtain legislation giving an independent budget and status to CIG; Truman thought they might ready a draft for submission to the next Congress, in 1947. Truman, who had thus made a shift of policy, thought in the meantime Vandenberg should be given as much assistance as possible.<sup>44</sup>

Byrnes and Patterson led the search for solutions. Patterson thought Vandenberg's administrative problems could be worked out under existing arrangements. Byrnes thought the problem was finding a way for the departments to give CIG the money it needed. Vandenberg objected that present arrangements meant that too many people in too many departments knew too much about CIG personnel. Leahy contributed the suggestion that security of personnel actions could be preserved if each department gave CIG the money it needed, but Vandenberg objected that this procedure still required defending three separate appropriations acts before Congress. Even with funds from the departments, he pointed out, it would require disbursing and authenticating officers in all three departments, plus the necessary accounting organization in CIG—four fiscal operations, he remarked, where one should suffice. More fundamental was the problem of actually getting the money from the departments; for instance, State had only given \$178,000 of the \$330,000 requested for the NIA. So it went: suggestion and objection. It was finally agreed that Byrnes would take up the problem with the Bureau of the Budget in the hope of getting at least an interim solution.<sup>45</sup>

By this time General Vandenberg had enlightened the NIA on how he was reorganizing CIG and how he planned to "augment" it. He had \$12,000,000 but needed another \$10,000,000. CIG, he said, had undertaken certain new functions and was expanding some existing ones; he, who had inherited an organization with an authorized strength of 165, now proposed to have about 1,900 people in secret intelligence and a total of nearly 3,000 by the end of the fiscal year. Langer was "impressed with the imposing size of the proposed organization." Vandenberg said there was "a clear need for additional appropriations for intelligence in view of changing conditions." During the war, he said, much information was handed to American intelligence agencies "on a silver platter"; to get the same kind of information now meant having "intelligence agents all over the world." Patterson agreed.<sup>46</sup>

Vandenberg brought out a new chart (Figure 12) to show how he had reorganized CIG. The original tripartite organization had now become quadripartite with a few more boxes in the superstructure. The Central Planning Staff, not working out, was abolished. The Central Reports Staff, to be greatly enlarged, was renamed the Office of Research and Evaluation (ORE), but was soon renamed again, at the request of State, the Office of Reports and Estimates, still ORE.<sup>47</sup> Operational Services, growing big with SSU and FBIS, was reorganized as the Office of Special Operations (OSO). The Office of Collection (OC) and the Office of Dissemination (OD) were new creations.

In the superstructure the only noteworthy innovation was the "Interdepartmental Coordination and Planning Staff (ICAPS)," which, said Vandenberg, was on "a skeleton basis" because of the need for additional personnel.<sup>48</sup> ICAPS was designed to improve Vandenberg's dealings with the IAB, which had been antagonized by the DCI's abrupt break with Souers's concept of CIG as a small "cooperative interdepartmental activity." The relationship between the DCI and the departmental intelligence chiefs, however, remained a problem—institutional as well as personal—after Vandenberg departed from CIG, and even after CIA was established.<sup>49</sup>

Vandenberg, reporting on CIG's activities, said he was taking over the FBIS and "all clandestine foreign intelligence activities." These, on which he did not elaborate, included not only SSU but also two other activities which had troubled Donovan and were now troubling Vandenberg. The first was a G-2 clandestine activity, the "Frenchy" Grombach unit, which was begun in 1942 during General Strong's tenure as G-2, and which was operated, in Donovan's opinion, in violation of the OSS charter for clandestine activities abroad.<sup>50</sup> The unit's operators stoutly resisted CIG's takeover and took their case to the press

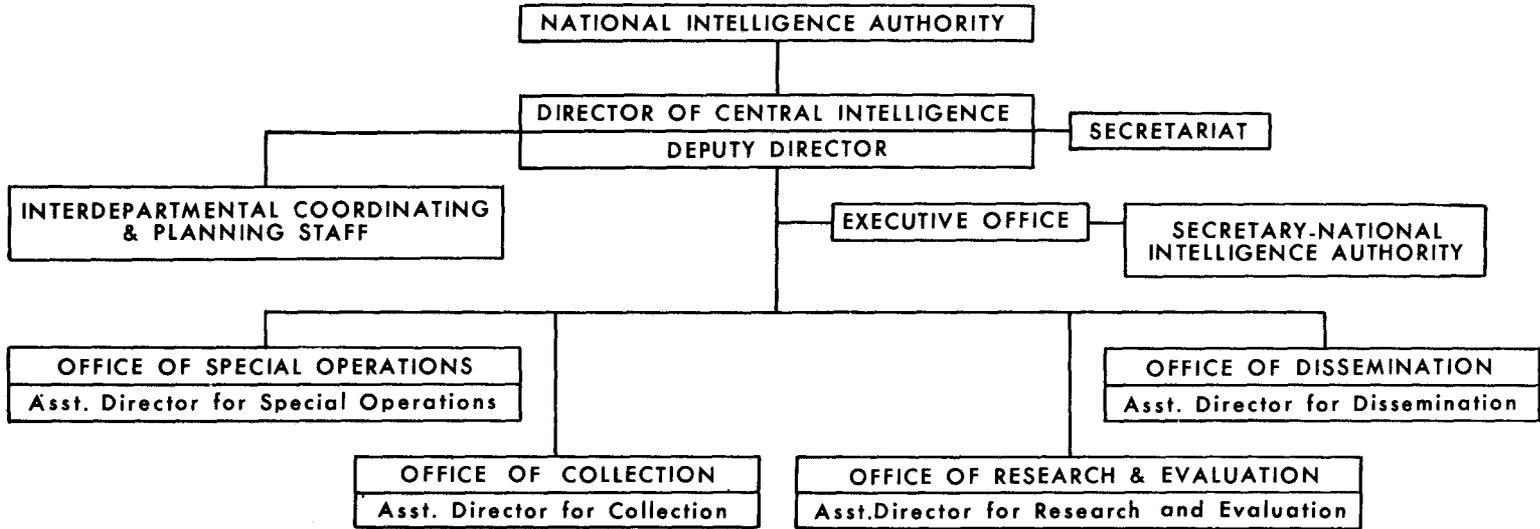


Figure 12. Vandenberg's reorganization of CIG, July 20, 1946.

and the Congress in the spring of 1947. The second activity was the FBI's Latin American SIS, which Hoover had jealously guarded against Donovan's alleged covetousness, and which Hoover had hoped to make a world-wide activity. The takeover of these two activities proved to be troublesome and, in the case of the SIS, a very unpleasant interagency affair which, like Vandenberg's colonels, was talked about in CIA, and apparently in the FBI also, for years afterwards.<sup>51</sup>

Vandenberg also reported that he was "receiving daily requests" to take over numerous functions currently being performed by State, War, and Navy committees. He cited a suggestion that CIG centralize the handling of codes and ciphers to improve their security. Another example was the concern of the War Department about the exchange of information with the British.<sup>52</sup>

Vandenberg was clearly in a hurry to make CIG, as he said, "an effective and efficient organization." His "greatest interest," he said, "was in getting C.I.G. into operation by whatever means possible. He felt that time was of the essence during this critical period."<sup>53</sup>

That he meant what he said was already clear to both the NIA and the IAB, but it was dramatically demonstrated just a week later when CIG published its first national estimate. It had been requested by President Truman on Friday morning, July 19, 1946, and he wanted it delivered to him at noon on Tuesday, July 23. Because of concern over unexpectedly strange Soviet behavior, Truman wanted an estimate of world-wide Soviet capabilities and intentions. The requirement was given to Montague, who spent the weekend—till 11:00 p.m. on Saturday and 3:00 a.m. on Monday—reading, drafting, consulting, and coordinating at the working level. Montague delivered his paper to an "immensely pleased" Vandenberg, who, in turn, delivered it—"Soviet Foreign and Military Policy" (ORE-1) to the President on schedule.<sup>54</sup> There was, however, a fly in the ointment.

Vandenberg had failed—he later alleged lack of time—to obtain the personal concurrence of each member of the IAB. The failure was noted by Admiral Inglis, who was not prepared to let it become a precedent. The issue, which involved months of debate with Vandenberg, and then with his successor, was the extent and character of departmental participation in the DCI's production of national estimates. The issue was coeval with the relationship between a central agency and the departmental services. Donovan had sought in vain to get assigned to OSS enough military experts to work with his own R & A experts to produce the best intelligence possible. In the present controversy, Inglis, following JIC practice, wanted a system of voting by the IAB's members. He and Vandenberg finally compromised on a system of departmental representatives assigned to CIG, but the system was never effectively implemented.<sup>55</sup> The issue was not finally resolved until 1950 when CIA, under Gen. Walter Bedell Smith as DCI, established the Office of National Estimates.

Vandenberg's ORE-1, coming on top of his colonels, his expansionism, and redefinition of functions, left no doubt that he intended to transform the small "cooperative interdepartmental activity" into a large, vigorous, independent central intelligence agency. For this he needed legislation.

### **3. LEGISLATIVE ROUTES**

Citing the need for enabling legislation, Admiral Souers had stated in his progress report that it could be obtained "either as part of a new national defense organization or as a separate agency." Of the two possibilities the former was more real than the latter, because the problem of military reorganization had swallowed up that of intelligence and placed it in a subordinate position. Intelligence had become, as Truman said in his State of

the Union message in January 1946, "part of our regular government establishment," but that "part" had not been clearly defined as military or civilian. Intelligence had not been sufficiently distinguished from military and naval intelligence to be handled on its merits.

Intelligence, in the sense of information about one's foes, was as old as personal and group competition and conflict. Historically, rulers had often sought not only to deny to others information about themselves, their lands, and their peoples but had also sought by overt and clandestine means to obtain such information about their domestic and foreign foes. Circumspection was the watchword in the withholding or acquisition of foreign information.

The practitioners and architects of European diplomacy, beginning with the Italian Renaissance states, wrestled with the twin problems of withholding and acquiring information, in the context of a notably vital interstate life. So numerous were those states and so voluminous and complicated was their business with one another that they were constrained to make persistent efforts to devise open, honorable, and acceptable standards and procedures for the management of that business. Ambassadors were gradually recognized as having legitimate functions of representation and reporting, but these officials were carefully watched lest they stray into forbidden areas, which, of course, they very often did. Where the ambassador's function, open and honorable, ended, that of the spy, illegitimate and reprobated, began. In both cases, however, the totality of information gathered was handled with the traditional circumspection. Monarchs did not proclaim that the gathering of foreign intelligence was part of their regular government establishment.

The first break with this pretense took place not in the diplomatic but in the military field. Diplomacy, a notably peace-oriented activity, presupposed a rational and honorable intercourse which doctrinally disowned espionage, despite numerous and well-known actual falls from grace. Warfare, taking over when diplomacy failed, legitimized the otherwise illegitimate, so that international ethics and law judged as reprehensible peacetime but not wartime espionage. This toehold on legitimacy was enlarged in the nineteenth century, especially after the Franco-Prussian War, when the rise of modern warfare—standing massed armies, technologically equipped and drawing on a nation's total resources—led all states openly and avowedly—if not clandestinely—to gather intelligence on the armies and navies of real and potential foes. Hence there developed the "military attaché," and the departments of "military intelligence" and "naval intelligence" became accepted features of the regular government establishments of the world. "Intelligence" thus became a feature and a function of the military; it had no such recognized association with the civilian side of life and government.

Donovan was perhaps the first to break with this tradition. When he wrote his letter to Secretary Knox, three months before COI was established, he clearly conceived of the need for transcending the traditional narrow concept of military and naval intelligence as largely restricted to armies and navies. Thus, he thought the advisory committee of the new service ought to consist of representatives not just of War and Navy but also of State, Treasury, Justice, and others. When in 1941 he wrote his memorandum on a "Service of Strategic Information," he stressed the political, economic, and psychological, as well as military and naval, character of modern warfare, and he called for the employment not only of military and naval analysts but also of specialized researchers in science, technology, economics, finance, and psychology. When COI was established, it was not Donovan but Roosevelt who, thinking traditionally, suggested it be set up under Donovan as a major general. In Donovan's thinking, however, COI was a civilian enterprise, though it presupposed and utilized such as G-2 and ONI.

Likewise, when in November 1944 he submitted to Roosevelt a plan for a permanent peacetime agency, he clearly intended that it be established in the Executive Office, report to the President, and be civilian in character. He recognized that in wartime its operations in military zones had to be coordinated with the military and subject to JCS control, but otherwise he saw it in peace and war as the President's instrument for obtaining from the civilian and military departments the foreign intelligence that was pertinent to the national security, policies, and interests of the United States.

When his plan was rejected and the OSS abolished, the military succeeded in getting their plan endorsed by the Secretary of State and approved by the President. While that plan, establishing the NIA and CIG, was not totally military in character but recognized, especially under pressure from State and the Bureau of the Budget, the primacy of State, yet the weight of influence rested with the military, if only because State was unequal to its role. With relatively strong military and naval intelligence departments, and with Army and Navy officers successively heading CIG, the military rather understandably assumed that the organization, however confused its civilian or military status, was somehow peculiarly theirs. Indicative of the thinking was the title Admiral Souers gave to that section of the Eberstadt report which dealt with the postwar intelligence situation: "Military Intelligence."

Whatever the status of intelligence, the military, once they got behind the idea of an independent CIA, recognized the early need to obtain legislative authorization for it. The need flowed initially from the provisions of the First War Powers Act, 1941 and the Independent Offices Appropriation Act of 1945.<sup>56</sup> Subsequently, those practical necessities detailed by Vandenberg to the NIA accentuated the need. The situation pointed to the introduction in Congress of a specific bill concerned with the character, function and powers of a central agency, and that was the route which Vandenberg chose in the first month of his tenure as DCI.

In the meantime, however, an alternative route had already been suggested by Admiral Souers and, in fact, had already been embarked upon by those who were primarily concerned with the much larger problem of the reorganization of the country's armed services. In that perspective—military reorganization and military coordination with the civilian side of government—intelligence was but a minor consideration compared with the proposals for merging the Army and Navy, establishing a separate Air Force, limiting naval aviation, and diminishing the role of the Marines. Intelligence had been easily bracketed with less controversial problems of scientific research, military procurement, and military education and training. In view of the further fact that the NIA and CIG had already been established by the President, it was felt by many that its re-establishment by legislation could easily be handled as part of the larger national defense reorganization.

Back in 1943 efforts to merge G-2 and ONI were not only unsuccessful but also had to give way to consideration of a larger merger, that of the Army and Navy themselves. Actually this larger idea was also an old idea; the nation had commenced its military history under the Constitution with a unified Department of War, though it was really an army affair inasmuch as a navy was not considered necessary. The depredations of the Barbary Pirates, however, caused Congress to establish a separate Department of the Navy in 1798. Since that time the two services had gone their independent ways.

Sad experience in the Spanish-American War brought about the establishment in 1903 of the Joint Board. Faulty organization and lack of top support, however, left it hardly used in World War I. Its situation improved in the interwar period, but it was painlessly replaced, as we have seen, by the British-inspired Joint Chiefs of Staff in 1942. In the meantime

numerous factors—economy, the rise of the airmen, the need for comprehensive administrative reform in the executive branch—gave rise to considerable agitation for unification. Between 1921 and 1945 over fifty bills and resolutions calling for unified organization had been introduced into Congress.<sup>57</sup> None of these had any effect, however, until November 1943 when Army Chief of Staff George Marshall broke with the Army's traditional anti-unification policy and proposed to the JCS the creation for the postwar world of a single Department of War—in broad principle a return to 1789.

Out of Marshall's proposal came the Richardson committee, a military board, which spent a year—May 1944 to April 1945—researching and preparing a split recommendation to the JCS. In turn the JCS could not reach agreement, and so in October 1945 they sent to the President the Richardson report and their four sets of individual views!<sup>58</sup> Meanwhile, the unification idea had been taken up anew by Congress, by the Woodrum committee, that is, the House Select Committee on Postwar Military Policy. It conducted hearings in April and May 1944. It studied the Army's McNarney plan, which the Navy opposed, and in June reported the time was not ripe for considering detailed legislation.<sup>59</sup>

In May 1945 a Navy patron, Sen. David I. Walsh, Democrat of Massachusetts, suggested to Forrestal that the Navy stop merely opposing Army proposals for consolidation and come up with a viable alternative. Walsh suggested that the Navy undertake a thorough study of the problem. He introduced the idea that perhaps a "Council on National Defense," modeled after the British Committee of Imperial Defense, might offer a suitable alternative to the Army's single department proposal. Taking readily to the idea, Forrestal commissioned the former chairman of the Army-Navy Munitions Board, Ferdinand Eberstadt, to carry out the study. Given a staff of thirty persons, including Admiral Souers, Eberstadt turned in his report on September 25. It called for a coordinate rather than a unified organization of the armed services, and it thereby set the Navy in constructive opposition to the Army. Of particular interest to this narrative is the support given by the Eberstadt report to the idea of a "Council on National Defense," the germinal National Security Council (NSC) of the National Security Act of 1947, and to the idea of a CIA, which the report took over from the JCS and endorsed on its own.<sup>60</sup>

In October when the Eberstadt report was published and when the JCS submitted the Richardson committee report, Congress had once again taken up the issue. The Senate Committee on Military Affairs began hearings on two unification bills, brought forth a new proposal, the Collins plan, from the Army, and generally manifested sympathy for unification. In December President Truman sent to Congress a lengthy special message outlining his solution to the problem, and after a few incidental references to intelligence declared that "the development of a coordinated, government-wide intelligence system is in process."<sup>61</sup> Of course at that particular moment the Pentagon and the State Department were debating the McCormack plan.

In April 1946 the Senate Military Affairs Committee produced the Thomas-Hill-Austin bill (S.2044). It called for an NSC, a single military department, a single secretary, and a single chief of staff; it also called for four assistant secretaries of defense, one of whom would handle intelligence, and for a CIA very much along the lines of the JCS plan (1181/5) rather than of the CIG, which was just getting started. The bill was supported by the President and the Army but opposed by the Navy. Hence, on July 17—the very day General Vandenberg had his heart-to-heart discussion of his problems with the NIA—Truman informed the Senate leadership that he was postponing further consideration of unification legislation until the next Congress.<sup>62</sup>

It was in this legislative context that Admiral Souers had seen the possibility of obtaining enabling legislation and an independent budget for CIG either as part of a new national defense organization or as a separate agency. Souers knew that Truman, busy with many bigger things, had assumed that his letter of January 22 had completed the process of developing a "coordinated, government-wide intelligence system." Souers knew also that Truman, following the lead of Harold Smith and Secretary Byrnes, had established CIG not as an independent agency but as "a cooperative interdepartmental activity." Souers was not prepared to seek more than minimum legislation authorizing CIG to perform certain legal and administrative functions; nor was he ready to push for a change of policy establishing CIG as a separate agency. It is clear, however, that General Vandenberg felt no timidity about recommending a change in Truman's policy.

Vandenberg was thoroughly familiar with the shortcomings of CIG and was fully in favor of a fundamental revamping of the setup. He was also thoroughly familiar with the current struggle over unification. By the time he had become DCI, Navy opposition to the Thomas-Hill-Austin bill had been well publicized in hearings of the Senate Committee on Naval Affairs, headed by Senator Walsh. Very shortly thereafter it was clear that the bill was not going to get through Congress. The situation was propitious for pushing for separate legislation for CIG.

As early as June 13, three days after he took over from Souers, Vandenberg received from his General Counsel, Lawrence R. Houston, formerly of OSS, a memorandum on the "administrative authority of CIG." Summarizing that authority as outlined in the President's letter, Houston characterized it as "purely a coordination function with no substance or authority to act on its own responsibility in other than an advisory and directing capacity." Thus, said Houston, CIG had no power to take personnel actions, certify payrolls and vouchers, authorize travel, procure supplies directly for itself or enter into contracts. To add urgency to this pitiable situation, Houston pointed out that under existing law the departments, after January 1947, could not furnish even unvouchered funds to CIG and it was "questionable" whether they could furnish to CIG personnel and supplies paid for out of vouchered funds.<sup>63</sup> It was a strong case for legislation; and coupled with Vandenberg's plan for "augmenting" CIG, it was adequate reason for immediate action.

Within a month Vandenberg had commissioned the preparation of "A Bill for the Establishment of A Central Intelligence Agency," sent it to Truman's Special Counsel, Clark Clifford, and received back a lengthy list of queries and corrections. Clifford found the language in several places "difficult to follow and unnecessarily repetitious." He criticized the failure to define and distinguish such terms as "intelligence," "foreign intelligence," "intelligence relating to the national security," and "the national intelligence mission." He thought there were serious omissions, such as the failure to specify the NIA's functions and duties. In some respects he considered the bill "self-contradictory." In conclusion he observed that his comments went to the wording of the bill and that there were certain questions of policy about which he felt "considerable concern." He was reserving comment on those unless requested to give it.<sup>64</sup> The tone was not encouraging.

On July 16 Houston, who with his deputy John S. Warner had drafted the bill, explained to Vandenberg—surely he knew it—that it had been drafted "on short notice as a basis for discussion of the points involved." Houston said there had been "no opportunity for review by draftsmanship experts," and he therefore accepted Clifford's remarks as helpful editing if the bill should be used in its present form. Houston yielded to Clifford on some points and rebutted him on others.<sup>65</sup>

That same day Houston and James Lay, secretary to the NIA and the IAB, went to see Clifford in his White House office. Clifford pointed out, recorded his assistant, Comdr. George M. Elsey, "that it was not the President's original intention that a new agency be created." Clifford remarked that "it appeared that the proposed bill was departing from the President's intention by establishing a separate and sizeable government agency." He also remarked that "the President had intended that his letter of 22 January 1946 would provide a workable plan for the Central Intelligence Group." Had experience, queried Clifford, shown that "the plan outlined in the President's letter was not workable"?<sup>66</sup>

Yes, that was so, said Houston and Lay. They spelled out the administrative difficulties CIG had experienced as "a step-child of three separate departments." Enabling legislation was needed, they said, so that CIG could operate as "an integrated organization." Also, experience showed that CIG should become "an operating agency with a large staff of intelligence [*sic*] experts."<sup>67</sup>

Lengthy discussion produced agreement on the need for altering "the original concept" of CIG. It should not remain "a small planning staff" but should become "a legally established, fairly sizeable, operating agency." Clark Clifford said he would discuss this new concept with both Leahy and the President.<sup>68</sup>

The conferees then considered Clifford's earlier critique of the bill. In Elsey's account, Houston and Lay "agreed that all of Mr. Clifford's points were well taken" and that they would be incorporated in a rewriting of the bill. Elsey added for the record unflattering remarks on—as he saw it—the thoughtlessness and "scissors-and-paste method" with which Houston and Lay had drafted the bill and drawn upon other proposed legislation and intelligence documents. "They had failed to grasp the essential point," said he, "that the National Intelligence Authority should be a planning group and the Central Intelligence Agency an operating group."<sup>69</sup> Elsey, the newest authority on the reorganization of intelligence, was apparently not happy with abandonment of "the original concept" of CIG.

Clifford had a final admonition: the proposed bill would excite opposition "if great care and thought were not given to the choice of words." Undoubtedly nodding assent, the CIG representatives agreed to prepare a new bill and submit it to Clifford.<sup>70</sup>

That was July 16; whether Clifford was able in the next twenty-four hours to discuss the CIG problem with Leahy and Truman is problematic. In any case, Leahy, unlike Byrnes and Patterson, seemed not disturbed by the idea when Vandenberg told the NIA on July 17, as has been recounted, that CIG had to be set up as an agency by enabling legislation. Leahy reported that Truman thought nothing could be accomplished in Congress at the time but that a draft of a bill might be readied for consideration by the next Congress. Some time that same day Truman told the Senate Majority Leader, Alben Barkley, that he was putting off further consideration of unification legislation. In view of Truman's involvement with that legislation, which included a section on CIA, he quite likely envisioned the CIG need as being disposed of in an omnibus military reorganization bill.

That bill had caused much controversy among the military. On May 31 the Secretaries of War and Navy had informed Truman of their agreement on eight basic points, which included a Central Intelligence Agency, and their continuing disagreement on four others. On June 15 Truman gave his position on the four controverted points—a single military department, the number of military services, responsibility for aviation, and the role of the Marines—and spoke of all twelve points as "the basic principles that should form the framework of the program for integration." That same day he also informed the chairmen of

the four congressional committees on military and naval affairs of the importance he placed on these twelve points.<sup>71</sup> The services, however, took another half year before they reached agreement.

As indicated, a CIA was not an element of controversy. Truman had told the congressmen that “an organization along these lines, established by Executive Order,” already existed. Actually the organization proposed in the reorganization bill and favored by the service secretaries was much closer to the CIA of the JCS plan than it was to Truman’s CIG. Also CIG was established by a presidential letter, not by an executive order.<sup>72</sup> As a noncontroversial item—at least in the context of high-level consideration of it—the CIA section was one of the agreed-upon points which Truman was now urged by some to implement immediately by executive order.

Truman, however, rejected the advice, apparently on the ground that a partial solution might endanger attainment of the whole program. To get the whole loaf Truman announced on September 10 that a new bill, “the doctrine of the administration,” would be drafted in his own office by Clifford and Leahy. Clifford, calling it “the President’s Bill,” and trying to allay Navy fears of Army domination, declared it “would not be written in the War Department or anywhere else.” Clifford hoped to have a draft ready by the end of October for submission first to the Army and Navy and then to representatives of the various congressional committees.<sup>73</sup> In this perspective, where the White House had the difficult problem of getting generals and admirals to agree on a fundamental reorganization of their services, the legislative problem of the CIG must have seemed to Clifford, who thought that matter had been settled in January, an unwelcome detail.

Meanwhile, CIG had not hurried to submit a rewritten bill of its own. It had been told to plan for the next Congress; the present Congress had adjourned; unification was being argued by the Army, Navy, Air Forces, and the Marines; and Clifford was just beginning work on “the President’s Bill.” CIG had received some temporary assistance on its administrative and financial problems when, working with the Budget Bureau, the Treasury, and the Comptroller General—especially the latter’s General Counsel, Lyle Fisher—it persuaded the NIA to establish a “working fund” for its use.<sup>74</sup> As DCI, Vandenberg had plenty of problems to occupy him: reorganization of CIG, the takeover from the FBI in South America, acquisition of foreign publications, relations with his IAB, exploitation of American businessmen with overseas connections, the relationship with the JCS, the status of atomic energy intelligence, and, of course, the absorption of SSU and FBIS.

Not, then, until the end of November 1946 did CIG return seriously to the text of its bill. Then the head of the Legislative Liaison Branch, Walter L. Pforzheimer, sent Vandenberg a new draft and a comparison of it with the points made by Clifford on July 12. Every effort had been made to accommodate Truman’s advisor. The draft was more detailed and comprehensive than the earlier one. Its main provisions included a declaration of policy, a set of intelligence definitions, the organization of the NIA, CIA, and IAB, the functions of the CIA, and the much-desired legal, administrative, and financial authorities. On December 2 it was sent to the White House, where it received less attention than did the July submission.<sup>75</sup>

#### **4. “THE PRESIDENT’S BILL”**

On January 8, 1947, Vandenberg discussed with Clifford the need for establishing the NIA and CIG on a statutory basis. Vandenberg said that since June, when he had first submitted a bill, he had had the understanding that the White House favored such legislation. He said he had also been led to believe that the President might include a

recommendation along that line in his State of the Union message. Such a recommendation, said Clifford, had been included in early drafts of the message but was later dropped because both Leahy and the President “felt that it was undesirable and unnecessary to bring this matter to the attention of the Congress at the present.” Vandenberg, saying he thought the NIA favored such legislation, said he would lay the matter before the NIA and report its decision to Clifford. Such was the conversation as reported by Commander Elsey.<sup>76</sup>

Leahy and Truman could well have thought early in the New Year that the time was not ripe for CIG legislation. After all, the military services had not yet reached agreement on their differences. Indeed throughout November and December they had become so bitterly divided over the issue that the matter had caused concern among top civilian and military leaders. In that context the CIG issue was untimely; but if that were the situation, why could not Clifford say so? Or was there some other reason that was best not put in words? In any case, what was the duration of “the present”? Clifford apparently had no constructive suggestions to make to Vandenberg.

The time was unripe, and the administration was unenthusiastic. An additional factor accounting for the administration’s reluctance to send the matter to Congress could have been the controversy just publicly aired on December 17 when the House Committee on Military Affairs published a report endorsing legislation for CIG but attacking what it considered as CIG’s usurpation of the field of “secret intelligence, a highly intricate, involved, hazardous, hidden, ruthless operation competitive to the *n*th degree.”<sup>77</sup> The report had been written, though the fact was not announced, by Lt. Col. Peter Vischer,<sup>78</sup> a former G-2 officer in sympathy with the G-2 or “Frenchy” Grombach unit, which was then bitterly resisting CIG’s takeover of its activities. The group was taking its case to Congress and the public.

The House report did support an independent budget and status for CIG but stoutly insisted that as a coordinating agency CIG should not also conduct operations, especially secret operations. Vischer had the Grombach activity in mind. The doctrinal line propounded by Vischer, and earlier propounded in vain by General Bissell, held that such operations had to be conducted on the departmental level, near the people they served, and that if such operations had to compete with those run by the coordinating agency they would be coordinated right out of existence.

Numerous newspapers, columnists, and editorialists gave great play to the report’s major recommendations—the need for intelligence, for centralization, for status, for an Army intelligence corps, and especially for espionage. The *New York Times* ran a typical headline: “House Group Urges Espionage Corps.” The *Washington Times-Herald* editorialized: “it is time to crop our hit-or-miss, by-guess-by-God, methods of finding out what goes on militarily in this fermenting and hate-ridden world, and to get ourselves at least as efficient a spy system as any other nation has.”<sup>79</sup> Press coverage was good publicity for peacetime espionage and also for legislation for CIG. At the same time, however, the airing of the issue revealed to the administration the growing bitterness of some in G-2 and the Congress toward CIG. The prospect of controversy over CIG legislation could not have been good news to Clifford, Leahy, and Truman.

In any case, Vandenberg did not lay the matter before the NIA, at least not in any official meeting. The three did not meet again until February 12, by which time much had happened. The first ray of harmony between the services had suddenly appeared just a few days before the Vandenberg-Clifford meeting. Then a week later solid sunshine appeared.

The War and Navy secretaries informed Truman that their departments had resolved their differences "within the scope and the spirit" of the President's stated position, and on the same day, January 16, Truman happily acknowledged this good news.<sup>80</sup> His staff and the military representatives went to work on January 20 to put the agreement into legal language.

For the White House the principal drafter was now Mr. Charles S. Murphy, Administrative Assistant to the President, although Clifford continued to look in on many drafting sessions. Maj. Gen. Lauris Norstad represented the Army, and Vice Adm. Forrest P. Sherman, Deputy CNO for Operations, spoke for the Navy. They had a complex piece of legislation to draft. There were twenty-five different sections. They dealt with the establishment, character, and function of such as the National Defense Establishment, the departments of the Army, Navy, and Air Force, a War Council, the Joint Chiefs of Staff, the Joint Staff, a Munitions Board, a Research and Development Board, the National Security Council, the Central Intelligence Agency, and the National Security Resources Board. There was also a host of technical provisions. The character of the job ensured the appearance of problems, controversies, and changes as the drafting proceeded.

With an Army-Navy agreement at hand and the way thus open for the President's legislative program, there was new hope for legislation for CIG. A draft of that had been sent to Clifford on December 2; he and Vandenberg had discussed the subject somewhat inconclusively on January 8. On January 22 CIG received from the White House the "First Rough Draft of the proposed bill for merger of the Armed Forces."<sup>81</sup> The section on CIA was a surprising reversal for Vandenberg, Houston and Pforzheimer. It bore no resemblance to either of the two drafts that CIG had submitted to Clifford in July and December. In fact, it had been lifted, one might almost say in "scissors and paste method," from the Thomas-Hill-Austin bill, which had died in committee in mid-summer.

That bill had been written in the spring of 1946 when CIG was not yet two months old, when Souers had not yet written his one and only progress report, and when CIG had not yet addressed itself to its legislative needs. The bill's drafters drew only on the amended JCS plan and the President's letter of January 22. They provided for the establishment of a Central Intelligence Agency with a director, to be appointed from civilian or military life by the President, and to be paid \$12,000 per year. They added sixteen lines, out of a total of eighty-three, making certain that any military man who became DCI would not suffer any diminution of his military benefits. They forgot, or rejected, the IAB. They said nothing about funds. They rearranged some paragraphs and modified some language, but the result reflected none of CIG's experience.<sup>82</sup>

This bill was incorporated almost word for word in the "First Rough Draft" received from the White House. The only substantive omission was the provision for the appointment of a DCI "from civilian or military life." When analyzed by Pforzheimer on January 23, it was judged unsatisfactory from CIG's point of view. For instance, neither the title of the bill nor the declaration of policy made any reference to the centralizing of intelligence. There were no definitions. No provision was made for the DCI as a nonvoting member of the Council of National Defense, the proposed successor to the National Intelligence Authority. The CIA was not "specifically" created, and its relation to the council was unclear. The statement of functions was "extremely loose and lacking in detail." Nowhere did the bill provide for the authorities—special procurement authorities, authorization for transfers between appropriations, certain special personnel practices, the right to exchange funds, etc.—which CIG considered essential to the operations of the new agency.<sup>83</sup>

At 10:00 a.m. that January 23 Vandenberg, Houston, and Pforzheimer met at the White House with Murphy, Sherman, and Norstad. Murphy stated that the subject was new to him inasmuch as he had "first entered the picture" on January 20. He explained that he had not even known that a proposed CIG enabling act had been submitted to Clifford's office. Murphy then suggested, and all agreed, that the CIG draft be substituted for the original text as an initial working basis. There followed some give and take on a few major items. Vandenberg failed to have the DCI included as a nonvoting member of the council.<sup>84</sup>

He was also worried about getting policy guidance from the council inasmuch as it had so many more members than the NIA, with which Vandenberg indicated he had had difficulties enough. Whereas the NIA had four members, the council was slated to have six or more. Vandenberg was assured, however, that the intent of the act was that CIA would operate independently and would come under the council only on such specific measures as the council might direct. It would not be necessary "for the agency to ask continual approval from the Council."<sup>85</sup> The interpretation offered the prospect of liberation from that control by a committee which Donovan had considered a major vice of the NIA-CIG setup.

By 5:00 p.m. Houston and Pforzheimer had revised the intelligence section of the White House draft and had copies delivered to Sherman and Norstad, and at 5:15 p.m. Pforzheimer personally delivered a copy to Murphy at the White House. Murphy then suggested adding a paragraph providing for the dissolution of the NIA and CIG and for the transfer of its personnel, property, and records to the new agency. That was acceptable to CIG.<sup>86</sup>

On January 25 surprise was again the order of the day for the CIG officials. Then Murphy announced that all but the barest mention of CIA would be omitted from the proposed legislation. The drafting committee reportedly thought the material submitted by CIG was too controversial and might hinder the passage of the merger legislation. It was feared that other agencies might object to the substantive portions of the CIG draft. It was felt that Congress might have trouble with the general authorities requested but that CIG could justify them in their own bill if they had time for such a presentation. It was further felt that CIG might not have time, in the course of the prospective hearings on the merger bill, to make its case for its specific section.<sup>87</sup>

This unsettling news prompted Pforzheimer to ask Murphy whether CIG could submit its own enabling act as a companion measure to the larger bill. Murphy could not comment inasmuch as his responsibility extended to the merger bill only. In the absence of Vandenberg, Colonel Wright asked Admiral Leahy whether Murphy's position granted CIG "a green light" to go ahead on its own legislation. The Admiral "was inclined to agree," but thought CIG should let the second White House draft go through.<sup>88</sup>

That draft had reduced 220 lines to 23. It had three parts. It began with a CIA, a director, his appointment from civilian or military life by the President with the Senate's approval, and a salary of \$15,000. It omitted, probably inadvertently, protection for a DCI's military status. Next it declared that "subject to existing law" and the direction of the proposed NSC, the CIA should "perform foreign intelligence functions related to the national security." Finally, reducing everything to a few lines, and exploiting Murphy's late afternoon suggestion, it declared that effective with the appointment of the first director under the new act the functions of the NIA were transferred to the NSC and the functions of the DCI and the functions, personnel, property, and records of the CIG were transferred respectively to the new DCI and CIA.<sup>89</sup> It was but the barest mention.

Of course CIG felt constrained to make some modifications. On January 27 Colonel Wright asked Murphy to include provision for a Deputy Director of Central Intelligence (DDCI), to eliminate the phrase "subject to existing law" as meaningless or confusing, and to specifically designate the DCI as a nonvoting member of the NSC. Murphy, in telephone conversation with Pforzheimer on January 27, suggested eliminating entirely the section beginning with "subject to existing law," wanted to reduce the deputy's salary from \$14,000 to \$12,000, and promised strong support for nonvoting NSC membership for the DCI. CIG concurred with both the proposed elimination of functions and the salary reduction.<sup>90</sup>

The third draft, handed by Murphy to Pforzheimer on January 28, however, did not embody the CIG requests. Murphy explained that the Army and Navy had seen fit to overrule his recommendations. They had reduced the director's salary from \$15,000 to \$14,000 on the ground, among others, that in all probability the incumbent would be a military or naval officer, whose salary should not greatly exceed that of the Army chief of staff or the chief of naval operations. They had eliminated the position of deputy director as being too controversial. They thought it unnecessary to name the DCI as the intelligence advisor of the NSC because it was inherent in the position. They also thought it improper to provide by law that the head of an agency under the council should sit on the council. The draft was lengthened by the reinsertion of fourteen lines, in a total of thirty-five, and thereby protected the prospective military DCI's status and pocketbook.<sup>91</sup>

Murphy had no objection to CIG voicing its protest to Clifford, who would be going over the final version of the bill with the drafting committee on January 29. CIG, writing Clifford on January 28, made three points. First, it argued that the DCI should be designated the nonvoting intelligence advisor to the NSC to make clear he bore the same relationship to the council as he did to the NIA. Second, it feared the bill's wording limited necessary freedom of operation for the CIA and therefore suggested specific authorization for the agency to "coordinate" foreign intelligence activities and to "operate centrally" where appropriate. Third, it continued to insist upon the need for a deputy director in order to provide for continuity of action in the absence of the director. It concurred in granting him \$12,000 per year but held out for \$15,000 for the director.<sup>92</sup>

That memorandum ended CIG's input to the drafting of "the President's Bill," but the drafting committee spent another month readying it for Congress. When finished and sent by Truman to the Congress on February 26 as the "National Security Act of 1947," its intelligence section (Appendix V) must have been a disappointment to CIG. None of the points argued for on January 28 had been yielded. The director's salary stayed at \$14,000. Omitted was the provision for appointing the DCI "from civilian or military life." On that point there was only the provision—fourteen of the section's thirty-three lines—providing for the possible appointment of a military man and the safeguarding of his interests in that event. The military intended, but Congress would attack on this point, that the DCI be one of them. Congress would also attack Murphy's late afternoon suggestion—a paragraph ending NIA and CIG—which had become the heart of the bill. The very brevity of the CIA section invited attack from suspicious congressmen.

More important than the vulnerability of any specific provision, however, was the very fact of the submission to Congress of a bill to establish an agency to carry out, among other functions, peacetime espionage and counterespionage. In the history of government had any such thing ever been done before? Had any ruler, constitutional or otherwise, ever sought public endorsement of the open, permanent, peacetime institutionalization of what the British for over a century had playfully labeled "the great game?"<sup>93</sup>

*xv/progress and problems*

To be accurate of course, the issue had been muted. First, the intelligence section was but a part of a much larger bill, which press and public thought of as aimed at resolving an interservice struggle and improving the nation's military organization for national security. Second, the language of the intelligence section, pursuant to "the rules of the game," never spoke of such disowned activities as espionage and counterespionage. Even so, and minor as it was, the intelligence section was there in print for all to read, and anyone who was involved or interested in the subject knew it included those activities. The subject was now before Congress.

Most important, however, was the fact that the American people were now given their first specific opportunity to express themselves corporately on the necessity and desirability of establishing federal foreign intelligence activities as "part of our regular government establishment."<sup>94</sup>

## Chapter XVI

### THE ESTABLISHMENT OF CIA

In January 1947 the portrait of State's "Jimmy" Byrnes had graced the cover of *Time* as its "man of the year." Said the magazine: "a nervous nation found a firm and patient voice."<sup>1</sup> The next day, January 7, the voice was gone from Foggy Bottom, chiefly because the owner was in poor health. To replace him the President chose the soldier's soldier, General Marshall, who thereby also became a member of the NIA.

Byrnes's departure was quickly followed by that of his law partner Donald Russell, who nine months earlier had engineered the downfall of the McCormack plan, the resignation of the Colonel himself, and the implementation of "the Russell plan" for the organization of State's intelligence. Russell, however, could hardly have been out of the building when his plan was readied to follow him. On February 5 Marshall, reversing Byrnes and dumping the Russell plan, ordered the geographic desks to disgorge themselves of their research divisions and return them to State's rump central intelligence office where Acheson and McCormack had wanted them in the first place.<sup>2</sup> At last State had a unified central intelligence office of its own. In charge was an ex-OSS man, Col. William A. Eddy, who had distinguished himself in Donovan's North African operations, and who had replaced Dr. Langer, who in turn had succeeded McCormack.<sup>3</sup> Turnover in intelligence!

The process was also taking place in CIG. Souers had served in 1946 from January to June when he was replaced by Vandenberg. Seven months later, on February 27, 1947—the day after Truman sent his bill to Congress—it was reported that Vandenberg would be replaced about May 1 by another admiral, Rear Adm. Roscoe H. Hillenkoetter. Tall, slim, "Hilly" Hillenkoetter was "an amiable Dutchman,"<sup>4</sup> who had been wounded at Pearl Harbor and who was then serving his third tour in Paris as naval attaché or assistant naval attaché. He had also headed that intelligence office in the Pacific which had originally been denominated the "Central Intelligence Agency."<sup>5</sup> While his appointment had not yet been officially announced, the report was reliable, was accepted as such by reporters and commentators, and provoked criticism both of heading CIG with a military man and of rotating the job between admirals and generals.<sup>6</sup> Moreover, the report, preceding the actual announcement by two months, would prove embarrassing both to Hillenkoetter and Navy Secretary Forrestal.

#### 1. EASY GOING IN THE SENATE

"The President's Bill" was now before the first Republican-controlled Congress since the election of Roosevelt in 1932. It was the Congress which Truman would label in his 1948 election campaign as "the do-nothing Congress." It had before it the usual variety of legislation of which the unification bill was one of the least controversial. The bill had the backing, so Truman informed Congress, of the Secretaries of War and Navy and of the Joint Chiefs of Staff. This support was expected to weigh heavily with the various service partisans in the Congress and also effectively counterbalance the opposition known to exist among many military and naval officers. Furthermore, the public, while unstirred by the issue, thought both wartime experience and Cold War prospects proved the need for better organization for national security.



"An amiable Dutchman," Rear Adm. Roscoe H. Hillenkoetter, was the third Director of Central Intelligence, May 1, 1947 to Oct. 7, 1950. He was the only DCI who headed both CIG and CIA.

Central Intelligence Agency

As indicated previously, the unification bill was a comprehensive piece of legislation of which the CIA portion was but a part. The bill had three titles and twenty-seven sections. Title I created the National Defense Establishment, a Secretary of National Defense and three coequal departments of the Army, the Navy, and the Air Force. Also created were the United States Air Force, a War Council, the Joint Chiefs of Staff, a Munitions Board, and a Research and Development Board. Title II, under the heading Coordination for National Security, provided for a National Security Council, the Central Intelligence Agency, and the National Security Resources Board. Title III, Miscellaneous, included compensation, advisory committees, transfer of funds, and authorization for appropriations.

Sent to Congress on February 26, the bill was quickly referred to different committees in Senate and House. Pursuant to the Reorganization Act of 1946 the separate Military Affairs and Naval Affairs committees of both houses had been slated for merging into new Armed Services committees. In the House an unsuccessful effort had been made to block the merger pending the actual consolidation of the military services themselves. In both houses there was some uncertainty, inherent in the law itself, as to whether the bill belonged to the Armed Services committee or to the new Committee on Expenditures in the Executive Departments, whose scope extended to all proposed legislation dealing with reorganization in the executive branch.

In the House the Republican leadership decided not to send the bill to the Committee on Armed Services, though it had just fought to establish it, but to the Expenditures Committee. This committee was chaired by Republican Clare E. Hoffman, whom *Newsweek* described as a "testy . . . irascible . . . New Deal-hating Michigander."<sup>7</sup> On February 28 he introduced the bill in Congress as H.R. 2319, and the bill was immediately referred to his committee. Therein hearings were initiated on April 2, and on and off for three months the bill's intelligence provisions were critically scrutinized, especially by defenders of G-2 and the FBI and by those who feared establishment of a military dictatorship or a gestapo.

Meanwhile, in the Senate there had been more of a tussle over committee assignment. The President pro tem, Arthur H. Vandenberg, also of Michigan, and also uncle to CIG's General Vandenberg, had referred the measure to the new Committee on Armed Services but was challenged by the Expenditures Committee. The latter was expected to be more hospitable to opponents of the bill than was the Armed Services Committee. Senator Vandenberg, sticking to his decision, was upheld by the Senate on March 3. The chairman of the Armed Services Committee, Republican Chan Gurney of South Dakota, then introduced the measure as S.758 and opened hearings on March 18, two weeks before the House did so.

In anticipation of the hearings, Senator Elbert D. Thomas (D. Utah), whose unification bill (S.2044) had died in committee in 1946, made a major address on the subject in the Senate. He laid considerable stress on the proven need for a central intelligence system, for "the most efficient intelligence system that can be devised." He said there was no returning to the prewar system wherein State, War, and Navy went their separate ways. The system established by Truman in 1946 needed to be implemented by legislation. That setup, he thought, should logically be "placed in the framework of any agency [the proposed NSC] that might be set up to coordinate military and foreign policies."<sup>8</sup>

In the Senate hearings Secretaries Forrestal and Patterson started off the parade of witnesses but neither said or provoked anything significant on intelligence. Gen. Carl Spaatz, Commanding General of the Army Air Forces, assured Republican Sen. Styles Bridges of New Hampshire that "a centralized intelligence system" did not imply the end of

Army intelligence. Bridges also had “some question regarding the personnel in centralized intelligence today,” and while he had “great respect” for General Vandenberg, he had heard disquieting rumors about some of CIG’s people and their activities. Having made his point about security, Bridges returned for more reassurance that the Army, Navy, and the new Air Force would each have its “own intelligence.”<sup>9</sup>

Admiral Sherman, displaying a chart of the proposed system, provoked Sen. Millard E. Tydings (D., Md.) to worry about the lack of “any line running” from the CIA—“certainly . . . one of the most important . . . functions set forth in the bill”—to the Army, Navy, and Air Force. Tydings referred to the fact that the CIA was connected on the chart only with the NSC and the President. To Tydings the agency looked “pretty well set aside,” whereas he thought it ought to have “a closer tie-in with the three services.” Sherman, alleging “a defect in the diagram,” offered to have “a line of collaboration and service” drawn in on any new chart. That pleased Tydings, who thought the CIA was designed not to advise the President but “the services and the Joint Chiefs of Staff.” He still feared, however, that CIA appeared to the layman “more or less detached, rather than an integral part of the three services.”<sup>10</sup> The point was fundamental, and the attitude was an echo of the services’ argument.

Sen. Harry Flood Byrd immediately interjected with another basic point, one that would recur frequently in both Senate and House. Was it the intent, asked Byrd, that the DCI be a military man? No, sir, said Admiral Sherman, co-drafter of the bill; the language is permissive, and then protective of the status of any military occupant of the post. Could a civilian be appointed? Yes. Then why not make it clear? Said Byrd, “The way it is worded is certainly persuasive, if not definitely controlling.” Explaining that the point had been made before, Sherman thought the situation could be clarified if provision were made for the DCI’s appointment “from military or civilian life.”<sup>11</sup>

Tydings, still troubled by the chart, blurted out, “Admiral, that is an awfully short bit of explanation, under the caption ‘Central Intelligence Agency,’ the way it is set up here, separately, to be appointed by the President, and superseding the services now run by the Army and the Navy, . . .” [*sic*] Aside from the Senator’s misconception about the supersession of G-2 and ONI, he had a point on the shortness of the CIA section. Why not add an amendment, he asked, making clear that the CIA serves the services and the JCS and is not left “hanging up there on a limb all off to itself?” There is “a void” in the bill, added Tydings.<sup>12</sup>

The Admiral then gave Tydings the news that CIG legislation was of such scope and importance that it was considered too much for the present bill. The drafters felt, after consultation with General Vandenberg, that the unification bill could only show the relationship of CIA to the NSC and leave to separate legislation “the task of a full and thorough development” of the CIA. Then may we assume, asked Tydings, that a separate bill will come along during this session of congress? Yes. “How about that, General Vandenberg?” The enabling act was prepared, said the General, “but we do not want to submit that until we have reason for it.”<sup>13</sup>

Sen. Leverett Saltonstall (R., Mass.) then pointed out that the bill did provide for the transfer of the NIA and CIG functions to the NSC and CIA respectively. Tydings thought a separate bill was better than the vague language of the current bill. Admiral Sherman suggested the desirability of inserting in the record the President’s letter of January 22, 1946. The committee chairman, Chan Gurney, said Vandenberg could bring it with him when he testified.<sup>14</sup> The point thus raised would come up as often as that about the military or civilian status of the DCI.

General Vandenberg, in his testimony given in executive session on April 29, presented the case for legislative enactment of the President's directive. He cited the inadequacy of the country's prewar intelligence, the prewar hostility of the American people to espionage and intelligence generally, the post-Pearl Harbor better understanding of the subject, and the current need for a strong intelligence system. He reviewed the expansion, popularity, and inadequacies of wartime intelligence. He paid tribute to OSS but admitted it had had some shortcomings. He noted the forced American dependence upon British intelligence and warned against it as a long-term proposition. He cited the needs revealed by Pearl Harbor: for centralization, for allocation of responsibility, for dissemination, for evaluation, and for exploitation of all sources of information. Inserting the President's directive into the record, he gave its background and its main provisions and recited the usual assurances and guarantees against interference with other intelligence departments and against the establishment of a gestapo. In describing the IAB, he said nothing about his unhappiness with that body or with its elimination from the current draft of the CIG enabling act. He elaborated on what he called three of "the components of any successful intelligence organization," namely, the collection, production, and dissemination of intelligence. He briefly mentioned performing such services of common concern as the monitoring of foreign broadcasts.<sup>15</sup>

In his testimony as inserted in the public record—and most of it was—there was not included his clear assertion of the need to conduct clandestine operations and to centralize them in one agency. Such operations, he said in executive session, had been "over-dramatized" and "unfortunately over-publicized," but he thought "we should frankly acknowledge the need for and provide" for such collection. Centralization of such operations, he said, was a lesson learned from history and recent experience—notably British success and the failures of Germany, Italy, and Japan. These remarks were classified, but the public could easily conclude from his unclassified text that the prewar feeling that there was something Un-American about espionage and even about intelligence in general no longer held true.<sup>16</sup>

The press certainly understood the message. The *Washington Post* contrasted Vandenberg's recall of the unfavorable prewar attitude toward espionage and intelligence with the wartime discovery of the "immense gaps in our knowledge." The contrast clearly implied a change of attitude. Accentuating the contrast, the *New York Times* reported that Vandenberg "sharply rapped" the prewar feeling. Subsequent experience, continued the paper's account, showed the need for the United States to become "self-sufficient" in intelligence.<sup>17</sup>

Of course the senators had many questions for Vandenberg. Unfortunately the answers are not available. Even so the questions are worthy of note insofar as they indicate senatorial attitudes and concerns about intelligence. Hence, he took up the following: Does CIG need legislation? Why would not an executive order suffice? What benefits, other than stability, are expected from the bill? Has CIG taken over the duties of OSS? Why should there be intelligence received from twenty-three different agencies? How does CIG's collection of intelligence differ from that of State, War, and Navy?<sup>18</sup> The senators—ten were present—had no great problems with intelligence, and Vandenberg should have had no difficulty answering their queries.

Writing as a private citizen, Allen W. Dulles, who had emerged from OSS experience as perhaps the country's outstanding case officer, was openly critical of the bill. All it set up, he said, was "a coordinating agency for . . . G-2, A-2, ONI." What was needed was recognition of the political, social, and scientific, as well as military and naval, character of

modern intelligence, especially in peacetime. It was essentially a civilian enterprise and should be under civilian leadership. Lamenting the “constant changes in the chiefs of the military intelligence services,” he warned against continuing the practice in the CIG, which, he noted, had already had three different directors “in the space of 1 short year.” The job called for permanence and continuity. Hence, he recommended long-term tenure for an essentially civilian DCI.<sup>19</sup>

Dulles was also critical of having the CIA report to such a large body as the proposed NSC; it had at least six members and could have more. Also, since it included not only a new defense secretary but also Army, Navy, and Air Force secretaries, it was obviously largely military in character. Dulles thought it more practical for the agency to report to a smaller body—a mini-NSC—chaired by the Secretary of State and including the Secretary of National Defense and the President’s representative. Dulles was also critical of the “overweighting” of the draft legislation on the side of the military departments as contrasted with the State Department, which he thought more likely to be more deeply concerned with the day-by-day operations of the agency than any other department, including the defense establishment. The fact, he said, that the proposed setup appears “in a bill for our National Defense Establishment should not blind us to the realities of the situation.” Almost casually, he mentioned the agency’s “own secret and over[t] intelligence operations” but strongly recommended the reintegration of R & A, now in State, with CIA.<sup>20</sup>

More critical still was the Reserve Officers Association. Strongly favoring a CIA, the association was just as strong in its conviction that the entire CIA section of the bill should be “fundamentally changed” and redrafted. The group, which seems to have “very closely followed” a letter sent it by General Donovan, acknowledged the departmental services as “the backbone of our intelligence system” but nevertheless insisted that the CIA should be independent of them and administratively responsible not to the NSC but “only to the President.” It should be headed by a civilian, be advised by a board of the chiefs of the intelligence services, have its own budget and personnel, and have as functions the coordination of intelligence activities, the production of national estimates, and the performance of services of common concern (collection by “special means” and counterintelligence).<sup>21</sup>

Donovan had been openly contemptuous of Truman’s intelligence system. In April 1946 he declared that the country had had in wartime “the makings” of a real intelligence service but had chosen to disband it and dissipate its assets. In its place, he said, the country now had “a director of an intelligence group reporting to a committee called an intelligence authority” composed of officials busy with their own affairs of state. The new system, he alleged in September, in *Life* magazine, could not possibly work, because it violated the precepts of intelligence handed down by experience and common sense. In October he described the disbanded OSS as “a real intelligence service,” and he said, “we haven’t got one now.” The only kind of system for us, he declared, was “a centralized, impartial, independent agency that is qualified to meet the atomic age.” In January 1947 he said the country had not a central intelligence service but a joint service controlled by the three secretaries, and he warned that until the country had a proper service it could never unmask the enemy’s intention and never have an effective foreign policy.<sup>22</sup> Each of these and other statements made by Donovan was promptly and generally favorably reported on by the news media.

For whatever reason—lack of invitation, private business, personal unwillingness—Donovan did not appear before the Senate committee, nor did any statement from him appear in the public record. Writing to Senator Gurney, however, he denounced the CIA provision for not only perpetuating “the existing evil” of subordinating intelligence to three

secretaries but also for “intensifying” it by putting it under six or more officials. “How,” he asked, “can there be any efficient organization with such a setup?” Intelligence, he said, had always been the “Orphan Annie” of the services; to be effective it had to have parity of status, which it could never achieve if the present system were frozen into law. The only solution, he declared, was to have the agency report for administration and direction to the Secretary of National Defense but “advise with” the NSC on the type and kind of information needed.<sup>23</sup>

The head of the agency, he further declared, should be a civilian, for the same reasons advanced for making the proposed national defense secretary a civilian. “When strategy was narrowly defined, as in the 18th century, as ‘the art of military command, of projecting and directing a campaign,’ ” said Donovan, “it was natural that the military should assume the dominant position in intelligence.” With the increasing complexity of war, however, strategy was concerned with such nonmilitary factors as economics, politics, morale, psychology, and technology. Intelligence, said Donovan, was “no longer confined to war,” but—and here rests the core of Donovan’s contribution to intelligence—it had become “an essential of statecraft.” As such it could not be confined within the control of any one service.<sup>24</sup> He was arguing for the independence of “intelligence,” of long-range or strategic intelligence, as the key to national defense.

He considered it “a strange footnote” to American history that, except for George Washington’s preoccupation with intelligence and irregular war, neither State, nor War, nor Navy had ever organized a system of intelligence. Now, “when we are attempting to remedy this lack,” he said, “we should be certain to do it right.”<sup>25</sup>

Two weeks later, in another letter to Gurney, he warned that trouble and delay encountered by the unification bill generally were giving “emphasis to the erroneous impression” that a proper central intelligence system was “an integral part of military unification.” Strategic intelligence, he repeated, was “not confined to the military but has a broader over-all base.” He, therefore, thought it desirable to take the intelligence proposal out of the bill and deal with it on its merits, free from the controversial service questions which had recently come to the fore. Such action would not hurt G-2 or ONI, which were inherent parts of their respective services, and which would be unhurt by a central unit. The strategic intelligence feature, he repeated again, was “new.” Why distort it by involving it in other problems?<sup>26</sup>

Adequate information lay at the threshold of foreign policy, he declared, just as he had declared in 1941 in his memorandum on COI that strategy without information was helpless and that information, unless directed to strategy, was useless. Why not start there? Why not set up a proper intelligence system on its own? Why not have the head of it report directly to the President, at least until Congress can make up its mind as to whether there is some other way of giving an intelligence organization “parity of position” with other departments?<sup>27</sup>

So “strongly” did Donovan feel the necessity of the country’s knowing the facts vital to national security that he thought it might be necessary “to bring the whole subject out into the open.” He thought that there was “a great deal of bunk” about intelligence and that too often the word “security” was improperly employed “to cover either the stupidity or the designs of those who would like to exercise dominion over it.” In such a case it was not foreign nations but Americans who were deceived. If the issue could not be properly solved without debate, then “let’s have the debate.”<sup>28</sup>

A few days later Senator Gurney, discussing these letters with Pforzheimer, said that Donovan "had been very active on the Hill in opposition to Section 202" and had talked with him and with others.<sup>29</sup> Donovan and his old OSS colleagues had, indeed, been active. Colonel Buxton was busily writing letters, holding meetings, and drumming up support—especially among fellow-New Englanders. Charles Cheston, the Philadelphian, had met with Gurney, submitted a statement to his committee, discussed some disputed points with Vandenberg's successor, Admiral Hillenkoetter, and reported on these discussions to Gurney.<sup>30</sup> Despite criticism of OSS, Donovan had emerged from the war with enhanced prestige not only as a national figure but as an authoritative voice on intelligence matters.

Pforzheimer, commenting on Donovan's suggestion that the agency be placed under the Secretary of National Defense, pointed out the unfairness to the State Department of this arrangement. So placing CIA, he also pointed out, would put the agency in "the military establishment, which was not the design at all."<sup>31</sup> His comment singled out an element of ambiguity in Donovan's position on the agency's chain of command.

Fundamentally that position rested on two principles: reporting to an individual, not a committee, and parity of position with other departments in whatever reporting arrangement was devised. From the beginning Donovan had recommended reporting to the President, or to "a general manager" in the executive office, or—as in his 1943 plan for a postwar organization—the secretary of a unified defense department in which intelligence was recognized as a coequal "fourth arm" of the services. In his 1944 plan he had once again returned to reporting to the President. The Truman system of having the DCI report to the three secretaries struck Donovan as ineffectual; subordinating the DCI to an enlarged NSC "intensified the evil." As between an individual or a committee Donovan always chose the former.

Where the ambiguity appears is in his willingness to subordinate the intelligence chief, albeit in a "parity of position," to a secretary of a unified defense department, as in his 1943 plan, or to a secretary of national defense, as in the proposed legislation of 1947. That willingness seemed to slight State and was inconsistent with Donovan's firm belief that intelligence transcended any one departmental interest—military, naval, or diplomatic—and could not be confined within any one department, even a defense department. Some partial explanation for his 1947 position, as expressed to Gurney, may lie in the not uncommon conception of the proposed secretary of national defense as "a super-secretary" somehow uniquely responsible to the President for national defense. Even so, there remained an apparent derogation of the authority of the State Department.

Pforzheimer, commenting on Donovan's other suggestion that Section 202 be deleted from the bill, said he saw no harm in passing that section, as it merely gave legislative status to CIG's present existence. Of course it was that status which Donovan particularly abominated—as he saw it, a dissipated OSS, living on borrowed resources, controlled by three secretaries, and lacking the imagination, energy, and capability to produce the intelligence that was the key to national defense. Giving that existence legislative foundation merely froze "evil" in perpetuity. Pforzheimer added that "if General Donovan and his associates wished to make a fight on our detailed functions," they could do so when the enabling legislation was considered.<sup>32</sup> Donovan had already answered that objection: if we are going to do it right, let us do it right now.

Gurney's committee had by this time, May 26, received other testimony on intelligence and gone into executive session to consider amendments and report out a bill. On May 7 New York's Republican Rep. Walter G. Andrews, appearing before the committee, called a

spade a spade; saying that CIA's powers ought to be spelled out as they had been in the old S.2044 and noting the "enormous" potentialities of the agency, he declared that it was "a great and dangerous departure for the American people to establish by law a 'spy agency,' which is what this Agency will actually be." He wanted the agency's powers, and particularly the restrictions thereon, reintroduced into the bill. On May 9, the last day of the hearings, the committee received a written denunciation of the entire bill from the National Council for Prevention of War. Warning that the government was fast moving "in the direction of an imperialist military dictatorship," the council said the proposed CIA was "free to become a Gestapo at home and a universal spy system abroad." The council also noted the absence of the restrictions contained in S.2044.<sup>33</sup>

The committee went into executive session on May 20. Before it were not only many amendments but even an entirely new bill, one drafted by one of its members and one of the Senate's few anti-unification die-hards, Republican Sen. Edward V. Robertson of Wyoming. He too wanted the functions and restrictions of S.2044 incorporated in a rewritten CIA section.<sup>34</sup> Worthy of note is the fact that while many people wanted the functions of the agency spelled out, no one ever questioned or quarreled about the functions. They were simply accepted.

The committee had no serious difficulty reaching agreement on an amended bill and report.<sup>35</sup> On June 4 the bill (S.758) was unanimously approved by a 12-0 vote, with Robertson and others reserving their right to offer amendments when the bill came up before the Senate. On June 5 the revised bill was reported to the floor of the Senate.

Among the changes was the addition of the President to the National Security Council so that the council now had a membership of seven plus any the President might later name. His inclusion had been part of the original Eberstadt recommendation, but it was not part of "the President's Bill" that went to the Congress. His reintroduction, while it had the disadvantage of further enlarging the council, had the compensative value of greatly enhancing the stature of that body. From the point of view of CIA, it meant that the agency had a direct—but not quite private—link with the President. That was more than G-2 or ONI had been willing to grant a central intelligence chief. The link had the potential of striking a compromise between Donovan's plan, which subordinated the DCI solely to the President, and the JCS plan, which stopped him at the secretarial level. The compromise amounted to an American version of the "King in Council." It offered the DCI more authority and freedom than perhaps the military and Donovan realized at the time.

Another change was the reversal of Titles I and II so that "Coordination for National Security" now preceded a renamed "The National Security Organization," headed by a "Secretary of National Security," who was now less the super secretary the Navy had vigorously opposed. The reversal eliminated grounds for the possible misconception that the overall security structure was subordinate to the defense establishment and its secretary.

In the CIA section there was only one change other than the renumbering—from 202 to 102—necessitated by the reversal of titles. The change provided for the appointment of the DCI "from the armed services or from civilian life." Nothing was done about adding functions and restrictions as embodied in S.2044. Such addition had been considered unnecessary inasmuch as they had been presumably carried over by the President's letter. The committee's report specifically noted that CIA would continue to perform the duties assigned by that directive until such time as permanent legislation was provided by Congress.<sup>36</sup>

While the bill had made progress, and while the Senate Republicans had placed the bill on the "must legislation" agenda in the middle of May, the prospect for passage had become cloudy by that time. Truman and the Republicans in both houses were quarreling. The

Republicans, eager to find a New Deal scandal to outdo Teapot Dome, had trouble controlling their investigative committees, one of which was Hoffman's Expenditures Committee. The House Republican leadership seemed intent on shelving controversial legislation until the next year. Unification was one that appeared bottled up. By June 5 it was certainly having a difficult time in Hoffman's committee.

## 2. WORRIES AND FEARS IN HOUSE HEARINGS

The bill had started out with the blessings of the President, the War and Navy secretaries, the Joint Chiefs, and important figures in the Congress. However, many military and naval officers, who felt some inhibitions about publicly testifying in opposition to a bill endorsed by their civil and military superiors, had numerous objections to one or other provisions of the bill. Thus, naval officers feared loss of independence to the Army and loss of much naval air if an Air Force were established. Marines feared drastic reduction in size and function at the hands of the Army. These and other views and fears had their echoes in Congress, where there was also considerable uneasiness with the apparent growth of the power of the military in American life.

Most of this sentiment was given greater outlet in the House hearings, which began on April 2, than in the Senate hearings, which had begun two weeks earlier. As for the CIA provisions, no one absolutely opposed either the establishment of the agency or the conduct of espionage by the United States, but there was considerably more questioning and complaining about those provisions, or—more exactly—the lack thereof, than was taking place in the Senate hearing room.

This scrutiny of intelligence had begun smoothly enough with the appearance of the chief administration spokesmen for the bill. In his prepared statement, Secretary Patterson mentioned, almost in passing, that the CIA took the place of the existing CIG. He incorrectly referred to the agency as one of several "interservice ties" and "joint agencies," but no one picked him up on it—probably because no one noticed it. That he knew there was more to it than that was made evident when he later explained the location of the CIA under the NSC as necessitated by the importance of the State Department in the intelligence picture.<sup>37</sup>

Secretary Forrestal was queried as to how far the President could go in naming additional members of the NSC. The questioner, Rep. J. Caleb Boggs (R., Del.) thought intelligence was "one of the most important provisions" of the bill, and he, therefore, had "some fears" as to how far CIA's information might be spread. Getting some reassurance about the President's concern for such things, Boggs moved quickly to suggest that the DCI should be a member of the council. Forrestal opposed such membership as productive of an oversized body and as unnecessary in view of the likely close collaboration of the DCI with the NSC as a practical working arrangement.<sup>38</sup>

The questioning became barbed when Rep. Fred E. Busbey, an Illinoisan Republican who had served in G-2, complained to Forrestal that he had read in a Paris paper an article about CIG and about Vandenberg's replacement as DCI but that he had not seen a similar release in any American paper. Headlined in *France-Soir* "The United States Creates a Secret Service in Time of Peace," the article announced the departure from France of the U.S. naval attaché, Admiral Hillenkoetter, to take up the CIG post to which he had just been appointed. The article said CIG would control "all foreign secret intelligence" and would "operate and coordinate" other services of State, War, and Navy.

Had there been such a release, asked Busbey, who was the President and Treasurer of Fred E. Busbey & Co., securities? Not that the Secretary knew; the story, partly correct and partly incorrect, continued Forrestal, could have been pieced together from publicly available information about CIG. Busbey knew how inaccuracies occasionally did creep into newspaper articles.<sup>39</sup>

The point to which Busbey had reference, however, was accurate, and Forrestal certainly knew it, and Busbey and everybody interested in the subject had taken it for granted: that Vandenberg was being replaced by Hillenkoetter. Prior to the French account, which appeared March 31, there had been reports in at least two American papers that Vandenberg *would* leave and *would* probably be succeeded by Hillenkoetter. It was not, however, until May 1, a week after Busbey asked his question, that Truman announced the change.<sup>40</sup>

Busbey, dropping that line for the moment, wondered if there were any foundation for the "rumors" that had "come" to him that the CIA was "contemplating operational activities." Forrestal surely knew that Busbey was voicing that G-2 hostility to CIG operations which had been publicly expressed in the recent House report on intelligence. Well, the Secretary would not like to go into the details of CIG's operations but would prefer to leave that topic to General Vandenberg. Of course, continued Forrestal, the question pointed up one of the difficulties of intelligence: the U.S. certainly needed "machinery for collecting accurate information," but "by the nature of its objectives" intelligence "ought not to have publicity." Exactly, jumped in Busbey; that was why he "thought the appearance of the article in [*France-Soir*] was very bad."<sup>41</sup>

The article was brought up a week later, also in barbed fashion, when Hillenkoetter accompanied Vandenberg to the Senate hearing. Then, Senator Bridges reportedly said that the article "had created an unfortunate feeling in his mind regarding the Admiral." The latter stated he had given out no such interview and presumed that the information had been forwarded to Paris by the French naval attaché.<sup>42</sup> According to Drew Pearson's column, Hillenkoetter was asked by Bridges if he thought "we should have as head of our very secret intelligence a man who let the news of his appointment leak out?" An "obviously perturbed" Hillenkoetter said he had read the news in the French newspapers before he had heard about it from the Navy Department. He said he later learned the newspapers had gotten their information from "the French Secret Service, and the French Secret Service seems to find out everything."<sup>43</sup> Perhaps they do, but that service and/or French journalists had probably picked up the news in the American papers, and routinely transmitted it to Paris where, by error or taken in conjunction with Hillenkoetter's actual departure, it was put in the past rather than the future tense. Whatever the explanation, the French story added to the embarrassment of those involved in the appointment of the third DCI in one short year [actually a year and a half].

Busbey's questioning put the administration spokesmen clearly and uncomfortably on the defensive as far as the CIA section of the bill was concerned. The pressure would grow. Why a military man for DCI? Why was the section so brief and unenlightening? What was the guarantee against establishing a gestapo? On Busbey's question about operations, the subject was so sensitive that the committee had to go into executive session. The first three of these four major questions were thrashed over with almost every witness who appeared.

The provision permitting a military man to be DCI caught everyone's attention, if only because it occupied seventeen of the forty lines of the House text of the bill. Of course it really attracted attention because the text seemed so clearly to ordain a military occupant of

the post. Rep. James W. Wadsworth (R., N.Y.), actually one of the bill's strongest supporters, was the first to doubt the wisdom of having "a strictly military professional man" as the director of intelligence. It was "only discretionary," explained Secretary Patterson, who said the provision was necessary to remove a disqualification under a statute of 1870 attaching to Army and Navy officers taking other work with the government.<sup>44</sup>

His technical explanation left many skeptics unchanged. Ohio's Republican Rep. Clarence J. Brown, while admitting he might be "overly suspicious," nevertheless feared the military were getting too much influence in nonmilitary matters, including the CIA. Brown, a newspaper publisher, thought a uniform enhanced a feeling of power and authority and thereby heightened the possibility of the bill creating a gestapo, another of his fears; he thought a civilian should have the job. A Marine general, appearing in opposition, thought a civilian DCI ought to be made mandatory; Marines had been quick to note the language specifically permitted a commissioned Army, Navy, or Air Force officer to be DCI but was silent on a Marine officer—a neglect that Marines spotted elsewhere in the bill.<sup>45</sup>

The DCI's military status was particularly vulnerable because of the rapid turnover in the job. Souers and Vandenberg, between them, had served from January 1946 to May 1947, and Hillenkoetter had just taken over—three chiefs in one short year. Representative Busbey, arguing for stability and continuity in the job, thought it should be held by someone as long as he showed he could handle it, the way Hoover ran the FBI. A spokesman for Navy reserve officers said many doubted that CIA would amount to anything if the DCI job became a tour of duty for an officer who moved from it to commanding a ship at sea or a regiment; the agency needed continuity in its direction, he said.<sup>46</sup>

Appearing for the bill, General Eisenhower suggested the services should agree on a three-year term for the DCI; that was an improvement over the existing track record, but it did not begin to measure up to the Hoover record, which many advanced as a desirable norm. Eisenhower defended the choice of a military man on the grounds that the right civilian was hard to find. The eminent scientist Dr. Vannevar Bush, bothered by the parade of "three chiefs in succession," preferred a civilian DCI but noted that the job required "a strange combination of talents" and regretted that the country had "no national training ground—for ability of that sort."<sup>47</sup>

In analyzing the language, both sides had to recognize that another military man had just taken over the DCI post and was expected to continue to occupy it. At a minimum the bill had to provide for that situation. At the same time the military clearly felt that only their profession provided the natural pool for the development of future occupants of the post, and they certainly felt they had a vested interest in having military men in the job. On the other hand, the House committee remained disturbed by the obvious bias for a military man and felt that neither Patterson's technical explanation nor Eisenhower's stipulated term reached the point of their uneasiness. The committee was not prepared to accept permanent military control of the job.

The second question, on the functions of the CIA, was just as obvious as that on the status of the DCI, and it proved more disturbing. The case against it was initially posed by Ohio's Clarence Brown, who repeatedly returned to the attack; he told Forrestal on April 25:

. . . the functions are set up nowhere that I have knowledge of in the statutory law of the land, and your statute refers back to some Federal Register of February 5, or some other date, and some directive issued by the President of the United States, under what I still think is questionable authority. Nobody can tell from that statute, from this bill, if enacted into law, what power or authority this fellow had.<sup>48</sup>

Brown did not like the idea of establishing an intelligence agency without specifying its functions and limitations. As he read the bill in front of him, the DCI could go into "my income tax reports" or "have a gestapo of his own if he wants to have it." Brown thought the country ought to have "as fine a foreign military and naval intelligence" setup as it could, but since it was a "very great departure from what we have done in the past," he wanted its scope and authority spelled out, not vaguely referred to in a parenthetical "(11 Fed.Reg.1337,1339, February 5, 1946)." <sup>49</sup>

To begin with, Brown did not like executive orders, one of which he mistakenly took the President's letter to be. They could be changed in two minutes; at other times he said they could be changed in three seconds, anytime, overnight, by the stroke of the President's pen. He did not know, nobody knew, how many such orders and directives had been issued in the past few years. He had read of 77,000; they had the force of law, but they were made by the executive. <sup>50</sup>

Brown was by no means alone in his opinions. Chairman Hoffman thought that "if we are going to fix anything we had better do it now." He had had too much experience, he said, being pilloried by other congressmen, columnists, and commentators as being opposed to national defense because, having given the President some authority, he had then "venture[d] to suggest" changes. Forest A. Harness (R., Ind.), somewhat more restrained in expression than Hoffman or Brown, observed that "the creation of an Intelligence Agency without any limitations as to its functions [was] a rather important step" that the committee was being asked to take. Another Republican, Pennsylvania's Mitchell Jenkins, noting the bill's lack of any specific reference to Truman's 1946 order, said the agency's functions "should be more accurately defined in the legislation and less subject to change" by executive order. Representative Judd of Minnesota thought the bill's intelligence section needed "more careful explanation than almost any other part of the bill." <sup>51</sup>

Other witnesses were no less concerned or hostile than the congressmen. The Marine general, Merritt A. Edson, said the functions and powers of CIA should be "carefully delineated and circumscribed." The spokesman for the naval reserve officers, John P. Bracken, when questioned by Brown about his preference for basing the CIA on a presidential order or a congressional statute, said Congress should state the agency's authority, jurisdiction, and functions. <sup>52</sup> Admiral Ellis M. Zacharias considered the entire CIA section inadequate because it did not go far enough: it failed "to provide specifically for a well-integrated and efficient organization." As far as he was concerned, it did transfer CIG functions to CIA; but as far as presently constituted, CIG, he charged, could not possibly "meet the needs of the Nation," thrust as it had been into a position of world leadership. He wanted something specific but also something much better. <sup>53</sup>

No witness, except administration spokesman, defended the section as written. Secretary Forrestal explained that enabling legislation for CIA would come along once the present bill was passed. Secretary Patterson, submitting a copy of Truman's letter, said that the CIA functions had been stated in the bill by reference to Truman's directive. It was Admiral Sherman's understanding that the bill "would freeze the order specifically referred to . . . that it would freeze that letter and make it permanent until such time as the Congress passed an adequate organic law for the Central Intelligence Agency." He called it "a stop-gap device." However, if the congressmen wished to make doubly certain of this fact, he thought "eight or ten words" would do the job. <sup>54</sup>

Both Sherman and General Norstad explained the background of the CIA section. "It was not the Central Intelligence Group," said Sherman, "which wanted to defer their legislation until a later time." It was he and Norstad who thought the inclusion of the CIA's

functions would produce a demand for elaborating the functions of all the agencies involved in the act and would, therefore, produce "a very bulky volume." Norstad further explained that the details of the CIG legislation were of such scope and importance that he and others felt they could not be satisfactorily handled in the unification bill.<sup>55</sup>

As with the status of the DCI, the explanations did not satisfy. As drafted, the bill declared that the *functions* of the NIA and the DCI and the *functions, personnel, property, and records* of CIG were transferred to the NSC, the new DCI, and the CIA, respectively. The bill was silent, however, on such other elements of the President's 1946 letter as the membership of the NIA, the role of the IAB, and the limitations on CIG's activities. Presumably every word of the President's letter was carried over into the proposed legislation. On the face of it, it certainly did not read that way. Changes were unavoidable.

Meanwhile, CIG enabling legislation had been much talked about in the hearings but had not yet been submitted. When the drafters of the unification bill had replaced the CIG text by a few lines of reference to the *Federal Register*, CIG thought it had been given "a green light" to proceed on its own. Hence, there appeared a new draft on March 10; while substantially faithful to earlier drafts, this one showed a dislike for the size of the proposed NSC and recommended in its place, as far as the CIA would be affected, a smaller council consisting of the secretaries of State and National Defense and the President's representative, with the DCI as an additional nonvoting member.

When this draft, or news of it, reached the White House, the reaction was chilly. "C.I.G. is up to its old tricks again," George Eley reported to Clark Clifford. "It has submitted 'informally,'" he wrote, "the draft of a proposed bill to be submitted to Congress very similar to the two previous drafts which Vandenberg has sent to you in recent months and *which you filed without further action.*" [emphasis added] He reported that George Schwarzwalder of the Budget Bureau had called for guidance on the matter. Eley said he "suggested that C.I.G. be informed that there was no necessity for such legislation in view of the sections concerning intelligence which are included in the Unification Bill." The Budget Bureau, reported Eley, concurred with that suggestion and would so inform CIG.<sup>56</sup>

Just why and for how long the White House intended to bar the introduction of separate CIA legislation is not clear. From the administration's point of view there were understandable political reasons for withholding additional and controversial legislation. On the other hand the White House staff had apparently not taken easily to CIG's pressure for a break with the concept of the organization as laid out in the President's letter and as envisioned by the President, Harold Smith, and the State Department. Whatever the motivation, the White House had soon to reckon with congressional dissatisfaction with the CIA section as drafted. As early as April 1 Admiral Sherman and General Vandenberg were publicly assuring Senator Tydings that a separate bill was ready for submission at the appropriate time. In the House hearings there was talk not only of including that bill with the National Security Act but also of taking it up first.

CIG's Walter Pforzheimer, the legislative liaison chief, naturally reported to Vandenberg, and then Hillenkoetter, on the course of the hearings, especially in the House, and on the questioning as it affected vital concerns of CIG. Accordingly, the March 10 draft was successively revised on April 9, June 9, 16, and 28. On June 12 Pforzheimer had assured Ohio's Brown that "we would wish to place our bill in the hopper after the bill on unification had passed." Brown, who had once admitted to being "overly suspicious" about the growth of military power, said CIG "might conveniently 'forget' to do so."<sup>57</sup> Meanwhile, the fate and character of that CIA bill was largely dependent on the hearings before the Expenditures Committee, hearings which by mid-June were still going strong.

The suspicious Brown, when he made his remark about “forgetting,” had immediately in mind the weakness of executive orders, the turnover of military directors, the vagueness on functions, and the need for writing into the bill adequate safeguards against potential abuses. All these had frequently been raised in relationship to the third major question that dominated the House hearings, namely, the fear of establishing a gestapo. Germany’s secret state police, which operated at home and abroad, had become for Americans perhaps the most abhorred of all Nazi institutions. That such an infernal machine might be constructed by some future dictatorial DCI—not of course a Souers, a Vandenberg, or a Hillenkoetter—on the foundation of a foreign intelligence agency, built by Americans for Americans, was a possibility that troubled many in and out of Congress. Walter Trohan had written effectively, however unfairly, when he had coupled Donovan’s postwar plan with that hated institution.

The fear had been well-expressed by Brown, who had first raised it on April 25. He foresaw a military DCI—bad enough from his point of view—who possessed undefined powers and suffered no limitations, and who was thereby enabled to carry on domestic and foreign investigations that might serve the purposes of national security but might equally well infringe upon the rights of all American citizens.<sup>58</sup> The specter could only be banished from his mind by legislative definition of the agency’s powers and limitations.

Basically the administration spokesmen did not disagree with Brown and others who shared his view. A ban on domestic police functions had been accepted as a matter of course long before Congress had ever taken up the issue. It had been included in Donovan’s plan, in the JCS plan, and in Truman’s letter of 1946. Admiral Sherman thought, undoubtedly quite honestly, that that letter’s provision against CIG’s exercise of police, law enforcement, and internal security functions had been effectively carried over into the proposed bill; and in any case he assured Representative Harness that if that were not the case the deficiency “could be rectified with very few words.”<sup>59</sup> Finally, there was no draft of a separate CIA enabling act that did not contain the provision, and CIG was ready to insert it in the unification bill.

The administration had other reasons for thinking the gestapo fear groundless. All knew, as the President’s letter made clear, that the agency was solely concerned with foreign intelligence and counterintelligence related to the national security, and that correlatively it had no interest in or responsibility for domestic security or policing. Dr. Bush, who saw “no danger” of CIA becoming a gestapo, also pragmatically suggested that the FBI was an effective obstacle to the agency “get[ting] beyond control” and becoming “an improper affair.”<sup>60</sup>

Another reason, a constitutional lawyer’s reason, was well brought out by Rep. John W. McCormack, Democrat of Massachusetts, in his questioning of General Edson. The latter categorically declared in his prepared statement that the bill “open[ed] the door toward a potential gestapo or NKVD. . . .” Pressed by McCormack, Edson said CIA should have broad powers as a clearing agency for intelligence but that “in police powers . . . it should be quite restricted.” What did Edson mean by “police powers?” He was thinking “of such things as Secret Service, largely powers which are now performed by the FBI.” You mean, interjected Henry J. Latham (Rep., N.Y.) “snooping on civilians?” Yes. “Did you think,” asked McCormack, “that this [CIA] will take over the FBI or the Secret Service or any of those agencies?” You cannot tell from this legislation, said Edson, what the agency was going to do. “It has no power to do it,” replied McCormack; “under this bill there is no power to do that, General.” Explaining his questioning, the Massachusetts Democrat said he was trying to see what in the General’s position was “based on fear.” Having shown that the agency had no police powers, McCormack said he hoped Edson’s “fears would be dissipated.”<sup>61</sup>

Based on fear or fact, the gestapo specter required a more effective counterforce than an unexpressed carry-over from a presidential directive which some insisted—quite unreasonably, the administration thought—could be rewritten at any time regardless of congressional action.

On June 27, when the Senate Armed Services Committee had already reported out a revised bill, the Hoffman committee went into executive session to consider Representative Busbey's query about the "rumors" he had heard about CIG's operational activities. The rumors, elevated to the status of reliable reports, received considerable press attention in mid-May. The *New York Times* reported that the NIA had compelled the liquidation of two government undercover services and supplanted them by its own secret intelligence system. Liquidated, according to the account, were a world-wide secret intelligence network conducted by the War Department and the FBI's service in Latin America. Officials familiar with the changes, ran the account, criticized them for replacing two wartime-tested organizations by a new network. The Army network, continued the *Times*, was said to have made "an important contribution" to wartime intelligence.<sup>62</sup> The paper probably obtained the core of its report, especially about the hitherto unknown Army unit, from one or more of the witnesses who appeared before Hoffman's committee on June 27.

CIG was clearly disturbed by the numerous newspaper articles alleging its usurpation of various departmental functions and its expulsion of established organizations from the operational field. The new DCI, Admiral Hillenkoetter, asked the NIA at the meeting on June 26 to sign a letter of explanation, which he had prepared, for dispatch to Representative Hoffman. The letter declared that they, the NIA, had, pursuant to the President's January directive, authorized the CIG to conduct all organized Federal espionage and counterespionage operations outside the United States. Patterson, Forrestal, Leahy, and General Marshall, who had recently become Secretary of State, had no problem with the letter. Forrestal was assured by Admiral Hillenkoetter that the official policy had been endorsed by General Donovan, J. Edgar Hoover, as well as the present heads of ONI and G-2, Admiral Inglis and Maj. Gen. Stephen J. Chamberlin. Undoubtedly both this news and the letter were delivered by CIG to Hoffman ahead of the hearing on June 27.<sup>63</sup>

At issue was centralization of clandestine collection of intelligence in the CIG rather than decentralization in departmental services. For CIG General Vandenberg explained that centralization had been recommended to the NIA by the IAB because of CIG's clear authorization to perform certain services of common concern. Centralization, he argued, was also more economical, efficient, and secure. Other witnesses, opposing centralization, defended the record of departmental services and the efficiency and security of their operations. Additionally they argued that while the country needed an evaluating and coordinating agency such an agency should not also be an operating, or collecting, agency lest it grow too powerful and absorb or destroy the other services.<sup>64</sup> Both sides had their pros and cons, but the testimony of Vandenberg, a former G-2 chief and now DCI, and the letter from the NIA apparently carried the day with the committee.

The hearings, which had begun on April 2, promised to go on much longer when on June 23 Secretary of the Navy Forrestal issued a general message lifting Navy restrictions on the appearance of naval personnel before congressional committees. The message, removing what many had considered a convenient gag on Navy and Marine opponents of the bill, encouraged many officers to offer testimony. As of June 24, ten more days of hearings had been scheduled; among those listed was General Donovan. The list had barely been typed, however, when the committee voted to end the hearings on July 1; the chairman protested, but the gag was reimposed.

### 3. OUT OF COMMITTEE AT LAST

Unhappy as he was with the gag, Hoffman was even unhappier with the entire bill. He had been opposed to it from the beginning but had recognized the determination of his committee majority to report out a bill. Hence when they turned to that business, Hoffman introduced a new bill (H.R. 3979) to make "a bitter dose of medicine of doubtful value . . . less distasteful, less harmful by every conceivable device and provision."<sup>65</sup> The new bill had been drafted by Marine General Edson. Its intelligence provisions reflected the concerns that had been voiced throughout the hearings. The DCI was appointed simply "from civilian life," and the provision protecting a military man's benefits was eliminated; the DCI's salary was reduced to \$12,000, one-fourth less than that assigned the head of the National Security Resources Board. The bill, spelling out the agency's functions, made no mention of operations or services of common concern. Of course, the anti-gestapo provision was inserted. From the point of view of CIG the bill was objectionable.<sup>66</sup>

The entire bill was much worked over by the subcommittee to which the mark-up of a bill had been assigned on June 25. This subcommittee consisted of Hoffman's three fellow-Republicans—Wadsworth and Latham of New York, and George H. Bender of Ohio—and the Democratic minority of McCormack of Massachusetts, Carter Manasco of Alabama, and Chet Holifield of California. The combination of the three Democrats, who were generally pledged to the administration's bill, and Wadsworth, a House veteran and a strong supporter of the measure, gave the bill a 4-3 edge in the subcommittee. All were influenced to some extent by the Navy and Marine opposition that had swollen in the last two weeks of the hearings. On July 12 they approved their revised unification bill.

When announced to the press, it was reported that it was with the CIA provisions that the subcommittee had made its major changes in the measure as already passed by the Senate itself. Chairman Hoffman announced that his group had added a provision which was intended to prevent the creation of a gestapo. Hoffman also said he would call the full committee together in an effort to rush the measure to the floor of the House.<sup>67</sup> Adjournment fever was rising, and the bills were piling up.

The full committee met on July 15, made some more changes, and reported out a bill. What had started out in the House as H.R. 2319 had been replaced by H.R. 3979, Hoffman's substitute, and had now become a revision numbered H.R. 4214. Substantively, reported the *New York Herald Tribune*, the House made five changes in the measure as passed by the Senate, and one of these affected the DCI. So that he could not establish a gestapo, reported the paper, his representatives "would have no law enforcement powers, other than [!] police, subpoena and internal security powers."<sup>68</sup> Of course the DCI was denied all those powers!

In fact there were other changes in the text of the intelligence section (Appendix W), and many of these reflected the concerns that had been voiced throughout the hearings. The DCI was appointed "from among the commissioned officers of the armed services or from individuals in civilian life." His salary was raised to \$14,000, the same as that now given to the Chairman of the Resources Board, \$500 less than that of the defense secretary. The DCI was not made a nonvoting member of the NSC.

Retaining protection for the military privileges and benefits of any military DCI, the committee also added a new section, Sec. 105(b)1(B), denying him exercise of military authority over any military units or personnel other than such as he might rightly exercise as the DCI. The House committee made sure he did not become a military dictator.

The committee spelled out the agency's functions. In doing so, it borrowed heavily from Truman's letter of January 22, 1946. It really only rewrote and shifted paragraphs around, added one new function, and ascribed all the functions not to the DCI but to the CIA. The new functions, really implicit in the President's letter, and a partial substitute for not being a nonvoting NSC member, was that of advising the council on the government's intelligence activities. Otherwise the agency was directed to make recommendations on coordination, produce and disseminate finished intelligence, perform services of common concern, and perform such other functions affecting national security as the NSC might direct.

As expected, there were explicit limitations on CIA's activities. The agency had "no police, subpoena, law-enforcement powers, or internal-security functions"; all but "subpoena" had been taken over from the President's letter. The director was made responsible for protecting intelligence sources and methods from unauthorized disclosure. Interestingly enough, the committee did not retain the letter's paragraph nine banning investigations in the United States; on that paragraph's first test in the IAB, which, incidentally, was nowhere mentioned in H.R. 4214, that provision had been recognized by the FBI as too broad.

The bill included, at CIG's request, another new provision, Sec. 105(c). The CIG had been embarrassed by questions of, for instance, security, loyalty, alcoholism, and homosexuality that had been raised about some of the personnel it had acquired along with the Foreign Broadcast Intelligence Service. The DCI felt he needed the authority, in the interests of security, to have "the right to fire at will," despite usual Civil Service requirements.<sup>69</sup> The new section therefore authorized him, in his discretion, to terminate the employment of any person when he deemed it advisable in the interests of the United States.

The unification bill, with its CIA section, had at last been reported out of the House committee; the next stage in congressional consideration was debate in the House itself.

#### **4. DEBATE, PASSAGE, SIGNATURE**

That debate, a lengthy and spirited one, took place against the background of extensive newspaper discussion of intelligence and only slight discussion in the Senate.

In the spring of 1947 the reader of at least the metropolitan press had access to steady coverage of intelligence and its organization within the American government. The air was full of news of the investigation of Pearl Harbor, the abolition of OSS, the establishment of the NIA and CIG, the discovery of Soviet spying in Canada, and ominous developments in the Cold War. In that atmosphere certain ideas on intelligence became commonplace.

First, intelligence was recognized as a necessity in peace as well as in war. It was more than military and naval intelligence, which were long viewed as wartime necessities but only departmental holding operations in peace; rather was intelligence now seen as the broadest and yet most specific kind of information continuously needed in the conduct of national affairs. Second, the subject required a much more effective organization and more support than the armed services and the country as a whole had ever provided in the past. Third, the traditional services needed to be coordinated so that intelligence on hand was not wasted but was available to those who needed it in the national interest; a coordinator was a necessity.

Fourth, espionage was also a necessity. The country, so righteous before the war, had changed its mind on this subject as readily as had Mr. Stimson. In 1929, "when the world was striving with good will for lasting peace, and . . . all the nations were parties" to the

effort, Stimson, then Secretary of State, banned the reading of other nations' codes and closed the Black Chamber. In World War II, however, "the situation was different," and Stimson suffered no qualms of conscience. The national flip-flop was reported by the *Christian Science Monitor*: "it is generally agreed that a good intelligence service is the first line of military defense today. 'Aha!' says the average American. 'Spies!' Yes, spies—such as all the major nations of the world maintain in order to know what the others are up to. There is no use being coy about the subject." <sup>70</sup> Henry Wallace had called spying "hellish," but few Americans seemed to agree with him. None in the Congress voiced that sentiment.

So accepted were these ideas that none was argued when intelligence became a subject of national legislation in 1947. What little discussion and controversy there was centered on those points that were simultaneously being aired vigorously in the House hearings. That airing, both in and out of Congress, had been aided and abetted by two events, the appointment of Admiral Hillenkoetter to succeed Vandenberg, and the other—more a campaign than an event—a combined assault on CIG undertaken by some G-2 and press elements.

While Truman had not announced the appointment of Hillenkoetter until May 1, the likelihood of the appointment was common talk throughout March and April. The imminence of still another new DCI in so short a time was bad enough; but when that change was seen in the light of the proposed legislation's marked preference for a military DCI, the resulting opposition to a continued rapid turnover of generals and admirals was considerable. The opposition reflected a consensus that the job was essentially civilian in character, that only a civilian could bring to the job the element of permanence that seemed needed. The public and the Pentagon approached this problem from opposite ends: the public much preferred a civilian but had to accept the current military incumbent and the theoretical possibility that the best man might be a military man; the Pentagon much preferred a military man but in view of the opposition had to leave the door open to a civilian simply as a practical necessity. The Pentagon was definitely on the defensive on the issue.

The assault on CIG had been touched off by the revelation of the liquidation of the G-2 clandestine unit and the FBI's SIS in Latin America. The assault was taken up with great vigor by the McCormick-Patterson press, especially by reporter Walter Trohan and columnist John O'Donnell. The latter wrote on June 12 of "a furious behind-the-scenes battle" in which the espionage experts of G-2 were fighting a life-and-death struggle against the efforts of CIG to absorb them and set up "a super-duper gestapo—OSS cloak-and-dagger organization." On June 15 Trohan, combining his interpretation and leaked information, charged that "CIG secretly creates U.S. 'Gestapo' of 1,500 agents." CIG, he wrote, had "forced" the War Department to liquidate its "worldwide secret intelligence work" and had "effected the disbanding" of the FBI's "extensive undercover system in South America." A week later he reported the agency intended to spend over \$12,000,000 annually on the salaries of over 1,500 "super spies" in the U.S. and abroad. On June 24 O'Donnell reported that "this week some of our deeply disturbed professional spies are arguing their case behind closed doors against the present Central Intelligence Group which is by way of becoming a super-duper peacetime cloak and dagger office of strategic services setup." CIG was basically accused of using the phrase "services of common concern" as a device for making itself an operating as well as a coordinating and evaluating agency. For this and other reasons the *Chicago Tribune* editorialized on June 23 that Congress "should kill this dangerous excrescence upon government." <sup>71</sup> It was such publicity that had prompted Hillenkoetter to ask the NIA to send Clare Hoffman a letter of explanation.

Despite this assault there had been discussion but no debate in the public press. Both the McCormack-Patterson press and General Donovan had been opposed, for quite opposite reasons, to the proposed CIA, but in the face of presidential, departmental, and congressional support behind the unification bill, neither had been able to muster enough opposition to generate a lengthy, detailed controversy over the major points of the bill's intelligence section. The proposed CIA was generally considered very necessary, long overdue, and, while not perfect, capable of improvement in the light of experience.

In the Senate likewise there was no debate. The Armed Services Committee had reported out the bill on June 5. It was laid before the Senate on July 2, when Senator Gurney made a long speech in its defense. Quite in passing he referred to the CIA as filling "a long-recognized demand for accurate information upon which important decisions, relating to foreign and military policy, can be based." On July 7 Senator Robertson of Wyoming attacked the entire bill for creating "a vast military empire" which would exercise unparalleled power over the military establishment and "untrammelled power over the entire social and economic structure of the Nation." He described CIA, under a military DCI possessing vaguely defined functions, as "an invaluable asset to militarism." Returning to the attack on July 9, he repeated the need to spell out the agency's functions and to make a civilian DCI mandatory. The nearest thing to an answer to Robertson, who seemed more tolerated than rebutted, was the speech of Sen. Raymond E. Baldwin (D., Conn.) who asserted the demonstrated need for a CIA, and who said it could be headed by a civilian if the President so desired.<sup>72</sup>

Robertson, a die-hard, had filed some twenty-five amendments to the bill. He offered three of these; but after they were rejected by voice vote, he gave up. Shortly thereafter, on July 9, the amended S.758 was passed by voice vote and sent to the House. It will be remembered that the original bill had only been amended so as to have the DCI appointed "from the armed services or from civilian life."

Ten days later, July 19, the House resolved itself into the Committee of the Whole on the State of the Union for consideration of the bill (H.R.4214), as reported out of the Expenditures Committee. With Francis Case (R., S. Dak.) in the chair, and with a maximum of five hours set for debate, Representative Wadsworth of New York opened the argument for the bill. He described CIA as "a gathering point for information coming from all over the world through all kinds of channels concerning the potential strength of other nations and their political intentions." There was "nothing secret about that," he said; all nations did "the same thing." He assured the House the agency was subject to the National Security Council and did "not act independently." It was, he said, something the country had never had but now recognized as a permanent necessity.<sup>73</sup>

The first opposition came from Busbey of Illinois. While he too favored the establishment of CIA, he had two major worries. He wanted it made clear, when the time came for amendments, that there was no possibility of the agency's "going into the records and books of the FBI," because the bureau was not concerned, he said, with foreign intelligence. Second, he wanted the agency barred from the collection of intelligence and restricted to evaluating, correlating, and disseminating intelligence.<sup>74</sup>

Walter Judd of Minnesota was also concerned. While he said there could be "no difference of opinion" about the "need and importance" of CIA, he said there was "a wide difference of opinion" as to the handling of intelligence. His first problem was the collection of intelligence, but on this subject he evidenced some confusion. According to him "the practice presently established" provided for all collection, as well as correlation, evaluation,

and dissemination, being done centrally; he preferred having the other intelligence services continue to collect intelligence but also permit the CIA to have its own separate collection service.<sup>75</sup> His confusion lay in a failure to distinguish clandestine collection, which was then centralized in CIG, from nonclandestine collection, which current practice, the proposed bill, and tradition all recognized as a departmental function. In other words, the bill as written did provide Judd what he himself preferred on this particular point.

What Judd was not confused about, and where the bill was inadequate from his point of view, was his other concern, the possibility of military control of the agency. He thought a civilian as DCI "the wisest course," and he would accept a military man only if he first became a civilian by retiring or, preferably, resigning. He also wanted to "make sure that this powerful Agency and especially its secret or clandestine collection activities can never come under control of military men or organizations."<sup>76</sup>

Harness of Indiana, like the other speakers, also favored a CIA. While he had had "some fear and doubt about it," when it was first proposed, he had now come to accept it "as essential to our national security." It was, he explained, "a bold departure from American tradition." The country had "never before officially resorted to the collection of secret and strategic information in time of peace as an announced and fixed policy."<sup>77</sup>

Harness took issue with those who were pressing so hard for a civilian as DCI. Not that he did not prefer that as a goal, but the "prolonged hearings and executive sessions of the committee behind closed doors" led him to wonder whether any qualified civilian could be found. After all, he said, the country had had little experience in this field and most of the few experienced and qualified men available were still in the Army and Navy. He did not want to be misunderstood: he too opposed a gestapo, and he preferred a civilian, but where could one be found? Hours later, Busbey came up with a good answer: "no attempt has been made to find a civilian."<sup>78</sup>

W. J. Bryan Dorn (D., S. Car.), strongly supporting the bill in its entirety, spoke of the country's prewar "woeful lack of intelligence as to the potential power of our enemies." Most of the newspapers and people, he said, thought Adolf Hitler was "a comic character." Editorialists thought Germany could not last through the winter of 1939. U.S. naval officers, "coming back from observation posts" in the Pacific, said Japan could not survive three weeks of war with this country. Washington was stunned when Paris fell in 1940. People thought Mussolini was bluffing, that he would not attack France. Such, he summarized, was the "total lack of knowledge of those forces that were marshalling to destroy American democracy." He wanted the gentlemen of the House to realize that CIA was "a very important part" of the bill.<sup>79</sup>

Unlike Dorn, Rep. Ralph E. Church (R., Ill.) found in the bill many problems, including the intelligence section. Not that he was opposed either to intelligence or a CIA. Pearl Harbor, he said, proved the national backwardness of the country's intelligence work; indeed for him it was "somewhat reassuring" to have some emphasis placed upon intelligence as an element of national security. He too, however, feared an American military gestapo, and he did not think the amended bill provided adequate guarantees on that score. Seeing no reason for a military DCI, since the work of the agency was "not purely military," he was confident that a qualified civilian could be found for the job.<sup>80</sup>

Holifield of California tried to reassure those who worried about a military dictatorship. Protesting his own fear of one, and proclaiming his own zeal for civil liberties, he still believed that the committee had written "proper protections against the invasion of the police and the subpoena powers of a domestic police force." He wanted "to impress upon the minds of the Members" that the work of the agency was "strictly" confined to "the field of secret foreign intelligence—what is known as clandestine intelligence."<sup>81</sup>

When five hours of debate had ended, and the bill was opened to amendment, fully half of the next two to three hours was taken up with amendments of the CIA portion (Sec. 105), and almost all of this time was devoted to consideration of two amendments by Judd of Minnesota.

His first amendment was aimed at making the DCI a civilian. He proposed the elimination of those thirty-four lines, Sec. 105(b), which both freed any military officer from military control and denied to him exercise of military powers other than such as he was entitled to as director; in their place he proposed a requirement that any military appointee be ineligible for the job unless he had first either resigned his commission or retired from his service.<sup>82</sup>

The bill, as written, he said, aimed at the same objectives as did he, but he said that it did not go far enough. It sounded fine, he said, "but all of us, being human beings, surely know that if a one-star general is Director of Intelligence, and a two-star general or a three-star general talks to him, it is wholly unrealistic to imagine that they will not have influence over him, despite the law." He wanted that one-star general to become a civilian—in fact, not just in law—so that he would have "no divided loyalties," so that he would "not be standing with one foot in the civilian trough and one foot in the military trough." Judd wanted any man who took the DCI job to take it as Allen Dulles had recommended to the committee, namely, as if he were going into the monastery. "He ought to take it," said Judd, "as J. Edgar Hoover has taken the FBI job—make it his life's work."<sup>83</sup>

Pressed by Harness as to what difference it really made as to whether an officer was or was not retired, Judd admitted that of course his heart might still be with his branch of service but his "organic connection" would be broken. As the bill was written, continued Judd, a military man always had the option of returning to his service; to do that, Judd pointed out, he had "to keep his bridges intact, his military fences in good repair." Judd wanted none of that.<sup>84</sup>

Alabama's Carter Manasco, a strong supporter of the entire bill and former chairman of the Expenditures Committee, rose in opposition to the amendment. Perhaps the long day had begun to weary him, or perhaps the long months listening to the same fear about a gestapo and a military dictatorship had begun to take its toll; he did not address himself to the merits of the amendment. Instead he declared that the section on central intelligence had been given more study by the subcommittee and the full committee than any other section of the bill, that it had been a most difficult section to write, and that the section as written adequately protected the position that was basically shared by all, despite their differing ideas on it. He started to discuss the merits of the case; but then mindful of the secret sworn testimony he had heard and fearing to divulge something that might give comfort to some potential enemy, he invoked "the patriotism" of men like Wadsworth, McCormack, Holifield, Latham, and Hoffman as a guarantee that they had worked out language barring the building of "a so-called military hierarchy."<sup>85</sup>

Holifield, Busbey, and McCormack then spent much time arguing both the relative merits of the bill as rewritten and Judd's amendment. Holifield and McCormack made it quite clear that they too preferred a civilian but, confronted with a rear admiral as DCI, they felt they had to protect both the integrity of the position, as freed from military control, and the military benefits that both Hillenkoetter and his family had a right to expect and to have defended. They thought their bill the best practical method of protecting both the position and Hillenkoetter. Busbey thought the Judd amendment was adequate on both scores and had the additional advantage of ending the rapid turnover of admirals and generals and of working toward permanence in the occupation of the post.<sup>86</sup>

Then up stood Ohio's Clarence Brown to end the debate, to cut the gordian knot: eliminate fifty-two lines, and replace them by only three words! He offered a substitute amendment: have the DCI appointed "from civilian life." That ended any argument, he said. That was fine with him, said Judd. He had been "trying to go halfway between requiring that the man to be appointed be wholly a civilian, and giving a chance for men now in the military service to take the job as civilians, but without losing their retirement rights." Brown would have no truck with a halfway measure; the only important thing, he said once again, was the people's fear of a military government and a gestapo; the CIA needed, he said, to be put in charge of a civilian like J. Edgar Hoover.<sup>87</sup>

Under questioning Brown explained that his substitute amendment required a military man not just to retire but to resign from the service. A retired officer, he explained, could always be called back into the service, whereas one who had resigned was no longer under the control or the direction of the military. Judd, falling in quickly with Brown, thought the right man for the job would not mind resigning and sacrificing his retirement rights, though Judd had been striving to protect those rights. He pointed out that the salary of \$14,000 was "far above" the DCI's salary as an officer. Brown said that under his amendment one did not have to figure out what commission an officer should have when he retired or what perquisites he should have, and so on. His amendment, he said, was "a very simple solution" to such problems. That it was; and, time for discussion having expired, Brown's substitute for Judd's amendment was put to the vote, and it carried.<sup>88</sup> The House had clearly opted for a civilian.

Judd's second amendment, aimed at protecting the FBI, was less controversial and less complicated. Judd proposed a slight rewording of Sec. 105(b), which covered the DCI's access to the government's intelligence and intelligence operations. To the extent recommended by the NSC and approved by the President, said that section, such intelligence operations "of the departments and other agencies" as related to national security were "open[ed] to the inspection" of the DCI, and such intelligence as related to the national security and was possessed by those "departments and other agencies" was made available to the DCI. Judd moved to strike the words "and other agencies" from the first half of the section so that the DCI would have no right of "inspection" of the FBI.<sup>89</sup>

The Minnesotan explained that any FBI information relating to national security had to be made available to the DCI for correlation, evaluation, and dissemination, but his amendment, he said, denied the DCI "the right to go down into and inspect the intelligence operations of agencies like the FBI as he would of the departments." He thought the DCI ought not to be given the "power to reach into the operations of J. Edgar Hoover and the FBI, which are in the domestic field." He thought the DCI should not go into the FBI and find out "who their agents are, what and where their nets are, how they operate, and thus destroy their effectiveness."<sup>90</sup>

Judd said yes, when Busbey asked him if he understood the bill as written gave the DCI "the right, the power, and the authority to go down and inspect any records of the FBI which deal with internal security." Not only its records, said Judd, but also its operations, its activities, and its agents. Judd assured Manasco of Alabama that under his amendment the FBI would still have to make available to the DCI any information it had relative to national security. Holifield thought the DCI's need for the approval of both the NSC and the President was adequate guarantee against infringement on FBI territory. Judd, supported by Busbey and Representative Thomas of the House Un-American Activities Committee, thought the FBI operations "should be protected beyond question." The Committee of the Whole also agreed with Judd; the motion was carried.<sup>91</sup>

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Another amendment of the intelligence section was offered by Rep. W. Sterling Cole (R., N.Y.), a strong opponent of the bill. Cole wanted to make certain that the intelligence disseminated by the CIA was the evaluated as well as the original unevaluated intelligence. His auditors obviously thought his motion nitpicking. If the language of the bill, said Holifield, did not provide for that, then he did "not understand any of the language." Hoffman impatiently noted that if the members "go over this bill and change every comma and period and put it [*sic*] three words down or three words ahead," they would be there all night. Cole had already admitted his amendment was "not of great importance." Agreeing with him, the House rejected it, and that ended any further discussion of the CIA section of the bill.<sup>92</sup>

After eight hours of debate of the bill and amendments, the Committee rose, and its chairman, Representative Case, reported to the Speaker of the House, who had now resumed the chair, that the Committee of the Whole had considered H.R.4214, made sundry amendments, and recommended that the bill as amended (Appendix X) be passed. By voice vote it was done. The House then immediately took up the Senate version (S.758), which had been passed on July 9; and, having replaced everything after the enacting clause by its own bill's provisions, the House passed that measure also.

That was Saturday evening, July 19. When reported the next morning, great prominence was given the CIA section. Even after passage, it was reported, some House members feared that a military dictatorship, a gestapo, or an OGPU, could rise from the unification of the armed forces and related civilian agencies. "Attention and suspicion," reported the *New York Times*, "centered upon the proposed central intelligence agency." Hence, the agency's director was required to be either "a civilian or a service man entirely cut loose from the armed forces and 'their influence.'" Also, the committee took "precautions against the intelligence service being employed on 'internal' matters such as a gestapo or OGPU," and so it wrote the bill "to deprive the agency of police or subpoena powers and put in other restrictions." Finally, the bill gave the agency access to the files of such as the FBI and the Atomic Energy Commission but barred "burrowing into [their] operations and methods." Representative Wadsworth, whose opening description and defense of the agency were reported, was credited with opposition to "restrictions which would cripple the work of the intelligence agency."<sup>93</sup>

The House bill, fundamentally similar to the Senate bill, had now to go to a joint conference to iron out differences. On CIA these were considerable. First, on the DCI, the House required that he be a civilian and be paid \$14,000 yearly; the Senate provided for appointment from military or civilian life and salary of \$12,000. Second, the House spelled out the functions of the agency, whereas the Senate only referred to their location in the *Federal Register*. Third, the House also spelled out limitations on the agency, whereas the Senate, though making reference to the *Register*, said nothing explicit about them. Fourth, the House had added two new paragraphs, one on the DCI's "right to fire at will" and the other on the inspection of other departments' and agencies' intelligence operations relating to national security and access to whatever intelligence they possessed on that subject.

As far as CIG was concerned, either bill was acceptable but the House bill was preferred. It gave the DCI an extra \$2,000, which was considered "more in keeping with the relative importance of the position within the national security structure." It gave the director unusual power to fire any employee, and it delineated the functions of the agency "more clearly" than did the President's original directive. Of course the CIG was most anxious to change the House requirement on a civilian DCI. The provision was considered

“an unfortunate restriction” on the President’s appointment power. The necessity for Senate confirmation was considered adequate guarantee of a proper selection. Had the limitation been in effect during the war, it was pointed out, Colonel Donovan, as an interwar reserve officer, could not have been appointed head of OSS. The likelihood that the DCI—the unpublicized head of a small organization concerned with foreign intelligence—could or would establish a military dictatorship or a gestapo was judged “an excessive interpretation of the facts.”<sup>94</sup>

The resolution of differences was taken up by conferees of both houses on July 21. The Senate stood firm on permitting a military man to be DCI if the President should so decide; the language agreed upon was that of the House bill as reported out of committee and before it was amended on July 19; hence, the DCI was appointed “from among the commissioned officers of the armed services or from among individuals in civilian life.” Sections guaranteeing his freedom from military control, nonexercise of military power, and enjoyment of his military benefits were of course included. His salary was kept at the House’s \$14,000.<sup>95</sup>

The Senate had no difficulty accepting a delineation of the agency’s functions and restrictions thereon or the director’s right to terminate a person’s employment. On Judd’s amendment protecting the FBI against CIA inspection there was considerable rewriting. First, omitted was any power to inspect the intelligence operations of any department or agency. Second, only intelligence in those organizations was open to inspection. Third, the FBI was directed to make available to the DCI, upon his specific written request, such intelligence as related to the national security and was possessed by the bureau. All departments and agencies were thereby protected against CIA inspection, and the FBI, having to respond only to a written request, was considerably more protected than others when it came to releasing intelligence to the agency, and then it had only to provide intelligence which was “essential” to the national security. The conferees finished their work on July 24.<sup>96</sup>

As soon as this compromise bill, which was really the House bill (H.R.4214) under its Senate number (S.758), was agreed upon, it was immediately sent to the Senate and quickly accepted there by voice vote. When it was taken up in the House the next day, July 25, Clare Hoffman explained his reluctant support of the whole measure simply as “the lesser of two evils.” The Congress was determined to have a unification bill, and so he had yielded to political *force majeure*. On CIA, Hoffman explained that the Senate conferees had “flatly refused” to accept the Judd-Brown amendment. Though they made certain other concessions, he said, “they stood pat” on that amendment. He described the point as one of the “three more important points in the legislation as it went to conference”; the other two protected the Marines against being reduced to “the status of a police force” and safeguarded naval aviation for the Navy.<sup>97</sup>

McCormack reminded the House that the Expenditures Committee had definitely favored a civilian DCI but had yielded to the practicalities of the situation and had written in originally a provision guaranteeing that any military occupant of the post held it as essentially a civilian position. McCormack also reminded his colleagues that the compromise took care of the immediate situation and that they would have another chance at the issue when CIG’s, or CIA’s, enabling legislation came before the House. He had of course opposed the Judd-Brown amendment when it was proposed. Judd thought not requiring a civilian as DCI was a mistake, but on the whole he was satisfied;<sup>98</sup> the compromise was, in fact, closer to his “halfway” measure. Clarence Brown had nothing to say about the rejection of his “very simple solution.”

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Indeed, nothing more remained to be said on the bill. The Senate had quickly passed it, and the House was as eager as the Senate to adjourn. When Judd had spoken and McCormack uttered final words of congratulation to both houses on a job well done, Hoffman moved the question to a vote, and it carried by voice vote.

That was Friday evening, and on Saturday, July 26, 1947, the bill was hurriedly readied for congressional signatures and delivery to the President for his signature. Truman was ready to sign it, because he was in a hurry to submit his nomination of Secretary Forrestal as the first Secretary of Defense and get it approved by the Senate before adjournment.

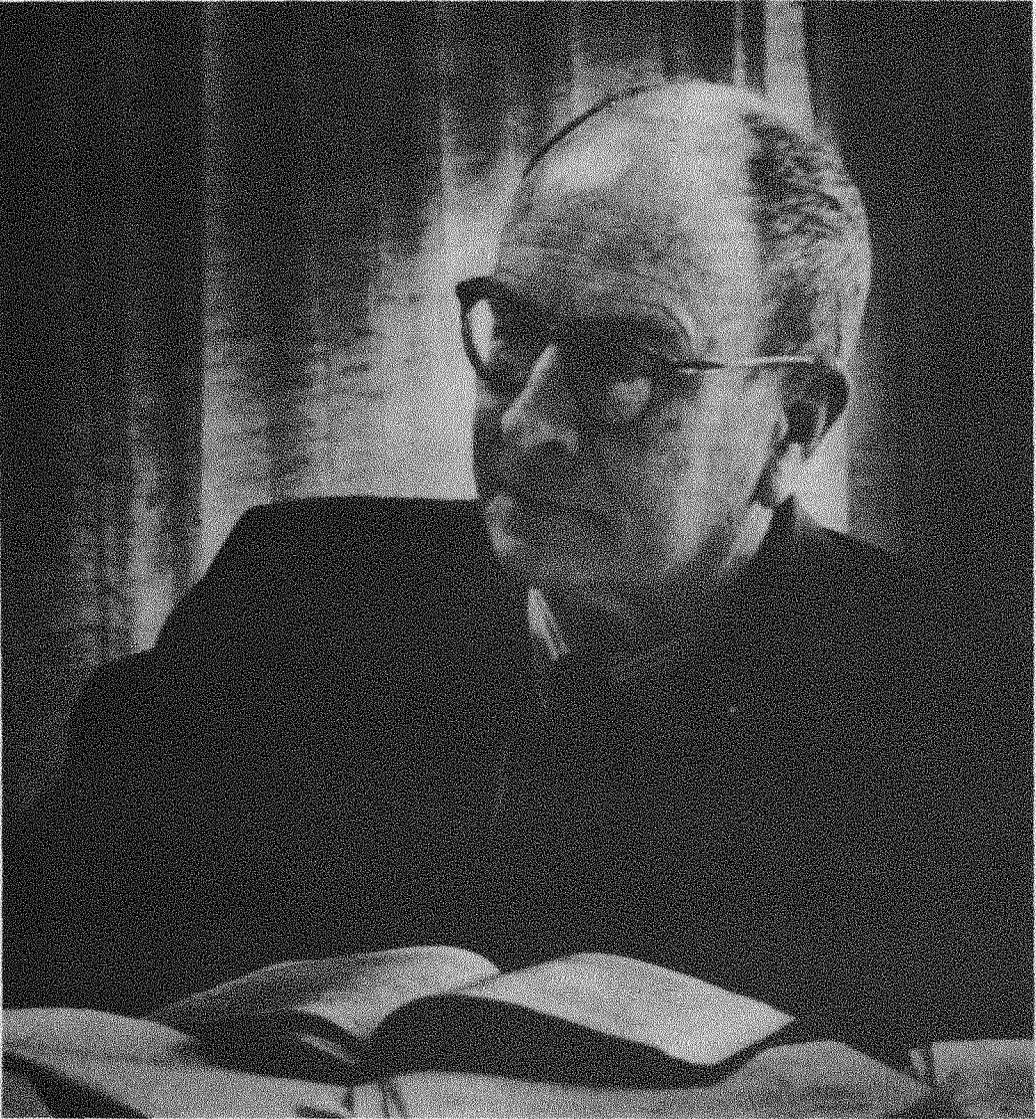
Truman's readiness to sign became impatience when he received word from Grandview, Missouri, of the deathbed illness of his 94-year old mother, Martha Ellen Truman. Truman's plane, the *Sacred Cow*, was put on standby. Its departure was delayed one hour. When the bill was signed by Senator Vandenberg as President pro tem of the Senate and by Speaker of the House Joseph W. Martin, Jr., of Massachusetts, it was rushed under police escort to the President who was "tight-lipped" as he waited by the plane. He signed the measure in the cabin of the plane, submitted the Forrestal nomination immediately thereafter—and was happy to have it quickly approved—and took off for Missouri. His mother died before he could reach her.<sup>99</sup>

### **5. PATERNITY RECONSIDERED**

Thus, Congress passed and the President signed into law the National Security Act of 1947, or Public Law 253 (Appendix Y). Insofar as its intelligence provisions are concerned, it was pioneer legislation. Never before had the country, through its constitutional procedures, accorded such formal recognition to the importance of intelligence both in peace and war. Never before had the country established an independent agency of government to give substance to the recognition. Never before had the country officially, albeit tacitly, authorized the conduct of foreign, peacetime espionage and counterespionage and "such other" intelligence-related activities as the NSC might direct. It might also be claimed that never before had this or any country so publicly and candidly enacted a law on such a delicate subject.

The law established a Central Intelligence Agency "under" an NSC, which was headed by the President. At the head of the CIA the law placed a Director of Central Intelligence, who was appointed by the President, and who, whether military man or civilian, would serve as a civilian. He was also given unusual authority to terminate any person's employment by the agency and was given qualified access to the intelligence of other departments and agencies. The agency was given five functions: to advise the NSC, to make recommendations on coordination, to produce national intelligence, to perform services of common concern, and to perform such other functions and duties as the NSC might direct. The agency was denied any police or internal security functions, was obligated to protect its sources and methods, and had to recognize the right of other departments and agencies to collect, produce, and disseminate departmental intelligence.

As established, CIA was considerably stronger than the old CIG. The former was an independent agency which had lost all trace of the thinking—"a cooperative, inter-departmental activity"—which was characteristic of the State Department and the Bureau of the Budget. Gone also was the separation of DCI and CIG, for under the new dispensation the DCI "headed" the CIA, and thus head and body were organically connected to one another.



Lawrence R. Houston (shown here about 1972) was the principal drafter in CIG of the CIA section of the National Security Act of 1947.



Clark Clifford (in a 1949 photograph) helped draft the National Security Act of 1947, which established the Central Intelligence Agency.



Shown here in his World War II uniform is Walter L. Pforzheimer, who kept daily watch for CIG on the passage through Congress of the National Security Act of 1947.

THE WHITE HOUSE  
JUL 20 1947  
RECEIVED

DEPARTMENT OF STATE  
RECEIVED  
JUL 20 1947  
PA  
LAW BRANCH

**Eighth Congress of the United States of America**

*At the First Session*

Began and held at the City of Washington on Friday, the third day of January, one thousand nine hundred and forty-seven

**AN ACT**

To promote the national security by providing for a Secretary of Defense; for a National Military Establishment; for a Department of the Army, a Department of the Navy, and a Department of the Air Force; and for the coordination of the activities of the National Military Establishment with other departments and agencies of the Government concerned with the national security.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SHORT TITLE**

That this Act may be cited as the "National Security Act of 1947".

**TABLE OF CONTENTS**

Sec. 2. Declaration of policy.

**TITLE I—COORDINATION FOR NATIONAL SECURITY**

- Sec. 101. National Security Council.
- Sec. 102. Central Intelligence Agency.
- Sec. 103. National Security Resources Board.

**TITLE II—THE NATIONAL MILITARY ESTABLISHMENT**

- Sec. 201. National Military Establishment.
- Sec. 202. Secretary of Defense.
- Sec. 203. Military Assistants to the Secretary.
- Sec. 204. Civilian personnel.
- Sec. 205. Department of the Army.
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- Sec. 209. Effective date of transfers.
- Sec. 210. War Council.
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**TITLE III—MISCELLANEOUS**

- Sec. 301. Compensation of Secretaries.
- Sec. 302. Under Secretaries and Assistant Secretaries.
- Sec. 303. Advisory committees and personnel.
- Sec. 304. Status of transferred civilian personnel.
- Sec. 305. Saving provisions.
- Sec. 306. Transfer of funds.
- Sec. 307. Authorization for appropriations.
- Sec. 308. Definitions.
- Sec. 309. Separability.
- Sec. 310. Effective date.
- Sec. 311. Succession to the Presidency.

The original text of the National Security Act is preserved in the Diplomatic Branch of the National Archives in Washington, D.C.—Stack 5 E 4, Row 12, Compartment 4, Shelf 4.

S. 758—20

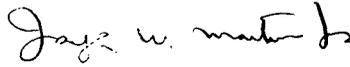
**EFFECTIVE DATE**

Sec. 310. (a) The first sentence of section 202 (a) and sections 1, 2, 307, 308, 309, and 310 shall take effect immediately upon the enactment of this Act.

(b) Except as provided in subsection (a), the provisions of this Act shall take effect on whichever of the following days is the earlier: The day after the day upon which the Secretary of Defense first appointed takes office, or the sixtieth day after the date of the enactment of this Act.

**SUCCESSION TO THE PRESIDENCY**

Sec. 311. Paragraph (1) of subsection (d) of section 1 of the Act entitled "An Act to provide for the performance of the duties of the office of President in case of the removal, resignation, death, or inability both of the President and Vice President", approved July 18, 1947, is amended by striking out "Secretary of War" and inserting in lieu thereof "Secretary of Defense", and by striking out "Secretary of the Navy,".

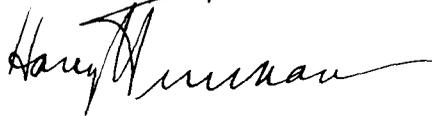


*Speaker of the House of Representatives.*



*President of the Senate pro tempore.*

*Approved July 26 1947*



The 1947 act was first signed by Representative Martin and Senator Vandenberg. It was then signed by President Truman in the cabin of his plane just prior to taking off to see his dying mother.

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Gone also was the military sandwich which was elemental to the JCS plan. In the first place, the NSC was not just a renamed NIA. For one thing it was headed by the President; for another its area of responsibility was considerably different from and larger than just intelligence; and for another it was a much larger body.<sup>100</sup> These factors provided the DCI with outside control but also offered him considerably more freedom of action than had ever been envisioned under the JCS plan or experienced under the NIA system. In the second place, the new legislation made no provision for an IAB or board of service intelligence chiefs who would operate, in effect, as a rein on the DCI. While the DCI still had to reckon with those chiefs as a practical necessity of interagency cooperation, he henceforward did so from a much stronger legal position than he had hitherto enjoyed.<sup>101</sup>

There was still another source of independence for the DCI. Congress had amply asserted its hostility not only to the rapid turnover of military occupants of the post of DCI but also and primarily to the very conception of the job as essentially military in character. Hence, while reluctantly accepting the *de facto* situation of Admiral Hillenkoetter's occupancy of the post, Congress had inserted provisions aimed both at freeing the DCI from military control and also at preventing an overly ambitious DCI from becoming another military "man on horseback." The sentiment and the provisions meant that Congress wanted CIA headed by a civilian serving on a long-term basis and exercising his functions in an essentially civilian status, free from undue military influence as well as departmental control. Such thinking was foreign to the JCS plan, which contemplated an admiral or a general serving a tour of duty as an "independent" DCI and then returning to ships or troops. Such thinking was additionally a break with the actual practice that had quickly taken root in CIG.

In spelling out the functions of the agency, Congress had basically rewritten the provisions of the President's letter of January 1946, and of the JCS plan. It had thereby accepted the basic conception of Donovan and the JIS civilians that an independent central agency should be entrusted with a variety of functions. In particular, Congress accepted the agency as a coordinating, producing, and operating agency. It also knew it was authorizing foreign espionage and counterespionage, and it certainly provided considerable freedom of action in additionally authorizing "such other functions and duties related to intelligence affecting the national security" as the NSC might direct. At the same time, Congress was aware of the pioneer character of the legislation and fearful of spawning a gestapo, and it labored mightily—more mightily than the situation warranted—to spell out restrictions on CIA's domestic activities and thereby to circumscribe its independence.

CIG had not obtained all it wanted. The DCI was not made a nonvoting member of the National Security Council. The new agency was not given those important legal and technical authorizations whose absence had hobbled the CIG administrations of Souers, Vandenberg, and Hillenkoetter. Instead it had to wait two more years before the situation was remedied by the passage of the "Central Intelligence Agency Act of 1949," or Public Law 110 (Appendix Z). The new agency had to wait until 1953 before it was given statutory authority for the additional post of Deputy Director of Central Intelligence (DDCI). A stipulation forbidding the simultaneous holding of both posts by commissioned officers of the armed services opened the way to a civilian-military compromise whereby the agency has been headed generally by a long-term civilian DCI and a short-term military DDCI and less often by a military chief and a civilian deputy.<sup>102</sup> CIG, despite some disappointments, was satisfied with the law.

That law was a return, organically and lineally, to the JCS plan; to the JCS plan as it had evolved in response to the Donovan plan; to the JCS plan undiluted by Budget Bureau and State Department hostility to a new agency; to the JCS plan strengthened, however, by the Lovett board's advocacy of an independent budget; to the JCS plan broadened and liberalized—from the CIA point of view—by the establishment of the Navy's (Eberstadt's) presidentially-headed NSC; to the JCS plan shorn of the IAB.

Substantively and ultimately, however, that 1947 law was a return to the Donovan plan itself; to the Donovan plan with its fundamental assertion of the high status of peacetime intelligence; to the Donovan plan with its provocative proposal for a new, strong, central agency; to the Donovan plan with its ideas of an agency headed by a civilian, serving the President, and performing diverse functions. Yes, to the Donovan plan with its restrictions on CIA's domestic activities.

In 1944 that Donovan plan had been rejected by the JIS civilians, who were simultaneously provoked into translating their own conclusions regarding a new central intelligence agency into a plan for such an agency. Their plan was the "missing link" between OSS and CIA, which was referred to in the first Preface of this work. That plan, drafted by their OSS member, closely approximating the Donovan plan, and weathering stiff military blasts, ultimately triumphed as JCS 1181/5. But when that JCS plan later emerged from almost two years of modifications, testing, and rewriting, it resembled the Donovan proposal as much as the JIS counterproposal, which it had sparked. Where the two were brought together was in the NSC where the DCI found a channel to the President, as Donovan wanted, and where the departmental secretaries had some authority vis-a-vis the DCI—as the JIS civilians wanted. Thus were the twin principles of independence and control reconciled.

Clearly, many forces and persons had played a role in the shaping of the CIA section of the 1947 act. First, too little attention has been paid to the impact in the prewar years of Nazism on traditional American attitudes toward intelligence, espionage, and special operations. It must be stressed, therefore, that six months before Pearl Harbor President Roosevelt established an American organization for the conduct of just such activities. Second, the Hoover commission was very close to the truth in 1955 when it concluded that the CIA might "well attribute its existence to the attack on Pearl Harbor." The memory of that surprise attack, which resulted in the greatest naval disaster in the country's history, also constituted a general American resolve to take whatever steps were necessary to prevent a recurrence. Third, in the early Cold War years the combination of atomic warfare and Soviet hostility generated fears that intensified concern for national security. In short, fifteen years of living in a troubled international world convinced Americans of the need for early, full, and accurate knowledge of the capabilities, vulnerabilities, and intentions of the great and small powers of the world. In 1947 no one doubted the need for intelligence. The American people were certainly ready for CIA.

As noted at the outset of this work, President Truman had no small idea of his responsibility for the establishment of CIA. He, indeed, had made the choice of the JCS over the State or McCormack plan, but that was an easy choice; otherwise Truman contributed little, if anything, to the theory and structure of CIA. True, he had established the NIA and the CIG and had provided the executive push that passage of the 1947 act required, but in the circumstances he did no more, and probably did less, than Roosevelt would have done. While Roosevelt might not have accepted the Donovan plan, he might very well have accepted the JCS plan and immediately implemented it by executive order and/or

## XVI/*the establishment of cia*

provided for its submission to Congress. It seems unlikely that FDR would have wasted much time on the “cooperative interdepartmental activity” established by Truman in January 1946. Truman deserves some credit but not as much as he has given himself.

Congress certainly thought in 1947 that it had contributed significantly to the soundness of the act when it insisted upon spelling out both the functions of and the restrictions on the agency. In both cases, however, it had done nothing more than what CIG was most anxious to do and everybody else quite prepared to do. It had become much exercised by the gestapo fright months, even years, after everybody else had disposed of the issue. No one objected to spelling out the agency’s functions. That Congress had its way in both cases was a demonstration of congressional prerogative, not a manifestation of superior congressional wisdom, prescience, or integrity. If anything, after all that had gone before, Congress might be faulted for not doing any original thinking on either functions or prohibitions. Where Congress did make a contribution, however, was in its strong assertion of the essentially civilian character of the new agency.

While Ludwell L. Montague has admitted that there would have been no CIA without Donovan’s “initiative,” he has also asserted that the agency is based not on the Donovan plan but on “the much more sophisticated doctrine of the Army G-2 Policy Staff” and on the agreement reached in the JIS and in the JIC when the latter endorsed JIC 239/5, the forerunner of JCS 1181/5.<sup>103</sup> As asserted earlier, however, Montague slighted the JIS civilians, overlooked their borrowing from Donovan, and trippingly passed over the painful process whereby the military finally accepted JIC 239/5—a decent response to Donovan. It was Donovan’s “initiative” that produced the CIA, but it was also Donovan’s thinking, largely shared in by the JIS civilians, which finally compelled the military to think thoughts they never dared think before. Without Donovan’s plan, it is fairly questionable whether the military would have progressed beyond their original proposal, written by Montague himself, for separate interservice coordinating, operating, and producing agencies. Good or bad, that was not CIA or the beginning of CIA.

While the name “Central Intelligence Agency” was not of Donovan’s devising, those three words concisely and accurately summarize Donovan’s contribution to the theory and structure of CIA. More than any other person, it was Donovan who singled out “the stuff” of “intelligence” as an essentially new field of human knowledge and activity. He perceived it as an “essential of statecraft,” as a correlate of war and diplomacy, as a permanent, peacetime requirement of government. He sought to give it status in the modern world. Secondly, it was Donovan who recognized that the appropriate status for intelligence was independence and that such independence required the establishment of an “agency” free of any other department of government. Such an agency, he held, had to possess, under the Constitution, internal unity and strength. Thirdly, it was Donovan, who recognized from the beginning—in April 1941—that the agency’s position in the American government was “central” to the government’s older and necessary departmental intelligence agencies. He sought to serve not just a departmental but also a national need. He conceived a “Central Intelligence Agency” as giving an intelligible shape and new purpose to the activities of relatively unconnected departments of government.

Donovan probably did not know of John Gade, who had been taken with “the Wheel of British intelligence,” with its “central hub,” and the “spokes” that radiated from the center. Had Donovan known of that image, he undoubtedly would have seized upon it as an apt expression of his own conception for the structuring of American intelligence. That structuring was a CIA at the center of what today is called “the intelligence community.” It was an American wheel of intelligence.

## Chapter XVII

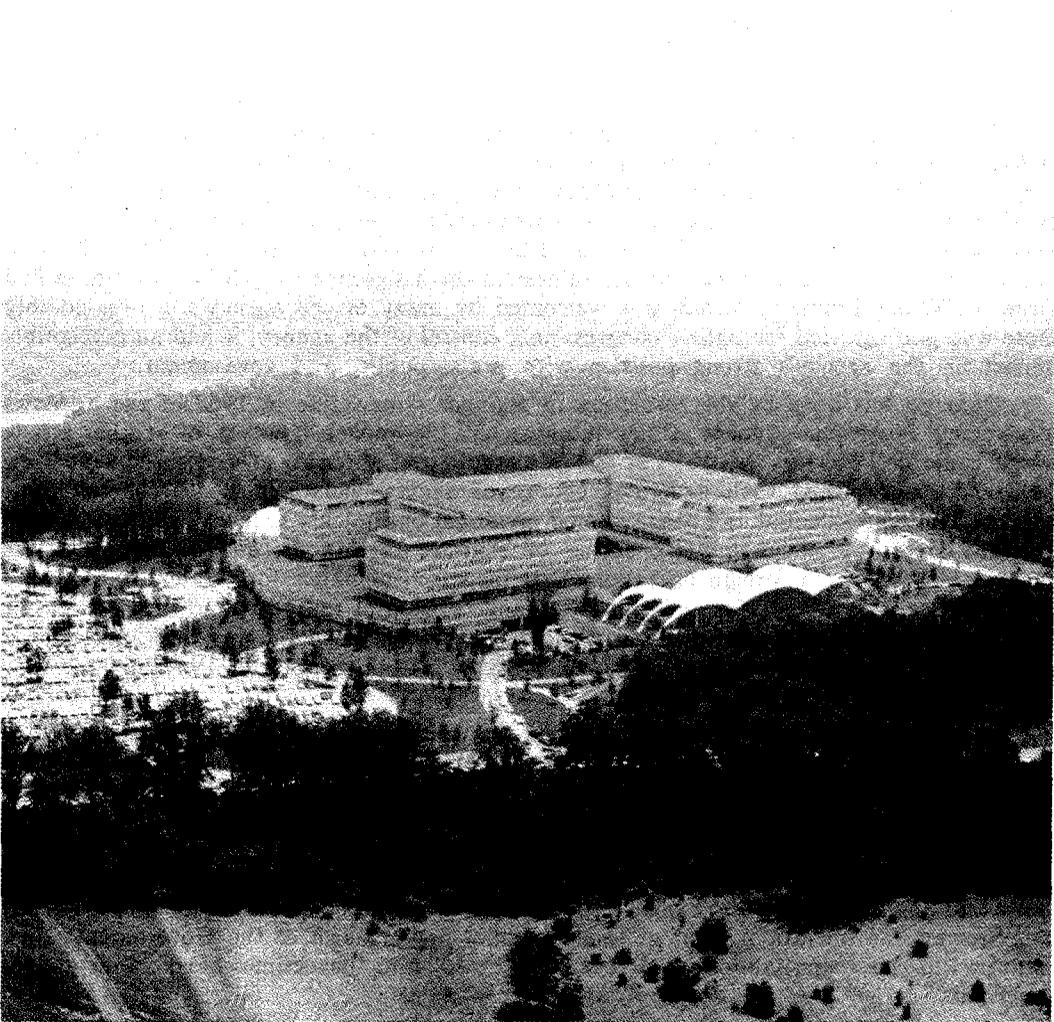
### EPILOGUE: YEARS LATER

Despite some questioning and criticism of particular activities, the new CIA generally enjoyed in its early years a good press, a good public, and the confidence of presidents and congresses. Perhaps the first significant break in what the agency might call these “good old days” came in 1963—in the wake of unfavorable publicity generated by the U-2 and Bay of Pigs operations. CIA was publicly castigated by—of all people—former President Truman for, as we shall see, fundamental unfaithfulness to the assignment which he claimed he had given it.<sup>1</sup> While Truman’s attack was welcomed by many of the agency’s critics, notably those who had agitated for tighter congressional control of the agency, it had no perceptible impact on the agency’s strong position with press, public, and government.

Damage was done by the revelation in *Ramparts* magazine in 1967 of the agency’s involvement in national student affairs. Nothing had the impact, however, of another attack which came in 1974—in the wake of the Watergate and Vietnam affairs—when the *New York Times* published such a serious charge of agency violations of its charter<sup>2</sup> that unprecedented presidential and congressional investigations quickly followed. There was such a steady stream of press and TV stories of charges, revelations, and suspicions of the agency’s domestic and foreign operations that increased demands for tighter control were supplemented by demands for new legislation and revision of the Act of 1947 and even for the very abolition of the agency. This publicity, beyond the scope of this work, provoked a widespread fundamental reconsideration of both the CIA legislation of 1947 and the very purpose and functions of the agency.

President Truman, in his attack, asserted that the agency, “this quiet intelligence arm of the President,” had been so diverted from the “original assignment” he had given it that it had become “a symbol of sinister and mysterious foreign intrigue.” That assignment had been the collection of intelligence reports from all sources and their conveyance to the President in their “‘natural raw’ state and in as comprehensive a volume” as he could handle and free of “departmental ‘treatment’ or interpretations” so that he could do his “own thinking and evaluating.” Instead of sticking to its mission, said Truman, the agency had become “an operational and at times a policy-making arm of the Government” and, contrary to his expectations, had been “injected into peacetime cloak and dagger operations.”<sup>3</sup>

That Truman wanted CIA as the President’s intelligence arm is undeniable. That he wanted the unslanted raw data so he could be his own analyst is not an unreasonable reconstruction of *his* conception of the purpose of CIA. That he “never had any thought,” when he established CIA, that it “would be injected into peacetime cloak and dagger operations” depends upon the meaning of “cloak and dagger operations.” The term certainly is applicable, but not restricted, to espionage and counterespionage; and if Truman did not know CIA would be involved in such operations, then he was perhaps the only otherwise informed person in Washington who was so culpably ignorant of the agency’s purpose. The term also covers, of course, covert action or subversive operations, and it is probably these Truman had in mind; and here he is on more solid ground, but an examination of that ground is better considered later in conjunction with the post-Watergate/Vietnam interest in covert action.



CIA's Headquarters in Langley, Virginia, looking east-northeast with the Potomac River, Maryland, and the District of Columbia in the background.

Central Intelligence Agency

What must be clearly stressed now is that Truman's reconstruction of the agency's "original assignment" is one of those "*ex parte* presentations" that he and Harold Smith abhorred. While he signed the bill into law, he was not the sole expositor of the law's objectives. Numerous other persons, including congressmen, had at least from 1944 on so worked upon, argued about, worded, and interpreted the CIA provisions that were signed into law that it had a departmental and legislative richness about which the President was basically but understandably ill-informed. If he did not know the agency was given coordinating, evaluating, and operating functions, that was his, not the law's failure. For him, defining the "original assignment" of CIA as the presentation to the President of raw intelligence for his analysis was defining most inadequately, if not erroneously.

The post-Watergate/Vietnam attack on the agency centered initially on alleged, and to some extent admitted and confirmed, violations of the statutory ban on domestic intelligence activities. Some of these violations, though often understandable and even defensible in the context of their occurrence, and though not uncommon when viewed in the perspective of American institutional history, were nevertheless intolerable lapses from the standards of the nation's accepted political morality. Such was testing drugs on unwitting subjects. They were also, however, more the lapses of men in their existential situations than the fault of the law.

Other violations had more complex roots. These lay not in the fundamental distinction between domestic and foreign, which is—in grand outline—perfectly intelligible to all, but in the inherent complexity of secret intelligence operations, which do not readily lend themselves to absolute compartmentation in such simple categories. Between domestic and foreign is a "twilight zone," the like of which bothered FDR, the FBI, G-2 and ONI in 1941, and which is by no means unknown in American life where jurisdictional uncertainties and disputes abound, even in the presence of agreement on basic principles.

While there has been much controversy over the facts of CIA's few domestic activities, there has been no controversy over the fundamental principle of the exclusion of the agency from the conduct of such operations. That principle was first laid down by Donovan when he sketched for Frank Knox the basic principles underlying the construction of an American intelligence system. The principle was subsequently and consistently affirmed by those who otherwise debated the intelligence issue with Donovan. Those who drafted, approved, and signed the National Security Act 1947 were confident they had adequately translated the principle into legal language. They certainly had taken great pains to do so.

Much more complex still is the issue of covert operations, which so exercised Harry Truman. It is quite likely true that on July 26, 1947, when he signed the act, he had no thought of the new agency conducting subversive operations against foreign governments. As far as evidence goes, no one did. The subject had been raised in Donovan's 1944 plan, which specifically listed "subversive operations abroad" as one of the functions of the proposed agency. General Magruder, noting that such operations and intelligence were commonly accepted "as ancillary to each other," interpreted the provision as providing for the *peacetime* "study of such operations," so that "when war again threatens" they "may be quickly developed and enemy activities of the same nature circumvented." When the JIS civilians examined the Donovan plan, they rejected the proposal with the simple observation that such activities did "not appear to be an appropriate function of a central intelligence service."<sup>4</sup> They did not specify for whom it was "an appropriate function."



Maj. Gen. William J. Donovan, Coordinator of Information, July 11, 1941 to June 13, 1942; Director of Strategic Services, June 13, 1942 to Oct. 1, 1945; and the "father" of the Central Intelligence Agency.

Central Intelligence Agency

The issue was never raised in the controversy over the Donovan plan, the development of JIC 1181/5, or the establishment of the NIA and CIG. Nor was it raised in the months of consideration given the 1947 act, and what the congressmen might have thought about it, had it been raised, must remain an open question.<sup>5</sup> Yet, in all this history another Donovan proposal—that the new agency should perform “such other functions and duties relating to intelligence as the President from time to time may direct”—was always accepted by all concerned with never a single question as to what it meant. The language of the provision clearly left considerable room for contingency and necessity, and the new CIA—with an OSS tradition behind it, with OSS personnel in its ranks, and engaged in the Cold War—proved an apt instrument for the conduct of covert operations when the situation invited them. It did so shortly, in the Italian elections, for instance, in the presidency of Harry Truman, who readily approved them,<sup>6</sup> but, of course, never publicized them.

When in 1963 Truman raised the issue of covert action, he did so in general terms, and nothing really happened. In the post-Watergate/Vietnam era, however, the issue was raised not only in general fashion but also with specific and often sensational reference to individual persons, countries, and foreign situations with the result that it became a subject of significant congressional and public inquiry. Questions, far transcending the scope of these pages, centered on the desirability, necessity, feasibility, institutionalization, morality, legality, and admissibility of political actions which had hitherto been universally practiced but hushed up, according to “the rules of the game.” As in the story of the little boy and the emperor’s clothes, the truth was finally admitted and the question brought into the open. It has been left for a new generation of citizens and officials—intelligence officers, diplomatists, military men, lawmakers, ethicists, and political theorists among others—to rationalize the fact.

Finally, the issue of covert action has raised a question about the fundamental character of CIA which takes us back to the early pages of this volume when Donovan incorporated in the Coordinator of Information a multitude of tasks which he sought to weld into “a fist.” It was said of him that “he picked up any job left lying around.” The tradition was continued in CIA and was expected of the agency by others. Over the years the agency’s many tasks have fluctuated in number in the light of demands and experiences. At the same time there has often been argument about the number and variety of tasks the agency could best handle. The Donovan conception of a multi-faceted organization was implemented by him in 1941, confirmed by the legislation of 1947, and additionally confirmed by decades of experience. How that idea survives the present examination of CIA is for the future historian to record.

# APPENDICES

## APPENDIX A

[Letter from Donovan to Knox, April 26, 1941]  
[The following is an excerpt.]

April 26, 1941

Dear Frank:

Following your suggestion I am telling you briefly of the instrumentality through which the British Government gathers its information in foreign countries.

I think it should be read with these considerations in mind. Intelligence operations should not be controlled by party exigencies. It is one of the most vital means of national defense. As such it should be headed by someone appointed by the President directly responsible to him and to no one else. It should have a fund solely for the purpose of foreign investigation and the expenditures under this fund should be secret and made solely at the discretion of the President.

It should not take over the home duties now performed by the F.B.I., nor the intelligence organizations of the Army and the Navy.

Its functions would be:

- (1) to have sole charge of intelligence work abroad,
- (2) to coordinate the activities of military and naval attachés and others in the collection of information abroad,
- (3) to classify and interpret all information from whatever source obtained to be available for the President and for such of the services as he would designate.

So operating, proper directions could be given to the gathering of information, the various departmental intelligence organizations could operate freely, and proper coordination of these efforts would be ensured.

As to the organization itself, it seems to me that the appointee of the President would wish to set up an Advisory Committee consisting at least of Assistant Secretaries of State, Treasury, War, Navy and Justice and perhaps a junior permanent committee to make certain of the full cooperation of all departments.

I have referred only to intelligence work, more narrowly construed. But I believe you should keep this fact in mind. Modern war operates on more fronts than battle fronts. Each combatant seeks to dominate the whole field of communications. No defense system is effective unless it recognizes and deals with this fact. I mean these things especially: the interception and inspection (commonly and erroneously called censorship) of mail and cables; the interception of radio communication; the use of propaganda to penetrate behind enemy lines; the direction of active subversive operations in enemy countries.

On all of these various factors I have obtained first hand information which I think better not to set down here. I refer to it now only because I feel that all of these activities should be considered in relation to the necessity of setting up a Coordinator.

*appendices*

Let me now come back to British Secret Service. It is set up and operates as follows:

The chief organization for the collection and reporting of information is S.I.S. (frequently but wrongly referred to as the Intelligence Service). This had its organization under Henry VII. It has no legal standing, being dependent on a yearly vote in the House of Commons of funds "for secret service purposes," which is appropriated for the Foreign Office. . . .

If you wish me to talk with you more in detail let me know.

Sincerely,

Honorable Frank Knox  
Secretary of the Navy,  
Washington, D.C.

**APPENDIX B****MEMORANDUM OF ESTABLISHMENT OF SERVICE OF  
STRATEGIC INFORMATION**

Strategy, without information upon which it can rely, is helpless. Likewise, information is useless unless it is intelligently directed to the strategic purpose. Modern warfare depends upon the economic base—on the supply of raw materials, on the capacity and performance of the industrial plant, on the scope of agricultural production and upon the character and efficacy of communications. Strategic reserves will determine the strength of the attack and the resistance of the defense. Steel and gasoline constitute these reserves as much as do men and powder. The width and depth of terrain occupied by the present day army exacts an equally wide and deep network of operative lines. The “depth of strategy” depends on the “depth of armament.”

The commitment of all resources of a nation, moral as well as material, constitutes what is called total war. To anticipate enemy intention as to the mobilization and employment of these forces is a difficult task. General von Vernhardi says, “We must try, by correctly foreseeing what is coming, to anticipate developments and thereby to gain an advantage which our opponents cannot overcome on the field of battle. That is what the future expects us to do.”

Although we are facing imminent peril, we are lacking in effective service for analyzing, comprehending, and appraising such information as we might obtain (or in some cases have obtained), relative to the intention of potential enemies and the limit of the economic and military resources of those enemies. Our mechanism of collecting information is inadequate. It is true we have intelligence units in the Army and Navy. We can assume that through these units our fighting services can obtain technical information in time of peace, have available immediate operational information in time of war, and on certain occasions obtain “spot” news as to enemy movements. But these services cannot, out of the very nature of things, obtain that accurate, comprehensive, long-range information without which no strategic board can plan for the future. And we have arrived at the moment when there must be plans laid down for the spring of 1942.

We have, scattered throughout the various departments of our government, documents and memoranda concerning military and naval and air and economic potentials of the Axis which, if gathered together and studied in detail by carefully selected trained minds, with a knowledge both of the related languages and technique, would yield valuable and often decisive results.

Critical analysis of this information is as presently important for our supply program as if we were actually engaged in armed conflict. It is unimaginable that Germany would engage in a \$7 billion supply program without first studying in detail the productive capacity of her actual and potential enemies. It is because she does exactly this that she displays such a mastery in the secrecy, timing, and effectiveness of her attacks.

Even if we participate to no greater extent than we do now, it is essential that we set up a central enemy intelligence organization which would itself collect either directly or through existing departments of government, at home and abroad, pertinent information concerning potential enemies, the character and strength of their troops and their people and their relations with their neighbors or allies.

## *appendices*

For example, in the economic field there are many weapons that can be used against the enemy. But in our government these weapons are distributed through several different departments. How and when to use them is of vital interest not only to the Commander-in-Chief but to each of the departments concerned. All departments should have the same information upon which economic warfare could be determined.

To analyze and interpret such information by applying to it not only the experience of Army and Naval [*sic*] officers, but also of specialized trained research officials in the relative [related?] scientific fields (including technological, economic, financial and psychological scholars), is of determining influence in modern warfare.

Such analysis and interpretation must be done with immediacy and speedily transmitted to the intelligence services of those departments which, in some cases, would have been supplying the essential raw materials of information.

But there is another element in modern warfare, and that is the psychological attack against the moral and spiritual defenses of a nation. In this attack the most powerful weapon is radio. The use of radio as a weapon, though effectively employed by Germany, is still to be perfected. But this perfection can be realized only by planning, and planning is dependent upon accurate information. From this information action could be carried out by appropriate agencies.

The mechanism of this service to the various departments should be under the direction of a Coordinator of Strategic Information who would be responsible directly to the President. This Coordinator could be assisted by an advisory panel consisting of the Director of FBI, the Directors of the Army and Navy Intelligence Service[s], with corresponding officials from other governmental departments principally concerned.

The attached chart shows the allocation of and the interrelation between the general duties to be discharged under the appropriate directors. Much of the personnel would be drawn from the Army and Navy and other departments of the government, and it will be seen from this chart that the proposed centralized unit will neither displace nor encroach upon the FBI, Army and Navy Intelligence, or any other department of the government.

The basic purpose of this Service of Strategic Information is to constitute a means by which the President, as Commander-in-Chief, and his Strategic Board would have available accurate and complete enemy intelligence reports upon which military operational decisions could be based.

William J. Donovan

Washington, D.C.  
June 10, 1941

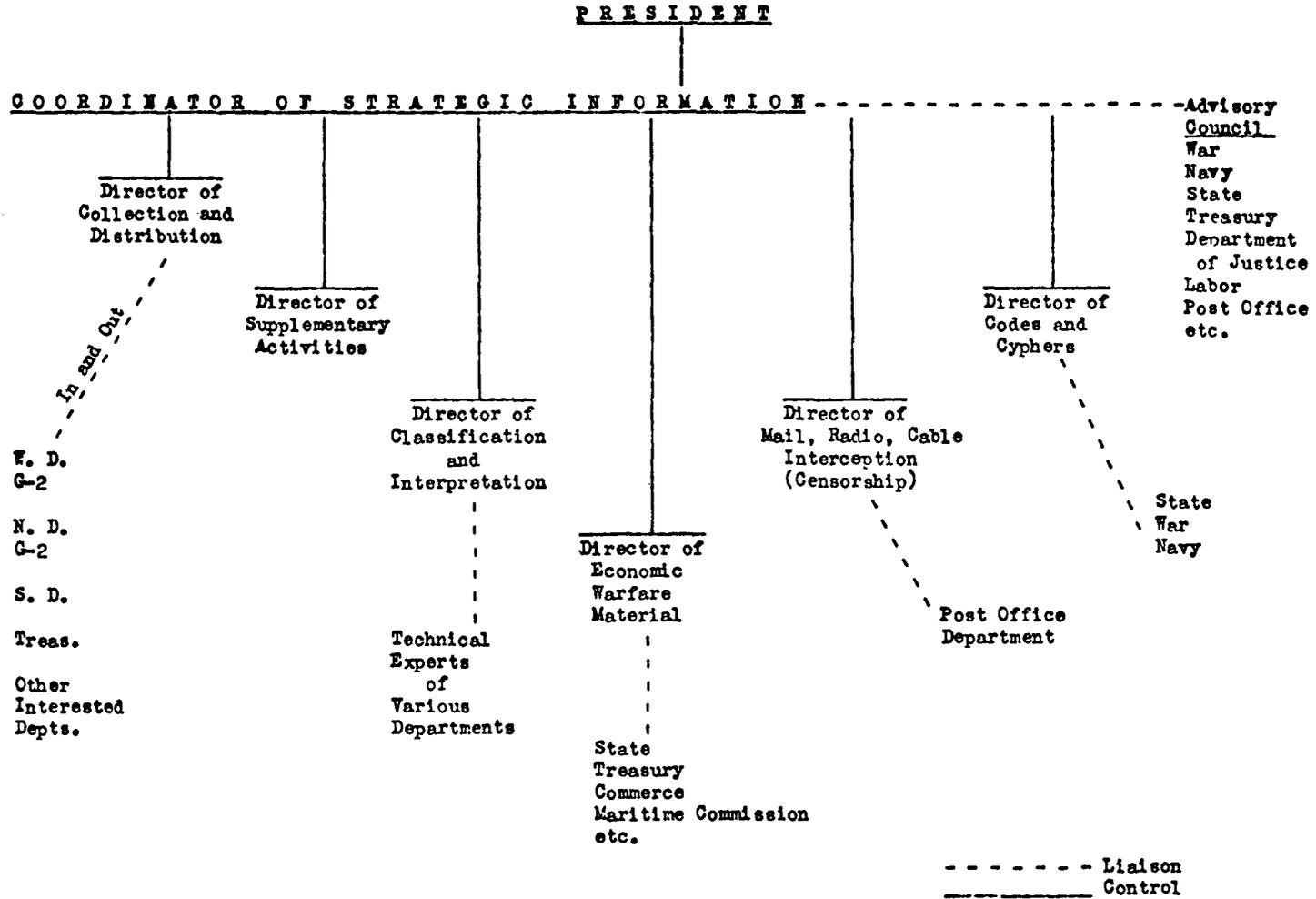


Figure 1. Sketch of COI as approved by President Roosevelt, June 18, 1941.

*appendices*

[The chart on the reverse side is the same as Fig. 1. It is reprinted here because it originally appeared as an attachment to Donovan's "Memorandum of Establishment of Service of Strategic Information," which is Appendix B.]

**APPENDIX C**

**DESIGNATING A COORDINATOR OF INFORMATION**

By virtue of the authority vested in me as President of the United States and as Commander in Chief of the Army and Navy of the United States, it is ordered as follows:

1. There is hereby established the position of Coordinator of Information, with authority to collect and analyze all information and data, which may bear upon national security; to correlate such information and data, and to make such information and data available to the President and to such departments and officials of the Government as the President may determine; and to carry out, when requested by the President, such supplementary activities as may facilitate the securing of information important for national security not now available to the Government.

2. The several departments and agencies of the government shall make available to the Coordinator of Information all and any such information and data relating to national security as the Coordinator, with the approval of the President, may from time to time request.

3. The Coordinator of Information may appoint such committees, consisting of appropriate representatives of the various departments and agencies of the Government, as he may deem necessary to assist him in the performance of his functions.

4. Nothing in the duties and responsibilities of the Coordinator of Information shall in any way interfere with or impair the duties and responsibilities of the regular military and naval advisers of the President as Commander in Chief of the Army and Navy.

5. Within the limits of such funds as may be allocated to the Coordinator of Information by the President, the Coordinator may employ necessary personnel and make provision for the necessary supplies, facilities, and services.

6. William J. Donovan is hereby designated as Coordinator of Information.

(Signed) Franklin D. Roosevelt

THE WHITE HOUSE  
July 11, 1941

**EXECUTIVE ORDER 9182**

**CONSOLIDATING CERTAIN WAR INFORMATION FUNCTIONS  
INTO AN OFFICE OF WAR INFORMATION**

In recognition of the right of the American people and of all other peoples opposing the Axis aggressors to be truthfully informed about the common war effort, and by virtue of the authority vested in me by the Constitution, by the First War Powers Act, 1941, and as President of the United States and Commander in Chief of the Army and Navy, it is hereby ordered as follows:

1. The following agencies, powers, and duties are transferred and consolidated into an Office of War Information which is hereby established within the Office for Emergency Management in the Executive Office of the President:

a. The Office of Facts and Figures and its powers and duties.

b. The Office of Government Reports and its powers and duties.

c. The powers and duties of the Coordinator of Information relating to the gathering of public information and its dissemination abroad, including, but not limited to, all powers and duties now assigned to the Foreign Information Service, Outpost, Publications, and Pictorial Branches of the Coordinator of Information.

d. The powers and duties of the Division of Information of the Office for Emergency Management relating to the dissemination of general public information on the war effort, except as provided in paragraph 10.

2. At the head of the Office of War Information shall be a Director appointed by the President. The Director shall discharge and perform his functions and duties under the direction and supervision of the President. The Director may exercise his powers, authorities, and duties through such officials or agencies and in such manner as he may determine.

3. There is established within the Office of War Information a Committee on War Information Policy consisting of the Director as Chairman, representatives of the Secretary of State, the Secretary of War, the Secretary of the Navy, the Joint Psychological Warfare Committee, and of the Coordinator of Inter-American Affairs, and such other members as the Director, with the approval of the President, may determine. The Committee on War Information Policy shall formulate basic policies and plans on war information, and shall advise with respect to the development of coordinated war information programs.

4. Consistent with the war information policies of the President and with the foreign policy of the United States, and after consultation with the Committee on War Information Policy, the Director shall perform the following functions and duties:

a. Formulate and carry out, through the use of press, radio, motion picture, and other facilities, information programs designed to facilitate the development of an informed and intelligent understanding, at home and abroad, of the status and progress of the war effort and of the war policies, activities, and aims of the Government.

b. Coordinate the war informational activities of all Federal departments and agencies for the purpose of assuring an accurate and consistent flow of war information to the public and the world at large.

c. Obtain, study, and analyze information concerning the war effort and advise the agencies concerned with the dissemination of such information as to the most appropriate and effective means of keeping the public adequately and accurately informed.

d. Review, clear, and approve all proposed radio and motion picture programs sponsored by Federal departments and agencies; and serve as the central point of clearance and contact for the radio broadcasting and motion picture industries, respectively, in their relationships with Federal departments and agencies concerning such Government programs.

e. Maintain liaison with the information agencies of the United Nations for the purpose of relating the Government's information programs and facilities to those of such nations.

f. Perform such other functions and duties relating to war information as the President may from time to time determine.

5. The Director is authorized to issue such directives concerning war information as he may deem necessary or appropriate to carry out the purpose of this Order, and such directives shall be binding upon the several Federal departments and agencies. He may establish by regulation the types and classes of informational programs and releases which shall require clearance and approval by his office prior to dissemination. The Director may require the curtailment or elimination of any Federal information service, program, or release which he deems to be wasteful or not directly related to the prosecution of the war effort.

6. The authority, functions, and duties of the Director shall not extend to the Western Hemisphere exclusive of the United States and Canada.

7. The formulation and carrying out of informational programs relating exclusively to the authorized activities of the several departments and agencies of the Government shall remain with such departments and agencies, but such informational programs shall conform to the policies formulated or approved by the Office of War Information. The several departments and agencies of the Government shall make available to the Director, upon his request, such information and data as may be necessary to the performance of his functions and duties.

8. The Director of the Office of War Information and the Director of Censorship shall collaborate in the performance of their respective functions for the purpose of facilitating the prompt and full dissemination of all available information which will not give aid to the enemy.

9. The Director of the Office of War Information and the Defense Communications Board shall collaborate in the performance of their respective functions for the purpose of facilitating the broadcast of war information to the people abroad.

10. The functions of the Division of Information of the Office for Emergency Management with respect to the provision of press and publication services relating to the specific activities of the constituent agencies of the Office for Emergency Management are transferred to those constituent agencies, respectively, and the Division of Information is accordingly abolished.

*appendices*

11. Within the limits of such funds as may be made available to the Office of War Information, the Director may employ necessary personnel and make provision for the necessary supplies, facilities, and services. He may provide for the internal management and organization of the Office of War Information in such manner as he may determine.

12. All records, contracts, and property (including office equipment) of the several agencies and all records, contracts, and property used primarily in the administration of any powers and duties transferred or consolidated by this Order, and all personnel used in the administration of such agencies, powers, and duties (including officers whose chief duties relate to such administration) are transferred to the Office of War Information, for use in the administration of the agencies, powers, and duties transferred or consolidated by this order; provided, that any personnel transferred to the Office of War Information by this Order, found by the Director of the Office of War Information to be in excess of the personnel necessary for the administration of the powers and duties transferred to the Office of War Information, shall be retransferred under existing procedure to other positions in the Government service, or separated from the service.

13. So much of the unexpended balances of appropriations, allocations, or other funds available for the use of any agency in the exercise of any power or duty transferred or consolidated by this order or for the use of the head of any agency in the exercise of any power or duty so transferred or consolidated, as the Director of the Bureau of the Budget with the approval of the President shall determine, shall be transferred to the Office of War Information, for use in connection with the exercise of powers or duties so transferred or consolidated. In determining the amount to be transferred, the Director of the Bureau of the Budget may include an amount to provide for the liquidation of obligations incurred against such appropriations, allocations, or other funds prior to the transfer or consolidation.

Franklin D. Roosevelt

THE WHITE HOUSE  
June 13, 1942.

**APPENDIX E**

**MILITARY ORDER OF JUNE 13, 1942**

**Office of Strategic Services**

By virtue of the authority vested in me as President of the United States and as Commander-in-Chief of the Army and Navy of the United States, it is ordered as follows:

1. The office of Coordinator of Information established by Order of July 11, 1941, exclusive of the foreign information activities transferred to the Office of War Information by Executive Order of June 13, 1942, shall hereafter be known as the Office of Strategic Services, and is hereby transferred to the jurisdiction of the United States Joint Chiefs of Staff.

2. The Office of Strategic Services shall perform the following duties:

a. Collect and analyze such strategic information as may be required by the United States Joint Chiefs of Staff.

b. Plan and operate such special services as may be directed by the United States Joint Chiefs of Staff.

3. At the head of the Office of Strategic Services shall be a Director of Strategic Services who shall be appointed by the President and who shall perform his duties under the direction and supervision of the United States Joint Chiefs of Staff.

4. William J. Donovan is hereby appointed as Director of Strategic Services.

5. The Order of July 11, 1941, is hereby revoked.

Franklin D. Roosevelt,  
Commander-in-Chief.

THE WHITE HOUSE  
June 13, 1942.

**JCS 67**

**June 21, 1942**

**Approved June 23, 1942**

**Office of Strategic Services**

1. Under a Military Order approved by the Commander in Chief on June 13, 1942, the Office of Strategic Services is transferred to the jurisdiction of the Joint U.S. Chiefs of Staff, and Colonel William J. Donovan is named as Director of Strategic Services.

2. The functions of the Office of Strategic Services will be:

a. To prepare such intelligence studies and such research as may be called for by the Joint U.S. Chiefs of Staff, the Military Intelligence Division of the War Department General Staff, and the Office of Naval Intelligence, operating normally through the Joint U.S. Intelligence Committee.

b. Under direction of the Joint U.S. Chiefs of Staff to prepare plans for and to execute subversive activities.

c. To operate and train an organization for the collection of information through espionage, and to furnish the Joint U.S. Chiefs of Staff, and such agencies of the War and Navy Departments as the Joint U.S. Chiefs of Staff may designate, such information as they may request.

**APPENDIX G**

**JCS 68**

**June 21, 1942**

**Approved June 23, 1942**

**REORGANIZATION OF THE JOINT PSYCHOLOGICAL  
WARFARE COMMITTEE**

1. The Joint Psychological Warfare Committee is hereby constituted to consist of:

a. The Committee, composed of the following members:

- (1) The Director of Strategic Services, Chairman; and
- (2) The Assistant Chief of Staff, G-2, W.D.G.S.
- (3) The Director, Office of Naval Intelligence
- (4) Chief of Operations Division, W.D.G.S.
- (5) Chief of Plans Division, Office of COMINCH or their representatives.

b. A working subcommittee consisting of one representative from each of the following: Military Intelligence Division, W.D.G.S., Operations Division, W.D.G.S., Office of Naval Intelligence, Plans Division of Office COMINCH, and Office of Strategic Services. The necessary personnel for the subcommittee will be furnished as required by the Psychological Warfare Branch, M.I.S., and the Office of Strategic Services.

c. An Advisory committee of representatives from:

- (1) State Department
- (2) Board of Economic Warfare
- (3) Coordinator of Inter-American Affairs
- (4) Office of War Information

and from time to time representatives of such other Government agencies as may be called upon to serve.

d. The J.P.W.C. representative of the Chief of the Plans Division, Office of COMINCH, or of the Chief of the Operations Division, W.D.G.S., shall be the representative of the J.P.W.C. to serve on the Committee on War Information Policy, pursuant to Executive Order 9182, June 13, 1942.

2. The duties of the Joint Psychological Warfare Committee shall be:

a. In conjunction with subordinate agencies of the Joint U.S. Chiefs of Staff and the State Department or other existing U.S. Government agencies, to initiate, formulate, and develop plans for psychological warfare.

*appendices*

b. Under the direction of the Joint U.S. Chiefs of Staff, to coordinate psychological warfare activities of other U.S. Governmental agencies, and to collaborate with interested nations to the end that all psychological warfare is in accord with strategy approved by the Joint U.S. Chiefs of Staff.

c. To designate the executive agencies for implementing approved psychological warfare plans.

d. To submit psychological warfare plans to the J.C.S. through the Joint Staff Planners.

3. The subcommittee of the Joint Psychological Warfare Committee shall be constituted as a working committee. Its duties shall be:

a. To prepare whatever plans are directed by the Joint Psychological Warfare Committee.

b. To maintain liaison with all other Government agencies engaged in like work.

c. To establish and maintain liaison with military representatives in the U.S. of the United Nations as are engaged in psychological warfare activities.

**APPENDIX H**

**JCS 155/4/D**

**December 23, 1942**

**Approved December 22, 1942**

**DIRECTIVE**

**FUNCTIONS OF THE OFFICE OF STRATEGIC SERVICES**

**AUTHORITY**

1. By Military Order dated June 13, 1942, the Office of Strategic Services was established as an operating agency of the Government under the direction and supervision of the Joint Chiefs of Staff.

**FUNCTIONS**

2. The Office of Strategic Services is designated as the agency of the Joint Chiefs of Staff charged in general with:

(a) The planning, development, coordination, and execution of the military program for psychological warfare. The propaganda and economic warfare phases included in any plan for psychological warfare will be limited to recommendations to the Joint Chiefs of Staff as to the results desired.

(b) The compilation of such political, psychological, sociological, and economic information as may be required for military operations.

(c) The jurisdiction of the Office of Strategic Services in relation to the above shall not extend to or include the Western Hemisphere.

**SPECIFIC DUTIES**

3. The following duties are specifically assigned to the Office of Strategic Services:

(a) In consultation with other interested Government agencies, the initiation, formulation, and development of plans for psychological warfare in furtherance of actual or planned military operations.

(b) In cooperation with other interested government agencies, the development of psychological warfare doctrine.

(c) The progressive and orderly development of operating procedure and the characteristics of special weapons and special equipment for special operations not assigned or pertinent to other Government agencies.

(d) The organization, equipment, and training of such individuals or organizations as may be required for special operations not assigned to other Government agencies.

(e) The conduct of special operations not assigned to other Government agencies or under the direct control of Theater or Area Commanders.

## ***appendices***

(f) The maintenance of liaison with all other Government agencies engaged in psychological warfare activities.

(g) The collection, evaluation, and dissemination of information required for the execution of psychological warfare.

(h) The preparation of Population and Social Conditions, Political, and Economic Sections of Strategic Surveys, together with such maps, charts, and appendices as may be required to accompany these sections. In addition, the preparation of such maps, charts, and illustrations as may be requested by the Joint Chiefs of Staff and the War and Navy Departments.

### **PROPAGANDA**

4. Propaganda operations included within the military program for psychological warfare will be planned and executed by the Office of War Information upon request from the Joint Chiefs of Staff. Such requests will indicate the results desired and ask for reports of progress from the Office of War Information.

### **ECONOMIC WARFARE**

5. Economic warfare operations included within the military program for psychological warfare will be planned and executed by the Board of Economic Warfare upon request of the Joint Chiefs of Staff. Such requests will indicate the results desired and ask for reports of progress from the Board of Economic Warfare.

### **CONTROL BY THEATER COMMANDERS**

6. Psychological warfare operations within organized theaters or areas are subject to direct control by the Commander concerned.

### **CONDUCT OF PSYCHOLOGICAL WARFARE FUNCTIONS**

7. Psychological warfare functions assigned to the Office of Strategic Services will be conducted in strict accordance with the following:

(a) The military program for psychological warfare is restricted to operations conducted in direct support of actual or planned military operations and includes the following:

- (1) Propaganda under the Office of War Information. (See paragraph 4.)
- (2) Economic warfare under the Board of Economic Warfare. (See paragraph 5.)
- (3) Special operations under the Office of Strategic Services.
  - a. Sabotage.
  - b. Espionage in enemy-occupied or controlled territory.
  - c. Organization and conduct of guerrilla warfare.
  - d. Counter-espionage in enemy-occupied or controlled territory.
  - e. Contact with underground groups in enemy-occupied or controlled territory.

f. Contact with foreign nationality groups in the United States to aid in the collection of essential information for the execution of psychological warfare operations in consultation with the State Department.

(b) Psychological warfare operations are supplementary to and must be coordinated with military operations. To insure this, a Planning Group to act as a Joint medium shall be set up in the Office of Strategic Services for supervising and coordinating the planning and execution of the military program for psychological warfare. The Office of Strategic Services Planning Group shall consist of:

(1) One member appointed by the Secretary of State, two members appointed by the Chief of Staff, U.S. Army, two members appointed by the Commander in Chief, U.S. Fleet and Chief of Naval Operations and four members, including the Chairman, appointed by the Director of the Office of Strategic Services.

(2) The members of the Office of Strategic Services Planning Group shall be available for full-time duty and shall be free from other assigned duties.

(3) An advisory committee comprising representatives from the Board of Economic Warfare, Office of War Information, Coordinator of Inter-American Affairs, Treasury Department, and from time to time representatives of such other Government agencies as may be called upon to serve, shall be set up to serve with the Planning Group either as individual members or as a committee when requested by the Chairman of the Group to consider matters affecting the respective agencies represented on the Committee. Members of the Advisory Committee will advise the Planning Committee as to how their respective agencies can be of assistance in insuring the success of psychological warfare plans.

(4) All major projects and plans for psychological warfare will be integrated with military and naval programs by the Office of Strategic Services Planning Group and, after approval by the Director of Strategic Services, submitted to the Joint Chiefs of Staff through the Joint Staff Planners for final approval.

(c) Unless otherwise specifically authorized, personnel to be provided for guerrilla warfare will be limited to organizers, fomenters, and operational nuclei of guerrilla units.

(d) Within organized theaters or areas, officers and agents of the Office of Strategic Services will be under the direct control of the commander concerned, who will be informed of all plans or projects to be carried out within the theater or area, and their current status. They will not engage in any activity which has not been approved by the commander concerned.

(e) The timing of psychological warfare measures initiated in the United States is subject to the direction of Security Control.

#### **ABOLITION OF JOINT PSYCHOLOGICAL WARFARE COMMITTEE**

8. The Joint Psychological Warfare Committee is hereby abolished.

#### **INTELLIGENCE ACTIVITIES**

9. (a) It is the mission of the United States Joint Intelligence Committee to prepare such special information and intelligence studies as may be required by the Joint Chiefs of Staff.

*appendices*

- (b) Intelligence functions of the Office of Strategic Services are restricted to those necessary for the planning and execution of the military program for psychological warfare, and for the preparation of assigned portions of intelligence digests and such other data and visual presentation as may be requested.
- (c) The intelligence collecting activities of the Office of Strategic Services are those described in paragraphs 7(a)(3).
- (d) The Military Intelligence Service, Office of Naval Intelligence, and Office of Strategic Services will provide for the complete and free interchange of information, evaluated as to creditability of source, required for the execution of their respective missions.

**REORGANIZATION**

10. The Office of Strategic Services will submit for the approval of the Joint Chiefs of Staff the necessary reorganization to carry out the provisions of this directive.

**EXECUTIVE ORDER 9312**

**DEFINING THE FOREIGN INFORMATION ACTIVITIES OF THE  
OFFICE OF WAR INFORMATION**

Under and by virtue of the authority vested in me by Title I of the First War Powers Act, 1941, approved December 18, 1941 (Public Law 354—77th Congress), and as Commander in Chief of the Army and Navy and as President of the United States, it is hereby ordered as follows:

1. The Office of War Information will plan, develop, and execute all phases of the federal program of radio, press, publication, and related foreign propaganda activities involving the dissemination of information. The program for foreign propaganda in areas of actual or projected military operations will be coordinated with military plans through the planning agencies of the War and Navy Departments, and shall be subject to the approval of the Joint Chiefs of Staff. Parts of the foreign propaganda program which are to be executed in a theater of military operations will be subject to the control of the theater commander. The authority, functions and duties of the Office of War Information shall not extend to the Western Hemisphere, exclusive of the United States and Canada.

2. The military order of June 13, 1942, establishing the Office of Strategic Services, is hereby modified to the extent necessary to make this order effective.

Franklin D. Roosevelt

THE WHITE HOUSE  
March 9, 1943

**JCS 155/7/D**

**April 4, 1943**

**DIRECTIVE**

**FUNCTIONS OF THE OFFICE OF STRATEGIC SERVICES**

**AUTHORITY**

1. By Military Order dated June 13, 1942, as amended by Executive Order March 9, 1943, the Office of Strategic Services was established as an operating agency of the Government under the direction and supervision of the Joint Chiefs of Staff.

**PSYCHOLOGICAL WARFARE DEFINITION**

2. As used in this directive, psychological warfare includes all measures, except propaganda, taken to enforce our will upon the enemy by means other than military action, as may be applied in support of actual or planned military operations.

**FUNCTIONS**

3. The Office of Strategic Services is designated as the agency of the Joint Chiefs of Staff charged in general with:

(a) The planning, development, coordination, and execution of the military program for psychological warfare. The economic warfare phases included in any plan for psychological warfare will be limited to recommendations to the Joint Chiefs of Staff as to the results desired.

(b) The compilation of such political, psychological, sociological, and economic information as may be required for military operations.

(c) The jurisdiction of the Office of Strategic Services in relation to the above shall not extend to or include the Western Hemisphere.

**SPECIFIC DUTIES**

4. The following duties are specifically assigned to the Office of Strategic Services:

(a) In consultation with the War and Navy Departments and interested United States Government agencies, the initiation, formulation, and development of plans for psychological warfare in furtherance of actual or planned military operations.

(b) In cooperation with the War and Navy Departments and interested United States Government agencies, the development of psychological warfare doctrine.

(c) The progressive and orderly development of operating procedure and the characteristics of special weapons and special equipment for special operations not assigned or pertinent to other United States Government agencies. The characteristics having been so established, will be presented to the Assistant Chief of Staff, G-4, War Department General Staff, and the Vice Chief of Naval Operations for transmittal to the appropriate supply service for development.

(d) The organization, equipment, and training of such individuals or organizations as may be required for special operations not assigned to other Government agencies.

(e) The conduct of special operations not assigned to other Government agencies or under the direct control of Theater or Area Commanders.

(f) The maintenance of liaison with all other Government agencies engaged in psychological warfare activities.

(g) The collection, evaluation, and dissemination of information required for the execution of psychological warfare.

(h) The preparation of Population and Social Conditions, Political, and Economic Sections of Strategic Surveys, together with such maps, charts, and appendices as may be required to accompany these sections. In addition, the preparation of such maps, charts, and illustrations as may be requested by the Joint Chiefs of Staff and the War and Navy Departments.

## **ECONOMIC WARFARE**

5. Economic warfare operations included within the military program for psychological warfare will be planned and executed by the Board of Economic Warfare upon request of the Joint Chiefs of Staff. Such requests will indicate the results desired and ask for reports of progress from the Board of Economic Warfare.

## **CONTROL BY THEATER COMMANDERS**

6. Psychological warfare operations within organized theaters or areas are subject to direct control by the Commander concerned. Within organized theaters or areas, officers and agents of the Office of Strategic Services will be under the direct control of the commander concerned, who will be informed of all plans or projects to be carried out within the theater or area, and their current status. They will not engage in any activity which has not been approved by the commander concerned.

## **CONDUCT OF PSYCHOLOGICAL WARFARE FUNCTIONS**

7. Psychological warfare functions assigned to the Office of Strategic Services will be conducted in strict accordance with the following:

(a) The military program for psychological warfare is restricted to operations conducted in direct support of actual or planned military operations and includes the following:

- (1) Economic warfare under the Board of Economic Warfare.
- (2) Special operations under the Office of Strategic Services.
  - a. Sabotage.
  - b. Espionage in enemy-occupied or controlled territory.
  - c. Organization and conduct of guerrilla warfare. Personnel to be provided for guerrilla warfare will be limited to organizers, fomenters, and operational nuclei of guerrilla units.
  - d. Counter-espionage in enemy-occupied or controlled territory.
  - e. Contact with underground groups in enemy-occupied territory.
  - f. Contact with foreign nationality groups in the United States to aid in the collection of essential information for the execution of psychological warfare operations in consultation with the State Department.

## ***appendices***

(3) Intelligence functions of the Office of Strategic Services are restricted to those necessary for the planning and execution of the military program for psychological warfare, and for the preparation of assigned portions of intelligence digests and such other data and visual presentation as may be requested.

(b) Psychological warfare operations are supplementary to and must be coordinated with military operations. To insure this, a Planning Group to act as a joint medium shall be set up in the Office of Strategic Services for supervising and coordinating the planning and execution of the military program for psychological warfare. The Office of Strategic Services Planning Group shall consist of:

(1) One member appointed by the Secretary of State, two members appointed by the Chief of Staff, U.S. Army, two members appointed by the Commander in Chief, U.S. Fleet and Chief of Naval operations, and four members, including the Chairman, appointed by the Director of the Office of Strategic Services.

(2) The members of the Office of Strategic Services Planning Group shall be available for full-time duty and shall be free from other assigned duties.

(3) An advisory committee comprising representatives from the Board of Economic Warfare, Office of War Information, Coordinator of Inter-American Affairs, Treasury Department, and from time to time representatives of such other Government agencies as may be called upon to serve, shall be set up to serve with the Planning Group either as individual members or as a committee when requested by the Chairman of the Group to consider matters affecting the respective agencies represented on the Committee. Members of the Advisory Committee will advise the Planning Committee as to how their respective agencies can be of assistance in insuring the success of psychological warfare plans.

(4) All major projects and plans for psychological warfare will be integrated with military and naval programs by the Office of Strategic Services Planning Group and, after approval by the Director of Strategic Services, submitted to the Joint Chiefs of Staff through the Joint Staff Planners for final approval.

## **SECURITY CONTROL**

8. The timing of psychological warfare measures initiated in the United States is subject to the direction of Security Control.

## **INTELLIGENCE ACTIVITIES**

9. (a) It is the mission of the United States Joint Intelligence Committee to prepare such special information and intelligence studies as may be required by the Joint Chiefs of Staff.

(b) The Military Intelligence Service, Office of Naval Intelligence, and Office of Strategic Services will provide for the complete and free interchange of information, evaluated as to creditability of source, required for the execution of their respective missions.

## **PROCUREMENT OF SPECIAL OPERATIONS EQUIPMENT**

10. Special operations equipment for the Office of Strategic Services will be procured in accordance with the provisions of J.C.S. 165/1, approved by the Joint Deputy Chiefs of Staff, December 26, 1942.

JCS 155/11/D

October 27, 1943

Approved October 26, 1943

**DIRECTIVE**

**FUNCTIONS OF THE OFFICE OF STRATEGIC SERVICES**

**1. AUTHORITY**

By Military Order of the Commander in Chief, dated 13 June 1942, as amended by Presidential Executive Order of 9 March 1943, the Office of Strategic Services was established as an operating agency of the Government under the direction and supervision of the Joint Chiefs of Staff.

**2. FUNCTIONS**

The Office of Strategic Services is designated as the agency of the Joint Chiefs of Staff charged with the functions and duties described hereinafter in paragraphs 3 to 10, inclusive.

**3. SECRET INTELLIGENCE**

a. The Office of Strategic Services is authorized to:

(1) Collect secret intelligence in all areas other than the Western Hemisphere by means of espionage and counter-espionage, and evaluate and disseminate such intelligence to authorized agencies. In the Western Hemisphere, bases already established by the Office of Strategic Services in Santiago, Chile, and Buenos Aires, Argentina, may be used as points of exit and entry for the purpose of facilitating operations in Europe and Asia, but not for the purpose of conducting operations in South America. The Office of Strategic Services is authorized to have its transient agents from Europe or Asia touching points in the Western Hemisphere transmit information through facilities of the Military Intelligence Service and of the Office of Naval Intelligence.

(2) Establish and maintain direct liaison with Allied secret intelligence agencies.

(3) Obtain information from underground groups by direct contact or other means.

(4) Establish and maintain direct liaison with military and naval counter-intelligence, Federal Bureau of Investigation, and other government agencies engaged in counter-intelligence.

## *appendices*

### **4. RESEARCH AND ANALYSIS**

The Office of Strategic Services will (1) furnish essential intelligence for the planning and execution of approved strategic services' \* operations; and (2) furnish such intelligence as is requested by agencies of the Joint Chiefs of Staff, the armed services and other authorized Government agencies. To accomplish the foregoing no geographical restriction is placed on the research and analysis functions of the Office of Strategic Services, and the following specific activities will be performed;

- a. Accumulation, evaluation and analysis of political, psychological, sociological, economic, topographic and military information required for the above.
- b. Preparation of such studies embracing the foregoing factors as may be required.
- c. Preparation of the assigned sections of Joint Army and Navy Intelligence Studies (JANIS), together with such maps, charts and appendices as may be required to accompany these sections.
- d. Preparation of such maps, charts and illustrations as may be requested by the agencies of the Joint Chiefs of Staff and authorized agencies of the War and Navy Departments.

### **5. SECRET OPERATIONS**

The secret operations included in this paragraph will be conducted within enemy countries and enemy occupied or controlled countries, and from bases within other areas, including neutral areas, where action or counter-action may be effective against the enemy

#### *a. Morale Subversion*

The Office of Strategic Services is responsible for the execution of all forms of morale subversion by diverse means including:

False rumors, "freedom stations," false leaflets and false documents, the organization and support of fifth column activities by grants, trained personnel and supplies and the use of agents, all for the purpose of creating confusion, division and undermining the morale of the enemy.

#### *b. Physical Subversion*

The Office of Strategic Services is responsible for the execution of approved special operations including:

- (1) Sabotage.
- (2) Organization and conduct of guerrilla warfare. Personnel to be provided for guerrilla warfare will be limited to organizers, fomenters and operational nuclei.
- (3) Direct contact with and support of underground resistance groups.
- (4) The conduct of special operations not assigned to other Government agencies and not under the direct control of the theater or area commanders.

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\* As used in this directive, the term "strategic services" includes all measures (except those pertaining to the Federal program of radio, press, publication and related foreign propaganda activities involving the dissemination of information) taken to enforce our will upon the enemy by means other than military action, as may be applied in support of actual or planned military operations or in furtherance of the war effort.

(5) The organization, equipment and training of such individuals or organizations as may be required for special operations not assigned to other Government agencies.

## **6. STRATEGIC SERVICES—PLANNING, EXECUTION, DOCTRINE AND TRAINING**

The Office of Strategic Services is charged with:

- a. The planning, development and execution of strategic services for the Joint Chiefs of Staff and the development of doctrine covering such services.
- b. The training of personnel for strategic services.

## **7. WEAPONS AND EQUIPMENT**

The Office of Strategic Services will be responsible for the progressive and orderly development of operating procedure and the characteristics of special weapons and special equipment for special operations not assigned or pertinent to other U.S. Government agencies. When approved by the Office of Scientific Research and Development, such special weapons and special equipment may be developed by the Office of Strategic Services in collaboration with the Office of Scientific Research and Development. The characteristics having been so established will be presented to the Assistant Chief of Staff, G-4, War Department General Staff and the Vice Chief of Naval Operations for transmittal to the appropriate supply agency for further development or procurement. Weapons, equipment and supplies for the Office of Strategic Services will be programmed and procured in accordance with the pertinent Joint Chiefs of Staff directives and current Army and Navy instructions based thereon.

## **8. CONTACT WITH FOREIGN NATIONALITY GROUPS**

The Office of Strategic Services is authorized, in consultation with the Department of State, to maintain contact with foreign nationality groups and individuals in the United States for the purpose of obtaining information.

## **9. COMMUNICATIONS**

The Office of Strategic Services shall be responsible for the planning, organization and operation of essential communications required for field and training activities in connection with approved projects. Existing communication facilities will be utilized wherever possible. The programming and procurement of communications equipment will be made only after approval therefore has been secured from the Assistant Chiefs of Staff, G-4, War Department General Staff, or the Vice Chief of Naval Operations, depending on which service has primary interest in the particular type of communications equipment under consideration.

## **10. LIAISON WITH OTHER AGENCIES**

The Office of Strategic Services is authorized to maintain liaison with other interested Government agencies.

## **11. COORDINATION OF STRATEGIC SERVICES PROGRAMS**

Strategic services programs are supplementary to and must be coordinated with military programs. To insure this, a planning group to act as a joint medium shall be set up

## *appendices*

in the Office of Strategic Services for supervising and coordinating the planning and execution of the strategic services programs. The Office of Strategic Services Planning Group shall consist of:

a. One member appointed by the Secretary of State, two members appointed by the Chief of Staff, U.S. Army, two members appointed by the Commander in Chief, U.S. Fleet and Chief of Naval Operations, and four members, including the Chairman, appointed by the Director of Strategic Services.

b. The members of the Office of Strategic Services Planning Group shall be available for full-time duty and shall be free from other assigned duties.

c. An Advisory Committee comprising representatives from the Office of Economic Warfare, Coordinator of Inter-American affairs, Treasury Department and from time to time representatives of such other Government agencies as may be called upon to serve, shall be set up to serve with the Planning Group, either as individual members or as a committee when requested by the Chairman of the Group, to consider matters affecting the respective agencies represented on the Committee. Members of the Advisory Committee will advise the Planning Group as to how their respective agencies can be of assistance in insuring the success of strategic services plans.

d. All major projects and plans for strategic services will include measures for political, cultural and economic pressures to be applied. In the case of economic pressures the projects and plans will indicate only the results desired from the Office of Economic Warfare.

e. All major projects and plans for strategic services will be integrated with military and naval programs by the Office of Strategic Services Planning Group and, after approval by the Director of Strategic Services, submitted to the Joint Chiefs of Staff through the Joint Staff Planners for final approval.

## **12. GENERAL PROVISIONS**

### **a. Interchange of Information**

The Military Intelligence Services, the Office of Naval Intelligence and the Intelligence Service, Office of Strategic Services, will provide for the complete and free interchange of information, evaluated as to creditability of source, required for the execution of their respective missions.

### **b. Security Control**

The timing of strategic services measures initiated in the United States is subject to the direction of Security Control.

### **c. Control by Theater Commanders**

All activities within organized theaters or areas are subject to direct control by the commander concerned who is authorized to utilize the organization and facilities of the Office of Strategic Services in his theater or area in any manner and to the maximum extent desired by him.

JIS 89

October 23, 1944

**Post-War Intelligence Policy of the United States**

[The following is an excerpt.]

**CONCLUSIONS**

11. On the basis of the discussion and definitions above, the following conclusions have been formulated as general principles which should govern U.S. intelligence operations:

a. Protection of the national security and advancement of the vital national interest require the creation of a Central Intelligence Agency.

b. The Director of the Central Intelligence Agency should be appointed by the President and should be responsible to a Board composed of the Secretaries of State, War and Navy.

c. The Central Intelligence Agency should be responsible for:

- (1) National policy intelligence.
- (2) Coordination of departmental operating intelligence.
- (3) Clandestine intelligence operations.

d. The chief functions of the Central Intelligence Agency as to national policy intelligence are:

- (1) Evaluation and synthesis of departmental intelligence on various subjects affecting problems relating to the over-all security and vital national interests of the United States.
- (2) Dissemination of national policy intelligence to the President and to appropriate departments and agencies.

e. The chief functions involved in coordination of departmental operating intelligence are:

- (1) Determination of the operating intelligence responsibilities of the various departments and agencies in the light of the requirements of national policy intelligence and of the intelligence needs of other departments and agencies.
- (2) Continuing review of such assignments in the light of changes in other countries and changes in the intelligence requirements of the United States.
- (3) Elimination of unnecessary duplication.
- (4) Special attention to scientific and technical intelligence where the assistance of private citizens, associations and corporations can, within the limits of security, be of value to intelligence operations.

*appendices*

f. The Central Intelligence Agency may, from time to time, delegate to departments or agencies responsibility for clandestine intelligence operations, but in such cases should supervise such operations closely.

g. Responsibility for departmental operating intelligence should remain in the departments and agencies.

h. However, the intelligence required for departmental operations will not be the sole criterion in determining the scope and nature of the intelligence operation of a department's intelligence functions. The requirements of national policy intelligence will also be taken into account under the principle stated in e(1) above. These requirements, as defined by the Central Intelligence Agency, will modify or extend the intelligence operations of various departments and agencies.

i. To the extent that intelligence can be made available each department or agency will be assured of, either through its own intelligence or that of other departments, receiving the intelligence it needs for its operation.

12. From these general principles of intelligence operations certain secondary principles may be adduced. Among these are:

a. Procurement of information, except by clandestine methods or in special \_\_\_\_\_, [*sic*] should be carried out by the existing departments and agencies, not by the Central Intelligence Agency.

b. Evaluation must be performed at all levels and by all intelligence agencies, including C.I.A.

c. Synthesis must be performed by all agencies, except that synthesis of intelligence affecting national policy and cutting across departmental lines shall be carried out by C.I.A. only.

d. Dissemination of intelligence outside of the originating governmental department or agency will be coordinated and supervised by the central agency with a view to ensuring that all departments, agencies, and personnel receive the intelligence required for their official duties within the limits of security. Internal dissemination within any governmental department and agency will be determined by that department or agency subject only to the security restrictions imposed (by the appropriate governmental security agency).

e. National policies and procedures in the procurement, training, and supervision of intelligence personnel will be established by the central agency. A national intelligence corps composed of personnel drawn from and serving their respective governmental departments and agencies will be organized, trained, and coordinated by the central agency. Also, the central agency may call upon the various departments and agencies to furnish appropriate specialized personnel for its operations.

**APPENDIX M**

**[Donovan's Plan]**

**November 18, 1944**

**MEMORANDUM FOR THE PRESIDENT**

Pursuant to your note of 31 October 1944 I have given consideration to the organization of an intelligence service for the post-war period.

In the early days of the war, when the demands upon intelligence services were mainly in and for military operations, the OSS was placed under the direction of the JCS.

Once our enemies are defeated the demand will be equally pressing for information that will aid us in solving the problems of peace.

This will require two things:

1. That intelligence control be returned to the supervision of the President.
2. The establishment of a central authority reporting directly to you, with responsibility to frame intelligence objectives and to collect and coordinate the intelligence material required by the Executive Branch in planning and carrying out national policy and strategy.

I attach in the form of a draft directive (Tab A) the means by which I think this could be realized without difficulty or loss of time. You will note that coordination and centralization are placed at the policy level but operational intelligence (that pertaining primarily to Department action) remains within the existing agencies concerned. The creation of a central authority thus would not conflict with or limit necessary intelligence functions within the Army, Navy, Department of State and other agencies.

In accordance with your wish, this is set up as a permanent long-range plan. But you may want to consider whether this (or part of it) should be done now, by executive or legislative action. There are common sense reasons why you may desire to lay the keel of the ship at once.

The immediate revision and coordination of our present intelligence system would effect substantial economies and aid in the more efficient and speedy termination of the war.

Information important to the national defense, being gathered now by certain Departments and agencies, is not being used to full advantage in the war. Coordination at the strategy level would prevent waste, and avoid the present confusion that leads to waste and unnecessary duplication.

Though in the midst of war, we are also in a period of transition which, before we are aware, will take us into the tumult of rehabilitation. An adequate and orderly intelligence system will contribute to informed decisions.

We have now in the Government the trained and specialized personnel needed for the task. This talent should not be dispersed.

William J. Donovan  
Director

*appendices*

**SUBSTANTIVE AUTHORITY NECESSARY IN ESTABLISHMENT OF A  
CENTRAL INTELLIGENCE SERVICE**

In order to coordinate and centralize the policies and actions of the Government relating to intelligence:

1. There is established in the Executive Office of the President a central intelligence service, to be known as the \_\_\_\_\_, at the head of which shall be a Director appointed by the President. The Director shall discharge and perform his functions and duties under the direction and supervision of the President. Subject to the approval of the President, the Director may exercise his powers, authorities and duties through such officials or agencies and in such manner as he may determine.

2. There is established in the \_\_\_\_\_ an Advisory Board consisting of the Secretary of State, the Secretary of War, the Secretary of the Navy, and such other members as the President may subsequently appoint. The Board shall advise and assist the Director with respect to the formulation of basic policies and plans of the \_\_\_\_\_.

3. Subject to the direction and control of the President, and with any necessary advice and assistance from the other Departments and agencies of the Government, the \_\_\_\_\_ shall perform the following functions and duties:

(a) Coordination of the functions of all intelligence agencies of the Government, and the establishment of such policies and objectives as will assure the integration of national intelligence efforts;

(b) Collection either directly or through existing Government Departments and agencies, of pertinent information, including military, economic, political and scientific, concerning the capabilities, intentions and activities of foreign nations, with particular reference to the effect such matters may have upon the national security, policies and interests of the United States;

(c) Final evaluation, synthesis and dissemination within the Government of the intelligence required to enable the Government to determine policies with respect to national planning and security in peace and war, and the advancement of broad national policy;

(d) Procurement, training and supervision of its intelligence personnel;

(e) Subversive operations abroad;

(f) Determination of policies for and coordination of facilities essential to the collection of information under subparagraph "(b)" hereof; and

(g) Such other functions and duties relating to intelligence as the President from time to time may direct.

4. The \_\_\_\_\_ shall have no police or law-enforcement functions, either at home or abroad.

5. Subject to Paragraph 3 hereof, existing intelligence agencies within the Government shall collect, evaluate, synthesize and disseminate departmental operating intelligence, herein defined as intelligence required by such agencies in the actual performance of their functions and duties.

6. The Director shall be authorized to call upon Departments and agencies of the Government to furnish appropriate specialists for such supervisory and functional positions within the \_\_\_\_\_ as may be required.

7. All Government Departments and agencies shall make available to the Director such intelligence materials as the Director, with the approval of the President, from time to time may request.

8. The \_\_\_\_\_ shall operate under an independent budget.

9. In time of war or unlimited national emergency, all programs of the \_\_\_\_\_ in areas of actual or projected military operations shall be coordinated with military plans and shall be subject to the approval of the Joint Chiefs of Staff. Parts of such programs which are to be executed in a theater of military operations shall be subject to the control of the Theater Commander.

10. Within the limits of such funds as may be made available to the \_\_\_\_\_, the Director may employ necessary personnel and make provision for necessary supplies, facilities and services. The Director shall be assigned, upon the approval of the President, such military and naval personnel as may be required in the performance of the functions and duties of the \_\_\_\_\_. The Director may provide for the internal organization and management of the \_\_\_\_\_ in such manner as he may determine.

JIS 96

December 9, 1944

**Proposed Establishment of a Central  
Intelligence Service**

[The following is an excerpt.]

**DIRECTIVE REGARDING THE COORDINATION OF  
INTELLIGENCE ACTIVITIES**

In order to provide for the efficient coordination of all Federal intelligence activities related to the national security:

1. The Secretaries of State, War, and the Navy, acting jointly, are charged with responsibility for the efficient coordination of all Federal intelligence activities related to the national security.

2. To assist them in this task they shall establish a *Federal Intelligence Directorate* (FID) consisting of a civilian Director appointed by the Secretary of State, two Deputy Directors, one a general officer appointed by the Secretary of War, the other a flag officer appointed by the Secretary of the Navy, and such other personnel, detailed from those departments, as may be required to assist the Secretaries in their joint functions of coordination. The Directorate shall conduct such inspections of Federal Intelligence activities as they deem necessary (desirable) and are charged with intelligence planning relating to the national security, but shall have no administrative or operating functions.

3. They shall also establish, separately from the Federal Intelligence Directorate, a *Joint Intelligence Service* [JIS], constituted as they may direct, for the performance of such intelligence *operations* of common concern as they may assign to it.

4. The Joint Intelligence Committee [JIC], under the Joint Chiefs of Staff, will continue, for the time being, to be responsible for the synthesis of departmental intelligence at the strategic level in the form of joint intelligence estimates.

**JIS 96/1**

**December 9, 1944**

**Proposed Establishment of a Central  
Intelligence Service**

[The following is an excerpt.]

**DIRECTIVE**

In order to coordinate and centralize the policies and actions of the Government relating to intelligence:

1. There is established a central intelligence service, to be known as the Central Intelligence Agency (CIA), at the head of which shall be a Director appointed by the President.

2. The Director shall be responsible to a board composed of the Secretary of State, the Secretary of War, the Secretary of the Navy, and in time of war, a representative of the Joint Chiefs of Staff. Subject to the approval of this board the Director will have the powers, authority, and duties herein granted, to be exercised through such officials or agencies and in such manner as he may determine.

3. Subject to the direction and control of this board, and with any necessary advice from other Departments and agencies of the Government, the Central Intelligence Agency shall perform the following functions and duties:

a. Coordination of the functions of all intelligence agencies of the Government, and the establishment of such policies and objectives as will assure the integration of national intelligence efforts;

b. Collection directly of clandestine intelligence or intelligence required in special circumstances;

c. Collection from existing Government Departments and agencies, of pertinent information, including military, economic, political, and scientific concerning the capabilities, intentions, and activities of foreign nations, with particular reference to the effect such matters have upon the national security and interests of the United States;

d. Final evaluation, final synthesis, and dissemination within the Government of the intelligence required to enable the Government to determine policies with respect to national security in peace and war, and the advancement of the national security;

e. Procurement, training, and supervision of its own intelligence personnel, with the cooperation of the Departments of State, War, and Navy;

f. Determination of policies for and coordination of facilities essential to the collection of information under subparagraphs a through and including e hereof; and

g. Such other functions and duties relating to intelligence as the President, or the Board may from time to time direct.

*appendices*

4. The Central Intelligence Agency shall have no police or law-enforcement functions, either at home or abroad.

5. Subject to paragraph 3 hereof, existing intelligence agencies within the Government shall collect, evaluate, synthesize, and disseminate departmental operating intelligence, herein defined as intelligence required by such agencies in the performance of their duties and functions.

6. The Director shall be authorized to call upon Departments and agencies of the government to furnish appropriate specialists for such supervisory and functional positions within the Central Intelligence Agency as may be required.

7. All Government Departments and agencies shall make available to the Director such intelligence material as the Director from time to time may request for the performance of his functions.

8. The Central Intelligence Agency shall operate under an independent budget.

9. In time of war or unlimited national emergency, all programs of the Central Intelligence Agency in areas of actual or projected military operations shall be coordinated with military plans and shall be subject to the approval of the Joint Chiefs of Staff. Parts of such programs which are to be executed in a theater of military operations shall in addition be subject to the control of the theater commander.

10. Within the limits of such funds as may be made available to the Central Intelligence Agency, the Director may employ necessary personnel and make provision for necessary supplies, facilities, and services. The Director shall be assigned, upon the approval of the board, such military and naval personnel as may be required in the performance of the functions and duties of the Central Intelligence Agency. The Director may provide for the internal organization and management of the Central Intelligence Agency in such manner as he may determine.

**APPENDIX P**

**JIC 239/5**

**January 1, 1945**

**PROPOSED ESTABLISHMENT OF A CENTRAL INTELLIGENCE SERVICE**

**Report by the Joint Intelligence Committee**

**THE PROBLEM**

1. To prepare recommendations regarding J.C.S. 1181 for submission through the Joint Strategic Survey Committee to the Joint Chiefs of Staff.

**DISCUSSION**

2. In the enclosure to J.C.S. 1181 the Director of Strategic Services recommends to the President the early establishment, in the Executive Office of the President, of a central intelligence service. This proposal had been referred to the Joint Chiefs of Staff for recommendation to the President.

3. The considerations supporting our conclusions and recommendations are summarized in the draft letter to the President attached as Appendix.

**CONCLUSIONS**

4. The Joint Chiefs of Staff should not recommend the adoption of the specific proposals contained in the Appendix to J.C.S. 1181.

5. Their response to the President should be accompanied by a constructive counterproposal.

**RECOMMENDATION**

6. We recommend that the Joint Chiefs of Staff reply to the President substantially as in the draft in the Appendix.

**Appendix**

**Draft**

**LETTER TO THE PRESIDENT**

The Memorandum of the Director of Strategic Services, dated 18 November 1944, on the establishment of a central intelligence service was referred to the Joint Chiefs of Staff for comment and recommendation. The matter has received careful study and consideration.

The Joint Chiefs of Staff recognize, as does the Director of Strategic Services, the desirability of (a) further coordination of intelligence activities related to the national security; (b) the unification of such activities of common concern as can be more efficiently conducted by a common agency; and (c) the synthesis of departmental intelligence on the strategic and national policy level. They consider that these three functions may well be more effectively carried on in a common intelligence agency, provided that suitable conditions of responsibility to the departments primarily concerned with national security are maintained. They believe, however, that the specific proposal to these ends made by the Director of Strategic Services in the Appendix to the subject Memorandum is open to objections. Notably, the language used would appear to grant to the proposed agency power to control the operations of departmental intelligence agencies without responsibility to the heads of the departments concerned, thus violating the integrity of the chain of command. Consequently, the Joint Chiefs of Staff cannot recommend the adoption of the draft directive of the Director of Strategic Services.

The Joint Chiefs of Staff append hereto (Annex) an alternative draft which, they believe, retains the merits of the Director's proposals while obviating the objections thereto. They recommend early issuance of the appended draft directive.

**Appendix**

**Draft**

**DIRECTIVE REGARDING THE COORDINATION OF  
INTELLIGENCE ACTIVITIES**

In order to provide for the development and coordination of intelligence activities related to the national security:

1. A National Intelligence Authority composed of the Secretaries of State, War, and the Navy, and a representative of the Joint Chiefs of Staff, is hereby established and charged with responsibility for such over-all intelligence planning and development, and such inspection and coordination of all Federal intelligence activities, as to assure the most effective accomplishment of the intelligence mission related to the national security.

2. To assist it in that task the National Intelligence Authority shall establish a Central Intelligence Agency headed by a Director who shall be appointed or removed by the President on the recommendation of the National Intelligence Authority. The Director shall be responsible to the National Intelligence Authority and shall sit as a non-voting member thereof.

3. The Director shall be advised by a Board consisting of the heads of the principal military and civilian intelligence agencies having functions related to the national security, as determined by the National Intelligence Authority.

4. Subject to the direction and control of the National Intelligence Authority, the Central Intelligence Agency shall:

a. Accomplish the synthesis of departmental intelligence relating to the national security and the appropriate dissemination within the Government of the resulting strategic and national policy intelligence.

b. Plan for the coordination of the activities of all intelligence agencies of the Government having functions related to the national security, and recommend to the National Intelligence Authority the establishment of such over-all policies and objectives as will assure the most effective accomplishment of the national intelligence mission.

c. Perform, for the benefit of departmental intelligence agencies, such services of common concern as the National Intelligence Authority determines can be more efficiently accomplished by a common agency, including the direct procurement of intelligence.

d. Perform such other functions and duties related to intelligence as the National Intelligence Authority may from time to time direct.

5. The Central Intelligence Agency shall have no police or law-enforcement functions.

6. Subject to coordination by the National Intelligence Authority, the existing intelligence agencies of the Government shall continue to collect, evaluate, synthesize, and disseminate departmental operating intelligence, herein defined as that intelligence required by the several departments and independent agencies for the performance of their proper

*appendices*

functions. Such departmental operating intelligence as designated by the National Intelligence Authority shall be freely available to the Central Intelligence Agency for synthesis. As approved by the National Intelligence Authority, the operations of the departmental intelligence agencies shall be open to inspection by the Central Intelligence Agency in connection with its planning function.

7. The National Intelligence Authority shall have an independent budget upon which the Central Intelligence Agency shall be dependent for budgetary support. The National Intelligence Authority budget shall also be available for other intelligence activities as the National Intelligence Authority may direct. Within the limits of the funds made available to him, the Director may employ necessary personnel and make provision for necessary supplies, facilities, and services. With the approval of the National Intelligence Authority, he may call upon departments and independent agencies to furnish such specialists as may be required for supervisory and functional positions in the Central Intelligence Agency, including the assignment of military and naval personnel.

**APPENDIX Q**

**[Donovan's OSS Liquidation Plans  
and Statement of Principles]**

25 August 1945

Mr. Harold D. Smith, Director  
Bureau of the Budget  
Executive Office of the President  
Washington, D.C.

My Dear Mr. Smith:

In answer to your communication of August 23, 1945, in reference to further reduction of personnel, we are working under what is in effect a liquidation budget. Within its provisions we have taken steps to terminate many of our operational (as distinct from intelligence) activities and to reduce the remaining parts to a size consistent with present obligations in the Far East, in the occupation of Germany and Austria, and in the maintenance of missions in the Middle East and on the Asiatic and European continents.

As our liquidation proceeds it will become increasingly difficult to exercise our functions so that we have found it necessary to set up a liquidating committee with procedures and controls to provide for the gradual elimination of our services in step with the orderly reduction of personnel.

It is our estimate, however, with the strictest economy of manpower and of funds the effectiveness of OSS as a War Agency will end as of January 1, or at the latest February 1, 1946, at which time liquidation should be completed. At that point I wish to return to private life. Therefore, in considering the disposition to be made of the assets created by OSS, I speak as a private citizen concerned with the future of his country.

In our Government today there is no permanent agency to take over the functions which OSS will have then ceased to perform. These functions while carried on as incident to the war are in reality essential in the effective discharge by this nation of its responsibilities in the organization and maintenance of the peace.

Since last November, I have pointed out the immediate necessity of setting up such an agency to take over the valuable assets created by OSS. Among these assets was the establishment for the first time in our nation's history of a foreign secret intelligence service which reported information as seen through American eyes. As an integral and inseparable part of this service there is a group of specialists to analyze and evaluate the material for presentation to those who determine national policy.

It is not easy to set up a modern intelligence system. It is more difficult to do so in time of peace than in time of war.

It is important therefore that it be done before the War Agency has disappeared so that profit may be made of its experience and "know how" in deciding how the new agency may best be conducted.

*appendices*

I have already submitted a plan for the establishment of a centralized system. However, the discussion of that proposal indicated the need of an agreement upon certain fundamental principles before a detailed plan is formulated. If those concerned could agree upon the principles within which such a system should be established, acceptance of a common plan would be more easily achieved.

Accordingly, I attach a statement of principles, the soundness of which I believe has been established by study and by practical experience.

Sincerely,

William J. Donovan  
Director

Enclosure

**Principles—The Soundness Of Which It Is Believed Has Been Established By Our Own Experience And A First-Hand Study Of Other Nations—Which Should Govern The Establishment Of A Centralized United States Foreign Intelligence System.**

The formulation of national policy both in its political and military aspects is influenced and determined by knowledge (or ignorance) of the aims, capabilities, intentions and policies of other nations.

All major powers except the United States have had for a long time past permanent worldwide intelligence services, reporting directly to the highest echelons of their Governments. Prior to the present war, the United States had no foreign secret intelligence service. It never has had and does not now have a coordinated intelligence system.

The defects and dangers of this situation have been generally recognized. Adherence to the following would remedy this defect in peace as well as war so that American policy could be based upon information obtained through its own sources on foreign intentions, capabilities and developments as seen and interpreted by Americans.

1. That each Department of Government should have its own intelligence bureau for the collection and processing of such informational material as it finds necessary in the actual performance of its functions and duties. Such a bureau should be under the sole control of the Department head and should not be encroached upon or impaired by the functions granted any other Governmental intelligence agency. Because secret intelligence covers all fields and because of possible embarrassment, no executive department should be permitted to engage in secret intelligence but in a proper case call upon the central agency for service.

2. That in addition to the intelligence unit for each Department there should be established a national centralized foreign intelligence agency which should have the authority:

a. To serve all Departments of the Government.

b. To procure and obtain political, economic, psychological, sociological, military and other information which may bear upon the national interest and which has been collected by the different Governmental Departments or agencies.

c. To collect when necessary supplemental information either at its own instance or at the request of any Governmental Department by open or secret means from other and various sources.

d. To integrate, analyze, process and disseminate, to authorized Governmental agencies and officials, intelligence in the form of strategic interpretive studies.

3. That such an agency should be prohibited from carrying on clandestine activities within the United States and should be forbidden the exercise of any police functions either at home or abroad.

4. That since the nature of its work requires it to have status it should be independent of any Department of the Government (since it is obliged to serve all and must be free of the natural bias of an operating Department). It should be under a Director, appointed by the President, and be administered under Presidential direction, or in the event of a General Manager being appointed, should be established in the Executive Office of the President, under his direction.

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5. That subject to the approval of the President or the General Manager, the policy of such a service should be determined by the Director with the advice and assistance of a Board on which the Secretaries of State, War, Navy and Treasury should be represented.

6. That this agency, as the sole agency for secret intelligence, should be authorized, in the foreign field only, to carry on services such as espionage, counterespionage and those special operations (including morale and psychological) designed to anticipate and counter any attempted penetration and subversion of our national security by enemy action.

7. That such a service should have an independent budget granted directly by the Congress.

8. That it should be authorized to have its own system of codes and should be furnished facilities by Departments of Government proper and necessary for the performance of its duties.

9. That such a service should include in its staff specialists (within Governmental Departments, civil and military, and in private life) professionally trained in analysis of information and possessing a high degree of linguistic, regional or functional competence, to analyze, coordinate and evaluate incoming information, to make special intelligence reports, and to provide guidance for the collecting branches of the agency.

10. That in time of war or unlimited national emergency, all programs of such agency in areas of actual and projected military operations shall be coordinated with military plans, and shall be subject to the approval of the Joint Chiefs of Staff, or if there be a consolidation of the armed services, under the supreme commander. Parts of such programs which are to be executed in the theater of military operations shall be subject to control of the military commander.

**APPENDIX R**

**JCS 1181/5 (Amended) Sept. 18, 1945**

**Establishment of a Central Intelligence  
Service upon Liquidation of O.S.S.**

**DIRECTIVE REGARDING THE COORDINATION  
OF INTELLIGENCE ACTIVITIES**

In order to provide for the development and coordination of intelligence activities related to the national security:

1. A National Intelligence Authority composed of the Secretaries of State, War and the Navy, and a representative of the Joint Chiefs of Staff is hereby established and charged with responsibility for such over-all intelligence planning and development, and such inspection and coordination of all Federal intelligence activities, as to assure the most effective accomplishment of the intelligence mission related to the national security.

2. To assist it in that task the National Intelligence Authority shall establish a Central Intelligence Agency headed by a Director who shall be appointed or removed by the President on the recommendation of the National Intelligence Agency. The Director of the Central Intelligence Agency shall be responsible to the National Intelligence Authority and shall sit as a non-voting member thereof.

3. The Director of the Central Intelligence Agency shall be advised by an Intelligence Advisory Board consisting of the heads of the principal military and civilian intelligence agencies having functions related to the national security, as determined by the National Intelligence Authority.

4. The first duty of the National Intelligence Authority, assisted by the Director of the Central Intelligence Agency and the Intelligence Advisory Board, shall be to prepare and submit to the president for his approval a basic organizational plan for implementing this directive in accordance with the concept set forth in the following paragraphs. This plan should include drafts of all necessary legislation.

5. Subject to the direction and control of the National Intelligence Authority, the Central Intelligence Agency shall:

a. Accomplish the synthesis of departmental intelligence relating to the national security and the appropriate dissemination within the government and of the resulting strategic and national policy intelligence.

b. Plan for the coordination of the activities of all intelligence agencies of the government having functions related to the national security, and recommend to the National Intelligence Authority the establishment of such over-all policies and objectives as will assure the most effective accomplishment of the national intelligence mission.

c. Perform, for the benefit of departmental intelligence agencies, such services of common concern as the National Intelligence Authority determines can be more efficiently accomplished by a common agency, including the direct procurement of intelligence.

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d. Perform such other functions and duties related to intelligence as the National Intelligence Authority may from time to time direct.

6. The Central Intelligence Agency shall have no police or law enforcement functions.

7. Subject to coordination by the National Intelligence Authority, the existing intelligence agencies of the government shall continue to collect, evaluate, synthesize, and disseminate departmental operating intelligence, herein defined as that intelligence required by the several departments and independent agencies for the performance of their proper functions. Such departmental operating intelligence as designated by the National Intelligence Authority shall be freely available to the Central Intelligence Agency for synthesis. As approved by the National Intelligence Authority, the operations of the departmental intelligence agencies shall be open to inspection by the Central Intelligence Agency in connection with its planning function. In the interpretation of this paragraph, the National Intelligence Authority and the Central Intelligence Agency will be responsible for fully protecting intelligence sources and methods which, due to their nature, have a direct and highly important bearing on military operations.

8. Funds for the National Intelligence Authority shall be provided by the departments participating in the National Intelligence Authority in amount and proportions to be agreed upon by the members of the Authority. Within the limits of the funds made available to him, the Director of the Central Intelligence Agency may employ necessary personnel and make provision for necessary supplies, facilities and services. With the approval of the National Intelligence Authority, he may call upon departments and independent agencies to furnish such specialists as may be required for supervisory and functional positions in the Central Intelligence Agency, including the assignment of military and naval personnel.

**APPENDIX S**

**EXECUTIVE ORDER 9621**

**TERMINATION OF THE OFFICE OF STRATEGIC SERVICES  
AND DISPOSITION OF ITS FUNCTIONS**

By virtue of the authority vested in me by the Constitution and Statutes, including Title I of the First War Powers Act, 1941, and as President of the United States and Commander in Chief of the Army and Navy, it is hereby ordered as follows:

1. There are transferred to and consolidated in an Interim Research and Intelligence Service, which is hereby established in the Department of State, (a) the functions of the Research and Analysis Branch and of the Presentation Branch of the Office of Strategic Services (provided for by the Military Order of June 13, 1942), excluding such functions performed within the countries of Germany and Austria, and (b) those other functions of the Office of Strategic Services (hereinafter referred to as the Office) which relate to the functions of the said Branches transferred by this paragraph. The functions of the Director of Strategic Services and of the United States Joint Chiefs of Staff, relating to the functions transferred to the Service by this paragraph, are transferred to the Secretary of State. The personnel, property, and records of the said Branches, except such thereof as is located in Germany and Austria, and so much of the other personnel, property, and records of the Office and of the funds of the Office as the Director of the Bureau of the Budget shall determine to relate primarily to the functions transferred by this paragraph, are transferred to the said service. Military personnel now on duty in connection with the activities transferred by this paragraph may, subject to applicable law and to the extent mutually agreeable to the Secretary of State and to the Secretary of War or the Secretary of the Navy, as the case may be, continue on such duty in the Department of State.

2. The Interim Research and Intelligence Service shall be abolished as of the close of business December 31, 1945, and the Secretary of State shall provide for winding up its affairs. Pending such abolition, (a) the Secretary of State may transfer from the said Service to such agencies of the Department of State as he shall designate any function of the Service, (b) the Secretary may curtail the activities carried on by the Service, (c) the head of the Service, who shall be designated by the Secretary, shall be responsible to the Secretary or to such other officer of the Department of State as the Secretary shall direct, and (d) the Service shall, except as otherwise provided in this order, be administered as an organizational entity in the Department of State.

3. All functions of the Office not transferred by paragraph 1 of this order, together with all personnel, records, property, and funds of the Office not so transferred, are transferred to the Department of War; and the Office, including the office of the Director of Strategic Services, is terminated. The functions of the Director of Strategic Services and of the United States Joint Chiefs of Staff, relating to the functions transferred by this paragraph, are transferred to the Secretary of War. Naval personnel on duty with the Office in connection with the activities transferred by this paragraph may, subject to applicable law and to the extent mutually agreeable to the Secretary of War and the Secretary of the Navy, continue on such duty in the Department of War. The Secretary of War shall, whenever he deems it compatible with the national interest, discontinue any activity transferred by this paragraph and wind up all affairs relating thereto.

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4. Such further measures and dispositions as may be determined by the Director of the Bureau of the Budget to be necessary to effectuate the transfer or redistribution of functions provided for in this order shall be carried out in such manner as the Director may direct and by such agencies as he may designate.

5. All provisions of prior orders of the President which are in conflict with this order are amended accordingly.

6. This order shall, except as otherwise specifically provided, be effective as of the opening of business October 1, 1945.

Harry S. Truman

THE WHITE HOUSE,  
September 20, 1945.

**APPENDIX T**

**[Letter from President Truman to Secretary Byrnes  
Concerning the Development of a Foreign  
Intelligence Program. September 20, 1945.]**

My Dear Mr. Secretary:

I have today signed an Executive order which provides for the transfer to the State Department of the functions, personnel, and other resources of the Research and Analysis Branch and the Presentation Branch of the Office of Strategic Services. The order also transfers the remaining activities of the Office of Strategic Services to the War Department and abolishes that Office. These changes become effective October 1, 1945.

The above transfer to the State Department will provide you with resources which we have agreed you will need to aid in the development of our foreign policy, and will assure that pertinent experience accumulated during the war will be preserved and used in meeting the problems of the peace. Those readjustments and reductions which are required in order to gear the transferred activities and resources into State Department operations should be made as soon as practicable.

I particularly desire that you take the lead in developing a comprehensive and coordinated foreign intelligence program for all Federal agencies concerned with that type of activity. This should be done through the creation of an interdepartmental group, heading up under the State Department, which would formulate plans for my approval. This procedure will permit the planning of complete coverage of the foreign intelligence field and the assigning and controlling of operations in such manner that the needs of both the individual agencies and the Government as a whole will be met with maximum effectiveness.

Sincerely yours,

Harry S. Truman

[The Honorable, The Secretary of State]

**[Truman's Directive Establishing the NIA  
and the CIG, January 22, 1946]**

*To the Secretary of State, the Secretary of War, and the Secretary of the Navy:*

1. It is my desire, and I hereby direct, that all Federal foreign intelligence activities be planned, developed and coordinated so as to assure the most effective accomplishment of the intelligence mission related to the national security. I hereby designate you, together with another person to be named by me as my personal representative, as the National Intelligence Authority to accomplish this purpose.

2. Within the limits of available appropriations, you shall each from time to time assign persons and facilities from your respective Departments, which persons shall collectively form a Central Intelligence Group and shall, under the direction of a Director of Central Intelligence, assist the National Intelligence Authority. The Director of Central Intelligence shall be designated by me, shall be responsible to the National Intelligence Authority, and shall sit as a non-voting member thereof.

3. Subject to the existing law, and to the direction and control of the National Intelligence Authority, the Director of Central Intelligence shall:

a. Accomplish the correlation and evaluation of intelligence relating to the national security, and the appropriate dissemination within the Government of the resulting strategic and national policy intelligence. In so doing, full use shall be made of the staff and facilities of the intelligence agencies of your Departments.

b. Plan for the coordination of such of the activities of the intelligence agencies of your Departments as relate to the national security and recommend to the National Intelligence Authority the establishment of such over-all policies and objectives as will assure the most effective accomplishment of the national intelligence mission.

c. Perform, for the benefit of said intelligence agencies, such services of common concern as the National Intelligence Authority determines can be more efficiently accomplished centrally.

d. Perform such other functions and duties related to intelligence affecting the national security as the President and the National Intelligence Authority may from time to time direct.

4. No police, law enforcement or internal security functions shall be exercised under this directive.

5. Such intelligence received by the intelligence agencies of your Department as may be designated by the National Intelligence Authority shall be freely available to the Director of Central Intelligence for correlation, evaluation or dissemination. To the extent approved by the National Intelligence Authority, the operations of said intelligence agencies shall be open to inspection by the Director of Central Intelligence in connection with planning functions.

6. The existing intelligence agencies of your Departments shall continue to collect, evaluate, correlate and disseminate departmental intelligence.

7. The Director of Central Intelligence shall be advised by an Intelligence Advisory Board consisting of the heads (or their representatives) of the principal military and civilian intelligence agencies of the Government having functions related to national security, as determined by the National Intelligence Authority.

8. Within the scope of existing law and Presidential directives, other departments and agencies of the executive branch of the Federal Government shall furnish such intelligence information relating to the national security as is in their possession, and as the Director of Central Intelligence may from time to time request pursuant to regulations of the National Intelligence Authority.

9. Nothing herein shall be construed to authorize the making of investigations inside the continental limits of the United States and its possessions, except as provided by law and Presidential directives.

10. In the conduct of their activities the National Intelligence Authority and the Director of Central Intelligence shall be responsible for fully protecting intelligence sources and methods.

Sincerely Yours,

Harry S. Truman

**[The National Security Act of 1947 as sent to  
Congress by Truman on February 26, 1947.]**

[The following is an excerpt.]

**CENTRAL INTELLIGENCE AGENCY**

Sec. 202. (a) There is hereby established under the National Security Council a Central Intelligence Agency, with a Director of Central Intelligence, who shall be the head thereof, to be appointed by the President. The Director shall receive compensation at the rate of \$14,000 a year.

(b) Any commissioned officer of the United States Army, the United States Navy, or the United States Air Force may be appointed to the office of Director; and his appointment to, acceptance of, and service in, such office shall in no way affect any status, office, rank, or grade he may occupy or hold in the United States Army, the United States Navy, or the United States Air Force, or any emolument, perquisite, right, privilege, or benefit incident to or arising out of any such status, office, rank, or grade. Any such commissioned officer on the active list shall, while serving in the office of Director, receive the military pay and allowances payable to a commissioned officer of his grade and length of service and shall be paid, from any funds available to defray the expenses of the Agency, annual compensation at a rate equal to the amount by which \$14,000 exceeds the amount of his annual military pay and allowances.

(c) Effective when the Director first appointed under subsection (a) has taken office—

(1) The functions of the National Intelligence Authority (11 Fed. Reg. 1337, 1339, February 5, 1946) are transferred to the National Security Council, and such Authority shall cease to exist.

(2) The functions of the Director of Central Intelligence and the functions, personnel, property, and records of the Central Intelligence Group are transferred to the Director of Central Intelligence appointed under this Act and to the Central Intelligence Agency, respectively, and such Group shall cease to exist. Any unexpended balances of appropriations, allocations, or other funds available or authorized to be made available for such Group shall be available and shall be authorized to be made available in like manner for expenditure by the Agency.

[H.R. 4214, July 15, 1947.]

[The following is an excerpt.]

**CENTRAL INTELLIGENCE AGENCY**

SEC. 105. (a) There is hereby established under the National Security Council a Central Intelligence Agency with a Director of Central Intelligence, who shall be the head thereof. The Director shall be appointed by the President, by and with the advice and consent of the Senate, from among the commissioned officers of the armed services or from among individuals in civilian life. The Director shall receive compensation at the rate of \$14,000 a year.

(b) (1) If a commissioned officer of the armed services is appointed as Director then—

(A) in the performance of his duties as Director, he shall be subject to no supervision, control, restriction, or prohibition (military or otherwise) other than would be operative with respect to him if he were a civilian in no way connected with the Department of the Army, the Department of the Navy, the Department of the Air Force, or the armed services or any component thereof; and

(B) he shall not possess or exercise any supervision, control, powers, or functions (other than such as he possesses, or is authorized or directed to exercise, as Director) with respect to the armed services or any component thereof, the Department of the Army, the Department of the Navy, or the Department of the Air Force, or any branch, bureau, unit or division thereof, or with respect to any of the personnel (military or civilian) of any of the foregoing.

(2) Except as provided in paragraph (1), the appointment to the office of Director of a commissioned officer of the armed services, and his acceptance of and service in such office, shall in no way affect any status, office, rank, or grade he may occupy or hold in the armed services, or any emolument, perquisite, right, privilege, or benefit incident to or arising out of any such status, office, rank, or grade. Any such commissioned officer shall, while serving in the office of Director, receive the military pay and allowances (active or retired, as the case may be) payable to a commissioned officer of his grade and length of service and shall be paid, from any funds available to defray the expenses of the Agency, annual compensation at a rate equal to the amount by which \$14,000 exceeds the amount of his annual military pay and allowances.

(c) Notwithstanding the provisions of section 6 of the Act of August 24, 1912 (37 Stat. 555), or the provisions of any other law, the Director of Central Intelligence may, in his discretion, terminate the employment of any officer or employee of the Agency whenever he shall deem such termination necessary or advisable in the interests of the United States, but such termination shall not affect the right of such officer or employee to seek or accept employment in any other department or agency of the Government if declared eligible for such employment by the United States Civil Service Commission.

(d) For the purpose of coordinating the intelligence activities of the several Government departments and agencies in the interest of national security, it shall be the duty of the Agency, under the direction of the National Security Council—

*appendices*

(1) to advise the National Security Council in matters concerning such intelligence activities of the Government departments and agencies as relate to national security;

(2) to make recommendations to the President through the National Security Council for the coordination of such intelligence activities of the departments and agencies of the Government as relate to the national security;

(3) to correlate and evaluate intelligence relating to the national security, and provide for the appropriate dissemination of such intelligence within the Government using where appropriate existing agencies and facilities: *Provided*, That the Agency shall have no police, subpoena [*sic*], law-enforcement powers, or internal-security functions: *Provided further*, That the responsibility and authority of the departments and other agencies of the Government to collect, evaluate, correlate, and disseminate departmental intelligence shall not be affected by this section: *And provided further*, That the Director of Central Intelligence shall be responsible for protecting intelligence sources and methods from unauthorized disclosure;

(4) to perform, for the benefit of the existing intelligence agencies, such additional services of common concern as the National Security Council determines can be more efficiently accomplished centrally;

(5) to perform such other functions and duties related to intelligence affecting the national security as the National Security Council may from time to time direct.

(e) To the extent recommended by the National Security Council and approved by the President, such intelligence operations of the departments and other agencies of the Government as relate to the national security shall be open to the inspection of the Director of Central Intelligence, and such intelligence as relates to the national security and is possessed by such departments and other agencies shall be made available to the Director of Central Intelligence for correlation, evaluation, and dissemination.

(f) Effective when the Director first appointed under subsection (a) has taken office—

(1) the National Intelligence Authority (11 Fed. Reg. 1337, 1339, February 5, 1946) shall cease to exist; and

(2) the personnel, property, and records of the Central Intelligence Group are transferred to the Central Intelligence Agency, and such Group shall cease to exist. Any unexpended balances of appropriations, allocations, or other funds available or authorized to be made available for such Group shall be available and shall be authorized to be made available in like manner for expenditure by the Agency.

[S. 758, July 21, 1947.]

[The following is an excerpt.]

CENTRAL INTELLIGENCE AGENCY

SEC. 105. (a) There is hereby established under the National Security Council a Central Intelligence Agency with a Director of Central Intelligence, who shall be the head thereof. The Director shall be appointed from civilian life by the President, by and with the advice and consent of the Senate. The Director shall receive compensation at the rate of \$14,000 a year.

(b) Notwithstanding the provisions of section 6 of the Act of August 24, 1912 (37 Stat. 555), or the provisions of any other law, the Director of Central Intelligence may, in his discretion, terminate the employment of any officer or employee of the Agency whenever he shall deem such termination necessary or advisable in the interests of the United States, but such termination shall not affect the right of such officer or employee to seek or accept employment in any other department or agency of the Government if declared eligible for such employment by the United States Civil Service Commission.

(c) For the purpose of coordinating the intelligence activities of the several Government departments and agencies in the interest of national security, it shall be the duty of the Agency, under the direction of the National Security Council—

(1) to advise the National Security Council in matters concerning such intelligence activities of the Government departments and agencies as relate to national security;

(2) to make recommendations to the President through the National Security Council for the coordination of such intelligence activities of the departments and agencies of the Government as relate to the national security;

(3) to correlate and evaluate intelligence relating to the national security, and provide for the appropriate dissemination of such intelligence within the Government using where appropriate existing agencies and facilities: *Provided*, That the Agency shall have no police, subpoena, law-enforcement powers, or internal-security functions: *Provided further*, That the responsibility and authority of the departments and other agencies of the Government to collect, evaluate, correlate, and disseminate departmental intelligence shall not be affected by this section: *And provided further*, That the Director of Central Intelligence shall be responsible for protecting intelligence sources and methods from unauthorized disclosure;

(4) to perform, for the benefit of the existing intelligence agencies, such additional services of common concern as the National Security Council determines can be more efficiently accomplished centrally;

(5) to perform such other functions and duties related to intelligence affecting the national security as the National Security Council may from time to time direct.

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(d) To the extent recommended by the National Security Council and approved by the President, such intelligence operations of the departments of the Government as relate to the national security shall be open to the inspection of the Director of Central Intelligence, and such intelligence as relates to the national security and is possessed by such departments and other agencies of the Government shall be made available to the Director of Central Intelligence for correlation, evaluation, and dissemination.

(e) Effective when the Director first appointed under subsection (a) has taken office—

(1) the National Intelligence Authority (11 Fed. Reg. 1337, 1339, February 5, 1946) shall cease to exist; and

(2) the personnel, property, and records of the Central Intelligence Group are transferred to the Central Intelligence Agency, and such Group shall cease to exist. Any unexpended balances of appropriations, allocations, or other funds available or authorized to be made available for such Group shall be available and shall be authorized to be made available in like manner for expenditure by the Agency.

**The National Security Act of 1947,  
Public Law 253, July 26, 1947.**

[The following is an excerpt.]

**CENTRAL INTELLIGENCE AGENCY**

SEC. 102. (a) There is hereby established under the National Security Council a Central Intelligence Agency with a Director of Central Intelligence, who shall be the head thereof. The Director shall be appointed by the President, by and with the advice and consent of the Senate, from among the commissioned officers of the armed services or from among individuals in civilian life. The Director shall receive compensation at the rate of \$14,000 a year.

(b) (1) If a commissioned officer of the armed services is appointed as Director then—

(A) in the performance of his duties as Director, he shall be subject to no supervision, control, restriction, or prohibition (military or otherwise) other than would be operative with respect to him if he were a civilian in no way connected with the Department of the Army, the Department of the Navy, the Department of the Air Force, or the armed services or any component thereof; and

(B) he shall not possess or exercise any supervision, control, powers, or functions (other than such as he possesses, or is authorized or directed to exercise, as Director) with respect to the armed services or any component thereof, the Department of the Army, the Department of the Navy, or the Department of the Air Force, or any branch, bureau, unit or division thereof, or with respect to any of the personnel (military or civilian) of any of the foregoing.

(2) Except as provided in paragraph (1), the appointment to the office of Director of a commissioned officer of the armed services, and his acceptance of and service in such office, shall in no way affect any status, office, rank, or grade he may occupy or hold in the armed services, or any emolument, perquisite, right, privilege, or benefit incident to or arising out of any such status, office, rank, or grade. Any such commissioned officer shall, while serving in the office of Director, receive the military pay and allowances (active or retired, as the case may be) payable to a commissioned officer of his grade and length of service and shall be paid, from any funds available to defray the expenses of the Agency, annual compensation at a rate equal to the amount by which \$14,000 exceeds the amount of his annual military pay and allowances.

(c) Notwithstanding the provisions of section 6 of the Act of August 24, 1912 (37 Stat. 555), or the provisions of any other law, the Director of Central Intelligence may, in his discretion, terminate the employment of any officer or employee of the Agency whenever he shall deem such termination necessary or advisable in the interests of the United States, but such termination shall not affect the right of such officer or employee to seek or accept employment in any other department or agency of the Government if declared eligible for such employment by the United States Civil Service Commission.

(d) For the purpose of coordinating the intelligence activities of the several Government departments and agencies in the interest of national security, it shall be the duty of the Agency, under the direction of the National Security Council—

## **appendices**

(1) to advise the National Security Council in matters concerning such intelligence activities of the Government departments and agencies as relate to national security;

(2) to make recommendations to the President through the National Security Council for the coordination of such intelligence activities of the departments and agencies of the Government as relate to the national security;

(3) to correlate and evaluate intelligence relating to the national security, and provide for the dissemination of such intelligence within the Government using where appropriate existing agencies and facilities: *Provided*, That the Agency shall have no police, subpoena, law-enforcement powers, or internal-security functions: *Provided further*, That the departments and other agencies of the Government shall continue to collect, evaluate, correlate, and disseminate departmental intelligence: *And provided further*, That the Director of Central Intelligence shall be responsible for protecting intelligence sources and methods from unauthorized disclosure;

(4) to perform, for the benefit of the existing intelligence agencies, such additional services of common concern as the National Security Council determines can be more efficiently accomplished centrally;

(5) to perform such other functions and duties related to intelligence affecting the national security as the National Security Council may from time to time direct.

(e) To the extent recommended by the National Security Council and approved by the President, such intelligence of the departments and agencies of the Government, except as hereinafter provided, relating to the national security shall be open to the inspection of the Director of Central Intelligence, and such intelligence as relates to the national security and is possessed by such departments and other agencies of the Government, except as hereinafter provided, shall be made available to the Director of Central Intelligence for correlation, evaluation, and dissemination: *Provided however*, That upon the written request of the Director of Central Intelligence, the Director of the Federal Bureau of Investigation shall make available to the Director of Central Intelligence such information for correlation, evaluation, and dissemination as may be essential to the national security.

(f) Effective when the Director first appointed under subsection (a) has taken office—

(1) the National Intelligence Authority (11 Fed. Reg. 1337, 1339, February 5, 1946) shall cease to exist; and

(2) the personnel, property, and records of the Central Intelligence Group are transferred to the Central Intelligence Agency, and such Group shall cease to exist. Any unexpended balances of appropriations, allocations, or other funds available or authorized to be made available for such Group shall be available and shall be authorized to be made available in like manner for expenditure by the Agency.

### **EFFECTIVE DATE**

SEC. 310. (a) The first sentence of section 202 (a) and sections 1, 2, 307, 308, 309, and 310 shall take effect immediately upon enactment of this Act.

(b) Except as provided in subsection (a), the provisions of this Act shall take effect on whichever of the following days is the earlier: The day after the day upon which the Secretary of Defense first appointed takes office, or the sixtieth day after the date of the enactment of this Act.

**The Central Intelligence Agency Act  
of 1949, Public Law 10, June 20, 1949**

**AN ACT**

To provide for the administration of the Central Intelligence Agency, established pursuant to section 102, National Security Act of 1947, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**DEFINITIONS**

SEC. 1. That when used in this Act, the term—

(a) “Agency” means the Central Intelligence Agency;

(b) “Director” means the Director of Central Intelligence;

(c) “Government agency” means any executive department, commission, council, independent establishment, corporation wholly or partly owned by the United States which is an instrumentality of the United States, board, bureau, division, service, office, officer, authority, administration, or other establishment, in the executive branch of the Government; and

(d) “Continental United States” means the States and the district of Columbia.

**SEAL OF OFFICE**

SEC. 2. The Director of Central Intelligence shall cause a seal of office to be made for the Central Intelligence Agency, of such design as the President shall approve, and judicial notice shall be taken thereof.

**PROCUREMENT AUTHORITIES**

SEC. 3. (a) In the performance of its functions the Central Intelligence Agency is authorized to exercise the authorities contained in sections 2(c)(1), (2), (3), (4), (5), (6), (10), (12), (15), (17), and sections 3, 4, 5, 6, and 10 of the Armed Services Procurement Act of 1947 (Public Law 413, Eightieth Congress, second session).

(b) In the exercise of the authorities granted in subsection (a) of this section, the term “Agency head” shall mean the Director, the Deputy Director, or the Executive of the Agency.

(c) The determinations and decisions provided in subsection (a) of this section to be made by the agency head may be made with respect to individual purchases and contracts or with respect to classes of purchases or contracts, and shall be final. Except as provided in subsection (d) of this section, the Agency head is authorized to delegate his powers provided in this section, including the making of such determinations and decisions, in his discretion and subject to his direction, to any other officer or officers or officials of the Agency.

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(d) The power of the Agency head to make the determinations or decisions specified in paragraphs (12) and (15) of section 2(c) and section 5(a) of the Armed Services Procurement Act of 1947 shall not be delegable. Each determination or decision required by paragraphs (12) and (15) of section 2(c), by section 4 or by section 5(a) of the Armed Services Procurement Act of 1947, shall be based upon written findings made by the official making such determinations, which findings shall be final and shall be available within the Agency for a period of at least six years following the date of the determination.

### **EDUCATION AND TRAINING**

SEC. 4. (a) Any officer or employee of the Agency may be assigned or detailed for special instruction, research, or training, at or with domestic or foreign public or private institutions; trade, labor, agricultural, or scientific associations; courses or training programs under the National Military Establishment; or commercial firms.

(b) The Agency shall, under such regulations as the Director may prescribe, pay the tuition and other expenses of officers and employees of the Agency assigned or detailed in accordance with provisions of subsection (a) of this section, in addition to the pay and allowances to which such officers and employees may be otherwise entitled.

### **TRAVEL, ALLOWANCES, AND RELATED EXPENSES**

SEC. 5. (a) Under such regulations as the Director may prescribe, the Agency, with respect to its officers and employees assigned to permanent-duty stations outside the continental United States, its territories, and possessions, shall—

(1)(A) pay the travel expenses of officers and employees of the Agency including expenses incurred while traveling pursuant to orders issued by the Director in accordance with the provisions of section 5(a)(3) with regard to the granting of home leave;

(B) pay the travel expenses of members of the family of an officer or employee of the Agency when proceeding to or returning from his post of duty; accompanying him on authorized home leave; or otherwise traveling in accordance with authority granted pursuant to the terms of this or any other Act;

(C) pay the cost of transporting the furniture and household and personal effects of an officer or employee of the Agency to his successive posts of duty and, on the termination of his services, to his residence at time of appointment or to a point not more distant, or, upon retirement, to the place where he will reside;

(D) pay the cost of storing the furniture and household and personal effects of an officer or employee of the Agency who is absent under orders from his usual post of duty, or who is assigned to a post to which, because of emergency conditions, he cannot take or at which he is unable to use, his furniture and household and personal effects;

(E) pay the cost of storing the furniture and household and personal effects of an officer or employee of the Agency on first arrival at a post for a period not in excess of three months after such first arrival at such post or until the establishment of residence quarters, whichever shall be shorter;

(F) pay the travel expenses and transportation costs incident to the removal of the members of the family of an officer or employee of the Agency and his furniture and household and personal effects, including automobiles, from a post at which, because of the prevalence of disturbed conditions, there is imminent danger to life and property,

and the return of such persons, furniture, and effects to such post upon the cessation of such conditions; or to such other post as may in the meantime have become the post to which such officer or employee has been assigned.

(2) Charge expenses in connection with travel of personnel, their dependents, and transportation of their household goods and personal effects, involving a change of permanent station, to the appropriation for the fiscal year current when any part of either the travel or transportation pertaining to the transfer being pursuant to previously issued travel and transfer orders, notwithstanding the fact that such travel or transportation may not all be effected during such fiscal year, or the travel and transfer orders may have been issued during the prior fiscal year.

(3)(A) Order to the United States or its Territories and possessions on leave provided for in 5 U.S.C. 30, 30a, 30b, or as such sections may hereafter be amended, every officer and employee of the Agency who was a resident of the United States or its Territories and possessions at time of employment, upon completion of two years' continuous service abroad, or as soon as possible thereafter: *Provided*, That such officer or employee has accrued to his credit at the time of such order, annual leave sufficient to carry him in a pay status while in the United States for at least a thirty-day period.

(B) While in the continental United States on leave, the service of any officer or employee shall not be available for work or duties except in the Agency or for training or for reorientation for work; and the time of such work or duty shall not be counted as leave.

(C) Where an officer or employee on leave returns to the United States or its Territories and possessions, leave of absence granted shall be exclusive of the time actually and necessarily occupied in going to and from the United States or its Territories and possessions, and such time as may be necessarily occupied in awaiting transportation.

(4) Notwithstanding the provisions of any other law, transport for or on behalf of an officer or employee of the Agency, a privately owned automobile in any case where it shall be determined that water, rail, or air transportation of the automobile is necessary or expedient for any part or of all the distance between points of origin and destination, and pay the costs of such transportation.

(5)(A) In the event of illness or injury requiring the hospitalization of an officer or full time employee of the Agency, not the result of vicious habits, intemperance, or misconduct on his part, incurred while on assignment abroad, in a locality where there does not exist a suitable hospital or clinic, pay the travel expenses of such officer or employee by whatever means he shall deem appropriate and without regard to the Standardized Government Travel Regulations and section 10 of the Act of March 3, 1933 (47 Stat. 1516; 5 U.S.C. 73b), to the nearest locality where a suitable hospital or clinic exists and on his recovery pay for the travel expenses of his return to his post of duty. If the officer or employee is too ill to travel unattended, the Director may also pay the travel expenses of an attendant;

(B) Establish a first-aid station and provide for the services of a nurse at a post at which, in his opinion, sufficient personnel is employed to warrant such a station: *Provided*, That, in his opinion, it is not feasible to utilize an existing facility;

(C) In the event of illness or injury requiring hospitalization of an officer or full time employee of the Agency, not the result of vicious habits, intemperance, or

## ***appendices***

misconduct on his part, incurred in the line of duty while such person is assigned abroad, pay for the cost of the treatment of such illness or injury at a suitable hospital or clinic;

(D) Provide for the periodic physical examination of officers and employees of the Agency and for the cost of administering inoculations or vaccinations to such officers or employees.

(6) Pay the costs of preparing and transporting the remains of an officer or employee of the Agency or a member of his family who may die while in travel status or abroad, to his home or official station, or to such other place as the Director may determine be the appropriate place of interment, provided that in no case shall the expense payable be greater than the amount which would have been payable had the destination been the home or official station.

(7) Pay the costs of travel of new appointees and their dependents, and the transportation of their household goods and personal effects, from places of actual residence in foreign countries at time of appointment to places of employment and return to their actual residences at the time of appointment or a point not more distant: *Provided*, That such appointees agree in writing to remain with the United States Government for a period of not less than twelve months from the time of appointment.

Violation of such agreement for personal convenience of an employee or because of separation for misconduct will bar such return payments and, if determined by the Director or his designee to be in the best interests of the United States, any money expended by the United States on account of such travel and transportation shall be considered as a debt due by the individual concerned to the United States.

(b) In accordance with such regulations as the President may prescribe and notwithstanding the provisions of section 1765 of the Revised Statutes (5 U.S.C. 70), the Director is authorized to grant to any officer or employee of the Agency allowances in accordance with the provisions of section 901(1) and 901(2) of the Foreign Service Act of 1946.

### **GENERAL AUTHORITIES**

SEC. 6. In the performance of its functions, the Central Intelligence Agency is authorized to—

(a) Transfer to and receive from other Government agencies such sums as may be approved by the Bureau of the Budget, for the performance of any of the functions or activities authorized under sections 102 and 303 of the National Security Act of 1947 (Public Law 253, Eightieth Congress), and any other Government agency is authorized to transfer to or receive from the Agency such sums without regard to any provisions of law limiting or prohibiting transfers between appropriations. Sums transferred to the Agency in accordance with this paragraph may be expended for the purposes and under the authority of this Act without regard to limitations of appropriations from which transferred;

(b) Exchange funds without regard to section 3651 Revised Statutes (31 U.S.C. 543);

(c) Reimburse other Government agencies for services of personnel assigned to the Agency, and such other Government agencies are hereby authorized, without regard to provisions of law to the contrary, so to assign or detail any officer or employee for duty with the Agency;

(d) Authorize couriers and guards designated by the Director to carry firearms when engaged in transportation of confidential documents and materials affecting the national defense and security;

(e) Make alterations, improvements, and repairs on premises rented by the Agency, and pay rent therefor without regard to limitations on expenditures contained in the Act of June 30, 1932, as amended: *Provided*, That in each case the Director shall certify that exception from such limitations is necessary to the successful performance of the Agency's functions or to the security of its activities.

SEC. 7. In the interests of the security of the foreign intelligence activities of the United States and in order further to implement the proviso of section 102(d)(3) of the National Security Act of 1947 (Public Law 253, Eightieth Congress, first session) that the Director of Central Intelligence shall be responsible for protecting intelligence sources and methods from unauthorized disclosure, the Agency shall be exempted from the provisions of sections 1 and 2, chapter 95 of the Act of August 28, 1935 (49 Stat. 956, 957; 5 U.S.C. 654), and the provisions of any other law which require the publication or disclosure of the organization, functions, names, official titles, salaries, or numbers of personnel employed by the Agency: *Provided*, That in furtherance of this section, the Director of the Bureau of the Budget shall make no reports to the Congress in connection with the Agency under section 607, title VI, chapter 212 of the Act of June 30, 1945, as amended (5 U.S.C. 947(b)).

SEC. 8. Whenever the Director, the Attorney General, and the Commissioner of Immigration shall determine that the entry of a particular alien into the United States for permanent residence is in the interest of national security or essential to the furtherance of the national intelligence mission, such alien and his immediate family shall be given entry into the United States for permanent residence without regard to their inadmissibility under the immigration or any other laws and regulations, or to the failure to comply with such laws and regulations pertaining to admissibility: *Provided*, That the number of aliens and members of their immediate families entering the United States under the authority of this section shall in no case exceed one hundred persons in any one fiscal year.

SEC. 9. The Director is authorized to establish and fix the compensation for not more than three positions in the professional and scientific field, within the Agency, each such position being established to effectuate those scientific intelligence functions relating to national security, which require the services of specially qualified scientific or professional personnel: *Provided*, That the rates of compensation for positions established pursuant to the provisions of this section shall not be less than \$10,000 per annum nor more than \$15,000 per annum, and shall be subject to the approval of the Civil Service Commission.

## APPROPRIATIONS

SEC. 10. (a) Notwithstanding any other provisions of law, sums made available to the Agency by appropriation or otherwise may be expended for purposes necessary to carry out its functions, including—

(1) personal services, including personal services without regard to limitations on types of persons to be employed, and rent at the seat of government and elsewhere; health-service program as authorized by law (5 U.S.C. 150); rental of news-reporting services; purchase or rental and operation of photographic, reproduction, cryptographic, duplication and printing machines, equipment and devices, and radio-receiving and radio-sending equipment and devices, including telegraph and teletype equipment; purchase, maintenance, operations, repair, and hire of passenger motor vehicles, and

## *appendices*

aircraft and vessels of all kinds; subject to policies established by the Director, transportation of officers and employees of the Agency in Government-owned automotive equipment between their domiciles and places of employment, where such personnel are engaged in work which makes such transportation necessary, and transportation in such equipment, to and from school, of children of Agency personnel who have quarters for themselves and their families at isolated stations outside the continental United States where adequate public or private transportation is not available; printing and binding; purchase, maintenance, and cleaning of firearms, including purchase, storage, and maintenance of ammunition; subject to policies established by the Director, expenses of travel in connection with, and expenses incident to attendance at meetings of professional, technical, scientific, and other similar organizations when such attendance would be a benefit in the conduct of the work of the Agency; association and library dues; payment of premiums or costs of surety bonds for officers or employees without regard to the provisions of 61 Stat. 646; 6 U.S.C. 14; payment of claims pursuant to 28 U.S.C.; acquisition of necessary land and the clearing of such land; construction of buildings and facilities without regard to 36 Stat. 699; 40 U.S.C. 259, 267; repair, rental, operation, and maintenance of buildings, utilities, facilities, and appurtenances; and

(2) supplies, equipment, and personnel and contractual services otherwise authorized by law and regulations, when approved by the Director.

(b) The sum made available to the Agency may be expended without regard to the provisions of law and regulations relating to the expenditure of Government funds; and for objects of a confidential, extraordinary, or emergency nature, such expenditures to be accounted for solely on the certificate of the Director and every such certificate shall be deemed a sufficient voucher for the amount therein certified.

### **SEPARABILITY OF PROVISIONS**

SEC. 11. If any provision of this Act, or the application of such provision to any person or circumstances, is held invalid, the remainder of this Act or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

### **SHORT TITLE**

SEC. 12. This Act may be cited as the "Central Intelligence Agency Act of 1949."

Approved June 20, 1949.

# NOTES

## *An Explanatory Note*

*Many of the following notes are introduced by security classifications. These were on the documents when they were consulted by the author and are not necessarily the current classifications.*

*These classifications are C, S, and TS for CONFIDENTIAL, SECRET, and TOP SECRET, respectively. A classification such as "TS dg S" means that the document was downgraded from TOP SECRET to SECRET. "UNK," short for "unknown," means the document was not originally classified but was handled as such and may be properly classifiable today.*

## Chapter I

1. U.S. [Hoover] Commission on Organization of the Executive Branch of the Government (1953-1955), *Intelligence Activities*, Letter from Chairman [of the] Commission . . . Transmitting its Report on . . . (Washington: GPO, 1955), p. 30.
2. "Request of Pres. Roosevelt . . .," [n.d.] Papers of George S. Messersmith (University of Delaware Library, Newark, Del.), *Memoirs*, box 9, vol. 3, folder 5. The content of this document indicates it was written in the mid-1950s. These Papers will be cited hereafter as Messersmith Papers.
3. Harry S. Truman, *Memoirs*, vol. 2: *Years of Trial and Hope 1946-1953* (N.Y.: Doubleday, 1956), pp. 58-62. Margaret Truman [Daniels], *Harry S. Truman* (N.Y.: Morrow, 1973), p. 332.
4. Sidney F. Mashbir, *I Was An American Spy* (N.Y.: Vantage, 1953), p. 348.
5. (S dg U) U.S. Department of the Navy, Naval History Division, "Office of Naval Intelligence," vol. 2, p. 87. Cooke's proposal was embodied in a memo to Adm. Ernest J. King, Nov. 21, 1942. This work, consisting of 4 vols., will be cited hereafter as ONI History.
6. (S) Ludwell L. Montague, "General Walter Bedell Smith as Director of Central Intelligence, October 1950-February 1953," typescript (CIA, Wash., D.C., July 1971), p. 32.
7. Sir William S. Stephenson, "Early Days of O.S.S. (COI)," typescript (author's files, c. 1959-1961), p. 12.
8. (UNK) "Notes from WJD [William J. Donovan]—April 5th [19]/49," Papers of William J. Donovan (CIA, Wash., D.C.), job 66-595, box 1, folder 22. These Papers will be cited hereafter as Donovan Papers. The "notes," clearly of an interview with Donovan, are identified only as "given presumably to Vanden Heuvel"; they will be cited hereafter by their original title.

## Chapter II

1. (UNK) Maj. O. H. Saunders to Col. Stanley H. Ford, April 23, 1929, Records of the Military Intelligence Division, Records of the War Department General and Special Staffs, Record Group 165 (U.S. National Archives, Wash., D.C.), item 9944-ZZ-6/1. These Records will be cited hereafter as RG 165 MID.

2. (UNK) [John A. Gade], untitled memo [n.d.], Records of the Office of Naval Intelligence, Records of the Office of the Chief of Naval Operations, Record Group 38 (U.S. National Archives, Wash., D.C.), Job 3679, box 66, exhibit 20751. These Records will be cited hereafter as RG 38 ONI. For autobiographical data on Gade, see his *All My Born Days: Experiences of a Naval Intelligence Officer in Europe* (N.Y.: Scribner's, 1942); the book, however, has nothing on the subject under consideration here.

3. (UNK) Memo, H. C. Cocke to Captain Johnson, May 9, 1929, RG 38 ONI, job 3679, box 66, exhibit 20751.

4. (UNK) Memo, "C" [Col. Cooper] to Col. Ford [n.d.], RG 165 MID, item 9944-ZZ-6/3.

5. (UNK) Cooper from SHF [Col. Stanley H. Ford], May 9, 1929, *ibid.*

6. Robert H. Ferrell, *American Diplomacy in the Great Depression: Hoover-Stimson Foreign Policy, 1929-1933* (New Haven: Yale, 1957), p. 19.

7. George F. Kennan, *Memoirs 1925-1950* (Boston: Little, Brown, 1967), p. 48.

8. (UNK) Memo, Philip W. Bonsal to Adolf A. Berle, Jr., Mar. 21, 1941, General Records of the Department of State, Record Group 59 (U.S. National Archives, Wash., D.C.), File 811.20210/29. These Records will be cited hereafter as RG 59 State.

9. Charles Thayer, *Diplomat* (N.Y.: Harper, 1959), p. 165.

10. Dean G. Acheson, *Present at the Creation: My Years in the State Department* (N.Y.: Norton, 1969), p. 16.

11. Graham H. Stuart, *The Department of State: A History of Its Organization, Procedure, and Personnel* (N.Y.: MacMillan, 1949), p. 80.

12. (UNK) Cmdr. W. C. I. Stiles, "Naval Organization," a lecture delivered at the Army War College, Sept. 12, 1929, RG 38 ONI, job 2125, box 66, file on "Naval Organization."

13. Rear Adm. Julius Augustus Furer, *Administration of the Navy Department in World War II* (Washington: GPO, 1959), p. 119.

14. (UNK) "Instructions for Naval Attachés," RG 38 ONI, job 2125, box 90, exhibit 20868.

15. ONI History, pt. 5, p. 523.

16. *Ibid.*, pt. 2, p. 28, for 1931 figures; pt. 4, p. 177, for 1934 figures.

17. (S) Bruce W. Bidwell, "History of the Military Intelligence Division, Department of the Army General Staff," 8 pts., typescript (Office of the Chief of Military History, U.S. Department of the Army, Wash., D.C.), pt. 8, ch. 2, p. 1. This work will be cited hereafter as Bidwell History.

18. *Ibid.*

19. (UNK) "Headquarters Personnel and Funds Used in Military Intelligence Activities, 1885-1944," George W. Auxier, "Historical Manuscript File: Materials on the History of Military Intelligence in the U.S., 1884-1944" (Office of the Chief of Military History, U.S. Department of the Army, Wash., D.C.), exhibit "B." This File will be cited hereafter as Auxier File.

20. Mark S. Watson, *Chief of Staff: Prewar Plans and Preparations* (Wash., D.C.: GPO, 1950), p. 70; the remainder of the sentence is from Bidwell History, pt. 3, ch. 32, p. 3.

21. (UNK) Auxier File, pt. 1, "Outline of Developments."

22. (S) Bidwell History, pt. 2, ch. 13, pp. 3, 12.

23. Watson, *Chief of Staff*, pp. 61-62. The "G" derives from the "G" in the British "General Staff," according to Powe, Marc B. and Wilson, Edward E., "The Evolution of American Military Intelligence" (Fort Huachuca, Arizona: U.S. Army Intelligence Center and School, 1973), p. 15.

24. (S) Bidwell History, pt. 3, ch. 32, p. 8.

25. For lack of Army understanding, see (UNK) Auxier File, pt. 2, "History of the Organization, 1885-1939." Strong's memo to Chief of Staff, May 9, 1943, is in Auxier File, pt. 3, Exhibits and Documents.

26. W. Wendell Blancke, *The Foreign Service of the United States* (N.Y.: Praeger, 1969), p. 21.

27. Don Whitehead, *The FBI Story: A Report to the People* (N.Y.: Random House, 1956), p. 158. On the Kent affair State originally asked for assistance from G-2 but turned to the FBI when the former doubted it could "guarantee service," Breckinridge Long, *The War Diary of Breckinridge Long: Selections from the years 1939-1944*, ed. Fred L. Israel (Lincoln, Neb.: Univ. of Neb., 1966), pp. 100-101.

28. ONI History, pt. 2, p. 24.

29. *Ibid.*, pt. 4, p. 351.

30. *New York Times*, Dec. 3, 1938, 1:3.

31. *Ibid.*, Dec. 10, 1938, 1:2.

32. Whitehead, *The FBI Story*, p. 165.

33. *Ibid.*

34. Richard D. Lunt, *The High Ministry of Government: The Political Career of Frank Murphy* (Detroit: Wayne State Univ., 1965), p. 206.

35. "Request of Pres. Roosevelt . . .," Messersmith Papers. This note also covers the next two paragraphs.

36. Memo, Roosevelt to Secretary of State [*et al.*], June 26, 1939, Records of the Office of Strategic Services (CIA, Wash., D.C.) Director's files, operation 232 (Sands file). These Records will be cited hereafter as OSS Records. The shortened form for this citation is OSS Records, Dir-Op-232 (Sands file); and such form will be used for all future citations from these records.

37. (C) "Notes from G-2 Conferences with FBI, Dec. 1939-May 28, 1940," and "Notes on Conferences of Interdepartmental Intelligence Conference," RG 165 MID (hereafter cited as IIC Notes, RG 165 MID).

*notes for pages 13-22*

38. "A Proposal for the Creation of an Inter-Departmental Security Coordination," Records of the Bureau of the Budget, Record Group 51 (U.S. National Archives, Wash., D.C.), Project 217, box 182. These Records will be cited hereafter as RG 51 BOB.
39. (UNK) Memo, Col. F. H. Lincoln to COS, June 19, 1937, Auxier File.
40. The letter and its handling are cited in (S) Bidwell History, pt. 3, ch. 20, pp. 30-31.
41. (S) Bidwell History, pt. 3, ch. 32, pp. 3-4.
42. *Ibid.*, ch. 30, pp. 4, 18.
43. (UNK) Gen. Sherman Miles, "Summary of Present System of Collecting Military Information from Abroad" [c. May 8, 1941], RG 165 MID, box 3733, file 10560-990/1.
44. (UNK) Memo, Gen. George V. Strong to COS, May 9, 1943, Auxier File, pt. 3, Exhibits and Documents. Marshall's observation is in *New York Times*, Oct. 19, 1945, 3:1.
45. ONI History, pt. 2, p. 28.
46. *Ibid.*, pt. 5, pp. 523-24; pt. 2, p. 25; pt. 5, pp. 721, 665, 667.
47. Memo, Chairman, General Board, to Secretary of the Navy, Aug. 31, 1939, on "Are We Ready?" ONI History, Supplement, app. C to pt. 1. This memo was prepared by Rear Adm. Walter S. Anderson, Director of ONI (DNI).
48. Memo, DNI (Anderson) to Adm. King, June 10, 1940, on "Are We Ready?," *ibid.*, app. O to pt. 2.
49. Memo, Chief of Naval Operations, Aug. 18, 1939, *ibid.*, pt. 5, p. 525.
50. N. 47, *supra*.
51. N. 48, *supra*. Author's interview, Feb. 12, 1968.
52. (C) Minutes, IIC Meeting, May 21, 1940, IIC Notes, RG 165 MID, no. 9794-186A/1.
53. (C) Minutes, IIC Meeting, May 31, 1940, *ibid.*, no. 9794-186A/2.
54. (C) Minutes, IIC Meeting, June 3, 1940, *ibid.*, no. 9794-186A/3.
55. (C) "Special Intelligence Service," June 6, 1940, *ibid.*, no. 9794-186A/4.
56. *Ibid.*
57. (S) Memo, Berle to Miles, Anderson, and Hoover, June 24, 1940, *ibid.*, no. 9794-186B(2,7).
58. (C) Minutes, IIC Meeting, June 25, 1940, *ibid.*, no. 9794-186A/6.
59. (C) Minutes, IIC Meeting, July 2, 1940, *ibid.*, no. 9794-186A/7.
60. (C) Minutes, IIC Meeting, July 26, 1940, *ibid.*, no. 9794-186A/12. The Miles-Hoover correspondence is found in no. 9794-186B.
61. N. 58, *supra*.
62. ONI History, pt. 7, pp. 849-853; these pages provide an account of the origin and activity of this Navy SIS. It was activated by "Memorandum Number One" from the Foreign Intelligence Branch to the Special Intelligence Section, RG 38 ONI, job 3679, box 25, folder Op-16-F-9.

63. Actually there was a third SIS: The "Signal Intelligence Service" in the Army's Signal Corps. It was created to carry on Yardley's work after Yardley was dismissed in 1929.
64. Whitehead, *The FBI Story*, pp. 169-70.
65. [?], "Information" [n.d.], RG 38 ONI, job 3679, box 16, folder "Information, Collection of."

### Chapter III

1. O. G. Villard, "Jew and Gentile in New York," *Nation*, vol. 135, no. 3511 (Oct. 19, 1932), p. 345. Harris Gaylord Warren, *Herbert Hoover and the Great Depression* (N.Y.: Oxford, 1959), p. 54.
2. Corey Ford, *Donovan of OSS* (Boston: Little, Brown, 1970), pp. 13-14; the family member quoted is Donovan's brother, Rev. Vincent Donovan, O.P.
3. *Ibid.*, p. 15.
4. *Ibid.*, p. 75; also (UNK) "Notes from WJD—April 5th/49," Donovan Papers.
5. Ford, *Donovan*, p. 12. For another account of the origin of the nickname, see J. F. Deegan's letter to the *New York Times*, Nov. 30, 1956, 22:7. Deegan says members of the 69th Regiment transferred the name of a famous Detroit baseball pitcher to their commanding officer.
6. D. Clayton James, *The Years of MacArthur*, vol. 1, 1880-1941 (Boston: Houghton Mifflin, 1970), p. 166.
7. The World War I diary, the Siberian journal, and the account of the Murphy trip are separate items in the Donovan Papers.
8. (UNK) "Notes from WJD—April 5th/49." Donovan says that he warned "all the members that he had to uphold the law he was hired to uphold," and that he himself stayed away from the club.
9. "About Men and Women: Leaders of the Present Day," *Review of Reviews*, vol. 79, no. 2 (Feb., 1929), pp. 120, 122; Henry F. Pringle, "Exit 'Wild Bill': Portrait of William J. Donovan," *Outlook*, vol. 151, no. 1 (Jan. 9, 1929), pp. 47, 75.
10. Fr. Duffy is quoted in Donovan's World War I diary, see n. 7 *supra*, under date of Mar. 25, 1918. The adjutant's report and O'Brian's declaration are in Ford, *Donovan*, pp. 40 and 71, respectively. For the 1925 journalist, see "'Wild Bill' Donovan, War-Time and Peace-Time Fighter," *Literary Digest*, vol. 85, no. 6 (May 9, 1925), p. 56; the journalist quoted therein is Hugh Fullerton of the *Chicago Tribune*.
11. "Nothing but Gossip" is in Pringle, n. 9 *supra*. The Hoover story is in Ford, *Donovan*, p. 72. Mrs. Donovan made the remark in an interview with the author on Mar. 6, 1972.
12. For the material on the *Appalachian Coals* case, the *Madison Oil* trial, and Donovan's work as unpaid counsel in 1929-1930, I am indebted to a lifelong friend and law partner of Donovan's, Mr. Otto C. Doering, Jr., who gave me a copy of the memo on the subject he had originally prepared for Corey Ford.

*notes for pages 28-31*

13. Donovan to MacArthur, Sept. 17, 1935; Donovan to Gen. George [S.] Simonds, Sept. 20, 1935; both in 201 file, Donovan, William J., The Adjutant General's Office (TAG) (Federal Records Center, St. Louis). This file will be cited hereafter as TAG 201 Donovan.

14. The department's reply is Capt. T. J. Davis to Donovan, Sept. 19, 1935; the Deputy Chief of Staff, Gen. Simonds, replied to Donovan Sept. 30, 1935, and Donovan replied to him Oct. 2, 1935; all *ibid*.

15. On his Ethiopian trip Donovan kept a diary, which is among the Donovan Papers. For the unsuccessful attempt to meet with Eden, see Hugh R. Wilson, *Diplomat Between Wars* (N.Y.: Longmans, Green, 1941), p. 324. In his diary for Jan. 16, 1936, Donovan wrote that Wilson "wanted me to talk with Eden, but I thought it was a mistake to go to Eden's hotel"—a suggestion of political indelicacy for a recent guest of Mussolini's to be seen publicly visiting the enemy, Mr. Eden.

16. The commendation was signed by Maj. Gen. Geo. S. Simonds, Feb. 24, 1936, TAG 201 Donovan.

17. The overseas trips are covered in Donovan to Gen. Hugh A. Drum, Oct. 16, 1940, TAG 201 Donovan.

18. (UNK) R. E. Butler, memo of conversation, July 10, 1939, Foreign Office Papers and Telegrams, 1940-42, Records of the British Foreign and Commonwealth Office (Foreign and Commonwealth Office Library, London) (hereinafter cited as Foreign Office Papers), bk. 22974, file C 9705/15/18.

19. *New York Times*, Nov. 12, 1939, 41:4.

20. *Vital Speeches*, Dec. 15, 1939, pp. 155-57. The speech was given on Nov. 27, 1939 in New York City before the Sons of Erin.

21. For a more extensive treatment of this subject, see the writer's (S) "COI and British Intelligence: An Essay on Origins" (CIA, 1970), pp. 8-26.

22. Harold L. Ickes, *The Secret Diary of Harold L. Ickes, vol. II: The Inside struggle, 1936-1939* (N.Y.: Simon and Schuster, 1954), pp. 717-19.

23. *New York Times*, Dec. 10, 1939, 3:2.

24. Frank Knox, "Memorandum of conversation with President Roosevelt on December 10, 1939, at the White House," Dec. 12, 1939, Franklin D. Roosevelt Papers (Franklin D. Roosevelt Library, Hyde Park, N.Y.) (hereafter cited as Roosevelt Papers), President's Secretary's File (PSF), box 59.

25. Knox to Roosevelt, Dec. 15, 1939, Roosevelt Papers, PSF (Navy).

26. Roosevelt to Knox, Dec. 29, 1939, *ibid*.

27. Knox to Roosevelt, Jan. 17, 1940, *ibid*.

28. There is no complete account of the selection and appointment of both Knox and Stimson. Especially helpful, however are: Louis Brownlow, *A Passion for Anonymity: The Autobiography of Louis Brownlow* (Chicago: Univ. of Chicago, 1958), pp. 433-35; John Morton Blum, ed., *From the Diaries of Henry Morgenthau, Jr., vol. 2., Years of Urgency 1938-1941* (Boston: Houghton Mifflin, 1965), pp. 165-69; Eliot Janeway, *The Struggle for Survival: A Chronicle of Economic Mobilization in World War II* (New Haven: Yale, 1951), pp. 125-45; George Henry Lobdell, "A Biography of Frank Knox" (unpublished Ph.D. dissertation, Univ. of Illinois, 1954), pp. 301-22.

29. Rawleigh Warner to Annie R. Knox, Mar. 29, 1949, box 1, Frank Knox Papers (Manuscript Division, Library of Congress, Wash., D.C.) (hereafter cited as Knox Papers), box 1.

30. Knox to Annie R. Knox, July 6, 1940, Knox Papers, box 3. The date of this letter, to judge from its contents, should be July 5.

31. For the quotation from Donovan and for his account of the trip, see his off-the-record "Address" to the Union League of Philadelphia, April 29, 1941, in the League's *Annual Report, 1941*, pp. 79-95. For a full treatment of the trip to Britain and of Stephenson's connection with it, see this writer's "COI and British Intelligence," pp. 27-86.

32. Raymond E. Lee, *The London Journal of General Raymond E. Lee 1940-1941*, ed. James Leutze (Boston: Little, Brown, 1971), p. 27. Lee was U.S. military attaché in London at the time.

33. Donald McLachlan, *Room 39: A Study in Naval Intelligence* (N.Y.: Atheneum, 1968), pp. 226-27.

34. Lee, *London Journal*, p. 21.

35. Note from Robert Vansittart to Winston Churchill, July 23, 1940, Winston Churchill Papers (Prime Minister, Premier Three) (Historical Section, Cabinet Office, Great Britain) (hereafter cited as Churchill Papers), box 145, folder 463/miscellaneous.

36. Donovan to Brendan Bracken, Aug. 27, 1940, Donovan Papers, job 65-508, vol. 34, item 3. The remarks about Kennedy and the bases agreement are in (UNK) T. N. Whitehead's record of conversation with Donovan, Dec. 19, 1940, Foreign Office Papers, F.O. 371, bk. 24263, file A 5194/4925/45 (1940), no. 541. Lord Lothian's cable is cited in H. Montgomery Hyde's *The Quiet Canadian* (London: Hamilton, 1962), p. 39. The American edition of Hyde's book is *Room 3603* (N.Y.: Farrar, Strauss, 1963).

37. Donovan to Brendan Bracken, Aug. 27, 1940, Donovan Papers, job 65-508, vol. 34.

38. *New York Times*, Aug. 6, 1940, 3:4.

39. (UNK) Minutes by J. Balfour re telegram to Lord Lothian, Nov. 28, 1940, Foreign Office Papers, file A 4955/605/45.

40. On Stephenson and his work as British Security Coordinator, see (S) the author's "COI and British Intelligence," pp. 87-117. For other biographical data, see Hyde, *The Quiet Canadian*; J. J. Brown, *The Inventors: Great Ideas in Canadian Enterprise* (Toronto: McClelland and Stewart, 1967), pp. 90-92; Arch Whitehouse, *Heroes of the Sunlit Sky* (N.Y.: Doubleday, 1967), pp. 236-37; McKenzie Porter, "The Biggest Private Eye of All," *MacLean's Magazine*, pp. 67-75.

41. Hyde, *The Quiet Canadian*, pp. 25-26; Robert F. Sherwood, *Roosevelt and Hopkins: An Intimate History* (N.Y.: Harper, 1950), p. 270.

42. *Ibid.*, p. 28.

43. Stephenson, "Early Days of O.S.S. (COI)," p. 4; Hyde, *The Quiet Canadian*, p. 36.

44. Donovan's letter to Menzies, Aug. 27, 1940, is in Donovan Papers, vol. 34. Donovan's "Bill Stephenson" is in (S) Conyers Read's "Pre-COI Period," typescript, OSS Records, Wash-Hist-Off-Op. 23.

*notes for pages 36-42*

45. (S) Troy, "COI and British Intelligence," pp. 45-46.
46. Stephenson's three cables are in Hyde, *The Quiet Canadian*, pp. 38-39.
47. (S) Read, "Pre-COI Period," p. 13.
48. Hyde, *The Quiet Canadian*, p. 43; see also (TS dg S) "British Relations with OSS," typescript, OSS Records, Wash-Hist-Off-Op 23; accompanying memos indicate this paper was written before Oct. 16, 1944.
49. (UNK) Tel. no. 2929, Nov. 27, 1940, Foreign Office Papers, F.O. 371, bk. 24263, file A 4925/4925/45 (1940), no. 505; and letter from Lord Halifax to Lord Beaverbrook, Nov. 29, 1940, *ibid.*, file A 5059/4925/45 (1940), no. 526.
50. (UNK) The cable to London is no. 2932, Dec. 5, 1940, *ibid.*, file A 4925/4925/45 (1940), no. 519; for London arrangements, see Eden to Halifax, Dec. 5, 1940, *ibid.*, no. 521; and the cable to Lisbon is no. 81, Dec. 7, 1940, *ibid.*, no. 517.
51. (UNK) Cooper's minutes to Halifax, Dec. 10, 1940, *ibid.*, file A 5059/4925/45 (1940), no. 531. The Army Council's view is in letter from War Office to Under Secretary of State for Foreign Affairs, Dec. 4, 1940, *ibid.*, file A 4925/4925/45 (1940), no. 510. Lothian's comment is tel. no. 2926, Dec. 4, 1940, *ibid.*, no. 518. Stephenson's recommendation is contained in letter from Sir Alexander Cadogan to Secretary of State, Dec. 17, 1940, *ibid.*, no. 535.
52. *New York Times*, Dec. 7, 1940, 1:2.
53. (UNK) Tel. no. 1608 to Cairo, Dec. 24, 1940, F.O. Papers, F.O. 371, bk. 24263, file A 5194/4925/45 (1940), no. 543.
54. A typewritten, single-spaced diary of 60 pages in Donovan Papers, vol. 34.
55. (C) Tel. no. 28 from U.S. Legation, Athens, to Secretary of State, Jan. 18, 1941, Central Files (classified), Office of the Chief of Naval Operations (U.S. Naval History Division, Navy Yard, Wash., D.C.), file no. A8-2/EF13, "Confidential Donovan File." This source will be cited hereafter as CNO Central Files.
56. Dykes' Diary, pp. 20, 26, 28, 34, and 59.
57. The "wildly irrelevant" talk is from Sherwood, *Roosevelt and Hopkins*, p. 265. On Donovan's "suggestion" to the President, see Wallace R. Deuel, "History of the OSS," draft typescript, (S) OSS Records, job 62-271, box 29, folder 5.
58. Henry L. Stimson Diary, Mar. 19, 1941, Henry L. Stimson Papers (Sterling Memorial Library, Yale University, New Haven). Stimson's Papers will be cited hereafter as Stimson Diary and, as case may be, Stimson Correspondence. Entry for Mar. 19, 1941.
59. Stimson Diary, Mar. 20, 1941. The transcript of Donovan's talk is in Donovan Papers, job no. 62-271, box 29, folder 8.
60. *New York Times*, Mar. 26, 1941, 1:4.
61. Henry Morgenthau, Jr., Diary (Franklin D. Roosevelt Library, Hyde Park, N.Y.), pp. 23-25, entry for Mar. 20, 1941. This depository will hereafter be referred to as Roosevelt Library.
62. Memo, Miles to Marshall on "Coordinator for the three Intelligence Agencies of the Government," April 8, 1941, Records of the Army Staff, Army Intelligence Decimal File, Record Group 319 (Washington National Records Center, Suitland, Md.) (hereafter cited as RG 319 MID), file 310.11.

#### Chapter IV

1. (C) Memo, Brig. Gen. R. E. Lee to Chief of Staff on "Joint Intelligence Committee," Mar. 27, 1941, RG 319 MID, file 350.05.
2. (C) Memo, Miles to COS on "Joint Intelligence Committee," April 15, 1951, *ibid.*
3. (C) Ludwell L. Montague, "Intelligence Service, 1940-1950," a memo for the record, 1969, typescript (CIA, Wash., D.C.), p. 6.
4. (C) Montague, "Intelligence Service," p. 7.
5. (C) Miles, *loc. cit.*
6. (UNK) Memo, George A. Gordon to the Under Secretary and the Secretary of State, May 5, 1941, RG 59 State, file 102.2/3432.
7. (UNK) Memo, George A. Gordon to the Under Secretary and the Secretary of State, May 22, 1941, *ibid.*
8. (C) Miles's first draft, May 29, 1941, was sent to the Maritime Commission, OPM, State, ONI, Treasury, Commerce, OEM, NDRC, Agriculture, and the Federal Reserve, and is found in RG 319 MID, file 350.05. For comment by Gordon, see (UNK) his memo to the Under Secretary, June 2, 1941, with a return buckslip signed by Welles, June 3, 1941, RG 59 State, file 102.2/3437. (C) Miles's second draft, June 17, 1941, was sent to State, Treasury, Navy, Agriculture, Commerce, the Administrator of Export Control, and OEM, and is in RG 319 MID, file 350.05.
9. (UNK) [?] Larrabee, "resumé of 1-day's meeting at G-2, 9 a.m.," June 4, 1941, memo for record, Records of the Administrator of Export Control, Record Group 169 (Washington National Records Center, Suitland, Maryland), Miscellaneous File of the Information Division, folder "General Miles." This source will be cited hereafter as RG 169 Ex Con.
10. *Ibid.*
11. (C) Memo, Miles to COS on "Interchange of Information between the Different Departments of the Government," July 7, 1941, RG 319 MID, file 350.05.
12. Stimson "Notes after Cabinet Meeting, April 4, 1941," Stimson Correspondence, box 384.
13. See p. 17, *supra*.
14. Stimson Diary, Oct. 14, 1940.
15. (UNK) Memo, Miles to the "New York Office, M.I.D." [Maj. Frederick D. Sharp], Nov. 2, 1940, RG 165 MID, G-2/10153-407. The FBI charges and the G-2 replies are in (UNK) memo entitled "Charges contained in letter of February 10, 1941," RG 319 MID, file 310.11.
16. (C) Memo, Lt. Col. J. A. Lester to Miles on "Coordination with FBI regards [*sic*] Major Sharp's Office in New York," Feb. 7, 1941, RG 165 MID, file 9794-186B/8.
17. *Ibid.*
18. Stimson Diary, Feb. 12, 1941.
19. *Ibid.*, Feb. 13, 1941.

*notes for pages 49-55*

20. For an example of coordination with ONI and FDR, see Astor to Roosevelt, Jan. 13, 1938, Roosevelt Papers, PSF (Astor). On Paget, see Astor to FDR, April 18, 1940, *ibid.* Roosevelt's memo to Stark, June 26, 1940, is in Roosevelt Papers, PPF 40.

21. Notes from: Kirk to Callaghan, Mar. 12, 1941, Roosevelt Papers, PSF (Astor); Callaghan to FDR, Mar. 14, Grace Tully to FDR, Mar. 19, FDR to Tully, Mar. 19, *ibid.*

22. N. 62, ch.3.

23. *Ibid.*

24. (C) Memo, "Definition of Jurisdiction," May 15, 1941, signed by J. Edgar Hoover, Sherman Miles, and Alan G. Kirk, RG 319 MID, file 310.11. Hoover to Maj. Gen. Watson, May 22, 1941; Hoover to Miles, May 22; both, *ibid.*

25. (C) Memo, Miles to COS on "Coordinator for the Three Intelligence Agencies of the Government," May 22, 1941, *ibid.*

26. (C) "Report on Coordination of the three Intelligence Services, the Federal Bureau of Investigation, the Military Intelligence Division, and the Office of Naval Intelligence," signed by Hoover, Miles, and Kirk, May 29, 1941, CNO Central Files, file A3-1/A8-5(5-29). The ONI History notes that the "optimistic judgment" made in this report was "made in connection with an attempt to defeat a proposal to appoint a 'coordinator' to head up all three intelligence services," pt. 4, p. 341.

27. Stimson Diary, Dec. 2, 1940. On the Hopkins job, see n. 61, ch. 3.

28. (UNK) "Interview with Col. Wm. J. Donovan, KWH-7/15/42"; the initials probably are those of Kenneth W. Heckler, and the document is in Records of the Bureau of the Budget, Record Group 51 (U.S. National Archives, Wash., D.C.), Series 41.3, Unit 116, folder "Preparation of War Histories by Agencies: Strategic Services, Office of, 1942-47." This source will be cited hereafter as RG 51 BOB.

29. (S) Donovan, "Office of Strategic Services," a lecture delivered at the Army and Navy Staff College, Wash., D.C., Nov. 1, 1943, typescript, OSS Records, Dir-Op-125, p. 2.

30. Allen Dulles, *The Secret Surrender* (N.Y.: Harper & Row, 1966), p. 4.

31. For Kilmer, see Ford, *Donovan*, p. 43. The British training is in Emmet Crozier, *American Reporters on the Western Front 1914-1918* (N.Y.: Oxford, 1959), p. 199.

32. (UNK) "Notes from WJD—April 5th/49."

33. Lee, *London Journal*, p. 21.

34. (TS dg S) "British Relations with OSS."

35. Stephenson, "Early Days of O.S.S. (COI)," p. 7.

36. (C) Unsigned carbon copy of letter to James R. Murphy, April 26, 1944, OSS Records, 201 File, Stephenson, William Samuel.

37. On June 19, 1944, Donovan recommended to the President that Stephenson be awarded the Distinguished Service Medal; see Donovan's three memos, June 19, to Grace Tully, the President, and the Adjutant General of the War Department, in OSS Records, "OSS Reports to the White House 1942—June 1944." It was, however, a long time before Stephenson received any medal. The JCS urged postponing the matter until after the end of hostilities. In May 1945 Donovan resubmitted the recommendation, this time for the Medal of Merit; MID said it was unaware of any activity of Stephenson that merited the award.

Gen. John Magruder, when he headed the Strategic Services Unit, the successor of OSS, fought hard for the Merit Medal when the War Department only recommended the Medal of Freedom. On Sept. 3, 1946, President Truman approved the Medal of Merit for Stephenson, and Donovan made the actual award to the "quiet Canadian" on Nov. 30, 1946. For the actions on the medal, see Records of the Adjutant General's Office, the War Department, Record Group 407 (U.S. National Archives, Wash., D.C.), Operations Branch, folder AG 095 Stephenson, William Samuel. For the news story on and a picture of the award ceremony, see the *New York Times*, Dec. 1, 1946, 54:3.

38. N. 28, *supra*.

39. William N. Medlicott, *The Economic Blockade* (London: HMSO, 1952), vol. 1. pp. 501-02.

40. Donovan, "Office of Strategic Services," n. 29, *supra*, p. 3.

41. (S) Donovan to Maj. Gen. Walter Bedell Smith, Sept. 17, 1943, OSS Records, Wash-Dir-Op 266, folder 182 ("OSS").

42. Stimson Diary, May 12, 1941; "Memorandum of Interview with the President," May 20, 1941.

43. Stimson Diary, Nov. 8, 13, 15, and 28. "Memorandum after Cabinet Meeting, April 17, 1941." "Memorandum of Interview with the President," May 20, 1941. Entry for May 12, 1941.

44. (UNK) Donovan to Knox, Apr. 26, 1941, Donovan Papers, job 66-595, folder 22.

45. N. 9, *supra*.

46. Author's interview with Mr. Otto C. Doering, Jr., Oct. 8, 1969. Doering joined the Donovan law firm before the war, served in OSS, and returned to the firm at war's end.

47. Stephenson's cable to Menzies is in Hyde, *The Quiet Canadian*, p. 152. For an analysis, which suggests separate authorship of different paragraphs of the memo to Knox, see this writer's "COI and British Intelligence," pp. 204-05.

48. Ickes, *The Secret Diary*, vol. 3, p. 510.

49. Stimson Diary, Apr. 17 and May 20, 1941. For the bond job, see Morgenthau to Donovan, June 5, 1941, Morgenthau Diary, bk. 405, p. 204.

50. Knox to Frankfurter, May 22, 1941, Knox Papers, Correspondence, box 1.

51. The text in the appendix is that of the final version of June 10 of which a photostat of the original is in RG 51 BOB, folder 211 (Coordinator of Information). The only specific reference this writer has found to the May 31st text is in what will here be cited as the Lilly Papers; these are notes and supporting documents on the history of psychological warfare, the work of a former JCS historian, Dr. E. P. Lilly, who left an unfinished but promising history of that subject. Lilly noted on a copy of the June 10 memo the difference between the two drafts. For the content of the only significant difference—two additional paragraphs added by Donovan—see p. 61, *infra*.

52. On June 3, 1941, McCloy sent Stimson "a report made by Bill Donovan on the need for an overall coordinator for our intelligence service." McCloy clearly referred to the May 31st draft; he said Donovan had discussed it "at length" with Knox.

53. (S) Wallace R. Deuel, "History of the OSS," draft typescript, 1944, OSS Records, job 66-595, folder 42.

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54. McLachlan, *Room 39*, p. 234.
55. N. 53, *supra*.
56. Stephenson, "Early Days of O.S.S. (COI)," pp. 7-8.
57. Morgenthau Diary, bk. 403, p. 85.
58. Morgenthau to Donovan is cited in n. 49, *supra*. Stephenson's comment was made Oct. 23, 1969, in an interview with the author. Winant's White House visits are recorded in the "White House Usher's Diary," Roosevelt Papers. For Godfrey, see McLachlan, *Room 39*, p. 229. Grace Tully's message is in note from Miss Barrows to Gen. Watson, June 11, 1941; the note, however, cannot be found in the Roosevelt Papers in the place—PPF 3509—where, according to a reference in PPF 6558 William J. Donovan, it is supposed to be.
59. For Morgenthau's remark to Graves, see Morgenthau Diary, bk. 408, p. 4. Sherwood's letter to Hopkins, June 16, 1941, is in the Lilly Papers. Sherwood to Morgenthau is in the latter's diary, bk. 410, p. 221. Sherwood to Donovan is in Donovan Papers, "Exhibits Illustrating the History of OSS," vol. 3, tab c.
60. The note to Mrs. Klotz is in the Morgenthau Diary, bk. 413, p. 14, and the transcribed telephone conversation with Donovan is in bk. 409, p. 151-52.
61. The appointment with FDR appears in the "Composite Presidential Diary," Roosevelt Papers.
62. Hyde, *The Quiet Canadian*, p. 153.
63. (UNK) Halifax to F.O., tel. 2976, June 26, 1941; Consul General, N.Y., to Mr. Herbert, tel. 11459, June 25, 1941. First London comment came from C. King and second from J.B. [John Balfour?]. F.O. 371, bk. 26231, file A 4904/769/45/1941.
64. Transcribed telecon between Donovan and Morgenthau, June 21, 1941, Morgenthau Diary, bk. 411, pp. 67-71. Stimson Diary, July 3, 1941.
65. (UNK) Donovan to William D. Whitney, Aug. 19, 1941, and (UNK) Donovan to Roosevelt, Oct. 21, 1941, OSS Records, Wash-Hist-Off-Op 23, folder 8.
66. (UNK) Bernard L. Gladieux, "Conference with Ben Cohen on Strategic Information," June 19, 1941, RG 51 BOB, Records of OSS, folder 210.
67. Morgenthau Diary, bk. 410, pp. 30-31, and bk. 413, p. 14.
68. N. 66, *supra*.
69. (UNK) "Brief Outline of a Service of Strategic Information Based on Memorandum Submitted by Colonel Donovan," an attachment to the memo cited in n. 66, *supra*.
70. These drafts and others, including those noted later in the text, are found in RG 51 BOB, Records of OSS, folder 210.
71. Knox-Stimson conversation in "Memo of talk with Knox at Woodley, June 20, 1941," and the Donovan-Stimson meeting, June 22, 1941, are both in Stimson Diary.
72. *Ibid.*, June 24, 1941.
73. *Ibid.*, June 25, 1941. Knox's letter to the President is in Roosevelt Papers, OF 4485 (OSS).

74. (UNK) Memo, COS to the President on "Service of War Information," June 26, 1941, Lilly Papers.
75. Letters from Acting Director, BOB, to Stimson and Knox, June 27, 1941, RG 51 BOB, Records of OSS, folder 210.
76. Stimson Diary, June 31, 1941.
77. *Ibid.*, July 1, 1941.
78. *Ibid.*, July 2, 1941.
79. *Ibid.*, July 3, 1941.
80. (UNK) Gladieux, "Conference with Colonel J. [sic] Donovan and Ben Cohen on Coordinator of Defense Information," July 3, 1941, RG 51 BOB, Records of OSS, folder 212. The July 3 draft is in folder 210.
81. Memo, Harold Smith, Director, BOB, to the President, July 3, 1941, *ibid.* The order was entered in federal records as F.R.Doc.41-4969, filed July 12, 1941, at 11:53 a.m., and can be found in *Federal Register*, Tuesday, July 15, 1941, pp. 3422-23.
82. *New York Times*, July 6, 1941, 16:2-3.
83. *Ibid.*, July 10, 1941, 12:3.
84. Harold Smith, diary entry, July 10, 1941, Harold D. Smith Papers, Roosevelt Library, "Conferences with President 1941-42," vol. 13. This source will be cited hereafter as Harold D. Smith Papers.
85. Memo, Gladieux to Donovan, July 11, 1941. The news release is in RG 51 BOB, Records of OSS, folder 210. For news story, see *New York Times*, July 12, 1941, 5:1.
86. See notes by Early and Hopkins on the press release which was attached to Smith's memo of July 3 to the President, Roosevelt Papers, OF 4485 (OSS).
87. Lee, *London Journal*, p. 334.

## Chapter V

1. Morgenthau Diary, bk. 384, pp. 23-25.
2. For the list of war agencies see U.S. Bureau of the Budget, *The United States at War* (Washington: GPO, 1946), pp. 521-35. This writer is relying on memory for the Truman remark.
3. For the "sissy" statement see *New York Times*, Nov. 12, 1939, 41:4. The "bloodletting" is in an undated, unsigned "Memorandum" in the Donovan Papers, job 65-508, "Balkan Trip of 1941 of WJD." The memo was probably written, about Mar. 10-13, 1941, by the American correspondent William Stoneman. The writer said: "I hope that at a later date you will follow up your idea of announcing that you personally are tired of having a lot of cockneys and Australians and British aristocrats do all of the bloodletting." The letter to Dykes, May 9, 1941, is *ibid.*, "1941 Balkan Trip, Notebook of Cards and Letters."
4. Whitney to Averill Harriman, Aug. 25, 1941, OSS Records, Wash-Dir-Op-266, folder 654 (Whitney cables).

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5. Gladieux, "Conference with Colonel J. [sic] Donovan and Ben Cohen on Coordinator of Defense Information," July 3, 1941, RG 51 BOB, Records of OSS, folder 212.

6. *New York Times*, July 12, 1941, 5:1.

7. The first year budget is the figure inserted Oct. 1, 1941, in "Tentative Memorandum on the Probable Staff Required for the Service of Strategic Information," June 19, 1941, RG 51 BOB, Records of OSS, folder 212. Memo, M. G. Russell to Mr. Martin, July 21, 1941, *ibid.*, folder 247.

8. On compensation see Roosevelt to Donovan, July 23, 1941; photostatic copy of signed original is in the author's files, but the citation is missing. The exemption from the \$10 *per diem* is in Hall's memo of conversation with Thomas Early, RG 51 BOB, Series 39.19, folder "COI-Gen. Administration." The telephone item is in Early to Hall, Jan. 21, 1942, *ibid.*; Hall wrote thereon: "not allowed, Early so informed."

9. Transcribed telephone conversation between Morgenthau and Mahar, June 18, 1941, Morgenthau Diary, bk. 410, pp. 30-31.

10. Draft memo, undated, unaddressed, unsigned, OSS Records, Wash-OSS-AD-17, folder "Organization." Internal evidence suggests the document was written about Sept. 11, 1941.

11. Author's interview with Murphy, Jan. 10, 1969, author's files.

12. N. 4, *supra*.

13. For Buxton's effect on York see Donovan to Phillip Reed, May 26, 1942, OSS Records, Wash-Dir-Op-58 (Buxton, G.E.), folder 1. The "bulwark of loyalty" characterization was made by Atherton Richards in an interview conducted, apparently late in 1944, and again apparently by Geoffrey Hellman, an assistant to Conyers Read. This interview was one of many conducted at the time with COI personnel; they are recorded in 34 pages entitled "Beginnings of COI," and they will be credited, for the purposes of this work, to Hellman.

14. This is the statement of James P. Warburg, COI co-worker of Sherwood and is found in Hellman's "Beginnings of COI."

15. Sherwood's letters to Donovan, June 16, July 25 and 31, and Aug. 18, 1941, Donovan Papers, "Exhibits Illustrating History of OSS," vol. 3, tab C.

16. Morgan to Donovan, July 21, 1941, OSS Records, Wash-Dir-Op 266, folder 315 (Personnel 41-43). Memo, James Rowe, Jr., to Ben Cohen, Aug. 27, 1941.

17. James Roosevelt to this writer, Feb. 25, 1972. Roosevelt wrote that he was "not clear as to whether Gen. Donovan had anything to do with the assignment." Donovan could easily have obtained the cooperation of the Secretary of the Navy in making this assignment. It would be interesting to know just who took the initiative in the matter.

18. Nelson P. Poynter to Donovan, Oct. 31, 1941, OSS Records, Wash-Dir-Op 124, folder 1. Poynter, who hired Miss Frankfurter, became associate director of FIS on Nov. 12. The reference to Mrs. Richards is from a news item by Betty Hynes titled "National Defense Calls Couple from Island Home"; the date and newspaper carrying the item are not known.

19. A. Rex Johnson to Harold D. Smith, Dec. 22, 1941, OSS Records, Wash-OSS-Ad 17, folder titled "Visual Presentation." J. B. Opsata to Donovan, Aug. 3, 1942, Wash-Dir-Op 266, No. 328.

20. Godfrey to Donovan, July 20 and 23, 1941, OSS Records, Wash-Dir-Op 266, folder 630 (War Development).
21. Godfrey to Donovan, July 20, 1941, n. 20, *supra*.
22. The Fleming claim is laid out in John Pearson's *The Life of Ian Fleming* (N.Y.: McGraw Hill, 1966), p. 101.
23. (TS dg S) Ian Fleming, "Memorandum to Colonel Donovan," June 27, 1941, OSS Records, Wash-Dir-Op 125. Fleming sent copies to Admiral Godfrey and W. S. Stephenson.
24. Stephenson, "Early Days of O.S.S. (COI)," p. 9. Memo, Donovan to the Adjutant General, June 19, see n. 37, ch. 4, *supra*.
25. Stephenson, *loc. cit.*, p. 10.
26. (UNK) The solicited proposal was originally sent by one Heinz Soffner in New York City to the *New York Times* correspondent Hanson Baldwin, who sent it to Donovan on Aug. 5, 1941. On Aug. 11 Donovan sent it to Stephenson for his "view of it," and received in reply a memo from "S.M." to Stephenson, Aug. 14. These documents are in CIA/DDP/FI Central Files II, 63.
27. "Appointments and Telephone Calls, Aug. 9, 1941-Sept. 29, 1945," Donovan Papers.
28. For BSC see the following: Hyde, *The Quiet Canadian, passim*; Troy, "COI and British Intelligence," pp. 87-117; Col. Charles Howard Ellis, "Notes for Documentation; Ms. on Anglo-American Collaboration on Security and Intelligence in World War II," typescript, c. 1963; and the same author's "Mission Accomplished: the story of the 'two Bills' and their partnership in wartime intelligence and clandestine operations," typescript, 1972. These last two documents are abortive attempts on the part of Ellis, wartime deputy to and long-time friend of Stephenson, to write for publication an account of the Donovan-Stephenson collaboration.
29. Berle to Welles, Mar. 31, 1941, RG 59 State, file 841.20211/23.
30. Hyde, *op. cit.*, pp. 149-50. The "South American Map" was one of several items which Donovan stated on Oct. 21, 1941, that he had taken up that day with the President, "Appointments and Telephone Calls, August-December 1941," Donovan Papers, entry titled "Meeting with President 10/21/41 - 12:15-1:15."
31. Interview with this writer, Dec. 30, 1972.
32. McKenzie Porter, "The Biggest Private Eye of All," *MacLean's Magazine*, Dec. 1, 1952, p. 68.
33. In an interview with the author, Nov. 19, 1971, MacLeish could not recall which of the two took the initiative. Ernest Griffith, head of the Library's Legislative Reference Service at the time, told an interviewer on Dec. 31, 1942, that "Donovan met MacLeish at a cocktail party, and MacLeish said at once that what he [Donovan] needed was a research group . . .," in memo, H. F. Gosnell to Dr. Herring, Jan. 1, 1943, RG 51 BOB, Records of OSS, folder 212.
34. MacLeish to Donovan, June 29, 1941, Lilly Papers.
35. Donovan to MacLeish, July 30, 1941, (TS dg S) *War Report: Office of Strategic Services (OSS)* (Washington: GPO, 1949, vol. 1, exhibit W-17). This volume will be cited

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hereafter as *OSS War Report*. "Appalled" is the informed observation of W. L. Langer, "The Research and Analysis Branch," Mar. 5, 1947, OSS Records, Wash-Hist-Off-Op 5, folder 1. This document was Langer's comment on an R & A history then being written by the Central Intelligence Group.

36. N. 15, *supra*.

37. Joseph Barnes, quoted in Hellman, "Beginnings of COI."

38. Nelson Poynter, speaking of the difficult recruitment problem before Dec. 7, told an interviewer that "most [people] had to go to Washington to work at a financial sacrifice. So we had to wave a flag. We went after the best. As a result, we had a high percentage of Jews. More Jews [were] willing to make the sacrifice; also more [were] emotionally involved in the war before Pearl Harbor. This caused internal criticisms." *Ibid*.

39. Donovan to Warburg, Aug. 26, 1941, OSS Records, "Exhibits Illustrating the History of OSS," vol. 3, tab C.

40. W. O. Hall, "Conference with Robert Sherwood . . .," July 16, 1941, RG 51 BOB, Records of OSS, folder 212.

41. Hall, "Conference with Colonel Donovan . . . and Staff," July 16, 1941, *ibid*.

42. Data on the economics division is taken from two memos apparently originated by Atherton Richards: "Coordinator of Information," July 31, and "Memorandum to All Staff Members," Aug. 5, 1941, *ibid*. The latter document, a carbon of the original, lays out the organization and "assignment of functions" effective in COI as of Aug. 5 and may be the agency's first administrative directive.

43. See pp. 104-5, *infra*.

44. (S) "Outline of History of OSS," draft typescript, Donovan Papers, job 66-595, folder 43.

45. (UNK) Gladieux, "Conference with Ben Cohen on Strategic Information," June 19, 1941, RG 51 BOB, Records of OSS, folder 210. Hall, "Conference with Colonel Donovan . . . and Staff," *ibid.*, folder 212.

46. Memo, Director, BOB, to the President, apparently written by Gladieux, July 30, 1941, *ibid*. Pencil on the memo is "Not sent at Mr. Smith's direction. WH[William Hall] 7/31/41."

47. Roper to Donovan, Sept. 6, 1941, OSS Records, Wash-Dir-Op 266, folder 315 (Personnel 41-43).

48. Author's telephone conversation with Miss Jane Smith, May 9, 1973. The European correspondent is Frederick C. Oechsner, interviewed by the author, Aug. 8, 1973. Rosenman's evaluation was made in an interview Nov. 11, 1971, and Langer's was made in a meeting on April 2, 1971. The last characterization is that of Joseph H. Rosenbaum, made in an interview, Jan. 10, 1972.

49. Memo, Hall to Gladieux, Aug. 28, 1941, RG 51 BOB, Records of OSS, folder 212.

50. The two subordinates were, respectively, Oechsner (see n. 48, *supra*), and S. Everett Gleason, interviewed by the author April 11, 1972.

51. Milton Mayer, "Washington Goes to War," *Life Magazine*, Jan. 5, 1942, p. 60.

52. For the routine collaboration see Donovan-Hoover correspondence in OSS Records, Wash-Dir-Op 135, folder 1. The magazine story is in Hoover to Donovan, Nov. 21, 1941, *ibid*; the story was a light piece in *Collier's* (Nov. 22, 1941), which quoted a State Department source as saying the Army wanted Donovan made an admiral, when he became COI, and the Navy pushed for general, whereas Donovan asked to be left alone. The writer went on to ask the FBI if Donovan received all FBI material for sifting and transmittal to the President, and the reply was "Certainly. Donovan knows everything we know except what we know about Donovan." For the bureau's curiosity about COI's handling of its material see Gen. Miles to Maj. Goodfellow, Nov. 7, 1941, RG 319 MID, folder 334 (COI thru 1-31-42).

53. Stimson Diary, April 17, May 12, 1941.

54. Memo, Roosevelt to LaGuardia, July 14, 1941, Roosevelt Papers, OF 4485.

55. Hall, "Conference on Recent Developments in the Office of the Coordinator of Information," Sept. 8, 1941, and Hall, "Scope and function of the Office of the Coordinator of Information," Sept. 11, 1941, RG 51 BOB, Records of OSS, folder 212.

56. Memo, Roosevelt to Cohen, Sept. 4, 1941, Roosevelt Papers, 2708.

57. Memo, LaGuardia to Conant, Sept. 3, 1941, Records of the Office of Civilian Defense, Record Group 171 (Washington National Records Center, Suitland, Md.), entry 12, box 1, folder 031. Memo, LaGuardia to Roosevelt, Sept. 12, 1941, *ibid.*, folder "Confidential Chrono File." These Records will be cited hereafter as RG 171 OCD.

58. Eleanor Roosevelt to MacLeish, Sept. 26, 1941, and his reply, Sept. 27, Papers of Archibald McLeish (Manuscript Division, Library of Congress, Wash., D.C.), container 41, folder "Confidential File—OFF." These Papers will be cited hereafter as MacLeish Papers.

59. MacLeish to Roosevelt, Sept. 29, 1941, Roosevelt Papers OF 4619, OFF.

60. Harold Smith Papers, entry for Oct. 9, 1941, Memo, Smith to Roosevelt, Oct. 23, 1941, Roosevelt Papers, OF 4619.

61. MacLeish to Donovan, Oct. 27, 1941, OSS Records, Wash-Dir-Op 266, folder 170 (OFF).

62. "Record of Telephone Conversation between Bernard L. Gladieux . . . and Colonel William Donovan . . .," RG 51 BOB, Records of OSS, folder 247. Author's interview with MacLeish, Nov. 19, 1971.

63. Gladieux, "Conference with Ben Cohen on Strategic Information," June 19, 1941, RG 51 BOB, Records of OSS, folder 210.

64. Hall, "Conference with Robert Sherwood . . .," July 16, 1941, *ibid.*, folder 212.

65. Memo, Smith to Roosevelt, drafted July 30, 1941, but not sent, and Hall's memo to Gladieux, "Functional Confusion in the Office of the Coordinator of Information," Aug. 28, 1941, *ibid.*, folder 212.

66. Acheson, *Present at the Creation*, p. 41.

67. Hall's memo, n. 65, *supra*.

68. Hall, "Developments in the Office of Coordinator of Information," RG 51 BOB, Records of OSS, folder 212.

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69. Memo, "Summary of 1942 Budget Request, Coordinator of Information," [n.d.], *ibid.*, folder 247.

70. Memo, Baxter to Donovan, Nov. 28, 1941, OSS Records, Wash-Dir-Op-Fin 3, box 2, folder "Budget Bureau, 1942."

71. For Langer's description of R & A and of the "conniving" therein see Langer, "The Research and Analysis Branch," n. 35, *supra*. The "conniving" was the work of Emil Despres, the R & A economics chief, who was quoted by Hall as saying that "he had been working with the BEW people to effect [a] consolidation" and that "his negotiations with the BEW people were still unknown to the Director of OSS and cautioned us that they should not be repeated"; see memo from Hall to William F. McCandless, "Interview with Emil Despres . . .," Feb. 11, 1943, RG 51 BOB, Records of OSS, folder 238. The episode was narrated in the R & A history on which Langer had been asked to comment; he wrote that he had not known of the maneuvering and negotiating at the time and that "the real purpose and the full facts of the scheme were systematically concealed from the responsible chief [Langer himself]."

72. Joe Alex Morris, *Nelson Rockefeller: A Biography* (N.Y.: Harper, 1960), p. 84.

73. *Ibid.*, p. 111.

74. (C) Memo, "Telephone Conversation with Mrs. Rosenberg on Monday, July 14," Nelson A. Rockefeller Papers, privately held. These Papers will be cited hereafter as Rockefeller Papers. This particular memo is unaddressed, unsigned, and undated except as indicated in the title; this writer was assured by John E. Lockwood, former CIAA official and long-time Rockefeller friend and advisor, that the memo was Rockefeller's own.

75. Hall, memo of "Conference on Duplication of Effort by the Coordinator of Inter-American Affairs and the Coordinator of Information," Aug. 27, 1941, RG 51 BOB, Records of OSS, folder 239.

76. (C) John E. Lockwood, "Remarks made by Mr. John Lockwood concerning Colonel William Donovan, 9/4/41," Rockefeller Papers.

77. CIAA had run in Latin American papers an advertising campaign which had been inadequately coordinated with State Department and provoked unfavorable responses at home and abroad; see Morris, *Nelson Rockefeller*, pp. 155-59.

78. Memo, Joseph Barnes to Donovan, "Proposal to set up a parallel service to short-wave radio news broadcasters on Latin America," Oct. 5, 1941, Rockefeller Papers.

79. (C) [Rockefeller], "Main Points Made by Colonel Donovan 10/7/41," Rockefeller Papers. Again, Lockwood has assured the writer that this was Rockefeller's memo.

80. Donovan to Rockefeller, Oct. 9, 1941, and Rockefeller's reply, Oct. 13, OSS Records, Wash-Dir-Op 98.

81. (C) Memo entitled "Donovan's Office" and dated "Oct 29/41," Rockefeller Papers. The last paragraph indicates the memorandum was written by Imogene Spencer, whom this writer has not identified, but the content (a firsthand summary of the Rockefeller-Donovan fight) surely points to Rockefeller himself as the original narrator.

82. *Ibid.*

83. Roosevelt's "Memorandum for the Coordinator of Information," Oct. 15, 1941, RG 51 BOB, Records of OSS, folder 239. The following handwritten comment appears on this Budget Bureau copy of the original: "Anna Rosenberg pushed this thru with our participation and support. 10/15."

84. (UNK) Donovan to Roosevelt, Oct. 21, 1941, and memo, Sherwood to Donovan, Oct. 20, 1941, OSS Records, Wash-Dir-Op 266, folder 649 (White House).

85. Memo, Roosevelt to Smith, Oct. 24, 1941, the latter's response, Nov. 15, and Smith to MacLeish, Nov. 15, all in RG 51 BOB, Records of OSS, folder 239.

86. Gen. Beaumont-Nesbitt as quoted in letter from Col. Raymond Lee to Gen. Sherman Miles, Oct. 6, 1941, RG 319 MID, folder 319.1 (M/A Great Britain thru 25 Dec. 41).

87. (TS dg S) For Fleming see n. 23, *supra*: for Stephenson's cable see n. 62, ch. 4. The "green light" interpretation is in "British Relations with OSS."

88. Hall, "Conference with Colonel Donovan . . .," July 16, 1941 Hall to Fred Lawton, "Use of the Proposed Four Million Dollars of Unvouchered Expenditures from the President's Emergency Fund," Aug. 6, 1941, both in RG 51 BOB, Records of OSS, folders 247 and 212, respectively.

89. Donovan, "Office of Strategic Services," n. 29, ch. 4, *supra*.

90. Hall to Gladieux, "Conference with Adolf Berle . . .," Oct. 29, 1942, RG 51 BOB, Records of OSS, folder 238.

91. (S) Memos, Sherman Miles to Hoover, Kirk, Donovan, and Marshall, each dated Sept. 5, 1941, and all in RG 319 MID, folder 310.11.

92. Donovan's "Memorandum for the President," Oct. 10, 1941, *OSS War Report*, exhibit W-20.

93. (C) Memos, H. D. Bode to Donovan, Sept. 15 and 17, OSS Records, Wash-Dir-Op 266, folder 148 (Navy Dept). For Donovan's remarks see his "Office of Strategic Services," n. 29, ch. 4.

94. Ellis to Donovan, Sept. 14, 1941, OSS Records, Wash-Dir-Op 266, folder 505 (Solborg). Memo, Solborg to Donovan, Oct. 6, 1941, CIA/DDP/FI, Central Files #57. Memo, Donovan to Solborg, Oct. 9, 1941, RG 319 MID, folder 334 (Coordinator of Information thru 1-31-42).

95. (C) Memo, W.B.P. [Wallace B. Phillips] to Donovan, Oct. 9, 1941, OSS Records, Wash-Dir-Op 28, folder 1. Memo, Donovan to Phillips, Nov. 17, *ibid.*, Wash-Dir-Op 266, folder 354 (Phillips, Wallace, 1942).

96. The characterization of Phillips as a "loner" was made by Bruce in an interview with the writer, Dec. 30, 1972. Bruce said that he was one of few who were able to get along with Phillips. The latter, said Bruce, was "an amateur," was suspected by the British, and had only two agents—both already known to Bruce—working for him [Phillips].

97. N. 69, *supra*.

98. Donovan to Knox, July 3, 1941, Donovan Papers, job 66-595, folder 22.

99. Stimson Diary, July 3, 1941.

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100. Memo, Donovan to Roosevelt, Oct. 21, 1941, OSS Records, Wash-Dir-Op 266, folder 649 (White House). Memo, Miles to Marshall, "Proposed 'Commando' Forces," Oct. 27, 1941, RG 165 MID, folder 4607.

101. Memo, Donovan to Roosevelt, Dec. 22, 1941, *OSS War Report*, exhibit W-21.

102. Hall, "Hearing on Office of Coordinator of Information Second Quarter Budget—1942," Oct. 20, 1941, RG 51 BOB, Records of OSS, folder 247; the hearing was held Oct. 15.

103. Donovan's memo for record, "8/21/41," in Donovan Papers, "Appointments and Telephone Calls, August-December 1941." The 8/21/41 is apparently the date not of writing but of the first of two conversations with FDR, on the 21st and 26th of August.

104. Briefing paper, "Commander Ford's Group," prepared for meeting with the President, Oct. 21, 1941, OSS Records, Wash-Dir-Op 266, folder 649 (White House). R.L.H.[irshberg], "Conference with Representatives of Coordinator of Information," Oct. 11, 1941, RG 51 BOB, Series 39.19, folder "COI-Organization and Functions"; the conference took place on Oct. 8 and 9.

105. Arthur Krock, "The War in Pictures," *New York Times*, Oct. 8, 1941, p. 4. Memo, Cooper to Donovan, Oct. 12, 1941, OSS Records, Wash-Dir-Op 266, folder 182.

106. See nn. 62 and 69, *supra*, for Budget recommendation and Donovan's reaction.

107. Memo, Warburg to Sherwood, Oct. 23, 1941, OSS Records, Wash-Dir-Op 266, folder 540.

108. An unaddressed, untitled, and unsigned, five-page paper dated Nov. 28, 1941, *ibid.*, Wash-Dir-Ad 10. The paper described the background and objectives of the Foreign Nationalities Branch.

109. Memo, Donovan to the President, Dec. 20, 1941, with the President's approval thereon, Donovan Papers, "COI White House Books," volume titled "Index and Approvals." This volume will be cited hereafter as COI White House Books, I and A.

110. Donovan to Hull, and Hull's reply, both Jan. 12, 1942, and Donovan's memo to Roosevelt, No. 166, Jan. 20, 1942, all in COI White House Books. Memo, Hall to Gladioux, Jan. 7, 1942, RG 51 BOB, folder 247. Dunn's advice is in memo from DeWitt C. Poole to Donovan, Jan. 11, 1942, OSS Records, Wash-Dir-Ad 10.

111. See n. 65, *supra*, for the "functional confusion" and the Budget Bureau's solutions to COI problems.

112. Memo, Hall to Gladioux, Sept. 11, 1941, RG 51 BOB, Records of OSS, folder 212. Smith's memo for the President, Nov. 5, 1941, Roosevelt Papers, OF 4485.

113. For the President's suggestion see Donovan's letters to Morgenthau, Biddle, and Knox in OSS Records, Wash-Dir-Off-Op 92, folder "Committee Correspondence."

114. See n. 69., *supra*.

115. Adolf A. Berle, Jr., *Navigating the Rapids 1918-1971: From the Papers of Adolf A. Berle* (N.Y.: Harcourt Brace Jovanovich, 1973), p. 397.

116. In Donovan's "Appointments and Telephone Calls, August-December 1941," there is an entry for Nov. 13 which includes this paragraph: "I had made the appointment with him [FDR] by calling him up last night (1 a.m.) and asking him if he wanted to see me

while he was laid up with a cold. Preceding me were Hull, and the Bishop of California. Following me was Ed. Flynn. I had about one-half hour with him.”

117. For Early’s note to Donovan see OSS Records, Wash-Dir-Op 266, folder 649 (White House). For the remainder of the paragraph see n. 103, *supra*.

118. Donovan to Hopkins, Sept. 25, 1941; Early to Donovan, Oct. 3; and Roosevelt to Donovan, Nov. 7, 1941, all in OSS Records, Wash-Dir-Op 266, Folder 649 (White House).

119. Memos, Donovan to Roosevelt, Sept. 24, Oct. 17, and Oct. 10, 1941, *ibid*.

120. Memos, Donovan to Roosevelt, Sept. 27, Oct. 3, 8, 25, Nov. 10 and 17, 1941, *ibid*.

121. Roosevelt to Churchill, Oct. 24, 1941, *OSS War Report*, exhibit W-4.

122. (S) On Nov. 19, 1941 Whitney in London sent Donovan a copy of a memo which, he wrote, was “being presented by General Ismay to the Prime Minister.” The memo was dated Nov. 18 and titled “Scope and Method of Intelligence Service to the U.S.A. via Wm. Dwight Whitney.” These documents are in OSS Records, Wash-Dir-Op 266, folder 651.

123. *Ibid.*, folder 649 (White House).

124. The three November conferences with Roosevelt are recorded in “Appointments and Telephone Calls, August-December 1941.”

125. Roosevelt to Donovan, Dec. 5, 1941, OSS Records, Wash-Dir-Op 266, folder 649 (White House).

126. The *New York Times*, Dec. 8, 1941, p. 32, reported that Donovan was paged “by Washington”; it was Arthur Daley, *Times* sportswriter, who had the Dodgers hammering the Giants from pillar to post. The announcement over the loudspeaker is in Ford, *Donovan of OSS*, p. 116. Sherwood’s call to Donovan is noted in an interview with Mrs. Pat Allen in “Beginnings of COI.” Ford writes, *op. cit.*, p. 117, that it was Jimmy Roosevelt who actually talked to Donovan at the ballpark.

127. The list of visitors is found in Elliot Roosevelt, ed., *F.D.R.: His Personal Letters 1928-1945* (N.Y.: Duel, Sloan and Pearce, 1950), vol. 2, p. 1252. Roosevelt’s testimonial is in (UNK) “Notes from WJD—April 5th/49.”

## Chapter VI

1. (UNK) Cable from London addressed to “Q,” No. 21, Nov. 23, 1941, OSS Records, Wash-Dir-Op 266, folder 653 (Whitney cables).

2. (UNK) Memos, Whitney to Donovan, Jan. 5 and 6, 1942, *ibid*.

3. (UNK) Memo, Whitney to Donovan, Jan. 8, 1942, *ibid*.

4. Undated, unsigned note Donovan to Whitney, *ibid*.

5. (C) Memo, Whitney to Donovan, Jan. 15, 1942, *ibid*. The Lippmann column, “Mr. Nelson’s Authority,” argued that Donald Nelson, chief of the War Production Board, needed more authority than that accorded him by a presidential order, that the job required cabinet rank.

6. (UNK) Memos, Donovan to Roosevelt, Dec. 10, 11, and 14, 1941, and two memos on Dec. 14, Donovan Papers, COI/WH Books, I and A.

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7. (C) Welles to Donovan, Dec. 29, 1941; M. H. McIntyre, Secretary to the President, to the Attorney General, Dec. 23, 1941, and "Confidential Directive Issued on Dec. 23, 1941, by the President to the Heads of the Government Departments and Agencies Concerned," all in OSS Records, Wash-Dir-AD 5, folder 1.

8. (UNK) Memos, Roosevelt to the Attorney General, Sumner Welles, Colonel Donovan, MID, and ONI, Dec. 30, 1941, *ibid.*

9. (UNK) [?], "Notes on Meeting at Attorney General's Office, January 6, 1942," [n.d.], *ibid.* (C) T. S. Wilkinson [ONI Director] to the Secretary of the Navy, Jan. 6, 1942, CNO Central Files, File A8-2.

10. (UNK) Donovan to Biddle, Jan. 10, 1942, OSS Records, Wash-Dir-Ad 5, folder 1.

11. *Ibid.* The text of the directive has not been located; there are two drafts of it, however, in the source just cited.

12. (UNK) Memo, Donovan to Roosevelt, Jan. 26, 1942, and the President's reply, Jan. 27, *ibid.*

13. Roosevelt to the Secretary of State, Nov. 3, 1941, Roosevelt Papers, OF 4619 (OFF).

14. Breckinridge Long, *The War Diary of Breckinridge Long: Selections from Years 1939-1944* (Lincoln, Neb.: Univ. of Nebraska, 1966), pp. 232-33. Eliot to Donovan, Feb. 2, 1942, Donovan Papers, COI/WH Books, vol. 2. The Spanish ambassador's dispatch, somehow obtained by COI, was sent to the President in Donovan's memo no. 569, May 30, 1942, *ibid.*, vol. 5.

15. Memo, Hall to Gladieux, Jan. 12, 1942, RG 51 BOB, Records of OSS, folder 238.

16. These comments are in Hellman's "Beginnings of COI": Nelson Poynter on "cover"; Harold Guinzburg on Sherwood's administrative talents; W. D. Whitney on Sherwood's closeness to FDR; James Warburg on the casual and back door access; and Poynter on the early 1942 situation.

17. Memo, Hall to Gladieux, Jan. 17, 1942, RG 51 BOB, Records of the OSS, folder 238.

18. Memos, MacLeish to Grace Tully, Dec. 12, 1941, Roosevelt to Sherwood, Dec. 17, and Sherwood to Roosevelt, Dec. 19, all in Roosevelt Papers, OF 4619 (OFF).

19. Sherwood to Dr. E. P. Lilly, Mar. 24, 1951, Lilly Papers.

20. Memo, MacLeish to Grace Tully, Jan. 16, 1942, Roosevelt Papers, OF 4619 (OFF).

21. Roosevelt to Smith, Jan. 19, 1942, and Smith's reply, Feb. 4, *ibid.*

22. "Gladieux Notes," Feb. 20, 1942, RG 51 BOB, Series 39.19, folder "COI—Gen. Administration." Eisenhower's report is mentioned in Hellman's "Beginnings of COI."

23. MacLeish to Smith, Feb. 20, 1942, MacLeish Papers, container 41, folder "Confidential File, OFF." MacLeish to Roosevelt, Feb. 25, 1942, *ibid.*

24. Donovan to Roosevelt, Mar. 4, 1942, Donovan Papers, COI/WH Books, vol. 3.

25. Smith to Roosevelt, Mar. 7, 1942, *OSS War Report*, exhibit W-8.

26. Smith, "Conference with the President (2:00 p.m.)," Smith Papers, "Conferences with the President, 1941-1942."
27. Dr. E. P. Lilly, "History of Psychological Warfare," draft manuscript, sec. 1, ch. 3, p. 52. Lilly interview with Welles, June 19, 1947, Lilly Papers.
28. N. 26, *supra*.
29. Berle, *Navigating the Rapids*, p. 377.
30. Frankfurter to Roosevelt, Mar. 12, 1942. Papers of Samuel I. Rosenman (Roosevelt Library), folder "Information."
31. (C) Sherwood to Roosevelt, Mar. 19, 1942, Stimson Correspondence, box 393, folder "1942, March 21-24." This is a photostatic copy; an accompanying note says that the original was returned to the White House. The document has no signature, but at the top there is, written in by hand, "from Bob Sherwood."
32. Appointment entry, Roosevelt Papers, "President's Diaries . . ."
33. Welles to Roosevelt, Mar. 17, 1942, and Welles to Rosenman, Mar. 19, in Rosenman Papers, folder "Information."
34. Smith, "Conferences with the President 1941-1942."
35. Gladieux to Rosenman, Mar. 24, 1942, RG 51 BOB, Series 39.27A, folder "Information Office." Hall to Gladieux, Mar. 21, 1942, *ibid.*, Series 39.19, folder "COI—Gen. Administration."
36. Roosevelt to Smith, May 21, 1942; this memorandum was attached to Gladieux to Rosenman, n. 35, *supra*. Roosevelt wrote: "Will you speak to me about this?" Typed in below that is: "I spoke to the President about this. He was not ready to proceed with the Order. (Dictated by the Director [Smith] 6/11/42.)" For the rest of the story see p. 148, *infra*.
37. Rockefeller to Welles, Mar. 26, 1942, Records of the Office of Inter-American Affairs, Record Group 229 (U.S. National Archives, Washington National Records Center, Suitland, Md.), General Records, box 1, "A History of the Office of Inter-American Affairs," vol. 2. These Records will be cited hereafter as RG 229 OIAA.
38. J. R. M. Butler, *Grand Strategy, September 1939-June 1941*. Vol. 2 of *Grand Strategy of History of the Second World War*, United Kingdom Military Series (London: H.M.S.O., 1957) pp. 209, 213, 215. J. M. A. Gwyer, *Grand Strategy, June 1941-August 1942*. Pt. 1 of vol. 3 of *Grand Strategy of History of the Second World War*, United Kingdom Military Series (London: H.M.S.O., 1964), p. 42.
39. Butler, *Grand Strategy*, vol. 2, p. 550.
40. Gwyer, *Grand Strategy*, vol. 3, p. 127. Lilly, "History of Psychological Warfare," ch. 3, pp. 9-11.
41. *Ibid.*, pp. 13-14.
42. Lilly's sec. 1, ch. 2, "The Inter-War Years, 1919-1941," offers the most detailed review of this subject. See especially p. 40 for his conclusion that neglect of psychological warfare was (1) partly responsible for the civilian-military struggles over responsibility for such activity in World War II and (2) particularly "naive and culpable" in comparison with the known efforts of some European nations in this field throughout the 1930s.
43. The Manual was written by Maj. (later Brig. Gen.) P. M. Robinett, Chief of the Plans and Training Branch of MID: see Bidwell History, pt. 5, ch. 4, pp. 5-6.

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44. *Ibid.*, pp. 6-12. The proposal to appoint a special deputy chief of staff is found in (S) Black's memo to Donovan, Sept. 22, 1941, OSS Records, Wash-Dir-OP 266, folder 633 (War Dept, G-2).

45. Lilly, ch. 3, pp. 4-6.

46. *Ibid.*, pp. 15-17.

47. (UNK) Col. M. B. DePass to Donovan, Jan. 27, 1942, Miles to Marshall, Jan. 28, and Donovan to Marshall, Jan. 31, all in Lilly Papers, with a citation of MID 000.51 (Sabotage, China, 1-28-42).

48. (UNK) Miles to Marshall, Jan. 28, 1942, *ibid.*

49. For a brief account of JCS 12 see Vernon E. Davis, "The History of the Joint Chiefs of Staff in World War II" (offset, U.S. JCS, 1972), pp. 314-16. This work will be cited hereafter as Davis, JCS History.

50. Ray S. Cline, *Washington Command Post: The Operations Division* (Wash., D.C.: G.P.O., 1951), p. 98.

51. *Ibid.*

52. Entry for Mar. 2, 1942, "Appointments and Telephone Calls," Donovan Papers. Either this date is an error or the meeting described by Donovan was preliminary to the first official JIC meeting, which took place March 5—according to Davis, *op. cit.*, p. 280.

53. (S) Minutes, JCS 3rd mtg., Mar. 2, 1942, item 2, Records of the Combined Chiefs of Staff, Record Group 218 (U.S. National Archives, Wash., D.C.), cited hereafter as RG 218 JCS.

54. *Ibid.*

55. Donovan to Knox, Jan. 26, 1942, OSS Records, Wash-R&A-Op 19, folder 36. Denebrink made rear admiral in 1944 and vice admiral in 1952.

56. (S) Denebrink to JCS, Mar. 8, 1942, RG 218 JCS, CCS 385 (2-8-42), sec. 1.

57. Donovan to Roosevelt, Feb. 9, 1942, no. 236, COI/WH Books, Vol. 2. (S) Stark to Donovan, Feb. 25, 1942, RG 319 MID, ABC 385 (1-28-42).

58. Denebrink to JCS, see n. 56, *supra*. Sherwood to Roosevelt, see n. 31, *supra*.

59. Donovan to Roosevelt, Feb. 9, 1942, no. 236, and Donovan to Roosevelt, Feb. 21, 1942, no. 275, both COI/WH Books, vol. 2.

60. (S) Minutes, JCS 5th mtg., Mar. 9, 1942, item 5, RG 218 JCS, CCS 385 (2-8-42), sec. 1.

61. (S) Gen. Smith and Denebrink to CNO/CS/CINCUS, Mar. 11, 1942, *ibid.*

62. (C) Gen. Smith to Marshall and King, Mar. 14, 1942, *ibid.* Lilly noted that "a notation by Marshall on this memo [another copy thereof] indicates that no direct action was taken with the President. . . ." Lilly, "History of Psychological Warfare," ch. 3, p. 42, n. 55.

63. (S) Minutes, JCS 6th mtg., Mar. 16, 1942, item 2, RG 218 JCS, CCS 385 (2-8-42), sec. 1.

64. Smith's worry was noted by his successor as JCS Secretary, Gen. John R. Deane, in an interview with Lilly, Sept. 27, 1946, Lilly Papers. Gladieux's comment was made to Lilly July 23, 1946, *ibid.*

65. Jerry Klutz, "The Federal Diary," *Washington Post*, Mar. 11, 1942. Minutes, Budget Office Meeting, Mar. 17, 1942, OSS Records, Wash-OSS-Ad 17, folder "Meetings-Minutes." Donovan to Roosevelt, Mar. 16, 1942, no. 334, COI/WH Books, vol. 3.

66. Donovan to Gen. Smith, Mar. 22 and 23, 1942, RG 218 JCS, CCS 385 (2-8-42), sec. 1.

67. (S) Gen. Smith to King, Mar. 23, 1942, *ibid.*

68. (S) Minutes, JCS 7th mtg., Mar. 23, 1942, item 6, *ibid.*

69. (S) Gen. Smith to Hopkins, Mar. 26, 1942, *ibid.*

70. Donovan to Roosevelt, Mar. 30, 1942, no. 360, COI/WH Books, vol. 3. For the opposition to a military COI, see pages 66-68, *supra*.

71. Harold Smith's notation on Gen. Smith's Mar. 26 memo to Hopkins, RG 51 BOB, Series 39.19, folder "COI—Gen Administration."

72. The plan, approved in October 1939, provided for the establishment of a Public Relations Administration to be concerned with censorship, domestic morale, and combatting enemy propaganda abroad. To the War and Navy secretaries Roosevelt wrote: "Obviously none of the three of us can possibly approve a plan such as this one. . . . Equally obviously, the Joint Board knows nothing about what the American public—let alone the American press—would say to a thing like this." Lilly, "History of Psychological Warfare," ch. 2, p. 30.

73. Author's interview with Wayne Nelson, Sept. 13, 1973. Nelson had been a law clerk in Cromwell and Sullivan where he worked for Allen Dulles whom he followed into COI. Nelson first went to work for Donovan when the latter was laid up in the St. Regis. Donovan's "Appointments and Telephone Calls" shows appointments for April 2 cancelled; the next entry is May 7.

74. Smith to Roosevelt, April 4, 1942, Roosevelt Papers, OF 5105 (OWI), box 1.

75. Diary entry, April 10, 1942, Smith Papers, "Conferences with the President, 1941-1942."

76. Biddle to Roosevelt, April 22, 1942, Roosevelt Papers, OF 5105 (OWI), box 1.

77. Long, *War Diary of Breckinridge Long*, p. 257.

78. (C) Welles to Donovan, Mar. 25, 1942, OSS Records, Wash-Dir-Op 266, folder 43 (Latin America, Mexico).

79. (C) Capt. Wilkinson to Donovan, Dec. 15, 1941, *ibid.*, folder 354 (Phillips, 1942).

80. (S) Phillips to Donovan, Feb. 4, 1942, OSS Records, Wash-Dir-Op 266, folder 354 (Phillips, Wallace, 1942). David Williamson to David Bruce, Feb. 19, 1942, *ibid.* Phillips to Donovan, Mar. 11, 1942, *ibid.*

81. (UNK) Donovan to Phillips, Jan. 20, 1942, *ibid.* Donovan asked Phillips to give him the names of the men in Mexico and elsewhere he "had at work under the old system"; Donovan said he would then take up the matter with the Navy and the FBI.

82. Entry for Mar. 16, 1942, Donovan Papers, "Appointments and Telephone Calls." Wilkinson to Donovan, Mar. 23, 1942, OSS Records, Wash-Dir-Op 266, folder 43 (Latin America, Mexico).

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83. Donovan to Welles, Mar. 26, 1942, *ibid.* Smith's diary entry cited in n. 75, *supra*.
84. Donovan to Roosevelt, April 14, 1942, no. 422, COI/WH Books, vol. 4. Donovan to Roosevelt, April 27, 1942, no. 452, *ibid.* Roosevelt to Welles, April 28, 1942, Roosevelt Papers, OF 4485 (OSS), box 1.
85. Berle to Welles, April 29, 1942, OSS Records, Wash-Dir-Op 266, folder 43 (Latin America, Mexico), a photocopy. Welles to Roosevelt, April 29, 1942, *ibid.*
86. (UNK) Donovan to Roosevelt, May 9, 1942, no. 483, COI/WH Books, vol. 4.
87. William A. Kimbel to Donovan, May 23, 1942, OSS Records, Wash-Dir-Op 266, folder 43 (Latin America, Mexico). Cable to Phillips, [n.d.], OSS Records Wash-Dir-Op 266, folder 354 (Phillips, Wallace, 1942), and (S) his reply to Donovan, May 20, 1942, *ibid.*, folder 43 (Latin America, Mexico). Kimbel to Donovan, June 6, 1942, *ibid.*, Wash-Dir-Op 42, folder 1.
88. Donovan to Roosevelt, April 14, 1942, n. 84, *supra*.
89. James R. Murphy to Gen. Smith, April 16, 1942, *ibid.*, Wash-Dir-Op 97, folder 3. Drafts of a memo to the JCS, one dated April 20, 1942, are *ibid.*
90. (C) Minutes, JCS 11th mtg., April 20, 1942, item 8. Donovan to Roosevelt, April 21, 1942, COI/WH Books, vol. 4.
91. Hall to Gladieux, May 6, 1942, RG 51 BOB, series 39.19, folder "COI—Gen. Administration." The second budget officer was a Mr. Staley.
92. (S) Gen. Smith to Marshall, May 2, 1942, RG 218 JCS, CCS 385 (2-8-42), sec. 1.
93. Welles to Roosevelt, May 13, 1942, Roosevelt Papers, OF 5105 (OWI), box 1. Welles to Harold Smith, May 12, 1942, *ibid.*
94. Rockefeller to Harold Smith, May 13, 1942, *ibid.*
95. Welles to Smith, n. 93, *supra*. Smith's suggestion to Biddle is reported in Welles to Rockefeller, May 12, 1942, in Rockefeller Papers. Welles to Roosevelt, May 13, 1942, Roosevelt Papers, OF 5105 (OWI), box 1.
96. Tully to Roosevelt, May 14, 1942, Roosevelt Papers, OF 4485 (OSS), box 1. Rosenman's statement was made in an interview with the writer, Nov. 11, 1971.
97. As for the meeting at the White House, the "President's Diaries and Itineraries" show a 15-minute appointment for Donovan at 11:30 a.m. on May 15, 1942; in Donovan's "Appointments and Telephone Calls" for the same date there is "The White House 11:20" followed by "Lunch: Miss Tully, at home," presumably Donovan's home. Donovan's conversation with Roosevelt is in "Notes from WJD—April 5th/49."
98. Duggan to Bonsal, Mar. 16, 1942, RG 59 State, File 110.7/321.1/2. The ONI report is Riheldaffer (Op-16-F9) to Director, Mar. 31, 1942, RG 38 ONI, job 3679, box 25, folder Op-16-F-9. Welles's statement is in (S) "Meeting of Liaison Committee, Wed., June 3, 1942, 11:00 a.m.," RG 218 JCS, CCS 385 (2-8-42), sec. 1. Strong's advice is in (S) memo to Marshall, May 15, 1942, RG 319 MID, folder 334 (COI, through 2-1-42).
99. Donovan to Hopkins, May 15, 1942, in draft and marked "not send," OSS Records, Wash-Dir-Op 236. Donovan to Roosevelt, May 16, 1942, no. 510, COI/WH Books, vol. 5.
100. *Ibid.*

101. Sherwood to Donovan, April 27, 1942, OSS Records, Wash-Dir-Op 2. Roper to Donovan, May 13, 1942, *ibid.* Buxton to Donovan, May 20, 1942, *ibid.*
102. MacLeish to Roosevelt, May 18, 1942, Roosevelt Papers, OF 4619. Entry for May 20, 1942, Stimson Diary. Knox to Annie Knox, May 19, 1942, Knox Papers, Correspondence, box 3.
103. On the visit of Hull and Welles see Rosenman, *Working with Roosevelt* (N.Y.: Harper, 1952), p. 277. On the remainder of the paragraph see Rosenman's *The Public Papers and Addresses of Franklin D. Roosevelt*, pp. 280-81.
104. Roosevelt to Smith, May 21, 1942, RG 51 BOB, Series 39.27A, folder "Information Office."
105. *Ibid.*
106. Smith made his "still in the dark" comment in a letter to Sam Rosenman, May 25, 1942, *ibid.* The same source contains correspondence about Hoyt, Beck, Jackson, and Cowles. The Bullitt candidacy is found in Stimson Diary, May 26, 1942.
107. Crediting Sherwood with the idea, Frankfurter sent the name of Davis to the President, Mar. 12, 1942, n. 30, *supra*. By then, however, Rosenman had forwarded Davis's name to the President, who on Mar. 11 sent it to Harold Smith for comment; Smith and Roosevelt then discussed Davis "in various conferences"; see undated note from Rosenman to Roosevelt with the latter's Mar. 11 message and a Budget Bureau addendum of May 28; these are in RG 51 BOB, Series 39.27A, folder "Information Office." It is quite likely, certainly possible, that Sherwood suggested the name of Davis to both Frankfurter and Rosenman, who then sent their individual recommendations to Roosevelt. Rosenman's reference to Rex Stout was made in an interview with this writer Nov. 11, 1971.
108. Diary entry, May 22, 1942, Smith Papers, "Conferences with the President, 1941-1942."
109. Diary entry, June 6, 1942, *ibid.*
110. Donovan to Roosevelt, June 8, 1942, no. 592a, COI/WH Books, vol. 5.
111. (C) Minutes, JCS 19th mtg., June 9, 1942 RG 218 JCS, CCS 385 (2-8-42), sec. 1.
112. Berle, *Navigating the Rapids*, p. 410. Stimson Diary, Oct. 18, 1943. Eisenhower's estimate of Strong is in *Crusade in Europe* (Garden City, N.Y.: Doubleday, 1948), p. 34.
113. (C) Denebrink to Gen. Smith, June 10, 1942, RG 218 JCS, CCS 385 (2-8-42), sec. 1.
114. The OWI order can be found in 3 *CFR, 1938-1943 Comp.*, pp. 1169-70; the OSS order, *ibid.*, p. 1308.
115. Roosevelt to Donovan, June 13, 1942, Roosevelt to Sherwood, June 13, Roosevelt Papers, OF 4485 (OSS), box 1, Roosevelt to MacLeish, June 13, *ibid.*, OF 4619 (OFF).
116. Irving Pflaum to Dr. E. P. Lilly, Jan. 26, 1949, Lilly Papers.
117. (S) Minutes, British War Cabinet, Chiefs of Staff Committee (42) 180th Meeting, June 16, 1942, OSS Records, Wash-Dir-Op 54.
118. Donovan to Wavell, July 6, 1942, Donovan Papers, job 66-595, box 1, folder 48.

## Chapter VII

1. Rogers had been a consultant to COI. He served full time in OSS from July 1942 to the end of 1943, the period covered by his diary. See his entry for July 6, 1942.

2. Gen. Strong described R & A as “a highly organized branch composed of talented personnel drawn from civil life and capable of extensive research and analysis . . . beyond the personnel scope of either the military or naval service.” (Strong to Marshall, May 11, 1942, RG 319, folder 314 (COI, 11 May 42).)

3. OSS was not the only such problem in wartime Washington, however. For a government account of the federal war program, see U.S. Bureau of the Budget, *The United States at War* (Washington: GPO, 1946). For OSS as a “mystery” see the Rogers Diary for July 6, 1942.

4. (S) Memo, A. H. Onthank to Gen. Smith, June 17, 1942, RG 165 MID, folder 334 OSS (6-13-42).

5. (S) Memo, F. C. Denebrink to Smith, “Budget of O.S.S.” June 19, 1942, *ibid.*

6. (UNK) “Office of Strategic Services—Budget Estimates” (draft), *ibid.*, folder 334, Coordinator of Information, undated (2 May 42). No author is given, but this writer judges it was Denebrink.

7. (S) Memo, J. K. Woolnough to Wedemeyer, June 24, 1942, RG 319, ABC 334.3 OSS, sec. 1 (5-1-42).

8. Serge Obolensky, writing in his *One Man in His Time* (N.Y.: McDowell, Obolensky, 1958) of Army opposition to Donovan’s commando plans, said the Army was not going to let Donovan “lead another bunch of Rough Riders” (p. 343).

9. (S) Minutes, JCS 21st mtg., June 23, 1942, item 12, RG 218 JCS, CCS 385 (2-8-42), sec. 1.

10. (UNK) “Gladieux Notes,” June 23, 1942, RG 51 BOB, box 24, folder 240.

11. (S) N. 7. *supra.*

12. (S) N. 9, *supra.*

13. (S) Memo, Wedemeyer to Cols. Hull, Blizzard, and Rogers, June 22, 1942, RG 319 MID, 334.3 OSS, sec.1 (5-1-42). See n. 9, *supra.*, for the suggestions to Wedemeyer.

14. G-2 had recently been reorganized into two parts, a small staff, and a larger operating agency. The former was headed by Strong, as Assistant Chief of Staff, G-2, and the latter was under Kroner, as Chief of the Military Intelligence Service. In theory, MIS was run by its Chief; in practice Strong ran both.

15. (C) Memo, Strong and Kroner to Secretary, JCS, June 29, 1942, RG 218 JCS, CCS 385 (2-8-42), sec. 1.

16. Smith to Donovan, June 25, 1942, *OSS War Report*, exhibit W-24. Donovan to Davis, June 27, 1942, *ibid.*

17. Davis to Donovan, June 29, 1942, *ibid.*

18. On the quarrels see, for instance, Sydney Weinberg, “What to Tell America: The Writers’ Quarrel in the Office of War Information,” *The Journal of American History*, vol. 55, no. 1 (June 1968), pp. 73-89.

19. Davis to Harold D. Smith, July 8, 1942, and Acting Director, BOB to Davis, July 17, 1942, Lilly Papers.
20. (UNK) Memo, Herman Kehrli to Bernard Gladieux, "Conferences with Elmer Davis and Milton Eisenhower, OWI," Kehrli to Gladieux, "Elmer Davis Conference with Col. Donovan," July 18, 1942, *ibid.* W. D. Hasset to FDR, July 18, 1942, Roosevelt Papers, QF 5015.
21. The entries in Donovan's book of appointments and telephone calls are: "Left for Col. Goodfellow's Camp with the President," July 18, 1942, and "Returned from Camp at 10:30 p.m.," July 20. Did the President return at the same time?
22. Donovan to Smith, July 2, 1942, Donovan Papers, "O.S.S. Chronological File to J.C.S."
23. (C) A. H. Onthank, memo for record, July 1, 1942, RG 218 JCS, CCS 385 (2-8-42) sec. 1.
24. For the description of Taylor's book see n. 22, *supra*. (UNK) Taylor's "notes" are in OSS Records, Dir-Op-266, folder 387 (Definitions P.W.).
25. Donovan, draft of notes, "7/8/42," *ibid.*
26. (S) Minutes, Joint Psychological Warfare Committee, 17th mtg., July 8, 1942, item 2; 18th mtg., July 15, item 1; 19th mtg., July 22, item 31, OSS Records, Dir-Ad-45, folder 2 (JPWC Meeting).
27. (UNK) Donovan to Smith, Aug. 12, 1942, Donovan Papers, "O.S.S. Chronological File to J.C.S."
28. Taylor to Donovan, July 22, 1942, OSS Records, Dir-Op-266, folder 387.
29. William Phillips, *Ventures in Diplomacy* (Boston: Beacon, 1952), p. 328. Breakfast is recorded in Donovan's appointment books: "Breakfast: William Phillips," Friday, July 3, 1942.
30. (S) Minutes, JPWC, 19th mtg., July 22, 1942, item 3, OSS Records, Dir-Ad-45, folder 2 (JPWC Meetings).
31. Unaddressed, unsigned, typescript, June 3, 1942, *ibid.*, Dir-Op-266, folder 531 (SOE); text justifies assuming it is all or part of an invitation from Hambro to Donovan.
32. (S) Hambro to Donovan, June 23, 1942, and enclosure, "Summary of Agreement between British S.O.E. and American S.O.," *ibid.*, Dir-Op-266, folder 533 (OSS-SOE Agreements).
33. (UNK) Memo, Marshall to Handy, July 6, 1942, RG 165 MID, OPD 370.64 (3-19-42). That the matter was brought up on July 4 seems a reasonable conclusion from Donovan's entry for that date in his appointment book: "Saw General Marshall today."
34. (S) Memo, Handy to Marshall, July 7, 1942, RG 165 MID, folder 334 OSS (6-13-42).
35. (S) *Ibid.*
36. (TS dg S) Donovan to Smith, Aug. 17, 1942, *OSS War Report*, exhibit W-23. The "printed pages" are those in this *Report*.
37. (S) Memo, Handy to Marshall, "Colonel Donovan's Guerrilla Groups," July 11, 1942, RG 319 MID, 334.3 OSS (5-1-42), sec. 1.

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38. (S) Memo, Smith to Marshall, "Colonel Donovan's Request for a liaison office for SOE on Mountbatten's Staff," July 13, 1942, *ibid.*

39. (S) Memo, Marshall to Donovan, "Functions of the O.S.S.," July 13, 1942, *ibid.*

40. (S dg C) Memo, Marshall to Smith, "Functions of the Office of Strategic Services," July 14, 1942, RG 218 JCS, CCS 385 (2-8-42), sec. 1. (S) Minutes, JPWC, 18th mtg., July 15, 1942, item 3, OSS Records, Dir-Ad-45, folder 2 (JPWC Meeting).

41. (S) "Notes on JCS 25th mtg., July 14, 1942, RG 319 MID, 334-3 OSS (5-1-42), sec. 1.

42. See n. 15, *supra*, for June 29 memo. For JPS revision see (S) "Notes on JPS 22 Meeting," July 10, 1942, RG 319 MID, ABC 334.3 OSS (5-1-42), sec. 1.

43. (S) For Donovan's free-wheeling, see n. 41, *supra*. Under item 7 of the minutes of that same JCS 25th mtg. will be found the JCS action on the JPS draft directive.

44. (S) Memo, Onthank to Smith, "Directive for Operation of O.S.S.," July 11, 1942, RG 319 MID, ABC 334.3 OSS (5-1-42), sec. 1.

45. (S) "Extract from Minutes," JPS 25th mtg., July 30, 1942, *ibid.* (S) JCS 67/2, "Proposed Directive for Operation of the Office of Strategic Services," Aug. 1, 1942, RG 218 JCS, CCS 385 (2-8-42), sec. 1, pt. 1.

46. Donovan's position on "A" and "B" is in (S) "Notes on JCS 27th mtg., Aug. 4, 1942, RG 319 MID, 334.3 OSS (5-1-42), sec. 1. JCS 67/2 was redrafted and issued as JCS 67/3, Aug. 8, 1942, and the text amended on Aug. 11 became JCS 67/4.

47. (S) JPWC 21/1, July 21, 1942, consisting of: (S) Memo, Donovan to Adjutant General, "Allotment of grades and authorized strength," July 7, 1942, and (S) draft memo, JPWC to JCS, "Functions of the Office of Strategic Services in relation to Secret Operations," July 21, 1942, OSS Records, Wash-Dir-Op 266, folder 5 (OSS-JPWC/COI) and Wash-Dir-Op 195, folder 2 (Guerrilla Warfare-OSS Functions).

48. *Ibid.*

49. (S) "Notes on JPWC 19th Meeting," July 22, 1942, RG 319 MID, ABC 334.3 OSS (5-1-42), sec. 1.

50. (S) Minutes, JPWC 20th mtg., July 27, 1942, OSS Records, Wash-Dir-Ad 45, folder 2 (JPWC Mtgs.).

51. (S) Minutes, JPWC 21st mtg., Aug. 3, 1942, OSS Records, Wash-Dir Ad-79.

52. This was the formal response to Marshall's directive of July 14, 1942 (JPWC 21/D).

53. Donovan to Knox, Feb. 6, 1942, OSS Records, Wash-Dir-Op 195 (Guerrilla Warfare). Donovan to Marshall, Feb. 13, 1942, *ibid.*, Op 266, folder 335 (Mil. Personnel). (S) Memo, Donovan to War Department, May 28, 1942, "Sabotage Operations and Guerrilla Warfare," *ibid.*, Op 195 (Guerrilla Warfare).

54. David K. E. Bruce, interview with the author, Dec. 30, 1972.

55. (S) Memo, Donovan to JCS, "Military Personnel for Office of Strategic Services," Aug. 31, 1942 (JPWC 37), OSS Records, Wash-Dir-Ad-47 (Proposed OSS Directive).

56. (S) Minutes, JPWC 26th mtg., Sept. 7, 1942, OSS Records, Wash-Dir-Ad-45, folder 2 (JPWC mtgs.).

57. (TS dg U) Memo for record, Onthank, Sept. 19, 1942, RG 218 JCS, CCS 385 (2-13-42), sec. 1.

58. (S) Minutes, JPWC mtg., Sept. 28, 1942, OSS Records, Wash-Dir-Ad-45, folder 2 (JPWC mtgs.). The study Donovan referred to is probably an otherwise unidentified three-part paper to be found in vol. 1, Central Intelligence, 1941-1950, in the Donovan Papers; this paper considers the President's creation of OSS, the possibility of OSS as part of the military, and whether a military organization created by the President may be composed of both civilians and military personnel. Not surprisingly, the conclusions proved OSS was a military organization.

59. (UNK) Memo, Marshall to King, no subj., Sept. 30, 1942, Lilly Papers; this source is Lilly's partial copying of the memo.

60. (C) Memo, King to Marshall, "Militarization of Office of Strategic Services," Oct. 9, 1942, Lilly Papers; this source is Lilly's copying of the memo.

61. (S dg U) Memo, Marshall to Secretary, JCS, "Militarization of the Office of Strategic Services," Oct. 10, 1942, RG 218 JCS, CCS 385 (2-13-42), sec. 1. This became JPWC 37/2/D. Oct. 12, 1942, *ibid.*

62. Hayes Kroner, interviewed by E. P. Lilly, described Strong and Donovan as "contestants with aggressive spirits and mutual antipathies."

63. (S dg U) Memo, Deane to Marshall, "Functions of the Office of Strategic Services," Oct. 22, 1942, *ibid.*, pt. 1.

64. (S dg U) Memo, Marshall to sec., JCS, "Functions of the Office of Strategic Services," Oct. 22, 1942 *ibid.*; published Oct. 24 as JPWC 45/D.

65. (S) Minutes, JPWC 32nd mtg., Oct. 26, 1942, OSS Records, Wash-Dir-Ad-44, 45, box 11, JPWC mtgs.

66. (UNK) Memo, Hall to B. L. Gladieux, "Conference with Admiral Train," Oct. 27, 1942, RG 51 BOB, box 24, folder 238.

67. (UNK) Memo, Hall to B. L. Gladieux, Oct. 29, 1942, "Conference with Adolph [sic] Berle . . . ," *ibid.*

68. (S) Minutes, JPWC 29th mtg., Oct. 12, 1942, OSS Records, Wash-Dir-Ad-45, folder 2 (JPWC mtgs.). Donovan argued that the appointment presented a "special difficulty" for Eisenhower, because, as theater commander with headquarters in the capital city of an allied country, he faced not only military but also political, economic, fiscal, and other problems. Donovan thought the appointment would have an adverse effect in the theater and on American public opinion.

69. (S) Memo, Donovan to JPWC, Oct. 8, 1942, *ibid.*, Wash-Dir-Op-266, folder 7. The protest was probably Taylor's, though it was put forth by William Phillips, OSS chief in London, in a cable to Donovan, Oct. 7.

70. N. 68, *supra*.

71. (S) The cables from Smith to Donovan and from Eisenhower to the War Department are Oct. 13 and 15, 1942, respectively, and are in Lilly Papers where the source given is: OPD Cables, TS, 1-31 Oct. 1942, DRB, HRS, AGO.

*notes for pages 173-180*

72. Harry C. Butcher, *My Three Years with Eisenhower* (N.Y.: Simon and Schuster, 1946), p. 143.

73. (UNK) Phillips to Donovan, Oct. 27, 1942. Phillips had telephoned Donovan that afternoon for approval of a trans-Atlantic crossing of an OSS man heading for Washington.

74. (S dg U) JPWC 49, Oct. 31, 1942, "Examination of Recent Procedure in Psychological Warfare," RG 218 JCS, CCS 385 (2-8-42), sec. 2. For more on this document see n. 77, *infra*.

75. *Ibid.* The last line about "... acknowledged broadcasts ..." appears in the voided text of JPWC 49; see n. 77, *infra*.

76. (S) Memo, Strong and Dyer to JPWC, Nov. 6, 1942, "Actions Joint Security Control regarding Propaganda for TORCH Operation," RG 218 JCS, CCS 385 (2-13-42), sec. 1.

77. (UNK) First draft, Oct. 29, 1942, and second draft, Oct. 31, are in OSS Records, Wash-Dir-Ad-77, folder 15 (JPWC 50, 10/13/42). (S dg U) Final text, voided and unvoided, Oct. 31, and a corrigendum, Nov. 1, 1942, are in RG 218 JCS, CCS 385 (2-8-42), sec. 2.

78. (S) JPWC 50, Oct. 31, 1942, "Proposed New Directives of the Joint U.S. Chiefs of Staff to the Office of Strategic Services," RG 218 JCS, CCS 385 (2-8-42), sec. 1, pt. 2. This document originated as a memo from Donovan to the JCS. The entire document also appears in voided and unvoided form. The Paper appears also in *OSS War Report*, pp. 356-65.

79. (S) JPWC 45/1, Nov. 2, 1942, "Functions of the Office of Strategic Services," *ibid*; text also appears in *OSS War Report*, exhibit W-29.

## Chapter VIII

1. "Finished" intelligence, as opposed to "raw" intelligence, is the end product of collection, evaluation, analysis, and synthesis.

2. (UNK) Donovan to JPWC, Nov. 2, 1942, OSS Records, Wash-Dir-Op 255.

3. (S) Minutes, JPWC, 33rd mtg., Nov. 2, 1942, app. A, item 6, in OSS Records, Wash-Dir-AD 79, folder 18 (JPWC minutes). The citation for these JPWC minutes will henceforward be "OSS Records, JPWC minutes." Strong's distinction between a JCS request and a prohibition was made on Nov. 19, 1942, in the 35th JPWC meeting. Strong had made his remark about OSS being "a real jeopardy" in a G-2 and ONI meeting on Dec. 5, 1942; a transcript of the discussion appears in the Lilly Papers; the citation there is MID 350.09 Intelligence 12-5-42 (11-22-42).

4. (S) Minutes, JPWC, 33rd mtg., Nov. 2, 1942, app. A, item 6, OSS Records, JPWC minutes.

5. *Ibid.*

6. *Ibid.*

7. *Ibid.*

8. "O.W.I." probably should read "O.N.I." OWI did have some intelligence operations—with which this writer is not familiar—but it seems unlikely that Buxton was assuring ONI's chief of noninterference with OWI operations.

9. *Ibid.*

10. (S) Minutes, JPWC, 34th mtg., Nov. 9, 1942, item 4, OSS Records, JPWC minutes.

11. (S) Minutes, JPWC 35th mtg., Nov. 10, 1942, item 2, OSS Records, JPWC minutes.

12. *Ibid.*

13. *Ibid.*

14. (S) JPWC 50/1, "Proposed New Directives of the Joint U.S. Chiefs of Staff to the Office of Strategic Services," Nov. 13, 1942, in OSS Records, Wash-Dir-Ad 47 (Proposed OSS Directives). This JPWC document consisted of two parts: Strong's proposed directive dated Nov. 10, and an analysis, dated Nov. 13, of current OSS activities as compared with those proposed in Donovan's JPWC 50.

15. (S) Minutes, JPWC, 36th mtg., Nov. 14, 1942, item 1, in OSS Records, JPWC minutes. Donovan's substitute proposal was (S) JPWC 50/2, "Proposed New Directives of the Joint U.S. Chiefs of Staff to the Office of Strategic Services," Nov. 14, 1942, in OSS Records, Wash-Dir-Ad 47 (Proposed OSS Directive).

16. (S) Minutes, JPWC, 36th mtg., Nov. 14, 1942, item 1, OSS Records, JPWC minutes.

17. *Ibid.*

18. (S) Donovan to JPWC, Nov. 16, 1942, Donovan Papers, "OSS Chronological File to J.C.S., 1942-43." This letter is tab B in JPWC 45/2 cited in the next note.

19. (S) JPWC 45/2, "Functions of the Office of Strategic Service," Nov. 17, 1942, *OSS War Report*, exhibit W-30. For the preparation of JPWC 45/2 see (S) Minutes, JPWC 37th and 38th mtgs., Nov. 16 and 17, 1942, item 1, in OSS Records, JPWC minutes.

20. Minutes, JPWC 38th mtg., *ibid.* The majority view on the "clear line of demarkation" is found in JPWC 45/2, tab A, para 2.

21. *Ibid.*, para. 3. For G-2's interest in espionage see p. 318, *infra*.

22. (S) JPWC 45/2, tab A, para. 4(b).

23. (S) JPWC 45/3, "Functions of the Office of Strategic Services," Nov. 19, 1942 (OSS dissent to majority view in JPWC 45/2).

24. *Ibid.*

25. *Ibid.*

26. (S) Minutes, JIC, 41st mtg., Nov. 19, 1942, item 4, OSS Records, Wash-Dir-Files 3, item 5 (vol. 8-JIC mtgs.).

27. (S) Memo, Montague to Secretary, JCS, "Functions of the Office of Strategic Services," Nov. 20, 1942, *OSS War Report*, exhibit W-32. Some readers may well be stumbling over the JCS titling and numbering system; when JPWC 45/2 went forward to the JIC, it acquired a new identification, namely, JIC 59/1. Likewise, JPWC 45/3 became JIC 59/2. Once understood, the JCS system is an excellent shorthand system.

*notes for pages 184-191*

28. Rogers Diary, Nov. 14, 1942.
29. (S) Minutes, JPWC, 37th mtg., Nov. 16, 1942, OSS Records, JPWC Minutes.
30. Davis, JCS History, p. 352.
31. (S) JCS 155, "Functions of the Office of Strategic Services," Nov. 23, 1942, OSS Records, Wash-Dir-Ad 44 (JCS 155).
32. (UNK) Lilly's interview with McNarney, Aug. 2, 1947, in Lilly Papers.
33. (UNK) Memo, Wedemeyer to Lt. Gen. Thomas T. Handy, Nov. 29, 1942, Records of the Operations Division (OPD), Records of the War Department General and Special Staffs, Record Group 165 (U.S. National Archives, Washington, D.C.), file 334.8 OSS, box 890, case 16. These OPD records will hereafter be cited as RG 165 OPD.
34. *Ibid.*
35. (UNK) Memo, Handy to McNarney, Dec. 1, 1942, *ibid.*
36. *Ibid.*
37. Lilly, McNarney interview.
38. Rogers Diary, Dec. 8, 1942, for the unhappiness of Strong and Train. (UNK) Lilly's interview with Lt. Gen. A. C. Wedemeyer, June 27, 1946.
39. (UNK) Lilly, McNarney interview.
40. *Ibid.*
41. McNarney told Lilly he "probably oversold Donovan on his overseas activities inasmuch as later he had to argue Donovan into accepting theater commander authority over such activities . . .," *ibid.*
42. (S) Minutes, JCS, 45th mtg., Dec. 8, 1942, item 4, RG 218 JCS, CCS 385 (2-8-42), sec. 1, pt. 3.
43. *Ibid.*
44. Davis to Deane, Dec. 15, 1942; (S) Rockefeller to Deane, Dec. 15, 1942; Perkins to Deane, Dec. 16, 1942; all *ibid.*
45. Davis to Deane, see n. 44, *supra*.
46. *Ibid.*
47. *Ibid.*
48. (S) Davis to Deane, Dec. 22, 1942, *ibid.*
49. (C) Minutes, JCS, 47th mtg., Dec. 22, 1942, item 1, *ibid.*
50. (S) Memo, King to JCS, Dec. 22, 1942, *ibid.*
51. N. 49, *supra*.
52. (S) Leahy to Davis, Dec. 22, 1942, *ibid.*, pt. 4.
53. Marshall to Donovan, Dec. 23, 1942, OSS War Report, exhibit W-34. Donovan to Marshall, Dec. 24, 1942, OSS Records, Wash-Dir-Op 266, folder 613 (War Dept).
54. (S) Para. 10 of the new directive (JCS 155/4/D) provided that OSS would submit for JCS approval the necessary reorganization to carry out the directive. The reorganization

was effected by OSS General Order No. 9, issued Jan. 3, and made effective Jan. 4 1943. For chart of the reorganized OSS see fig. 6 on p. 193.

55. (S dg U) For the breakup of the Christmas Eve meeting see Vernon Davis, JCS History, p. 469. For FDR not signing the order see (UNK) memo for record by Clayton Miller of the Budget Bureau, Feb. 12, 1943, in RG 51 BOB, Records of OSS, folder 241. For Elmer Davis's arguments against the new directive see (S) Davis to Roosevelt, Jan. 8, 1943, in Lilly Papers.

56. For the "mass resignation" possibility see Miller memo cited in preceding footnote. The State Department official was the Passport office's Mrs. Shipley who was quoted in (UNK) memo, Kimbel to Donovan, Jan. 4, 1943, in OSS Records, Wash-Dir-Op 266, folder 291 (OWI). For the Davis press conference, Jan. 18, 1943, see the *Baltimore Sun*, Jan. 19.

57. Berle reaction is cited in Kimbel's memo to Donovan, cited in n. 56, *supra*.

58. Miller memo, n. 55, *supra*.

59. *Ibid*.

60. The "high BEW official" was William Stone; see Miller memo, *ibid*. Eisenhower's report on Perkins is in (UNK) memo, Herman Kehrli to Gladioux, Jan. 6, 1943, in RG 51 BOB, Records of OSS, folder 241.

61. *Ibid*.

62. (S) Davis to Deane, Jan. 13, 1943, RG 218 JCS, CCS 385 (2-8-42), sec. 1, pt. 4.

63. Memo, [Pell] to McDermott, Jan. 19, 1943, Lilly Papers. This memo, the source for Roosevelt's remarks on OSS and OWI, was an internal State memo partially summarized thus by Lilly: "Lunch with Wm. D. Whitney (OWI's Central Intelligence)—summary of Davis with Pres[ident] over JCS Directive for OSS. Confidence in Davis, OWI doing splendid job and continue as it was. OSS was for P. W. in military field and OWI 'his principle arm for psychological warfare in the civilian field.' When war over, so OSS but not OWI."

64. Rogers Diary, Jan. 1, 1943.

65. The headlined stories are found respectively in: *New York Herald-Tribune*, date unavailable; *Chicago Tribune*, Jan. 20, 1943; *Baltimore Sun*, Jan. 19, 1943; *Washington Times-Herald*, Jan. 22, 1943, Ernest K. Lindley's *Newsweek* column, Jan. 25, 1943; and the *Washington Star*, Jan. 31, 1943.

66. Memo of telephone message, unaddressed, writer unidentified, and dated Jan. 15, 1943, RG 218 JCS, CCS 385 (2-8-42), sec. 1, pt. 4. The writer reported notice from Donovan that Lindley, after conversations with Elmer Davis and others in OWI, "indicated" that OWI was "prepared to make an issue in the press of the newly organized OSS set-up." Donovan was quoted by the writer as saying he [Donovan] informed Lindley he could make no "statement by way of rebuttal." Donovan wanted the JCS apprised of the situation, and he suggested either he or the JCS give Lindley the views of the JCS. A handwritten note on the memo suggested the matter be brought to the attention of General Surles of the War Department public relations office "in view of his plan to release something somewhat similar." The Lindley column, appearing in *Newsweek*, Jan. 25, certainly indicates Donovan or the JCS had gotten their point across.

67. *Washington Post*, Jan. 21, 1943.

*notes for pages 195-199*

68. "President's Diaries and Itineraries, 1941-45," Roosevelt Papers.
69. (C) Memo, Harold Smith to the President, Feb. 5, 1943, Roosevelt Papers, PSF, Confidential File, OWI.
70. Memo, Kehrli to McCandless, Jan. 30, 1943, RG 51 BOB, Records of OSS, folder 241.
71. Davis to Rogers, Feb. 11, 1943, RG 218 JCS, CCS 385 (2-8-42), sec. 1, pt. 1.
72. Memo, Deane to Leahy, "Psychological Warfare," Feb. 10, 1943. *ibid.*
73. (S) Memo, Deane to Leahy, "Psychological Warfare, Feb. 10, 1943, *ibid.* This is the "brief" referred to by Deane in the covering memo of the same day.
74. (S dg U) Memo, Deane to Leahy, Marshall, King, and Stratemeyer, Feb. 12, 1943, RG 218 JCS, CCS 385 (2-8-42), sec. 1.
75. The "humorous version" is in *Collier's*, Nov. 22, 1941. The Rogers quotation is in his Diary for Aug. 3, 1942.
76. N. 74, *supra*.
77. (S) Memo, Leahy to the President, Feb. 12, 1943, Roosevelt Papers, PSF, Confidential File, OWI.
78. The "OK GCM" appears opposite Marshall's name on one copy, presumably Marshall's copy, of Deane's memo of recommendation sent on Feb. 12 to each JCS member. This copy is in RG 218 JCS, CCS 385 (2-8-42), sec. 1. On Marshall's "OK" it must be recalled that Marshall had often been under intense pressure to make generals out of prominent personalities entering the military service. Marshall had told Rogers on Nov. 14, 1942, that he "wouldn't make Bill Donovan a major general," Diary, Nov. 14, 1942. Donovan became a brigadier general on March 24, 1943, and a major general on November 10, 1944.
79. Stimson to the President, Feb. 17, 1943, Stimson Papers, Correspondence, box 399.
80. (S) Minutes, JCS, 63rd mtg., Feb. 23, 1943, item 7, RG 218 JCS, CCS 385 (2-8-42), sec. 1. pt. 5.
81. *New York Herald-Tribune*, Feb. 18, 1943.
82. Memo, Buxton to Donovan, Feb. 18, 1943, RG 218 JCS, CCS 385 (2-8-42), sec. 1, pt. 4. Mrs. Ogden Reid to Donovan, Feb. 23, 1943, *ibid.*, pt. 5.
83. Davis, JCS History, p. 470. "President's Diaries and Itineraries, 1941-45," Roosevelt Papers.
84. (S) Memo, Strong to COS, "OWI-OSS," Feb. 19, 1943, with attached draft order, a typewritten copy in the Lilly Papers.
85. Rogers Diary, Feb. 17, 1943.
86. *Ibid.*, Feb. 20, 1943. Rogers noted FDR's "fear of Bill's ambitions."
87. *Ibid.*
88. *Ibid.*, Feb. 21, 1943. (S) Minutes, OSS, Planning Group, 32nd mtg., Feb. 22, 1943, Lilly's summary of minutes, Lilly Papers. Author's interview with Ernest Cuneo, Nov. 27, 1968.
89. Rogers Diary, Feb. 22, 1943.

90. (UNK) Memo, Donovan to the President, Feb. 23, 1943, OSS Records, Wash-Dir-Op 266, folder 439.

91. (S) Minutes, JCS, 63rd mtg., Feb. 23, 1943, RG 218 JCS, CCS 385 (2-8-42), sec. 1, pt. 5.

92. *Ibid.*

93. *Ibid.*

94. *Ibid.*

95. *Ibid.*

96. *Ibid.*

97. *Ibid.*

98. (S) Memo, Leahy to the President, "Proposed Executive Order regarding Office of War Information," Feb. 25, 1943, RG 218 JCS, CCS 385 (2-8-42), sec. 1, pt. 5.

99. (S) Memo, Leahy to Deane, Feb. 24, 1942, *Ibid.*

100. (S) Leahy to Harold Smith, Feb. 24, 1943, Roosevelt Papers, PSF, Confidential File, OWI.

101. (UNK) Memo, Harold Smith to Leahy, Mar. 5, 1943, with 3 attachments, Roosevelt Papers, PSF, Confidential File, OWI.

102. Rogers Diary, Feb. 27, 1943. The quotation from Strong is Lilly's quotation from (UNK) "MID 350.09 Intelligence . . . ONI-MID Meeting—March 5, 1943," Lilly Papers.

103. Rogers Diary, Mar. 7, 1943.

104. (UNK) Two memos, Roosevelt to General Watson, and an unsigned, unaddressed memo, all Mar. 9, 1943, Roosevelt Papers, Confidential File, OWI.

105. *Washington Post*, Mar. 11, 1943. The writer of "OWI Corrals New Power . . ." was Charles T. Lucey, but this writer's available copy lacks both the newspaper carrying the article and the date of publication.

106. Rogers Diary, Mar. 12, 1943.

107. *Ibid.*, Mar. 13, 1943.

108. (S) Memo, Donovan to Deane, Mar. 16, 1943, OSS Records, Wash-Dir-Op 266, folder 291 (OWI).

109. (S) Donovan to Col. William A. Eddy, May 25, 1943, OSS Records, Wash-Dir-Ad 44.

110. (S) Memo, Strong to A/COS/OPD, "Provisional Basic Field Manual, Psychological Warfare (JPS 140/1), OPD Memorandum 17 June 1943," June 25, 1943, RG 165 OPD, 334.8 OSS, box 890, case 114. The 34-page attachment is Strong to OPD, June 25, 1943, *ibid.*

111. *Ibid.*, pp. 1-7.

112. *Ibid.*, pp. 11-17.

113. *Ibid.*, pp. 25-29

114. *Ibid.*, pp. 34.

115. (S) Memo, Strong to McNarney, "O.S.S. Responsibility in the fields of Espionage and Counterespionage," July 27, 1943, RG 319 MID, 334 OSS (6-13-42).

*notes for pages 206-211*

116. (S) Memo, A. J. McFarland [Sec, JPS] to Donovan, "Provisional Basic Field Manual—Psychological Warfare," Aug. 4, 1943, OSS Records, Wash-Dir-Off-Op 266, folder 9 (JPS).

117. (S) Memo, Donovan to JCS, "Revised Directive for Functions of Office of Strategic Services," Sept. 4, 1943, *ibid.*, Wash-Dir-Off-Ad 79.

118. (S) JPS 269/2, Sept. 20, 1943, "Revised Directive for Functions of the Office of Strategic Services," RG 218 JCS, CCS 385 (2-8-42), sec. 1, pt. 7 (Envelope 1 of 2). Rogers Diary, April 4, 1943.

119. (S) The new directive was approved by the JCS, without significant comment, at their 120th mtg.

120. (S) OSS, "Provisional Basic Field Manual: Strategic Services," Dec. 1, 1943, OSS Records, Wash-Dir-Op 266, folder 359.

121. (S) Suggested draft of "memorandum of understanding" between OWI and OSS, Apr. 8, 1943, OSS Records, Wash-Dir-Op 266, folder 291 (OWI). (UNK) Donovan to Davis, Apr. 13, 1943, *ibid.* (S) Davis to Donovan, Apr. 19 and 20, 1943, *ibid.*

122. Donovan to Davis, n. 121, *supra*.

123. Davis to Donovan, Apr. 20, 1943, *ibid.*

124. *Ibid.*

125. *Ibid.*

126. (UNK) Donovan to Davis (draft), Apr. 27, 1943, OSS Records, Wash-Dir-Op 266, folder 291 (OWI). Certainly the exchange of correspondence called for a reply from Donovan, but what reply he actually sent is not known.

127. (S) Memo, Patrick Dolan to Donovan, Oct. 26, 1943, *ibid.* Dolan was quoting George Barnes, executive assistant to Davis. Parenthetically Dolan added: "(George is no relation to Joel)"—a reference to Joseph Barnes, who had difficulties with Donovan in COI as well as with Davis in OWI.

128. (UNK) Donovan to Davis, May 5 and 16; and Davis to Donovan, May 13 and June 6, 1944, Donovan Papers, "OSS Reports to the White House, 1942-June, 1944."

129. Davis to Donovan, June 6, 1944, n. 128 *supra*.

130. (UNK) Davis to Rosenman, June 17, 1944, Roosevelt Papers, Papers of Samuel I. Rosenman, folder on Elmer Davis.

## Chapter IX

1. The OSS list is in Donovan Papers, Central Intelligence, 1941-1950, vol. 1; the list apparently was later used by Cmdr. James B. Donovan in a memo to General Magruder, Jan. 23, 1946, *ibid.* The G-2 list is in Bidwell History, pt. 5, ch. 11, p. 14.

2. In September 1943 Elmo Roper proposed that a score of top officials sign a telegram to Donovan, then overseas, threatening to resign if no reorganization of OSS was effected. They never carried through on the proposal; some even felt that no matter what Donovan agreed to do, he would not, because of his own *modus operandi*, ever carry through on it.

3. Lilly interview with McNarney, Lilly Papers. Stimson Diary, May 11, 1943.

4. Budget Bureau Project No. 118, "Army-Navy Intelligence and Security"; for the project completion report see the bureau's bound compilation of "Project Completion Reports, Nos. 52-163." The project was initiated in July 1943, and continued until April 1945, when it was succeeded by Project 217, "Intelligence and Internal Security Programs of the Government."

5. (S dg U) For documents on this intelligence center see CNO Central Files, FFI/A8. The proposal to establish a CIA appeared in a memo from the Marine Corps Commandant to CominCH, US Fleet, Mar. 24, 1942.

6. Capt. Ellis M. Zacharias, *Secret Missions: The Story of an Intelligence Officer* (N.Y. Putnam's, 1946), pp. 288-292. Mashbir, *op. cit.*, pp. 347-348.

7. For Cooke's proposal, Nov. 21, 1942, and the evaluation thereof see the ONI History, pt. 2, p. 87.

8. *Ibid.*, p. 88.

9. (S) Transcript, ONI and G-2 mtg, Dec. 5, 1942, cited in Lilly Papers as MID 350.09 Intelligence 12-5-42 (11-22-42).

10. (S) Memo, Strong and Train to Marshall and King, "Joint Intelligence Agency" Dec. 6, 1942, RG 218 JCS, CCS 334 CIA (12-6-42), sec. 1, envelope 2.

11. (S) Minutes, JCS, 45th mtg, Dec. 8, 1942, item 7, *ibid.*

12. (C) JCS 163/1, Mar. 16, 1943 (memo, Strong and Train to the JCS, "Joint Intelligence Agency," Mar. 15, 1943), CNO Central Files, JCS Papers, folder 163-163/2. (S) Minutes, JCS 69th mtg, Mar. 23, 1943, item 6, *ibid.*

13. On Jan. 25, 1943, the War Department announced a regrouping of the MIS, and on March 19 naval intelligence was reorganized to conform as much as possible to the structure of MIS. As late as May 26 both offices were still being reorganized.

14. (S dg U) Memo, McNarney to King, May 26, 1943, CNO Central Files, E. J. King Papers, folder for May 1943.

15. The "amalgamation" proposal was made by McNarney and Stratemeyer in (S dg C) their memo to the JCS Secretariat, March 30, 1943, RG 218 JCS, CCS 334 CIA (12-6-42), sec. 1, envelope 2. Train made known his opposition to the idea in (S dg U) his memo to Admiral Horne, April 1, 1943, CNO Central Files, A3-1/EN-A3-1/EN3.

16. (S dg U) The Navy study was made by Mr. Rawleigh Warner, April 29, 1943. Train's appraisal appears in his memo to Admiral Horne, VCNO, May 15, 1943, CNO Central Files, E. J. King Papers, folder for May 1943. Army opposition was voiced in McNarney's memo to Admiral King, n. 14, *supra*. McNarney's view was endorsed by Admiral Horne, VCNO, in his memo to King, June 12, CNO Central Files, King Papers, folder for June 1943.

17. (C) Memo, Strong to COS, "Biennial Report," May 9, 1943, Auxier File, pt. 3, Exhibits and Documents.

18. The columnist was Frank C. Waldrop in the *Washington Times-Herald*, April 16, 1943.

19. (S) Transcript of "Discussion by . . . Donovan . . .," May 1, 1943, RG 165 OPD, 210.31 Staff Officers Pool, sec. 1 (cases 1-73) (1943). Donovan's complete answer was: "I'd

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like to know that myself but we are concentrating on this war, and if we do act intelligently and it can be integrated into the whole operation, I think we will have sense enough as a people to continue it.”

20. (S) Bidwell History, pt. 6, ch. 1, pp. 2-4.

21. (UNK) Memo, Hoelscher to Young, Oct. 27, 1943, RG 51 BOB, folder 245; attached is Schwarzwalders’ “Study of Intelligence Activities.” Oct. 27, 1943.

22. (UNK) Crowley to COS, Mar. 25, 1944, *ibid.*, Project 217, folder “F.E.A. . .”

23. (S) Crowley’s query was initially answered by Brig. Gen. Elliott D. Cooke, April 29, 1944, *ibid.* The Crowley-McNarney correspondence and subsequent JCS action are contained in the JIC 207 series of papers, found in RG 218 JCS, CCS 334 CIA (12-6-42), sec. 1.

24. (S) JIS 89, “Post-War Intelligence Policy of the United States,” Oct. 23, 1944, OSS Records, Wash-Dir-AD 76, folder 32 (JIS Papers).

25. (S) Teletype message, Col. Montague to Gen. Bissell, NR 2-C, 1440Z, Dec. 11, 1944, in RG 319 MID, 350.09, thru 19 Dec. 44, F/W (6 April 45). For the JIC secretary’s report see (S) memo, James S. Lay, Jr., to Secretariat, JCS, “Proposed Coordination of Intelligence Activities,” Nov. 2, 1944, RG 218 JCS, CCS 334 CIA (12-6-42), sec. 1. Montague’s “tinkering” is in JIC 239/3, Dec. 28, 1944, in OSS Records, Wash-Dir-Ad 67, folder “JIS Series 96.”

26. (UNK) Memo, Francis H. Russell to WEA (Taft), May 24, 1944, in Records of the State Department (State Department, Wash., D.C.), Central Files, Lot A, folder on “Intelligence Office thru Sept. 1944.” These Records, to be distinguished from RG 59 State described in n. 8, ch. 2, will henceforward be cited as State Central Files.

27. *Ibid.*

28. (UNK) Memo by Russell as extension of his May 24 memo to WEA (Taft) cited in n. 26, *supra*. Memo, Russell to ODA (Mrs. Rommel and Mr. Macmahon), “Memorandum of September 7 on Proposed Office of Information (or Intelligence) and Analysis,” Sept. 8, 1944, *ibid.* Schwarzwalders’ “popgun” summation is found in (UNK) memo, Macmahon to Rommel, Sept. 19, 1944, *ibid.*

29. Numerous examples of State’s “tinkering” can be found in the various folders in State Central Files, Lot A. Acheson’s conclusion is the title of ch. 2 of his *Present at the Creation*; the observation specifically applied to events in 1945-46, narrated in chs. 12-14 herein, but it is also applicable to this earlier period.

30. Darling wrote (S) “The Central Intelligence Agency: An Instrument of Government, to 1950,” 12 vols., typescript (CIA, Wash., D.C., Dec. 1953). Some of this work was serialized in *Studies in Intelligence*, the quotation in the text appears in vol. 8, no. 3, p. 77, of that publication. This work will be cited hereafter as Darling History, *Studies in Intelligence*. For the state draft see (UNK) two memos, Russell to Ross, Sept. 30, 1944, and attached plan, all in State Central Files, Lot A, folder “Intelligence Office, thru Sept. 1944.” Montague’s assertion can be found on p. 27 of the work cited in n. 6, ch. I.

31. (S dg U) Memo, Train to Horne, VCNO, May 15, 1943, CNO Central Files, King Papers, folder for May 1943.

32. (S) Memo, Roper to Donovan, June 11, 1943, OSS Records, Wash-Dir-Op 266, folder 438 (E. Roper). (S) “Notes for Conference,” July 30, 1943, *ibid.*, Op 233, folder 1.

33. (S) The “admiring general” was Bonner Fellers. On a paper proposing the establishment of a “Director of Intelligence,” Fellers wrote on Aug. 9, 1943, that “a mutual friend of ours recommended you to Admiral Leahy for the above indicated job.” The authorship of the paper, “U.S. Intelligence Services,” is not known; it is found *ibid.*, Op 139 (Bonner Fellers).

34. (S) Donovan to Gen. Smith, Sept. 17, 1943, *ibid.*, Op 266, folder 182 (OSS).

35. *Ibid.*

36. (UNK) “Post-war plans for OSS,” an excerpt from the minutes of, apparently, a Planning Group meeting on March 4, 1944. The document was found in the “Black Book,” a special folder in the Donovan Papers.

37. (UNK) Memo, Macmahon to Ross, June 9, 1943, State Central Files, Lot A, folder “Intelligence Office, thru Sept. 1944.” (UNK) Memo, Rommell to Macmahon, “Foreign Service Reporting and Organization of Intelligence,” July 1, 1944, *ibid.*

38. (UNK) Memo for record by “B.B.,” Aug. 10, 1944, on “General Donovan’s Memorandum to General Marshall,” Aug. 4, 1944, in RG 165 OPD, 334.8 OSS, box 895, case 730.

39. (S) The apparent original of this proposal appears in a private collection of papers given to CIA by the widow of General Magruder. This appearance coupled with the details of the proposal—quite consistent with Magruder’s thinking—justify ascribing it to the General. Another copy can be found in RG 319 MID, 350.09, thru 19 Dec. 44, F/W (6 April 45). Typical of the G-2 reaction was (S) memo, Snow to Nicholas, “Organization of an Intelligence System,” Nov. 14, 1944, *ibid.*, 334 OSS (6 April 1945).

40. (UNK) Memo, Ream to Donovan, Sept. 18, 1944, OSS Records, Wash-Dir-Op 266, folder 55 (Liquidation of OSS). (UNK) Memo, Ream to Donovan, Sept. 21, 1944, enclosing copy of a Sept. 19 memo which Ream had circulated to administrative personnel, *ibid.*

41. Smith to Donovan, Sept. 23, 1944, *ibid.*, folder 183 (OSS). Donovan to Smith, Sept. 27, 1944, *ibid.*, folder 182.

42. (S) “The Basis for a Permanent World-Wide Intelligence Service,” Sept. 26, 1944, OSS Records, Wash-Dir-AD 42, box 7, OSS, 12,733.

43. The evolution of the text can be followed in other documents, *ibid.* The finished text is dated Oct. 10. For the change from “world-wide” to “U.S.” see (UNK) memo from Major Joseph Rosenbaum to Donovan, Oct. 7, 1944; the change was suggested by Louis H. Bean.

44. (UNK) Memo, Russell to Ross, Sept. 30, 1944, State Central Files, Lot A, folder “Intelligence Office, thru Sept. 1944.” Stressing the confusion in Washington’s handling of foreign intelligence, Russell argued that State “ought to take the leadership in developing overall policy objectives in the field of foreign intelligence.” Unfortunately, he concluded, State “cannot do so until it has set its own house in order, . . .”

45. N. 42, *supra.*

46. *Ibid.*

47. *Ibid.* On the FBI see pp. 222, 275-78, *infra.*

48. N. 42, *supra.*

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49. An exchange of letters between Donovan and Smith, Sept. 27 and Oct. 4, 1944, OSS Records, Wash-Dir-Op 266, folder 182. Memo, Donovan to Ream, Oct. 5, 1944, *ibid.*, folder 402.

50. (S) Memo, Rosenbaum to Donovan, Oct. 7, 1944, OSS Records, Wash-Dir-Ad 42, folder "OSS, 12,733."

51. *Ibid.* (S) Memo, Murphy to Donovan, Nov. 2, 1944, *ibid.*, Wash-Dir-Op 141 (FBI); in this memo Murphy noted that a Paris cable dated Oct. 29 "again raises the question" of the FBI outside the Western Hemisphere; he continued by noting that "we have watched them encroach in London, Lisbon, Madrid and in Italy." Clearly, then, such FBI expansionism had come to Donovan's attention by Oct. 7, when Rosenbaum wrote of it so simply.

52. (S) Memo, Rosenbaum to Donovan, Oct. 11, 1944, OSS Records, Wash-Dir-Ad 42, folder "OSS 12,733."

53. (S) Memo, Rosenbaum to Donovan, Oct. 12, 1944, *ibid.*

54. (S) Memo, Rosenbaum to Donovan, Oct. 17, 1944, *ibid.*

55. (S) Memo, Rosenbaum to Donovan, Oct. 21, 1944, *ibid.*

56. (UNK) Memo, Lubin to the President, "A Permanent United States Foreign Intelligence Service," Oct. 25, 1944, *ibid.*, folder "OSS-CIA-A-1."

57. The November 16 date is noted in Stettinius's memo to the President, "The Organization of Foreign Intelligence," Dec. 15, 1944, *ibid.*

58. Stettinius to Donovan, Nov. 25, 1944, *ibid.*, Wash-Dir-Op 266, folder 55 (liquidation of OSS); for the State side of this correspondence see State Central Files, Lot A, folder "Intelligence Office, Oct.-Dec., 44." The December letter is that cited in n. 57, *supra*.

59. Memo, D. L. Robinson, Jr., to the Director [BOB], Nov. 7, 1944, RG 51 BOB, Records of OSS, Series 39.27, folder "Intelligence." Memo, Smith to the President, Nov. 11, 1944, *ibid.*

60. (UNK) Memo, Carter to the President, Oct. 26, 1944, OSS Records, Wash-Dir-Ad 42, folder "OSS, 12,733."

61. (C) Memo, FDR to Donovan, Oct. 31, 1944, *ibid.*

62. (UNK) Memo, Donovan to the President, Nov. 7, 1944, Donovan Papers, "OSS Reports to the White House, Nov.-Dec. 1944."

63. Doering to Donovan, Nov. 3, 1944, OSS Records, Wash-Dir-Ad 42, folder "OSS, 12,733." Doering's reference to British intelligence is a handwritten memo to Donovan which was apparently written Nov. 22, 1944, *ibid.*

64. Memo, Donovan to the President, Nov. 18, 1944, Donovan Papers, "OSS Reports to the White House, Nov.-Dec., 1944." That Donovan had "foreign" intelligence in mind is clear from his references to "war," "military operations," "our enemies," and "solving the problems of peace." Noteworthy in this connection is the fact that Donovan's advisory board would be composed of the foreign affairs chiefs, namely, the Secretaries of State, War, and Navy.

65. *Ibid.*

66. Espionage and counterespionage were covered in the Donovan plan under para. 3(b); not only can this be reasonably inferred from the text of the plan and Donovan's clear belief in both activities, but it was also explicitly elaborated upon by General Magruder in his (S) "Interpretive Notes of Memorandum for the President, 18 November 1944," which he wrote for Donovan, Nov. 30, 1944, and which are located in the Magruder Papers. Therein Magruder spoke of the need for central administration of "clandestine intelligence," by which he had clear reference to espionage and counterespionage.

67. While Donovan's original memo was dated Nov. 18, its JCS form (JCS 1181) is dated Nov. 25.

68. Copies were sent to the Secretaries of State, War, and Navy, to Admirals King and Horne, Generals Marshall, Arnold, and Embick, and to John McCloy (War), Ralph Bard (Navy), and James Clement Dunn (State). To McCloy Donovan wrote that his plan set up "a central coordinating intelligence agency, including secret [intelligence] and counter-espionage."

69. (S) Memo, Rosenbaum to Donovan, Nov. 23, 1944, OSS Records, Wash-Dir-Ad 42, folder "OSS 12,733." With reference to Donovan's recent promotion to major general, Rosenbaum also reported that Lubin "said to tell you that he wants '10% of your salary increase as a Major General,' but would compromise for 1%." Lubin, queried by this writer, could recall nothing of either the message or his role, if any, in the promotion. Donovan's letter to Lubin, Nov. 29, 1944, is *ibid.*, folder "OSS-CIA-A-I."

70. (S) Memo, Rosenbaum to Donovan, Nov. 30, 1944, *ibid.*, folder "OSS, 12,733."

71. (C) Memo, Strong to Hopkins, "Proposed Establishment of a Central Intelligence Service," Dec. 13, 1944, RG 319 MID, file 334 OSS (6 April 45), box 1311.

72. Buckslip signed by Col. Feodore O. Schmidt, G-2 policy staff chief, *ibid.*, file 350.09, 20 Dec. 44 thru 14 Feb. 45 (6 Apr. 45).

73. G-2's copy of the Magruder plan is in RG 319 MID, file 350.09, thru 19 Dec. 44 (6 April 45). Located in file 334 OSS (6 April 45) are critical and denunciatory evaluations of the plan by Col. C. A. Snow, Nov. 14, Col. L. R. Forney, n.d., Col. G. C. Jones, Nov. 14, Lt. Col. W. S. Tarver, Nov. 15, and a memo for record by Col. A. W. Stuart, Dec. 5.

74. The "Gestapo" characterization appeared in Col. Stuart's memo for record (see n. 73, *supra.*), which was read by General Bissell on Dec. 5.

## Chapter X

1. (S) Both JIS 96 and 96/1 are titled "Proposed Establishment of a Central Intelligence Service" and are dated Dec. 9, 1944, and can be found in OSS Records, Wash-Dir-Ad 67 (JIS Series 96).

2. JIS 96, cited in n. 1, *supra.*

3. *Ibid.*

4. *Ibid.* Perhaps the most elaborate defense of Donovan's position can be found in the transcript of the JIC meeting of Dec. 22, which is discussed on pp. 310-21, *infra.*

5. JIS 96, n. 1, *supra.* General Magruder, in his plan of Aug. 11, 1944, wrote that a central service "should be responsible for those intelligence activities of common concern to all the armed services and, in some instances, of common national interest. . . ."

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6. (S) Teletype message, Montague to Bissell, NR 2-C, 1440Z, Dec. 11, 1944, in RG 319 MID, 350.09 thru [sic] 19 Dec. 44 F/W (6 Apr. 45).

7. (S) JIS 96/1 consisted of: a draft JIC report, a draft JCS memo to the President, a draft directive, and four appendices elaborating the problem of postwar intelligence.

8. N. 6, *supra*.

9. However, they gave no reason for their position.

10. For instance, paras. 4-10—more than half of the draft directive in JIS 96/1—was taken almost bodily from Donovan's plan.

11. (S) Magruder, "Interpretive Notes of Memorandum for the President, 18 November 1944," in Magruder Papers.

12. N. 6, *supra*.

13. *Ibid.* Also (S) teletype message, Montague to Bissell and Schmidt, NR 7-C, 1525Z, Dec. 13, 1944, *ibid.*

14. (S) Teletype message, Montague to Bissell, NR 3-C, 1910Z, Dec. 11, 1944, *ibid.*

15. (S) Teletype message, Montague to Bissell and Schmidt, NR 6-C, 1935Z, Dec. 12, 1944, *ibid.*

16. (S) Both JIS 96/2, Dec. 12, and JIS 96/3, Dec. 13, 1944, are titled as the first two in the JIS 96 series and can be found with them.

17. (S) Teletype message, Montague to Bissell and Schmidt, NR 7-C, 1525Z, Dec. 13, 1944, RG 319 MID, 350.09, thru 19 Dec. 1944, F/W (6 Apr. 45).

18. (S) Memo, Schmidt to ACOS [Bissell], Dec. 13, 1944, and (S) memo for record, "Action on JCS 1181," Dec. 14, 1944, *ibid.*

19. Schmidt to ACOS, n. 18, *supra*.

20. This was the first time the proposed board of secretaries received such a formal title; it eventually became the "National Intelligence Authority." The word "*authority*" showed the difference between the board and the "working *agency*," which the board directed and supervised, according to the "Interim Working Draft," Dec. 14, 1944, also found in the JIS series.

21. See "Various Proposed Amendments to Interim Draft," which is Enclosure "B" to the "Interim Working Draft," *ibid.*

22. (S) Memo, Montague to Bissell, "J.I.C. Division on J.I.S. Series," Dec. 17, 1944, RG 319 MID, 350.09, thru 19 Dec. 1944 F/W (6 Apr. 45).

23. *Ibid.* (S) Memo, Bissell to Montague, "JIS 96 Series," Dec. 17, 1944.

24. (S) Teletype message, Montague to Bissell and Schmidt, NR 12-C, 1845Z, Dec. 19, 1944, *ibid.*

25. (S dg U) JIC 239/1, "Proposed Establishment of a Central Intelligence Service," Dec. 20, 1944, RG 218 JCS, CCS 334 CIA (12-6-42), sec. 2.

26. (S) Teletype message, Montague to Bissell and Schmidt, NR 14-C, 1430Z, Dec. 20, 1944, RG 319 MID, 350.09, thru 19 Dec. 1944 F/W (6 Apr. 45).

27. *Ibid.* (S) Teletype messages, Montague to Bissell and Schmidt, NR 16-C, 1640Z, and NR 17-C, 2005Z, both Dec. 20, 1944, *ibid.*

28. (S) Teletype messages, Montague to Bissell and Schmidt, NR 12-C, 1845Z, Dec. 19, 1944, *ibid.*

29. (S) Teletype messages, Montague to Bissell and Schmidt, NR 15-C, 1500Z, Dec. 20, 1944, *ibid.*

30. Memo [James Angell?], "JIC-239/1," [n.d.], in OSS Records, Wash-Dir-Ad 42, folder "OSS, 12,733."

31. Memo [James Angell?], "JIC-239/2," [n.d.], *ibid.*

32. (S) Memo, Schmidt to ACOS [Bissell], "Action on JCS 1181," Dec. 21, 1944, RG 319 MID, 334 OSS (6 Apr. 45).

33. *Ibid.*

34. *Ibid.*

35. *Ibid.*

36. (S) JIC 239/3, "Proposed Establishment of a Central Intelligence Service," Dec. 28, 1944, OSS Records, Wash-Dir-Ad 67, folder "JIS Series 96." This document is a transcript of the discussion of the 121st JIC meeting on Dec. 22, when the intelligence problem was debated. The quotation in the text is on p. 1 of JIC 239/3—a 34-page document. Of some interest is the presence at this meeting of Capt. Sidney W. Souers, D/DNI, who a year later would become the first Director of Central Intelligence.

37. The statement is a handwritten attachment to Col. Stuart's memo for record cited in nn. 73 and 74, ch. IX. Judging from the notes on the statement it appears that Magruder made the statement to Montague, who on Dec. 9 reported it to Bissell, who then reduced it to its present written form.

38. (S) JIC 239/3, pp. 1-2.

39. *Ibid.*, pp. 2-5.

40. *Ibid.*, pp. 5-7.

41. *Ibid.*, pp. 7-10.

42. *Ibid.*, pp. 10-11.

43. *Ibid.*, pp. 17, 13-14.

44. *Ibid.*, p. 14.

45. *Ibid.*, pp. 14-16.

46. *Ibid.*, p. 15.

47. *Ibid.*, pp. 15-16.

48. *Ibid.*, p. 18.

49. *Ibid.*, pp. 18-19.

50. *Ibid.*, p. 19.

51. *Ibid.*, pp. 19-20.

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52. *Ibid.*, p. 20.
53. *Ibid.*, p. 20.
54. *Ibid.*
55. *Ibid.*
56. *Ibid.*
57. *Ibid.*, pp. 22-25.
58. *Ibid.*, pp. 25-28.
59. *Ibid.*, p. 31.
60. *Ibid.*, pp. 32-33.
61. *Ibid.*
62. *Ibid.*, p. 33.
63. Gleason's draft, "Notes on Organization of a Central Intelligence Service," Dec. 22, 1944, is in the Magruder Papers. Donovan's memo to Roosevelt, Dec. 26, 1944, is in Donovan Papers, "OSS Reports to the White House," Nov.-Dec., 1944.
64. *Ibid.*
65. *Ibid.*
66. *Ibid.*
67. (S) Cable, Magruder to Donovan, Dec. 28, 1944, OUT 4794, OSS Records, Wash-Dir-Ad 42, folder "OSS, 12,733."
68. (S) Cable, Magruder to Donovan, Dec. 28, 1944, OUT 26422, OSS Records, Cable Branch.
69. (S) Teletype message, Montague to Bissell and Schmidt, NR 19-C, 1315Z, Dec. 28, 1944, RG 319 MID, 350.09, thru 19 Dec. 1944 F/W (6 Apr. 45). (S dg U) JIC 239/4, "Proposed Establishment of a Central Intelligence Service," Dec. 28, 1944, RG 218 JCS, CCS 334 CIA (12-6-42), sec. 2.
70. Teletype message cited in n. 69, *supra*.
71. *Ibid.*
72. N. 68, *supra*.
73. (S) Memo, J.B.A. [James B. Angell] to General Magruder, "JIC 239/4," Jan. 1, 1945, OSS Records, Wash-Dir-Ad 42, folder "OSS, 12,733."
74. (S) Memo, Schmidt to ACOS [Bissell], "Action on JCS 1181," Dec. 29, 1944, RG 319 MID, 334 OSS (6 Apr. 45).
75. (S) Cable, Magruder to Donovan, OUT 4924, Dec. 30, 1944, OSS Records, Wash-Dir-Ad 42, folder "OSS, 12,733." (S) Memo for record, initialed by A.W.S., and dated Dec. 30, 1944, RG 319 MID, 334 OSS (6 Apr. 45).
76. (S) Cable, Magruder to Donovan, cited n. 75, *supra*.
77. (S) Extract from Minutes, JIC, 122nd mtg, Jan. 1, 1945, item 1, RG 319 MID, 334 OSS (6 Apr. 45).

78. (C) Ludwell Lee Montague, "The Origins of National Intelligence Estimating," *Studies in Intelligence*, vol. 16, no. 2 (Spring 1972), pp. 67-78. This entire article is well worth the reading of anyone interested in this subject.

79. King, as quoted in Ray S. Cline, *Washington Command Post: The Operations Division* (Wash: GPO, 1951), p. 173.

80. (S) Cable, Magruder to Donovan, Jan. 15, 1945, OSS Records, Wash-Dir-Ad 42, folder "OSS, 12,733."

81. (S) Report by the Joint Strategic Survey Committee [on "Proposed Establishment of a Central Intelligence Service"], Jan. 18, 1945, *ibid.*, Wash-Dir-Ad 67, folder "JIS Series 96."

82. (C) Memo, Doering to Donovan, Feb. 13, 1945, *ibid.*, Wash-Dir-Ad 42, folder "OSS-CIA-A-1."

83. Memo, Stettinius to Roosevelt, Dec. 15, 1944, *ibid.*

84. (S) Memo, Murphy to Donovan, Nov. 2, 1944, *ibid.*, Wash-Dir-Op 141 (FBI).

85. (UNK) Memo, Hoover to the Attorney General [Francis Biddle], Dec. 13, 1944, CNO Central Files, folder A8-1. This document is a carbon, unsigned, and marked "Attachments."

86. (UNK) Letter, Biddle to Forrestal, Dec. 16, 1944, *ibid.* Forrestal sent it to Assistant Secretary Ralph Bard.

87. N. 81, *supra*.

88. *Ibid.*

89. *Ibid.*

90. *Ibid.*

91. *Ibid.*

92. *Ibid.*

93. *Ibid.*

94. *Ibid.* On the Navy's proposal see memo for record cited in n. 75, *supra*.

95. (S) Cable, Magruder and Cheston to Donovan, OUT 2320, Jan. 27, 1945, OSS Records, Cable Branch. (UNK) Col. Sweeney, memo for record, "Report on J.C.S. 1181," Feb. 3, 1945, RG 218 JCS, CCS 334 CIA, 12-6-42, sec. 2.

96. (S) Memo, McCloy to Marshall, Nov. 29, 1944, *ibid.*, sec. 1, envelope 10. (S) Memo, J. R. Redman, Director of Naval Communications, to Deputy CominCH-Deputy CNO, Feb. 1, 1945, CNO Central Files, (SC) A8-1. (UNK) Memo, Magruder to Donovan, May 2, 1945, Donovan Papers, Central Intelligence 1941-1950, vol. 1.

97. *Washington Times-Herald*, *Chicago Tribune*, *New York Daily News*, all Feb. 9, 1945.

98. *Chicago Tribune*, Feb. 10, 1945. Walter Trohan, "Postwar Spy Plan Assailed by Senators," *ibid.*

99. *Washington Times-Herald*, and *Chicago Tribune*, Feb. 11, 1945.

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100. *New York Herald-Tribune*, Feb. 10, 1945. *New York Times*, Feb. 12, 1945. Milburn P. Akers, "Here's the Lowdown on 'Wild Bill' Donovan," *Chicago Sun*, Feb. 15, 1945.

101. Edward R. Murrow, broadcast from London, Feb. 18, 1945, OSS Records, Wash-Dir-Ad 42, folder "OSS-CIA-A-1." *Washington Post*, editorial, Feb. 16, 1945.

102. Monitored text of German Home Service Broadcast, Feb. 10, 1945, *ibid.* *London Daily Express*, Feb. 10, 1945, *ibid.* Dispatch, OSS Cairo to Donovan, Feb. 20, 1945, *ibid.*; the story appeared in the *Palestine Post*, Feb. 12, and the *Sudan Star*, Feb. 10, as well as the *Egyptian Gazette*, Feb. 13, 1945.

103. "Murder at the Yard," *The [London] Economist*, Feb. 17, 1945, p. 215, *ibid.*

104. Otto C. Doering, Jr., in interview with author, Oct. 6 and 8, 1969, author's files. (C) Memo, Doering to Donovan, Feb. 13, 1945, OSS Records, Wash-Dir-Ad 42, folder "OSS-CIA-A-1." (S) Memo, Donovan to JCS, Feb. 22, 1945, Donovan Papers, "OSS Chronos to J.C.S., Jan.-June 1945."

105. *Ibid.* Also, (S) Report, Inspector General to COS, "Investigation of unauthorized disclosure of the contents of secret documents designated JCS 1181 and JIC 239/5," Mar. 1, 1945, RG 218 JCS, CCS 334 CIA, 12-6-42, sec. 2.

106. Doering memo cited in n. 104, *supra*. Letter, Hoover to King, Feb. 19, 1945, RG 218 JCS, CCS 334 CIA, 12-6-42, sec. 2; memo, Roth to Sweeney, Feb. 17, 1945, *ibid.* According to the last "an attempted pickup" of both documents was made at 0930, Feb. 16; Thebaud's office could not locate them, and the office said "they would probably locate [the documents] in about five hours." The copies were "finally picked up at 1130, Feb. 17, 1945."

107. (S) Memo, Donovan to JCS, Feb. 15, 1945, Donovan Papers, OSS Chronos to J.C.S., Jan.-June 1945.

108. *Ibid.*

109. (S) Memo, [ ? ] to Leahy, Feb. 9, 1945, JCS Papers, Leahy Papers, folder "National Intelligence Authority." (S) Memo, Bissell and Thebaud to JCS, Feb. 13, 1945, RG 218 JCS, CCS 334 CIA (12-6-42), sec. 2. (S) Memo, King, writing for the JCS, to Secretary of State, Directors of OSS and FBI, and Administrator, FEA, "Unauthorized disclosure of the contents of J.C.S. 1181 and J.I.C. 239/5," Feb. 16, 1945, OSS Records, Wash-Dir-Ad 42, folder "OSS-CIA-A-1." Replies are in RG 218 JCS, CCS 334 CIA (12-6-42), sec. 2.

110. Memo, Donovan to Roosevelt, Feb. 23, 1945, Donovan Papers, OSS Reports to the White House, Jan.-April 13, 1945.

111. See Inspector General's report cited in n. 105, *supra*. (S) Memo, Bissell to DCOS, "Compromise of JCS 1181 and JIC 239/5," April 10, 1945, RG 319 MID, 334 OSS (6 April 45).

112. For instance, Bissell and Trohan both used the word "color" in the same context: Bissell warned against giving "one man the power to color the intelligence" which came to him and which he then had the "power to color . . . in the final evaluation"; Trohan also warned that the director of the proposed "super-spy unit" would be able "to determine American foreign policy by weeding out, withholding or coloring information gathered at his

direction.” Bissell thought so much power was given both Donovan’s and the JIS civilians’ director that such an officer fitted only a dictatorship but not a democracy; Trohan said the “super spy system was given ‘a wholesale grant of power’” which enabled him to “supersede” all existing Federal police and intelligence units. It must be recognized, however, that Trohan’s emphasis on the Donovan plan as a New Deal spy system has no parallel in Bissell.

113. Ludwell L. Montague, in an interview with the author, Jan. 29, 1971, author’s files.

114. See pp. 280-85, *infra*.

115. (C) Memos, Bissell to Handy, Feb. 21, 1945, Handy to Marshall, and Marshall to JCS, Feb. 22, RG 319 MID, 350.09 (6 April 45). (C) Arnold to Secretary, JCS, Feb. 27, 1945, RG 218 JCS, CCS 334 CIA (12-6-42), sec. 2.

116. See Marshall’s memo cited in n. 115, *supra*.

117. Note on President’s press conference, in RG 51 BOB, Series 39.27A, folder “White House Press Conferences.”

## Chapter XI

1. Memo, Smith to Roosevelt, Mar. 2, 1945, with news clippings on the Trohan disclosures as attachments, RG 51 BOB, Proj. 118, folder “Intelligence functions (AM-217).”

2. *Ibid*.

3. Lubin, in an interview with the author, Jan. 12, 1972. (C) Memo, Lubin to Roosevelt, “Centralized Intelligence Service,” April 4, 1945, Roosevelt Papers, PSF (Donovan).

4. Entry for April 4, 1945, “Appointments and Telephone Calls,” Donovan Papers.

5. See Lubin’s memo cited in n. 3, *supra*.

6. Memo, Roosevelt to Donovan, April 5, 1945, copy in author’s files. The punctuation in the text is in the original.

7. Memo, Donovan to Roosevelt, April 6, 1945, Donovan Papers, “OSS Reports to the White House, Jan.-April 13, 1945.”

8. (S) Memos to all Cabinet and FCC and FEA heads, April 6, 1945; copies of those to the Secretaries of State, War, and Navy are in Donovan Papers, “OSS Chronos to Navy, State, War, Jan.-April 11, 1945.”

9. (S) Memo, Hensel to Forrestal, April 11, 1945, CNO Central Files, FFI/A8-1.

10. (S) Summary Sheet, “War Department Comments on Gen. Donovan’s Proposal for a Central Intelligence Service,” April 13, 1945, RG 319 MID, ABC 092 (1 April 44), sec. 2. (S) Memo, Schmidt to Bissell, April 13, 1945, *ibid.*, 350.09, 15 Feb 45 thru 23 Oct 45 (6 April 45).

11. Morgenthau to Donovan, April 12, 1945, Donovan Papers, Central Intelligence, 1941-1950, vol. 1.

12. Francis Biddle, *In Brief Authority* (N.Y.: Doubleday, 1962), pp. 359-60.

13. Otto C. Doering, Jr., in interview with the author, Oct. 6 and 8, 1969; Doering’s information was based on conversations with OSS European chief Russell Forgan.

*notes for pages 265-269*

14. Harry S. Truman, *Memoirs*, vol. 1: *Year of Decisions* (N.Y.: Doubleday, 1955), p. 58.

15. Memo, Smith to Truman, "Intelligence," April 20, 1945, RG 51 BOB, Series 39.27, folder "Intelligence."

16. *Ibid.*

17. *Ibid.*

18. Entry for April 26, 1945, Smith Papers, "Conferences with President Truman, 1945."

19. *Ibid.*

20. Truman, op. cit., pp. 98-99; vol. 2: *Years of Trial and Hope, 1946-1953* (N.Y.: Doubleday, 1956), pp. 59-60. For Truman's account of what he did, see pp. 452-54.

21. A syndicated article by Truman appeared Dec. 22, 1963, in the *Washington Post* and other papers; the article was titled "Harry Truman Writes: United States Should Hold CIA to Intelligence Role." That someone else actually wrote the article and that Truman probably did not even see it prior to publication are conclusions put forth by Benjamin F. Onate in "What Did Truman Say about CIA?" in *Studies in Intelligence*, vol. 17, no. 3 (Fall 1973), p. 11. According to that account, a Truman assistant, David Noyes "admitted quite freely the authorship of the Truman article on CIA. . . ." When later shown the article by Allen Dulles, Truman "seemed quite astounded at it. In fact he said that this was all wrong. . . ." That he had not seen the article prior to publication is the conclusion of a CIA official, Enno H. Knoche, who along with CIA's former DDCI Lt. Gen. Marshall S. Carter discussed the matter with Noyes in mid-1964. However, on January 17, 1964, Truman, replying to Sidney Souers, said he was "happy . . . that my article rang a bell with you because you know exactly why the organization was set up—it was set up so the President would know what was going on." That Truman actually wrote *this letter* seems evident from the postscript written apparently by him: "The girls aren't working today—so I fold 'em and lick 'em myself!" (Papers of Sidney Souers, Truman Library, Independence, Missouri.)

22. Entry for May 4, 1945, Smith Papers, "Conferences with President Truman, 1945."

23. Entry for May 11, 1945, *ibid.*

24. Drew Pearson, "Washington Merry-Go-Round," April 27, 1945.

25. Letters to Donovan from Frank C. Walker and from Paul A. Porter, both April 20, 1945, from Leo A. Crowley, April 25, from Claude R. Wickard and Francis Biddle, both April 20, all in Donovan Papers, Central Intelligence, 1941-1950, vol. 1.

26. Letters to Donovan from Harold L. Ickes, April 30, 1945, from Frances Perkins, undated, and from Henry A. Wallace, May 1, all *ibid.*

27. Letter, Henry L. Stimson to Donovan, May 1, 1945, *ibid.* At least the Operations Division thought it was a G-2 document; see undated, unsigned memo, "Central Intelligence Service; Differences between JSSC and G-2," which is noted on p. 298, *infra*.

28. Stimson's memo cited in n. 27, *supra*.

29. *Ibid.*

30. (TS dg S) E. J. Putzell to Rose Conway, April 19, 1945, Papers of Harry S. Truman (Truman Library, Independence, Mo.). These Papers will be cited hereafter as Truman Papers.

31. Letter, Donovan to Truman, April 30, 1945, Donovan Papers, "OSS Reports to the White House, April-Oct, 1945." Memo, Donovan to Truman, May 4, 1945, *ibid*.
32. (UNK) Memo, Magruder to Donovan, May 2, 1945, Donovan Papers, Central Intelligence, 1941-1950, vol. 1.
33. *Ibid*.
34. Margaret Truman, *Harry S. Truman* (N.Y.: Morrow, 1973), p. 250. "Appointments and Telephone Calls," Donovan Papers.
35. (S) Memo, Gleason and McGovern to Donovan, "Details to Support a Reply to the Secretary of War," May 10, 1945, Magruder Papers, folder "Notes on Organization of a Central Intelligence Service."
36. Letter, Donovan to Stimson, May 16, 1945, Donovan Papers, "OSS Chronos to Navy, State, War, May-Sept., 1945."
37. (S) Summary Sheet, "Central Intelligence Agency," May 22, 1945, RG 319 MID, 334 OCC (6 April 45).
38. *Ibid*.
39. Calendar, Saturday, June 16, 1945, "President's Appointment Book," Truman Papers, File of Matthew Connelly.
40. The untitled, unaddressed, and undated memo was forwarded by Fred M. Vinson to Judge Rosenman for the President on June 18, 1945, State Central Files, Lot 58D-776, INR, box 312, folder "History of the National Intelligence Structure."
41. *Ibid*. Memo, Rosenman to Truman, June 18, 1945, *ibid*. Memo, Truman to Harold Smith, [n.d.], *ibid*.
42. Entry for July 6, 1945, Smith Papers, "Conferences with President Truman, 1945."
43. Entry for Sept. 5, 1945, *ibid*.
44. Memo, Schwarzwaldler to Arnold Miles, Feb. 17, 1945, RG 51 BOB, Series 39.35, Proj. AM-217, folder "Intelligence Functions." (S dg C) Memo, Schwarzwaldler to Miles, "Study of British experience in intelligence and security," Mar. 14, 1945, *ibid*., unmarked folder. Schwarzwaldler, Project Completion Report, Proj. No. 217, Dec. 4, 1947 (as of June 1, 1945), *ibid*., "Intelligence Functions."
45. (S) Memo, Hoelscher to Ramsey, "Initial statement of broad conclusion—Project 118, 'Organization of Intelligence activities of the Government,'" May 16, 1945, RG 51 BOB, Project 118, folder 245. Clearly the memo was written by Schwarzwaldler and was being forwarded by his superior, Hoelscher, the assistant chief of the administrative management division.
46. *Ibid*.
47. Memo, Jane Dunlap to S. S. Sheppard, "Meeting on Intelligence Organization," May 28, 1945, *ibid*., Proj. AM-217, folder "Intelligence Functions."
48. GFS [George F. Schwarzwaldler], "Specifications and Methods of Operation of Central Machinery Needed in the Field of Foreign Intelligence," June 18, 1945, State Central Files, Records of INR, Lot 57D-776, folder "State-CIA Relationship." Schwarzwaldler, Project Progress Report, No. 6, July 1-31, 1945, RG 51 BOB, Records of Division of Administrative Management, Project AM-217, Progress Reports.

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49. Note, Russell to Ross, Dec. 14, 1944, State Central Files, Lot A, folder "Intelligence Office, Jan-Mar 45."

50. Note, [Russell?] to Ross, Dec. 16, 1944, *ibid.*, "Intelligence Office," *ibid.*; MacLeish had telephoned Ross that day and informed him that he had learned of the conflict from FEA's John R. Fleming, formerly with MacLeish's OFF. Memo, RJL [Robert J. Lynch] to Ross, Dec. 30, 1944, *ibid.*, "Intelligence Office, Jan-Mar 1945." (S) Memo, Ross to Lynch, Jan. 10, 1945, *ibid.*

51. Memo, Roosevelt to Stettinius, Jan. 17, 1945, State Central Files, Lot 54D-291, Historical Materials, folder "Intelligence Office, Jan-Mar 1945." Memo, Lynch to Ross, "Location of Intelligence Services in the Department," Jan. 18, 1945, *ibid.*

52. Memo, Rommel to Ross, "Order on the Office of Foreign Intelligence and Research," Jan. 27, 1945, *ibid.*, Lot A, folder "Intelligence Office, Jan-Mar 1945." These files have several examples of Holmes's busying himself with the intelligence problem.

53. Memo, Boggs to Holmes, "Establishment of a comprehensive foreign intelligence service by the Department of State," Feb. 20, 1945, *ibid.* Holmes wrote his evaluation in a note to Fletcher Warren, Feb. 20, 1945, *ibid.* Rowena Rommel sent the new draft of the order to Robert Stewart, Feb. 27, *ibid.* Memo, Schwarzwald to Holmes, Mar. 10, *ibid.*

54. (S) Memo, John Franklin Carter, "Report on Post-War Political Intelligence," Mar. 27, 1945, JCS Papers, Leahy Papers, folder "National Intelligence Authority." Memo, Roosevelt to Leahy, Mar. 29, *ibid.*

55. Memorandum of meeting, "Projects for study by Division of Management Planning," April 28, 1945, State Central Files, Lot A, folder "Intelligence Office, April 1945—."

56. Memo, March to Kurth, "The Proposed Office of Intelligence," April 26, 1945, *ibid.* Memo, March to Kurth, "Project 0-27, Office of Intelligence," draft May 19, 1945, *ibid.* (S) Memo, Mayer to Magruder, July 20, 1945, OSS Records, Wash-Dir-Op 141 (FBI); Ferdinand L. Mayer was reporting to General Magruder on a conversation with Holmes on the FBI's international activities.

57. (S) Cable, Paris OSS to Washington X-2 [Murphy], Jan 2, 1945, *ibid.*

58. (C) Hoover to F. B. Lyon, April 26, 1945, *ibid.* (S) Memo, Murphy to Donovan, May 7, 1945. *ibid.*

59. (S) Memo, Southgate to Donovan, May 16, 1945, *ibid.* (S) Memo, Mayer to Magruder, July 20, 1945, *ibid.*

60. Walter Millis, ed., *The Forrestal Diaries* (N.Y.: Viking, 1951), p. 37. What different people meant by the adjective "single" is very difficult to say. To this writer's knowledge, no one ever proposed that one and only one agency should collect all intelligence both inside and outside the country. The FBI did propose that it be given world-wide, as well as domestic, responsibilities, but even then it clearly recognized the collection responsibilities of State, War, and Navy. The bugaboo of "a single agency" was employed, honestly or otherwise, to frustrate any significant change in the management of the country's intelligence resources.

61. (UNK) Memo, Bissell to McFarland, "Mr. John Franklin Carter's Report on Postwar Intelligence," April 3, 1945, JCS Papers, Leahy Papers, folder "National Intelligence Authority."

62. (S) Col. W. M. Adams, "Organization of U.S. Intelligence," c. May 19, 1945, RG 319 MID, 350.09, 15 Feb 45 thru 23 Oct 45 (6 April 45). (S) Memo for record, CPN, "U.S. Intelligence Organization," May 22, *ibid.*; a Col. Cox thought the matter had been closed by the Stimson letter.
63. (S) Memo, Bane to Doering, "With respect to your visit to Senator Byrd," Jan. 4, 1945, OSS Records, Wash-Dir-Op 266, folder 55 (OSS Liquidation).
64. (S) Cable, Washington OSS to Paris OSS, May 17, 1945, OUT 11687, *ibid.*, Wash-Dir-Op 96, folder "Congressional Investigating Committees."
65. (S) Cable, Washington OSS to London OSS, Mar 18, 1945, OUT 6620, *ibid.*, Wash-Dir-Op 266, folder 380. I. F. Stone, "American Big Business and the Future of the Reich," *PM*, Mar. 19, 1945.
66. Trohan, "Carriers Smash Jap Planes; M'Arthur [sic] Bars OSS Propaganda," *Washington Times-Herald*, May 16, 1945.
67. J. C. Oestreicher, "Japanese Peace Feeler Reported Here," *Washington Times-Herald*, May 17, 1945. (TS dg S) Cable, Cheston to Donovan, May 18, 1945, OUT 11805, OSS Records, Wash-Dir-Op 266, folder 380.
68. (S) Cable, Donovan to Buxton and Cheston, May 20, 1945, IN 13543, *ibid.*
69. Trohan, "OSS Is Branded British Agency to Legislators," *Washington Times-Herald*, May 18, 1945. Trohan, "British Control of OSS Bared in Congress Probe," *ibid.*, May 19.
70. Trohan, "Strategic Offices' Aid also Turned down by Nimitz," *Washington Times-Herald*, May 20, 1945.
71. See Cheston cable cited in n. 67, *supra*. (S) Cable, Donovan to Buxton and Cheston, May 20, 1945, IN 13605, OSS Records, Wash-Dir-Op 266, folder 380.
72. Memo for record, Bissell, "Colonel Park's comments on OSS," Mar. 12, 1945, RG 165 MID, 334 OSS (3-6-43). (TS dg C) Memo, Richard Park, Jr., to the President [Truman] [n.d.], Truman Papers.
73. *Ibid.*
74. *Ibid.*, app. 2, p. 7.
75. *Ibid.*, app. 2, p. 4.
76. (TS dg S) Cable, Cheston to Donovan, May 21, 1945, OUT 12509, OSS Records, Wash-Dir-Op 266, folder 380.
77. The outgoing JCS messages are in RG 165 MID, OPD Decimal File, 1942-45, box 897, case 1028.
78. The responses are *ibid.*, case 1056.
79. Leahy to Clarence Cannon, Chairman, House Committee on Appropriations, May 29, 1945, *ibid.*, case 1049.
80. The buckslip is in RG 165 MID, 334 OSS (6-13-42).
81. "The Periscope . . . Spy Fund Probe," *Newsweek*, vol. 25, no. 26 (June 25, 1945).
82. *Washington Times-Herald*, July 20 and Aug. 20, 1945.

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83. Jay Reid, "Office of Strategic Services Is Under Fire for Close Alignment with Banks and Industry," *Washington Post*, July 22, 1945.

84. Authur Krock, "In the Nation: The OSS Gets It Coming and Going," *New York Times*, July 31, 1945.

85. Memo, Donovan to Kilgore, "Policies and controls which must be put into Practice in Order to eliminate Germany's Resources for War," [sic], Aug. 8, 1945, copy in author's files.

## Chapter XII

1. (S) E. P. Lilly, "History of Psychological Warfare," draft manuscript (Lilly Papers, author's files), ch. 5, p. 62.

2. This writer has not been able to determine when Truman established his reconversion committee, but it seems likely he did so before August 14.

3. Schwarzwaldner, Project AM-217 Progress Report No. 7A, Aug. 1945, RG 51 BOB, 39.35, "Intelligence Functions."

4. (UNK) Memo, Nelson to Donovan, Aug. 13, 1945, Donovan Papers, Central Intelligence, 1941-1950, vol. 1. (UNK) Memo, Magruder to Donovan, Aug. 25, 1945, *ibid*.

5. (UNK) Memo, Bruce to Donovan, "Request for Note on Intelligence," Aug. 22, 1945, *ibid*.

6. (C) Memo, Gleason to Donovan, "Further Evidence of a Need for a Central Intelligence Agency," Aug. 14, 1945, Magruder Papers, Donovan to Truman [draft], Aug. 21, 1945, Donovan Papers, Central Intelligence, 1941-1950, vol. 1. Gleason's denunciation was directed at JIC 313, July 19, 1945.

7. (S) Memo, Gleason to Donovan, "Opinion on Central Intelligence Agency Organization," Aug. 14, 1945, Magruder Papers.

8. Donovan to Smith, Aug. 25, 1945, Donovan Papers, "OSS Reports to the White House, April-October, 1945."

9. *Ibid*.

10. (S) Memo, Donovan to Truman, Aug. 25, 1945, Truman Papers. (S dg U) Memo, Donovan to JCS, Aug. 25 [JCS 1181/4, Aug. 28], RG 218 JCS, CCS 334 CIA (12-6-42), sec. 3. (S) Donovan to Byrnes, Aug. 25, Donovan Papers, "OSS Chronos to Navy, State, War, May-Sept., 1945." (S) Donovan to Snyder, Aug. 27, Truman Papers.

11. "Appointments and Telephone Calls." (S) Cable, Donovan to Coughlin, Aug. 30, 1945, OUT 33494, OSS Records, Wash-Dir-Ad 42, folder "OSS 12,733."

12. Memo, Ramsey to Baker, Aug. 30, 1945, RG 51 BOB, Records of OSS, folder 261.

13. (C) Memo, Donovan to Truman, Sept. 4, 1945, Truman Papers.

14. The five articles apparently appeared in both the *Chicago News* and the *New York Post*; this writer has four clippings from the former and one from the latter. The headline beginning "Savage Fight . . ." appeared in the *Post* on Sept. 4 and must have appeared in the *News* a day or so earlier. The *News* has the other articles Sept. 5, 7, and 10.

15. "Thai Leaders Aided Allies Despite Jap Rule, OSS Reveals," *Washington Star*, Sept. 9, 1945. *Washington Post*, Sept. 14. *New York Times*, Sept. 14. "Donovan Decorates 27 for Outstanding Exploits for OSS," *Washington Star*, Sept. 13.

16. (TS dg S) Memo, untitled, unaddressed, unsigned bearing handwritten description of "Notes given Gen. Lincoln by Gen. Craig on 17 Aug '45," RG 319 MID, ABC 092 (1 April 44), sec. 2, Brig. Gen. G. A. Lincoln was then the chief of OPD's Strategy and Policy Group.

17. (S) Memo, Bonesteel to Craig, Aug. 20, 1945, *ibid.* Col. Charles H. Bonesteel was writing for his superior, Gen. Lincoln.

18. (TS dg S) Memo, Hull to Marshall, "Central Intelligence Agency," Aug. 21, 1945, *ibid.*

19. *Ibid.*

20. (TS dg S) Transcribed telephone conversation between Hull and Embick, 1:55 p.m., Aug. 21, 1945, *ibid.*

21. Memo, Lincoln to Hull, c. Aug. 22, 1945, *ibid.*

22. *Ibid.* (TS dg S) Memo, Bissell to Hull, "JCS 1181," Aug. 22, 1945, *ibid.*

23. *Ibid.* On the press matter see p. 294 and n. 30, *infra*.

24. Bissell's memo cited in n. 22; *supra*.

25. (TS dg U) Memo, Hull to Lincoln, Aug. 22, 1945, RG 319 MID, ABC 092 (1 April 44), sec. 2. (S) Transcribed telephone conversation between Hull and McFarland, 10:20 a.m., Aug. 24, 1945, *ibid.*

26. (S) Transcribed telephone conversation between Hull and McFarland, 2:00 p.m., Aug. 25, 1945, *ibid.*

27. (S dg U) Memo, McFarland to Leahy, King, and Arnold, "Establishment of a Central Intelligence Service," Aug. 24, 1945, RG 218 JCS, CCS 334 CIA (12-6-42), sec. 3, Memo, McFarland to JSSC, Aug. 30, 1945, *ibid.*

28. (S) Memo, Bissell to Marshall, "Army Personnel with the Office of Strategic Services," Aug. 25, 1945, RG 319 MID, 334 OSS.

29. Memo, Eaker to JCS [not used], Sept. 1945, RG 218 JCS, CCS 385 (2-8-42), sec. 1, pt. 10. Memo, Eaker to JCS, Sept. 10, *ibid.*

30. The directive, based on Bissell's memo to Marshall and the latter's to the JCS, is JCS 965/5, "Withdrawal of All Service Personnel with OSS," *ibid.* The details of the paper were published by Walter Trohan in the *Chicago Tribune* and the *Washington Times-Herald*, Sept. 9, 1945. Then a classified document, it could only have been leaked to Trohan, who was then renewing his anti-OSS attacks.

31. Diary entry, Sept. 13, 1945, Smith Papers, "Conferences with President Truman, 1945."

32. Calendar, Sept. 13, 1945, "President's Appointment book," Truman Papers, File of Matthew Connelly.

33. (S) Cable, Acheson to Byrnes, Sept. 12, 1945, No. 7860, State Central Files, INR Records, Lot 58D-776, "Birth of Intelligence Organization in State Dept., 1945."

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34. (C) "Memorandum by the Director, Strategic Services," Sept. 13, 1945, RG 319 MID, 334 OSS.

35. *Ibid.*

36. JCS 965/4, Sept. 13, 1945, RG 218 JCS, CCS 385 (2-8-42), sec. 1, pt. 10. The News from the Budget Bureau was received in conjunction with the discussion of the withdrawal of service personnel from OSS.

37. (TS dg U) JCS 1181/5, "Establishment of a Central Intelligence Service upon Liquidation of O.S.S.," Sept. 7, 1945, RG 218 JCS, CCS 334 CIA (12-6-42), sec. 3.

38. *Ibid.*

39. (TS dg S) Memo, Lincoln to Assistant Secretary, WDGS, "Establishment of a Central Intelligence Service upon Liquidation of OSS (JCS 1181/5)," Sept. 9, 1945, RG 319 MID, ABC 092 (1 April 44), sec. 2.

40. (TS dg U) Memo, King to JCS, "Establishment of a Central Intelligence Service upon Liquidation of O.S.S. (JCS 1181/5)," Sept. 14, RG 218 JCS, CCS 334 CIA (12-6-42), sec. 3; the minor modification pertained to the qualifications of a prospective military head of the proposed intelligence service.

41. (TS dg S) Memo, Bissell to ACOS/OPD [Hull], "JCS 1181/5." Sept. 11, 1945, RG 319 MID, ABC 092 (1 April 44), sec. 2.

42. (S) Buckslip, McC[loy?] to Lincoln [n.d.], attached to an undated, unaddressed, and unsigned memo titled "Central Intelligence Service; Differences between JSSC and G-2," *ibid.*

43. (C) Transcribed telephone conversation between Embick and Lincoln, 9:50 a.m., Sept. 15, 1945, *ibid.*

44. *Ibid.*

45. *Ibid.*

46. (TS dg S) Memo, Hull to Marshall, "Establishment of a Central Intelligence Service," Sept. 16, 1945, *ibid.*

47. *Ibid.* The last sentence is taken from a footnote on p. 45 of a draft of JCS 1181/5, Donovan Papers, Central Intelligence, 1941-1950, vol. 1.

48. (TS dg S), Memo for record by "D.R." [?] and "Memorandum by the Chief of Staff, U.S. Army," [n.d.], both in RG 319 MID, ABC 092 (1 April 44), sec. 2.

49. (C) Col. F. T. Newsome's memorandum "FOR GENERAL MARSHALL'S INFORMATION," Sept. 17, 1945, *ibid.*, 334 OSS.

50. *Ibid.*

51. Memos, King to the JCS, and McFarland to Leahy, Marshall, and Arnold, both Sept. 17, 1945, in RG 218 JCS, CCS 385 (2-8-42), sec. 1, pt. 10.

52. (C) Coughlin's memo for Marshall, "*PROMPT ACTION IS INDICATED*," Sept. 18, 1945, RG 319 MID, 334 OSS. The subcommittee consisted of Brig. Gen. C. W. Clarke, Capt. W. V. O'Regan, Col. M. W. Moss, Lt. Col. J. T. Honeycutt; for source see n. 51, *supra*.

53. Memo, JCS to Smith, Sept. 20, 1945, RG 218 JCS, CCS 385 (2-8-42), sec. 1, pt. 10.

54. Memo, McFarland to JCS, Sept. 20, 1945, *ibid.*
55. *Ibid.* The subcommittee's majority and minority reports, of course, had no effect on the proceedings; the former recommended an OSS dissolution date of Dec. 31, 1945, and the latter urged no dissolution pending the action of the President on the JCS plan.
56. Schwarzwaldner, Project AM-217 Completion Report, Dec. 4, 1947, p. 8, RG 51 BOB, Series 39.35, "Intelligence Functions."
57. *Ibid.*, pp. 8-9.
58. Diary entry, Sept. 20, 1945, Smith Papers, "Conferences with President Truman, 1945."
59. (C dg U) "Report: Intelligence and Security Activities of the Government," Sept. 20, 1945, RG 51 BOB, Proj. AM-217, "Intelligence Functions."
60. Truman to Donovan, Sept. 20, 1945, in U.S. President, *Papers of the Presidents of the United States. Harry S. Truman. 1945* (Wash.: GPO, 1961), p. 330.
61. Corey Ford, *Donovan of OSS*, pp. 309 and 344.
62. Adjutant General to Donovan, Oct. 1, 1945, TAG 201 Donovan.
63. The personnel figures were given on request to Rep. Andrew J. May, Chairman, House Military Affairs Committee, in a letter dated Oct. 25, 1945, from Magruder as Director, Strategic Services Unit, OSS Records, Wash-Gen C-Fin #1, folder "OSS Budget History-1946." For the story of the Unit and of State's "Interim Research and Intelligence Service" see ch. XIII.

### Chapter XIII

1. That is, to the practice of the law and also to the resumption of public service as a private citizen.
2. Schwarzwaldner, Project AM-217 Completion Report, Dec. 4, 1947, P. 2, RG 51 BOB, Series 39.35, "Intelligence Functions."
3. *Ibid.*, p. 7. When sworn in on July 3, 1945, Byrnes announced that he had asked the Budget Bureau to "make an investigation of the structure" of State (*New York Times*, July 4, 1945), p. 24.
4. Acheson, *Present at the Creation*, p. 120.
5. See pp. 273-74, *supra*.
6. (C) U.S., Bureau of the Budget, "Report: Intelligence and Security Activities of the Government," Sept. 20, 1945, RG 51 BOB, Proj. AM-217, "Intelligence Functions."
7. *Ibid.*, pp. 2-7.
8. *Ibid.*, pp. 7-8.
9. *Ibid.*, pp. 8-9.
10. *Ibid.*, pp. 9-10.
11. *Ibid.*, pp. 11-12.

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12. *Ibid.*, pp. 12-13.

13. *Ibid.*, p. 14.

14. *Ibid.*, pp. 15-23.

15. *Ibid.*, p. 23.

16. *Ibid.*, pp. 16-19.

17. The wag is quoted in Graham H. Stuart, *The Department of State: A History of Its Organization, Procedures, and Personnel* (N.Y.: MacMillan, 1949), p. 425.

18. Acheson, *op. cit.*, p. 111.

19. E. O. 9621, "Termination of the Office of Strategic Services and Disposition of Its Functions," Sept. 20, 1945 (app. S), *CFR Title 3—The President: 1943-1948 Compilation* (Wash.: GPO, 1957), pp. 431-432. E. O. 9630, "Redistribution of Foreign Economic Functions . . ." Sept. 27, 1945, *ibid.*, pp. 433-435. E. O. 9608, "Providing for the Termination of the Office of War Information . . . and . . . Disposition . . . of Certain Functions of the Office of Inter-American Affairs," Aug. 31, 1945, *ibid.*, pp. 423-424. No effort has been made by this writer to determine the exact number of persons transferred by these executive orders to the State Department.

20. James F. Byrnes, *All in One Lifetime* (N.Y.: Harper, 1958), pp. 320-321.

21. In an article, "Why We Must Give the President a Clear Road," which was published in the *American Magazine*, August 1945, Byrnes wrote that the four intelligence services of War, Navy, State, and OSS needed coordination. The "trouble," he said, was "the lack of consolidation in our Intelligence. There is no excuse for 4 or even 2 Intelligence organizations. We need only one . . ."

22. Acheson, *op. cit.*, pp. 119-123.

23. *Ibid.*, p. 123.

24. One other name is important—J. Anthony Panuch. Another Byrnes import, Panuch was made Russell's deputy in October and specifically charged with coordinating the integration into State of the new OSS, OWI, and FEA personnel.

25. (S) Cable, Acheson to Byrnes, Sept. 12, 1945, No. 7860, State Central Files, INR Records, Lot 58D-776, "Birth of Intelligence Organization in State Dept, 1945."

26. *Ibid.*

27. *Ibid.*

28. *Ibid.*

29. *Ibid.*

30. U.S., Department of State, *Bulletin*, vol. 13, no. 27 (Sept. 30, 1945), p. 499.

31. Acheson, "Memorandum for Colonel McCormack," Oct. 1, 1945, State Central Files, INR Records, Lot 58D-776, "Birth of Intelligence Organization in State Dept, 1945."

32. *Ibid.*

33. U.S. Department of State, Report, "Secretary's Staff Committee—Permanent Location and Organization of the Office of Research and Intelligence," Feb. 12, 1946,

SC-185, in U.S. Senate Committee on the Judiciary, *Interlocking Subversion in Government Departments* . . . (Wash.: GPO, 1953), p. 859. This Senate volume has much other documentary material on this period and problem in State's history. The report and volume will henceforward be cited as Report, Secretary's Staff Committee, *Interlocking Subversion*.

34. On the honest misunderstanding see Finan's memo to Kurth, "Office of Strategic Services," Oct. 20, 1945, State Central Files, INR Records, Lot 58D-776, "Birth of Intelligence Organization in State Dept, 1945." Acheson, *op. cit.*, p. 159; Acheson linked this opposition to "civil disobedience" in State and to "indecision in high places" as sources of the "heavy flak" encountered by McCormack and himself. The budget cut, passed by the House on Oct. 23, left insufficient funds for the operation of the OSS units in State.

35. Report, Secretary's Staff Committee, *Interlocking Subversion*, p. 826.

36. Acheson, *op. cit.*, p. 160. Spruille Braden, *Diplomats and Demagogues: Memoirs of Spruille Braden* (New Rochelle, N.Y.: Arlington House, 1971), p. 349. Report, Secretary's Staff Committee, *Interlocking Subversion*, p. 862.

37. The executive order abolishing OSS (E. O. 9621, app. S) provided the basis for the War Department's administration of the OSS units. In a memo to Magruder, Sept. 27, 1945, Secretary Patterson formally established the SSU, named Magruder its head, and gave him his operating instructions. Magruder was directed to "preserve as a unit" such OSS functions and facilities as had peacetime value. The Patterson memo is in the Donovan Papers, Central Intelligence, 1941-1950, vol. 1. E. O. 9621 authorized Patterson to "wind up" any unneeded activity.

38. (S) Bissell's memo for record, "Termination of the Office of Strategic Services and Disposition of Its Functions," Sept. 26, 1945, RG 319 MID, 334 OSS.

39. *Ibid.*

40. (S dg U) Memo, Leahy to Secretaries of War and Navy, Sept. 19, 1945, RG 218 JCS, CCS 334 CIA (12-16-42), sec. 3. Memo, Secretaries of War and Navy, to Leahy, Sept. 26, *ibid.* Secretaries of War and Navy to Secretary of State, Sept. 29, *ibid.* On transmittal to the President see pp. 420 and 458, *infra*.

41. Ferdinand Eberstadt, *Unification of the War and Navy Departments and Postwar Organization for National Security*: Report to James Forrestal, Secretary of the Navy (Wash.: GPO, 1945). This will be cited as the Eberstadt Report.

42. *Ibid.* Souers was appointed by Eberstadt as a one-man committee to write the intelligence chapter, according to Darling History, *Studies in Intelligence*, vol. 10, no. 2, p. 11.

43. *Ibid.*, ch. 2, "Intelligence," pp. 163, 159-160, and 162-163.

44. (UNK) Memo, Robinson to Forrestal, Oct. 4, 1945, CNO Central Files, FFI/A8.

45. (S) Memo, King to Forrestal, Oct. 19, 1945, *ibid.*

46. (S) Memo, Inglis to "the Aide to the Secretary of the Navy," Oct. 10, 1945, *ibid.*

47. Memo, E. Hidalgo to Forrestal, Oct. 11, 1945, *ibid.*

48. (S dg U) Memo, King to Forrestal, Oct. 12, 1945, *ibid.*

49. (UNK) Memo, Forrestal to Patterson, Oct. 13, 1945, RG 319 MID, 350.09, 15 Feb. thru 23 Oct. 1945 (6 April 45).

50. The Eberstadt Report, p. 162. (S) JIS 89/1, "Post-War Intelligence Policy of the United States," Oct. 24, 1944, para. 6, OSS Records, Wash-Dir-Ad 67, "JIS Series 96."

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51. Stimson Diary, May 11 and Nov. 9, 1943.

52. "Marshall Urges Unified War Arm . . . General, Answering Questions, Backs a Joint Intelligence System Covering World," *New York Times*, Oct. 19, 1945.

53. (UNK) Memo, Bissell to Patterson, "Discussion with Secretary of Navy regarding Joint Intelligence," Oct. 22, 1945, RG 319 MID, 334 OSS (6 April 45). In the memo Bissell mentioned that Marshall "recently wrote to Admiral King, suggesting" combining intelligence services; this writer, however, has not found that Marshall memo.

54. (S) Memo, Lovett to ACOS/OPD [*et al*], "Report on Intelligence Matters," Oct. 23, 1945, OSS Records, CIA SSU, 5743, "Penrose Papers."

55. (TS dg U) Memo, Clarke to Generals Craig, Quesada, Wyman, and Magruder, and to Col. Roamer, "Committee to Study War Department Intelligence Activities," Nov. 6, 1945, *ibid.* (TS dg U) Memo, Lovett [*et al*] to Patterson, "Preliminary Report of Committee Appointed to Study War Department Intelligence Activities," Nov. 3, 1945, *ibid.* This second paper will be cited as the Lovett Report.

56. *Ibid.*, pp. 2-3.

57. *Ibid.*, pp. 4-5.

58. *Ibid.*, pp. 4-6.

59. *Ibid.*, pp. 5 and 7.

60. *Ibid.*, pp. 5 and 6.

61. (S) Memo, Bissell to Lovett, "Report on Intelligence Matters," Oct. 26, 1945, quoted in Bidwell History, pt. 6, ch. 2, pp. 10-12.

62. Lovett Report, p. 7.

63. The details on Grombach are in (S) memo, S. A. Callisen to Horace Andrews, "Colonel John V. Grombach," Nov. 28, 1944, OSS Records, Wash-Dir-Op 266, folder 183 ("OSS"). Grombach was described therein as a West Point graduate who for that reason stood in well with some important G-2 figures even though he was "not considered particularly trustworthy." Callisen wrote that Grombach is "extremely ambitious and tough-minded and would certainly bear some watching." For more on G-2 operations see (S) memo, Andrews to C/SI/OSS, "Recruiting by G-2 of Undercover Agents," Nov. 28, 1944, and accompanying routing slip sending the paper to Magruder, Donovan and Buxton, *ibid.* For the protest to the JCS see (S) memo [draft], Donovan to JCS, "Clandestine Intelligence Activities," [n.d.]; also, (S) memo, Buxton to Donovan, Dec. 6, 1944; and also (S) cable, Cheston to Donovan, April 9, 1945, No. 18134; all three documents in OSS Records, Wash-Dir-Op 266, folder 633 ("War Dept. G-2").

64. Lovett Report, pp. 7-9.

65. (TS dg S), Memo, Inglis to King, Nov. 30, 1945, CIA Historical Files, HS/HC-135.

66. Memo, Russell to McCormack, Oct. 22, 1945, State Central Files, INR Records, Lot 58D—776, "Birth of Intelligence Organization in State Dept, 1945."

67. *Ibid.*

68. (S) Memo [draft], "Report of Committee Appointed to Study War Department Intelligence Activities," Oct. 27, 1945, RG 319 MID, 334 OSS (6 April 45).

69. McCormack to Leahy, Oct. 31, 1945, CNO Central Files, Leahy Papers, CIA File.
70. (TS dg S), Minutes, "Meeting of the Secretaries of State, War, and Navy, November 14, 1945, 10:00 a.m.," RG 59 State, file 740.00119, EW/11-1445.
71. Memo, "Central Intelligence Service," Nov. 7, 1945, JCS Papers, Leahy Papers, "National Intelligence Authority.
72. Truman, *Years of Trial and Hope*, p. 60.
73. *Ibid.*
74. Sidney W. Souers to Ludwell L. Montague, Aug. 13, 1970, CIA Historical File, HS/HC-400. As ONI Deputy Director, Souers worked on the CIA plan with the help of "a close personal friend" [Clark Clifford, according to this writer's interview with him subsequent to the writing of this volume] on Truman's staff. Souers said he found Truman "very interested" in establishing a CIA and learned of the JCS plan from him [Souers].
75. (TS dg S), Minutes, "Meeting of the Secretaries of State, War, and Navy, November 14, 1945, 10:00 a.m.," p. 1, RG 59 State, file 740.00119,EW/11-1445.
76. *Ibid.*, pp. 1-2.
77. *Ibid.*, pp. 2-3.
78. *Ibid.*, p. 3.
79. *Ibid.*, p. 3.
80. *Ibid.*, p. 4.
81. *Ibid.*
82. (S dg U) Inglis, "Memorandum for Information," Nov. 2, 1945, CNO Central Files (SC) A8. Inglis was reporting a conversation with McCormack whom he had sat next to at a formal State Department luncheon on Oct. 31.

#### Chapter XIV

1. Memo, Smith to Truman, "Organization of Intelligence Activities in the Government," Oct. 25, 1945, State Central Files, INR Records, Lot 58D-776, "Birth of Intelligence Activities in the Government." The Oct. 25 date appears with the reference initials as identifying data on the only text this writer has seen. This data probably did not appear on the document as it went to the President. Schwarzwalders' list of intelligence reports prepared by him gives the date as Oct. 31, which is taken here as the date Smith forwarded it to Truman. The same list indicates that the Sept. 20 report was an attachment.
2. *Ibid.*, p. 4.
3. *Ibid.*
4. *Ibid.*, p. 5.
5. As explained in n. 1, *supra*.
6. Memo, Schwarzwalders to McCormack, Nov. 2, 1945, *ibid.*
7. The State plan is put forward in two papers—a study of the problem and the plan itself. The first is "Development of a National Intelligence Program: The Problem," and the

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second is "Establishment of An Interdepartmental Intelligence Coordinating Authority and An Interdepartmental Security Coordinating Authority." Neither is dated or otherwise identified; copies are in CIA Historical Files, HS/HC-135. The documents will be referred to as "State's Intelligence Problem" and "State's Intelligence Plan."

8. "State's Intelligence Problem," pp. 2-4.
9. *Ibid.*, p. 3 "State's Intelligence Plan," pp. 4-6.
10. *Ibid.*, p. 6.
11. *Ibid.*
12. "State's Intelligence Problem," p. 2.
13. McCormack, "Comparison of Plans for Coordinated or Centralized Intelligence," Nov. 19, 1945, Papers of Col. Louis J. Fortier (privately held). These will be cited hereafter as the Fortier Papers. In the McCormack Paper, "central" is used synonymously with "interdepartmental," and "machinery" or "mechanism" meant "agency."
14. *Ibid.*, pp. 3, 4, and 6.
15. (TS dg S) Souers, "Memorandum Covering Meeting of the Interdepartmental Committee Held at 1500, 19 October 1945 . . .," CIA Historical Files, HS/HC-135.
16. (TS dg S) Memo, Inglis to King, Nov. 30, 1945, *ibid.*
17. Truman, op. cit., p. 60.
18. See Inglis memo to King, n. 16, *supra*.
19. Memo, Smith to Truman, "Developments in Intelligence Field," Nov. 28, 1945, RG 51 BOB, Series 39.27, "Intelligence." Diary entry, Nov. 28, 1945, Smith Papers, "Conferences with President Truman, 1945."
20. *Ibid.*
21. Memo, McCormack to Byrnes, Dec. 4, 1945, and attachments, "Establishment of a National Intelligence Authority," Dec. 3, and (C) memo Byrnes to Patterson and Forrestal, Dec. 10, State Central Files, INR Records, Lot 58D-776, "Birth of Intelligence Organization in State Dept., 1945."
22. "Establishment of a National Intelligence Authority," *ibid.*
23. Byrnes to Patterson and Forrestal, Dec. 10, 1945, *ibid.*
24. *Ibid.*
25. (TS dg S) Minutes, "Meeting of the Secretaries of State, War, and Navy, December 11, 1945 . . .," Fortier Papers.
26. *Ibid.*
27. Memo, McCormack to Patterson and Forrestal, "National Intelligence Authority," Dec. 15, 1945, OSS Records, CIA SSU, 5743, "Penrose Papers." These will be cited as CIA, Penrose Papers.
28. (S) Memo, Brownell to Craig [*et al.*], "Proposals for Central Intelligence Agency," Dec. 17, 1945, *ibid.*
29. (S) Memo, for the Secretary of War, "Central Intelligence Agency." Dec. 21, 1945, p. 2.

30. *Ibid*, pp. 2-3.

31. Memo, Craig to Special Committee on Central Intelligence Agency, "Reconvening of Special Committee . . ." Dec. 18, 1945, Fortier Papers.

32. *Ibid*. Craig explained that the War Department plan would require legislative authorization at the expiration of the First War Powers Act and, under the Independent Offices Appropriation Act, 1945, would require specific appropriations within one year of the agency's creation by executive order.

33. *Ibid*.

34. (TS dg S) Memo, Nimitz to Forrestal, "National Intelligence Authority," [n.d.], CIA Historical Files, HS/HC-135.

35. See memo cited in n. 29, *supra*.

36. (C) Memo, Craig to Patterson, Dec. 24, 1945, Fortier Papers.

37. McCormack appeared with Assistant Secretary of State William Benton on an NBC radio program, Dec. 22, 1945; the transcript of the discussion, chaired by Sterling Fisher, was published in the State Department's *Bulletin*, vol. 12, no. 339 (Dec. 23, 1945), pp. 987-1006.

38. H.A.C. [H.A. Craig], Memo for record, Dec. 27, 1945, Fortier Papers.

39. Memo, Miles (Schwarzwalder) to Hoelscher, "Recent developments in effort to set up interdepartmental intelligence coordinating machinery," Jan. 3, 1946, RG 51 BOB, proj. 118, folder 245.

40. *Ibid*.

41. *Ibid*.

42. Report, Secretary's Staff Committee, *Interlocking Subversion*, pp. 862-863.

43. *Ibid.*, p. 863. Memo, Russell to Byrnes, Dec. 29, 1945, State Central Files, INR Records, Lot 58D-776, "Birth of Intelligence Organization in State Dept, 1945."

44. Memos, Braden to Byrnes, Dunn to Byrnes, and McCormack to Byrnes, all Dec. 31, 1945, *ibid*.

45. H.A.C. [H.A. Craig], Memo for record, Dec. 27, 1945, Fortier Papers.

46. Memo, Miles (Schwarzwalder) to Hoelscher, "Recent developments . . ." Jan. 3, 1946, RG 51 BOB, proj. 118, folder 245.

47. There was service coordination at the subcommittee level on Jan. 3, 1946, when Souers had "a lengthy discussion of Central Intelligence" with General Brownell and Colonel Odum who would succeed him. Brownell was clearly intent upon exacting maximum concessions from State in return for acceptance of McCormack's plan.

48. (C) Draft letter from Patterson and Forrestal to Byrnes, CIA Historical Files, HS/HC-135.

49. *Ibid*.

50. Memo, Souers to Clifford, Dec. 27, 1945, *ibid*.

51. Ludwell L. Montague, "General Walter Bedell Smith as Director of Central Intelligence, October 1950-February 1953," (Wash.: CIA, 1971, typescript), p. 41.

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52. Sidney W. Souers to Ludwell L. Montague, Aug. 13, 1970, CIA Historical Files, HS/HC-400. See n. 74, p. 539.

53. N. 50, *supra*.

54. *Ibid*.

55. Truman, *op. cit.*, p. 60.

56. Memo for record, "White House conference on intelligence activities," Jan. 9, 1946, Smith Papers, "Conferences with President Truman, 1946."

57. Memo, Byrnes to Russell, Jan. 5, 1946, State Central Files, INR Records, Lot 58D-776, "Birth of Intelligence Organization in State Dept., 1946."

58. Darling History, *Studies in Intelligence*, vol. 10, no. 2, p. 17. The reference to Bryan recalled widespread distrust of the reliance of "the Great Commoner," when Wilson's Secretary of State, upon moralizing, homely truths, and Christian pacifism in the conduct of foreign affairs.

59. Truman, *op. cit.*, p. 60.

60. (TS dg S) Memo, "Central Intelligence Agency," Jan. 7, 1946, JCS Papers, Leahy Papers, "National Intelligence Authority."

61. (C) Memo, McCormack to Magruder, Jan. 8, 1946, enclosing copy of the letter of Jan. 8 from the three secretaries to the President and their recommended "Directive regarding the Coordination of Intelligence Activities," CIA, Penrose Papers.

62. See "Directive . . ." in n. 61, *supra*.

63. *Ibid*.

64. Not, however, as the JCS plan but as the secretaries' plan.

65. (C) Byrnes, Patterson, and Forrestal to Truman, Jan. 7, 1946, CIA, Penrose Papers.

66. N. 56, *supra*.

67. *Ibid*.

68. *Ibid*.

69. Truman, *op. cit.*, p. 61.

70. Jan. 11, 1946, "President's Appointment Book," Truman Papers, File of Matthew Connelly. Citation accompanying Distinguished Service Medal (Oak Leaf Cluster) presented to Donovan, Jan. 11, *Public Papers of the Presidents . . . Truman, 1946*, p. 17.

71. Donovan to Rosenman, Jan. 13, 1946, Truman Papers, Papers of Samuel I. Rosenman. Rosenman to Donovan, Jan. 16, *ibid*.

72. Draft of an executive order "Establishing a National Intelligence Authority to coordinate intelligence activities," Jan. 8 [revised Jan. 12], 1946, Truman Papers, Papers of Clark M. Clifford, "National Intelligence Authority."

73. *Ibid*. Truman made the "bathtub whiskey" remark to Souers, who related it to Sherman Kent, who further retailed it to Walter Pforzheimer on Dec. 10, 1974, who in turn gave it to this writer on Dec. 11, 1974. On the other hand Admiral Hillenkoetter told the IAB on July 17, 1947, that Souers had attributed the change to "the mere preference of Latin to Greek"; see (S) minutes, 14th IAB mtg., July 17, 1947, CIA Records, Wash-Gen C-Ad 30.

74. Diary entry, Jan. 21, 1946, Smith Papers, "Conferences with President Truman, 1946." Memo, Clifford to Leahy, Jan. 21, 1946, Truman Papers, Papers of Clark M. Clifford, "National Intelligence Authority."

75. The directive is actually a simple, unnumbered, untitled letter from the President to the Secretaries of State, War, and Navy. As it appears in public documents, however, it is titled for convenience' sake. In *Public Papers of the Presidents . . . Truman, 1946* (pp. 88-89) it reads "Directive on Coordination of Foreign Intelligence Activities." In 3 *CFR, 1943—1948 Compilation* (pp.1080-81) it reads "Presidential Directive of January 22, 1946. Coordination of Federal Foreign Intelligence Activities."

76. On the draft executive order cited in n. 72, *supra*, the following appears pencilled in in the upper left-hand corner: "1. Clear with Budget in our office. 2. Then with Tom Clark [Attorney General]." Truman wrote in his *Memoirs*: "It was only natural that there were some minor disagreements. The Justice Department, for instance, raised certain objections on behalf of . . . Hoover . . . , but there were no major differences of opinion . . . ," Truman *op. cit.*, p. 61. Clark approved the final draft of the letter.

77. Ludwell L. Montague, "Interview with Sidney Souers," Dec. 4, 1969, CIA Historical Files, HS/HC-400, Item 10. Souers further explained that Forrestal had wanted then Capt. Roscoe H. Hillenkoetter as DCI but had deferred to Leahy and Admiral Denfield. Souers said it was not a personal matter because Leahy subsequently obtained the appointment of Admiral Hillenkoetter as the second DCI; Hillenkoetter had served in Paris under Leahy.

78. *Public Papers of the Presidents . . . Truman, 1946*, p. 86. "The President's News Conference of January 24, 1946," *ibid.*, pp. 93, 94.

79. "Truman Creates a New Authority to Handle Foreign Intelligence," *New York Times*, Jan. 23, 1946.

80. "Centralized Intelligence," *Washington Star*, Jan. 24, 1946. Eliot, "Intelligent Intelligence," *ibid.* Baldwin, "Defense Improvements," *New York Times*, Feb. 6, 1946, 16:3.

81. "Intelligence," *Time*. Feb. 4, 1946. "The Gallup Poll: Public Favors Maintenance of Secret Agents Abroad," *Washington Post*, Mar. 22, 1946. "Wallace Decries Spying as Hellish," *New York Times*, Mar. 19.

82. *Time*, *loc. cit.*

83. *Ibid.*

84. Donovan, "A Central Intelligence Agency: Foreign Policy Must Be Based on Facts," an address delivered at the *New York Herald Tribune* High School Forum, N.Y.C., April 13, 1946, *Vital Speeches*, vol. 12, no. 14 (May 1, 1946) pp. 446-448.

## Chapter XV

1. (C) Ludwell L. Montague, "Intelligence Service, 1940-1950" (Wash.: CIA, 1969, typescript), p. 32.

2. *Ibid.*, pp. 32-33. The existence, as well as the contents, of these classified directives has always been closely guarded by CIG and CIA, and the public's gradual but partial discovery of them has been accompanied by a corresponding fascination with and surprise at that existence, almost as though there were something sinister in itself about the NIA issuing orders to its agent.

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3. (C) NIA, "Policies and Procedures Governing the Central Intelligence Group," NIA Directive No. 1, Feb. 8, 1946, CIA Records, Wash-Gen C-Ad 30.

4. (C) NIA, "Organization and Functions of the Central Intelligence Group," NIA Directive No. 2, Feb. 8, 1946, *ibid.*

5. *Ibid.* (C) Minutes, 1st and 2nd NIA mtgs., Feb. 5 and 8, 1946, *ibid.*

6. (R dg U) "C.I.G. Personnel Order No. 1," Feb. 18, 1946, *ibid.*, folder 8 ("CIG Personnel Orders").

7. See NIA minutes cited in n. 5, *supra.* (C) Montague, "General Walter Bedell Smith . . .," p. 43.

8. (C) Montague, "Intelligence Service . . .," p. 35. Krock, "In the Nation: The President's Secret Daily 'Newspaper,'" *New York Times*, July 16, 1946. On a copy of this column in the Papers of George Elsey at the Truman Library there appears this handwritten comment: "Clifford and Vandenberg were the source of this column."

9. Krock, *loc. cit.* The Elsey comment appears with the copy of the Krock column found in the Elsey Papers mentioned in n. 8, *supra.*

10. Truman, *op. cit.*, p. 61.

11. (C) Montague, "Intelligence Service . . .," p. 49. (TS dg S) Minutes, 2nd IAB mtg., Mar. 26, 1946, item 2, and (C) minutes, 5th IAB mtg., June 10, 1946, item 2, CIA Records, Wash-Gen C-Ad 30.

12. *Ibid.*

13. (C) Montague, "Intelligence Service . . .," p. 49. Under General Vandenberg as DCI, Montague's CRS was renamed the "Office of Research and Evaluation" (ORE) and so greatly and so quickly expanded that its people were unequal to the requirements laid upon them. For other causes of ORE's failure and for more on its internal developments and problems see Montague's pages 46-57.

14. (TS dg S) Memo, Souers to the NIA, "Progress Report on the Central Intelligence Group," June 7, 1946, CIA Historical Files, HS/HC-39, item 1., p. 7. This will be cited as Souers, Progress Report.

15. (C) Minutes, 3rd mtg., April 8, 1946, CIA Records, Wash-Gen C-Ad 30.

16. On April 23 McCormack submitted his resignation, and Acheson accepted it the same day. State released their exchange of letters on April 24. The resignation—the culmination of a long, bitter internal squabble—received considerable coverage by the press.

17. (TS dg S) Souers, Progress Report, p. 4.

18. *Ibid.*, p. 5.

19. (S) Minutes, 7th IAB mtg., Aug. 26, 1946, and 8th mtg., Oct. 1, 1946, CIA Records, Wash-Gen C-Ad 30. The subject originated during the administration of Souers but was disposed of in Vandenberg's administration.

20. As perhaps the most important of those "services of common concern" much discussed in the previous months, SSU was intended by the directive of Jan. 22, 1946, to be incorporated into the interdepartmental group established by the secretaries, i.e., CIG (para. 3[c] of the directive). Para. 3(e) of NIA Directive No. 2 clearly envisioned SSU becoming

part of CIG's projected Central Intelligence Services. At the IAB meeting on Mar. 26, 1946, Souers emphasized that CIG's policy was the incorporation of elements of SSU but not SSU as an entity.

21. The survey group included representatives of State, G-2, ONI, and A-2. The need for this group had been strongly stressed by General Magruder, SSU's director, who felt that uncertainty about the unit's future and outsiders' criticism of SSU were seriously damaging the already diminished and deteriorated unit. The survey of CIG was intensive, and Magruder thought it went well.

22. (C) NIA, "Policy on Liquidation of the Strategic Services Unit," NIA Directive No. 4, April 2, 1946, CIA Records, Wash-Gen C-Ad 30. Tribute was paid to Magruder by the anonymous author, clearly an ex-OSS member, of "Have We An Intelligence Service?" in the *Atlantic Monthly*, April 1948, pp. 66-70; he wrote: "The duties of liquidation fall to General John Magruder, who was that rare bird, a regular Army officer with long training in intelligence and a flair for it. In February [*sic*], 1946, General Magruder resigned, exhausted by his efforts to hold together the remaining elements of what had been a coordinated service. . . ."

23. (TS dg S) Souers, Progress Report, p. 8. It is far beyond the scope of this paper to detail CIG's takeover—liquidation and transformation—of SSU and ultimate incorporation into CIA. The organizational and personnel changes were numerous and complex.

24. For the origin of FBIS see Hadley Cantril, *The Human Dimension* (New Brunswick: Rutgers, 1967), pp. 28-34. Cantril had pioneered in research of American public opinion, and with the worsening of the international situation just prior to the war he and others, in and out of Princeton, turned to the analysis of Nazi radio propaganda. From this came the Listening Center and later FBIS.

25. Details on the immediate postwar history of FBIS can be found in CIA Records, Wash-Gen C-Ad 30, folders 6 ("CIG Numbered Papers") and 7 ("CIG Directives"). IAB discussion of the unit's disposition is in (TS dg S) minutes, 4th IAB mtg., May 9, 1946, item 2, *ibid.*, Wash-Gen C-Ad 30.

26. (C) Minutes, 5th IAB mtg., June 10, 1946, item 1, *ibid.* (TS dg S) NIA, "Functions of the Director of Central Intelligence," NIA Directive No. 5, July 8, 1946, *ibid.* FBIS presented CIG with a problem over and above the common organizational and administrative problems involved in the takeover; the FBIS personnel were the only ones brought into CIG, and therefore the later CIA, who had not been properly screened from an administrative and security point of view, and consequently there arose numerous personnel problems requiring action under the government's loyalty program. It was not until 1950 that the new unit was running smoothly in CIA.

27. (TS dg S) Souers, Progress Report, pp. 2 and 9.

28. *Ibid.*, p. 10.

29. (C) Minutes, 5th IAB mtg., June 10, 1946, CIA Records, Wash-Gen C-Ad 30.

30. In "CIG Called Failure as Spy Bureau," in the *Washington Star*, No. 10, 1946, Constantine Brown observed that while Vandenberg had been nicknamed "Spark Plug" because of his "mental keenness," his organization was still "far from being what it should be."

31. H. N. Graves, in the *Providence (R.I.) Bulletin*, June 11, 1946.

32. Charles J. V. Murphy, "The State of the Armed Forces," *Life*, Sept. 2, 1946.

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33. (S) Montague, "Interview with Sidney Souers," Dec. 4, 1969, CIA Historical Files, HS/HC-400, item 10. According to Montague, "Souers asked him [Vandenberg] if he thought that they would make him Chief of Staff just because he was pretty." We do not have Vandenberg's answer.

34. Vandenberg's reputation as "a chopper of dead wood" is noted by Graves, n. 31, *supra*. The remark about Vandenberg's colonels is in the (S) Darling History, *Studies in Intelligence*, vol. 12, no. 3, p. 87.

35. (C) Montague, "Intelligence Service . . .," pp. 37-38. (S) Montague, "General Walter Bedell Smith . . .," p. 46.

36. Montague was a participant in, as well as an observer and chronicler of, these intelligence developments, and hence his remarks about the intentions of both Vandenberg and Donovan certainly deserve great respect. This writer, however, has not found any documentary evidence supporting Montague's remarks and opinions in the text. The writer also thinks Donovan was not so unrealistic as to attempt the liquidation of the military and naval intelligence services, whose durability—whatever the changes over the years—was as impressive in 1945 as it still is in 1975 and 1981.

37. (TS dg S) Draft of Proposed NIA Directive, "Functions of the Director of Central Intelligence," which is appendix "A" in (TS dg S) Vandenberg's memo of the same title, June 20, 1946, CIG No. 10, in CIA Records, Wash-Gen C-Ad 30, folder 6 ("CIG Numbered Papers").

38. (TS dg S) Minutes, 6th IAB mtg., June 28, 1946, CIA Records, Wash-Gen C-Ad 30.

39. *Ibid.*

40. *Ibid.*

41. (TS dg S) NIA, "Functions of the Director of Central Intelligence," NIA Directive No. 5, July 8, 1946, *ibid.* (S) Darling History, *Studies in Intelligence*, vol. 12, no. 3, p. 83. Leahy's expression of the President's attitude is found in (TS dg S) minutes, 4th NIA mtg., July 17, 1946, CIA Records, Wash-Gen C-Ad 30; while this meeting occurred after issuance of the directive, the President's attitude was either known beforehand or reasonably anticipated.

42. (S) Darling History, *Studies in Intelligence*, vol. 12, no. 3, p. 83.

43. (TS dg S) Minutes, 4th NIA mtg., July 17, 1946, item 1, CIA Records, Wash-Gen C-Ad 30. The basic reason behind the NIA was the desire of the departments to maintain control of CIA in their hands; the budget, while very important, was secondary to and followed from that fact and as far as the NIA structure was concerned could have been independent or interdepartmental.

44. *Ibid.*

45. *Ibid.* For the interim solution see p. 371, *infra*.

46. (TS dg S) Minutes, 4th NIA mtg., July 17, 1946, item 1, CIA Records, Wash-Gen C-Ad 30.

47. (S) Minutes, 8th NIA mtg., Oct. 16, 1946, item 1, *ibid.*

48. N. 46, *supra*.

49. For a detailed account of the problem, especially of the conflict between Vandenberg and Hillenkoetter on the one hand and Admiral Inglis of ONI on the other see (S) Darling History, *Studies in Intelligence*, vol. 13, no. 1, pp. 33-56.

50. Donovan had never made a formal issue of the matter only because doing so conflicted with his larger interest in getting JCS and presidential approval of his plan.

51. Much of the unpleasantness centered on the abruptness of the FBI withdrawal from its South American stations, on the disposition—alleged destruction rather than a turnover to CIG—of station records, and on Hoover's fear of CIG proselytizing of bureau personnel.

52. N. 46, *supra*.

53. *Ibid*.

54. (C) Montague, "Intelligence Service . . .," pp. 39-41.

55. *Ibid.*, pp. 41-43; also (S) Montague, "General Walter Bedell Smith . . .," pp. 49-57.

56. With the expiration of the First War Powers Act, and according to the Independent Offices Appropriation Act, no funds could be used for any agency which had been in existence for more than one year and for which funds had not been specifically appropriated by Congress.

57. Fifty-five are listed as "Exhibit 1, Legislative History of Unification," in the Eberstadt Report, pp. 241-251.

58. Demetrios Caraley, *The Politics of Military Unification: A Study of Conflict and the Policy Process* (New York: Columbia, 1966), pp. 34-38.

59. *Ibid.*, pp. 25-34.

60. *Ibid.*, pp. 38-44. Walsh's letter and Forrestal's reply are found in the Eberstadt Report, pp. iii-v.

61. *Public Papers of the Presidents . . . Truman. 1945*, p. 560.

62. Caraley, *op. cit.*, p. 143.

63. Memo, Houston to Vandenberg, "Administrative Authority of CIG," June 13, 1946, Fortier Papers.

64. Memo, Clifford to Vandenberg, "Proposed Bill for the Establishment of a Central Intelligence Agency," July 12, 1946, Truman Papers, Papers of George Elsey, "Central Intelligence."

65. Memo, Houston to Vandenberg, "Notes on Mr. Clifford's Review of Proposed Legislation for CIG," July 16, 1946, CIG Legislative Counsel Papers, Papers of Walter L. Pforzheimer, Documents on the Legislative History of the National Security Act of 1947, "CIG Enabling Act." These will be cited as the Pforzheimer Papers.

66. Elsey, memo for record, July 17, 1946, Truman Papers, Papers of George Elsey, "Central Intelligence."

67. *Ibid*.

68. *Ibid*.

69. *Ibid*.

*notes for pages 370-374*

70. *Ibid.*

71. Truman to the Secretaries of War and Navy, June 15, 1946, *Public Papers of the Presidents . . . Truman. 1946*, pp. 306-307. Truman to the Chairman, Congressional Committees on Military and Naval Affairs, June 15, 1946, *ibid.*, pp. 303-305.

72. While it is difficult to distinguish the substantive difference between an executive order and a presidential letter, the former simply was not the vehicle for the establishment of CIG.

73. Caraley, *op. cit.*, p. 148. Clifford was quoted in a letter from Assistant Navy Secretary W. John Kenney to Eberstadt, Sept. 27, 1946, CNO Central Files, Eberstadt Papers, A1/2-1/5.

74. The NIA requested the establishment of the "working fund" in a letter to the Secretary of the Treasury and the Comptroller General on July 30, 1946. After the fund was approved, the NIA sent the Comptroller General a second letter, Sept. 5, authorizing CIG administration of the fund. The fund enabled the DCI to spend the money allotted him, but it did not guarantee receipt of the allotment.

75. Memo, Pforzheimer to Vandenberg, "Suggestions by Captain Clifford for Proposed C.I.G. Legislation," Nov. 26, 1946, Pforzheimer Papers, "CIG Enabling Act." The treatment meted out to the CIG drafts is indicated in Elsey's memo to Clifford, "Central Intelligence Group," Mar. 14, 1947, Truman Papers, Papers of George Elsey, "Central Intelligence."

76. Elsey, "Memorandum of conversation on 8 January 1947," Jan. 9, 1947, *ibid.*

77. U.S., Congress, House, Committee on Military Affairs, *Investigations of the National War Effort: Report*, 79th Cong., 2nd. sess., Dec. 17, 1946, p. 6.

78. In a memorandum written in March 1975 Walter L. Pforzheimer revealed that Vischer was the author of the House Report.

79. "House Group Urges Espionage Corps," *New York Times*, Dec. 18, 1946, p. 1. *Washington Times-Herald*, Dec. 19, 1946.

80. Truman to Patterson and Forrestal, Jan. 16, 1947, *Public Papers of the Presidents . . . Truman. 1947*, pp. 99-100.

81. Memo, Pforzheimer to Vandenberg, "Proposed Bill for National Defense Act of 1947," Jan. 23, 1947, Pforzheimer Papers, "CIG Enabling Act."

82. The Thomas-Hill-Austin bill had been written, of course, in a context, that of unification, which was larger than that of either the JCS plan or the President's directive.

83. N. 81, *supra*.

84. (C) Memo for record, Pforzheimer, "Proposed Legislation for C.I.G." [n.d.], Pforzheimer Papers, "CIG Enabling Act." This memo is Pforzheimer's contemporary account of events of Jan. 22-28, 1947.

85. *Ibid.*

86. *Ibid.*

87. *Ibid.*

88. *Ibid.*

89. Copy of "draft rec'd from White House 25 Jan 47," Pforzheimer Papers, "CIG Enabling Act."

90. N. 84, *supra*.

91. *Ibid.* Also copy of "third draft 27 January 1947," Pforzheimer Papers, "Merger Bill."

92. N. 84, *supra*. Memo [Wright?], to Clifford, "Comments on the Proposed 'National Security Act of 1947,'" *ibid.*

93. For an account of the term's origin see Gerald Morgan, "Myth and Reality in the Great Game," *Asian Affairs*, Feb., 1973, pp. 55-65. Morgan thinks it may first have been used in 1837 by a British officer serving in India.

94. Truman's State of the Union message, Jan. 21, 1946, *Public Papers of the Presidents . . . Truman. 1946*, p. 86.

## Chapter XVI

1. *Time*, vol. 49, no. 1 (Jan 6, 1947).

2. Russell left on Jan. 23. On Jan. 30 Assistant Secretary William A. Eddy recommended to Acheson the return of the divisions. Marshall's order was addressed to John E. Peurifoy, Deputy Assistant Secretary for Administration, and later Assistant Secretary. McCormack, who had left the scene in April, 1946, had triumphed at last.

3. Langer's appointment as successor to McCormack had been announced on April 29, 1946. Though the office was raised to the level of an assistant secretary, Langer resigned in July, and Eddy took over on Aug. 1. Langer had had serious difficulties with Panuch and was eager to return to Harvard.

4. "Admiral to Head U.S. Intelligence," *Washington Times Herald*, Feb. 27, 1947. Montague ("General Walter Bedell Smith . . .," p. 61) wrote that "Souers considered him [Hillenkoetter] no more than an 'amiable Dutchman.'"

5. See p. 274, *supra*.

6. For instance, Jerry Greene, in his column "Capital Circus" (*Washington Times Herald*, Mar. 5, 1947) rather breezily observed that "Here we go, off on the same old single-track railroads and trying to stick to the ancient army-navy idea of rotating officers regularly and proceeding on the theory that if he's a smart man he can do anything."

7. *Newsweek*, June 30, 1947, p. 20. He was also described as an "irascible chairman," whose suits had no pockets so that he would not put his hands in them while orating.

8. U.S., Congress, Senate, *Congressional Record*, 80th Cong., 1st sess., vol. 93, pt. 7, p. 2128.

9. U.S., Congress, Senate, Committee on Armed Services, *National Defense Establishment (Unification of the Armed Services)*: Hearings on S. 758, 80th Cong., 1st sess., Mar 25, 1947, p. 122. These hearings will be cited as Senate Hearings on S. 758.

10. *Ibid.*, April 1, 1947, pp. 173-175.

11. *Ibid.*, p. 175.

*notes for pages 380-384*

12. *Ibid.*, p. 176.

13. *Ibid.*

14. *Ibid.*, p. 177.

15. (S) "Statement of Lieutenant General Hoyt S. Vandenberg . . . Before the Armed Services Committee of the United States Senate On S. 758, 'The National Security Act of 1947,'" Pforzheimer Papers, "CIG Enabling Act." References on pages 7, 9, and 11 to clandestine intelligence were not released to the public. The published text is in Senate Hearings on S. 758, pp. 491-501.

16. *Ibid.*, p. 492.

17. "Hillenkoetter Named Chief of Intelligence," *Washington Post*, May 2, 1947. "New Intelligence Chief is Named; Gen. Vandenberg Returns to AAF," *New York Times*, May 2, 1947.

18. Pforzheimer's memo for record, April 29, 1947, Pforzheimer Papers, "Merger Bill."

19. "Memorandum Respecting Section 202 (Central Intelligence Agency) of the Bill to Provide for a National Defense Establishment, submitted by Allen W. Dulles, April 25, 1947," in Senate Hearings on S. 758, p. 526.

20. *Ibid.*, pp. 526-527.

21. The likely influence of Donovan was noted by Pforzheimer in his report of a meeting on Feb. 18, 1947, of the Intelligence Chapter, District of Columbia Department, Reserve Officers' Association. Under consideration was the chapter's recommendations on a CIA. "Several references," reported Pforzheimer, "were made to a letter to the committee drafting the attached [recommendations] by General Donovan which, it is suspected, was very closely followed by the drafters." (Pforzheimer Papers, "CIG Enabling Act.") The Reserve Officers' position is found in the statement of Col. Richard J. Riddell on May 2, 1947, in Riddell's letter of May 12 [*sic*], 1947 to Sen. Gurney, and in the Officers' "Proposed Redraft of Section 202 of S. 758," in Senate Hearings on S. 758, pp. 548-555.

22. Donovan, "How Espionage Helped Win the War," *New York Herald Tribune*, April 15, 1946. Donovan, "Intelligence," *Life*, Sept. 30, 1946, p. 118. "War Not Inevitable but Danger Still Exists, Gen. Donovan Says Here," *Waterbury (Conn.) Republican*, Oct. 11, 1946. "Donovan Points to Russians in Defense Appeal," *New York Herald Tribune*, Jan. 10, 1947.

23. Donovan to Gurney, May 7, 1947, Donovan Papers, Central Intelligence, 1941-1950, vol. 1.

24. *Ibid.*

25. *Ibid.*

26. Donovan to Gurney, May 19, 1947, *ibid.*

27. *Ibid.*

28. *Ibid.* It is not clear just what Donovan meant by threatening "to bring the whole subject out into the open."

29. Pforzheimer's memo for record, May 26, 1947, Pforzheimer Papers, "Merger Bill-II."

30. Buxton to Sinclair Weeks, May 29, 1947, Donovan Papers, Central Intelligence, 1941-1950, vol. 1. Cheston to Gurney [n.d.], Senate Hearings on S. 758, pp. 667-669. Cheston to Gurney, June 2, 1947, Pforzheimer Papers, "Merger Bill-II."

31. N. 29, *supra*.
32. *Ibid.*
33. Senate Hearings on S. 758, May 12, 1947, p. 593. "Statement of Frederick J. Libby, Executive Secretary, National Council for Prevention of War," *ibid.*, pp. 649-651.
34. Robertson's bill was S. 1282. For a CIG evaluation of this bill see Pforzheimer's memo to Hillenkoetter, "Senator Robertson's Unification Bill," May 15, 1947, and an accompanying draft of comments, in Pforzheimer Papers, "Merger Bill-II."
35. U.S., Congress, Senate, Committee of Armed Services, *National Security Act of 1947: Report to Accompany S. 758*, 80th Cong., 1st sess., June 5, 1947.
36. *Ibid.*, p. 10. The report justified opening the DCI job to military as well as civilians because of "the wide experience" certain officers had had with the kind of intelligence the projected agency would handle. Such experience was considered "essential" in "the formative years" of the agency.
37. U.S., Congress, House, Committee on Expenditures in the Executive Departments, *National Security Act of 1947: Hearings on H.R. 2319*, 80th Cong., 1st sess., 1947, pp. 11, 14, and 94. These will be cited as House Hearings on H.R. 2319.
38. *Ibid.*, pp. 111-112.
39. *Ibid.*, pp. 119-120.
40. The news was broadcast as well as printed. On May 1, 1947, the NBC newscaster Lowell Thomas reported the appointment of Hillenkoetter as "head of Uncle Sam's Central Intelligence Bureau [*sic*]" which he described as "an enterprise for which our generals and admirals as well as many newspapers have been crying aloud [for] for a long time." Thomas said the business used to be called espionage but now "a much more polite word"—intelligence—was employed. Thoroughly approving of America's belated entry into the espionage field, Thomas said that "apparently, we've learned our lesson."
41. House Hearings on H.R. 2319, pp. 120-121.
42. See p. 511 and n. 18, *supra*.
43. Drew Pearson, "Washington, Merry-Go-Round," *Washington Post*, May 15, 1947. Pearson tied the exchange to Hillenkoetter's "confirmation" as DCI, but he was probably confused inasmuch as there seems to have been no such confirmation or Senate hearing thereon.
44. House Hearings on H.R. 2319, p. 136.
45. *Ibid.*, pp. 135, 438, and 457.
46. *Ibid.*, pp. 231 and 439. The naval spokesman was John P. Bracken, President of the Reserve Officers of the Naval Services.
47. *Ibid.*, pp. 284, 301, and 555.
48. *Ibid.*, p. 126.
49. *Ibid.*, pp. 127 and 170-172.
50. *Ibid.*, pp. 172, 127, and 170.
51. *Ibid.*, pp. 172, 173, 472, and 501.
52. *Ibid.*, pp. 457 and 437.

*notes for pages 389-397*

53. *Ibid.*, p. 489.
54. *Ibid.*, pp. 126, 149, 170, 174, and 181.
55. *Ibid.*, pp. 172 and 228.
56. Memo, Elsey to Clifford, "Central Intelligence Group," Mar. 14, 1947, Truman Papers, Papers of George Elsey, "Central Intelligence."
57. Pforzheimer's memo for record, June 12, 1947, Pforzheimer Papers, "Merger Bill-II."
58. House Hearings on H.R. 2319, pp. 127 and 438.
59. *Ibid.*, p. 172.
60. *Ibid.*, p. 559.
61. *Ibid.*, pp. 454 and 479-481.
62. "Army's World Intelligence Ring Reported Halted by New Agency," *New York Times*, May 21, 1947.
63. (TS dg S) Minutes, 10th NIA mtg., June 26, 1947, CIA Records, Wash-Gen C-Ad 30. While the signed original of this letter has not been found, the minutes of the NIA meeting state that it was signed. This writer assumes that because of the felt urgency of the matter the letter was actually delivered as stated in the text.
64. (S) Stenographic transcript, hearing before the House Committee on Expenditures in the Executive Departments, June 26, 1947, Pforzheimer Papers, p. 8.
65. Quoted in Caraley, *The Politics of Military Unification*, p. 231.
66. The new bill was H.R. 3979, June 25, 1947.
67. "House Unit Approves Military Merger with Service 'Gestapo' Ban," *Washington Star*, July 13, 1947.
68. "House Group Reports Bill to Merge Services," *New York Herald Tribune*, July 16, 1947.
69. Pforzheimer's memo for record, June 19, 1947. Pforzheimer had raised the problem with Busbey, who was "most sympathetic," and who thought CIG "should not be under Civil Service at all, and agreed that the Director should have the right to fire at will." Hoffman indicated readiness to give "every consideration" to any amendment CIG cared to offer.
70. The 1929 evaluation is in Henry L. Stimson and McGeorge Bundy, *On Active Service in War and Peace* (N.Y.: Harper, 1947), p. 188. "Wisdom about Intelligence" (ed.), *Christian Science Monitor*, April 14, 1947.
71. O'Donnell, "Capitol Stuff," *Washington Times Herald*, June 12, 1947. Trohan, "New CIG Secretly Creates U.S. 'Gestapo' of 1,500 Agents," *ibid.*, June 15. Trohan, "U.S. Set to Pay Super Spies 12.7 Million a Year," *ibid.*, June 20. O'Donnell, "Capitol Stuff," *ibid.*, June 24. "The Budding American Gestapo" (ed.), *Chicago Tribune*, June 23.
72. *Congressional Record*, vol. 93, pt. 7, pp. 8299, 8494, 8497, and 8499.
73. *Ibid.*, p. 9397.
74. *Ibid.*, p. 9404.
75. *Ibid.*, p. 9411.

76. *Ibid.*
77. *Ibid.*, p. 9412.
78. *Ibid.*, pp. 9413 and 9445.
79. *Ibid.*, p. 9419.
80. *Ibid.*, p. 9421.
81. *Ibid.*, p. 9430.
82. *Ibid.*, pp. 9443-4.
83. *Ibid.*, p. 9444.
84. *Ibid.*
85. *Ibid.*, p. 9445.
86. *Ibid.*
87. *Ibid.*, p. 9446.
88. *Ibid.*
89. *Ibid.*, p. 9447.
90. *Ibid.*
91. *Ibid.*, p. 9448.
92. *Ibid.*, pp. 9449-50.
93. "Unification Voted by House; Senate to Act on Changes," *New York Times*, July 20, 1947.
94. [Pforzheimer?], "Memorandum on the intelligence provisions of the House and Senate versions of the National Security Act of 1947," July 21, 1947, Pforzheimer Papers, "Merger Bill-II."
95. U.S., Congress, House, Committee of Conference, *National Security Act of 1974: Conference Report No. 1051 to Accompany S. 758*, 80th Cong., 1st sess., July 24, 1947, p. 18. The text of the Act in this Report is the same as that in appendix Y, *infra*.
96. *Ibid.*, p. 19.
97. *Congressional Record*, vol. 93, pt. 7, pp. 10271-272.
98. *Ibid.*, p. 10272.
99. *Time*, vol. 50, n. 5 (Aug. 4, 1947), p. 8.
100. The NSC membership, which has changed over the years, originally consisted of the President, Secretary of State, the new Secretary of Defense, the Secretaries of the Army, the Navy, and the Air Force, and the Chairman of the National Security Resources Board, and such of certain other specified officers whom the President might see fit to appoint. Hence, the NSC was originally constituted of a minimum of seven persons as contrasted with the three members of the NIA.
101. See in this regard (S) Darling History, *Studies in Intelligence*, vol. 13, no. 1, pp. 44-56.

*notes for pages 408-415*

102. Actually the civilian DCI has served more on an indefinite than a long-term basis, and the military DDCI has served “a tour of duty” with the agency.

103. (S) Montague, “General Walter Bedell Smith . . . ,” p. 32. It must be pointed out here that Montague, who spent many years on CIA’s Board of National Estimates, was discussing the evolution of the intelligence estimating process rather than the overall development of a central intelligence organization. In this writer’s opinion, based on the documents available, this estimating process—truly a “sophisticated” aspect of intelligence—did not play the central role in the debate over the Donovan plan that Montague, out of the plenitude of his experience and in retrospect, ascribed to it.

### Chapter XVII

1. See p. 267 and n. 21, p. 528, *supra*.

2. Seymour M. Hersh, “Huge C.I.A. Operation Reported in U.S. Against Antiwar Forces, Other Dissidents in Nixon Years,” *New York Times*, Dec. 22, 1974, p. 1.

3. N. 1, *supra*.

4. See p. 235 and n. 11, p. 522, *supra*.

5. However, the idea was very clearly expressed in the statement of “Principles . . .” (appendix Q) which Donovan had sent originally to Harold Smith on Aug. 25, 1945, and widely disseminated thereafter, and which he sent on May 7, 1947, to Sen. Chan Gurney. In that statement, numbered para. 5 spells out the need for covert operations, as well as espionage and counterespionage. It is quite probable that the “Principles” had been sent at the same time to others, including, for example, the naval reserve officers who were apparently influenced by a “letter” sent them by Donovan (see p. 382 and n. 21, p. 550, *supra*).

6. When Truman was reminded of his approval of early clandestine operations touching the postwar Greek and Italian situations, he readily admitted it and said he would give it again but insisted that pulling basic information together had been the main purpose behind the establishment of CIA; see Benjamin F. Onate, “What Did Truman Say about CIA?” *Studies in Intelligence*, vol. 17, no. 3 p. 11.

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