INVESTIGATIONS OF THE NATIONAL WAR EFFORT

REPORT
COMMITTEE ON MILITARY AFFAIRS
HOUSE OF REPRESENTATIVES
SEVENTY-NINTH CONGRESS
SECOND SESSION
Pursuant to
H. Res. 20
A Resolution authorizing the Committee on Military Affairs to study the progress of the national war effort

December 17, 1946.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON 1946

Approved for Release by NSA on 05-21-2014 pursuant to E.O. 13526
COMMITTEE ON MILITARY AFFAIRS

ANDREW J MAY, Kentucky, Chairman

R. EWING THOMASON, Texas
OVERTON BROOKS, Louisiana
JOHN J SPARKMAN, Alabama
PAUL J KILDAY, Texas
CARL T DURHAM, North Carolina
JOHN EDWARD SHERIDAN, Pennsylvania
ROBERT L F SIKES, Florida
PHILIP J PHILBIN, Massachusetts
PAUL STEWART, Oklahoma
ARTHUR WINSTEAD, Mississippi
CLET HOLIFIELD, California
JAMES A. ROE, New York
MELVIN PRICE, Illinois
J LINDSAY ALMOND, Virginia

WALTER G ANDREWS, New York
DEWEY SHORT, Missouri
LESLIE C ARENS, Illinois
CHARLES R CLASON, Massachusetts
J PARNELL THOMAS, New Jersey
PAUL W SHAFER, Michigan
THOMAS E MARTIN, Iowa
CHARLES H E尔STON, Ohio
FOREST A HARNESS, Indiana
IVOR D FENTON, Pennsylvania
J LEROY JOHNSON, California
CLARE BOOTH LUCE, Connecticut

JOSEPH R FARRINGTON, Hawaii
EDWARD L. BARTLETT, Alaska
JLÚS T PIÑERO, Puerto Rico

JULIA WATKINS, Clerk
H. RALPH BURTON, General Counsel

SPECIAL COMMITTEE

ANDREW J MAY, Chairman

JOHN J SPARKMAN, Alabama
CARL T DURHAM, North Carolina
ARTHUR WINSTEAD, Mississippi

THOMAS E MARTIN, Iowa
CHARLES H E尔STON, Ohio
IVOR D FENTON, Pennsylvania
A REPORT ON THE SYSTEM CURRENTLY EMPLOYED IN THE
COLLECTION, EVALUATION, AND DISSEMINATION OF INTELLIGENCE AFFECTING THE WAR POTENTIAL OF THE UNITED STATES

INTELLIGENCE THE FIRST LINE OF DEFENSE IN PEACE

In time of war, intelligence—that is, in nontechnical terms, reliable information on the strength and weaknesses, the capabilities, plans, and actions of foreign powers—is an acknowledged essential to victory. In time of peace, intelligence is equally essential for the preservation of that peace, and for the prevention of still another war.

That alert and enlightened intelligence forms the Nation's first line of defense in time of peace seems to be accepted by all who have the security of the Nation at heart. Time of peace is emphasized because it is in time of peace that nations prepare for war; it is in time of peace that true information concerning the resources, plans, activities, the political and military movements of potential enemies is—in these modern days—most difficult to obtain and to comprehend. It is in time of peace that our people are least interested in the aspirations of others, least concerned over their own safety, least vigilant against aggression, least prepared to defend themselves. It is in time of peace that our military forces are weakest. It is in time of peace that our elected officials have shown themselves, reluctant to point out dangers, reluctant to ask for the understanding—and for the men, time, and money—necessary for our defense. It is in time of peace that our people find it difficult to believe that any nation on earth would consider attacking us.

The statement that intelligence forms the Nation's first line of defense seems to be accepted alike by those Americans who believe in the destiny of our country as a great and independent power, and by those willing to surrender a measure of sovereignty to some higher partnership for the combined benefit of mankind as a whole. The statement seems to be acceptable alike to those who see the world for some years to come as a continuing battleground for conflicting national interests, and to those who feel that permanent safety requires the United States to make a unique gift to the world, discharge a unique responsibility in the organization and maintenance of peace.

That the United States reached the extraordinary position it currently occupies in the world without an effective world-wide intelligence service of its own must be ascribed to its fortunate geographic situation, its preoccupation with the development of its frontiers, its comparative disinterest in military affairs, its aloofness through many years from the quarrels of the Old Worlds, west and east, and to the fact that our overseas rivals had not yet consolidated their plans and
powers sufficiently to show us the attention that was certainly, some day, to be ours. Whatever the reasons for our magnificent growth as a nation, and the undeniable fact that it was attained without an adequate intelligence service, participation in the two World Wars which have been the scourge of the twentieth century changed the situation. In those wars we learned, by reliance on the services of another nation, Great Britain, whose major interests at the time seemed to coincide with ours, how truly vital intelligence can be.

There is no denying, now, that we must have sound intelligence and an efficient and effective intelligence service that is entirely American in every respect to get it for us, if we intend to continue to play an independent major role in the affairs of the world. Indeed, it is hard to imagine our harassed leaders taking a single important step in the development of our national policy without knowledge and understanding of the aims, capabilities, intentions, policies, and actions of other nations—in other words, it is hard to imagine them taking a step without intelligence.

**INTELLIGENCE HAS ALREADY PLAYED AN IMPORTANT ROLE IN OUR HISTORY**

It is not too much to say that the position of the United States in the world today would already be sadly different but for intelligence. For while it is true that during the past war we made many mistakes—military and political—we also scored some truly great military victories. Sound intelligence based on the breaking of the Japanese codes enabled us to turn the tide of warfare in the Pacific. Sound intelligence by an English girl—a matter of no apparently greater importance than the routine inspection of an aerial photograph—enabled the British and American Air Forces to nullify the rocket attack on England and save Great Britain as a base for future operations against the Continent. Sound intelligence enabled us to break the German armies in France piecemeal, thus making a defense of their homeland by the Germans an impossibility.

The successes scored as a result of sound intelligence are here emphasized because, up to now, the need for intelligence has been popularly based on a number of spectacular mistakes: notably the failure to defend Pearl Harbor against Japan's opening gambit, the failure to take proper measures against the mounting German onslaught in the Ardennes, the failure to understand what would inevitably happen if the heart of Europe were reduced to rubble. These were mistakes indeed, shocking, terrible, costly, utterly unworthy of an America strong enough and wise enough to match strength and wit with competitors in the modern world. But close analysis will show that these were not mistakes of intelligence. The record of the joint Senate-House committee investigating Pearl Harbor showed that a considerable number of important officials knew as a result of correctly evaluated intelligence that a sudden Japanese blow was to be expected the morning of December 7, 1941. Any number of United States Army officers can testify to the fact that it was known as the result of correctly offered intelligence that a German force of alarming proportions was ready to deliver an attack in the Ardennes shortly before Christmas of 1944. And the files of our intelligence service contain a number of vigorous reports on the danger to our future involved in the wanton destruction of Middle Europe, the wellspring of our own western civilization. In all three of these cases, the intelligence was correctly gathered, evaluated, and even disseminated to the officials most vitally concerned; that it was ignored or discarded does not alter these facts. The point is important: we cannot continue to live and breathe the air of freemen without adequate intelligence; and intelligence of itself, no matter how good it is, is not enough; the cold facts have to be understood and used.

**INTELLIGENCE SINCE THE CLOSE OF THE WAR**

The unanimity of opinion to be found today regarding the need for adequate intelligence stems from the importance it attained during World War II. Literally, hundreds of thousands who never thought about intelligence before found it essential to the coordination of their lives and those of their comrades. Other thousands gave their lives in search for it that the Nation might live. Small wonder that there was an enormous public interest in intelligence at the end of the war and that many theories were advanced as to how our intelligence should be conducted in the future, to spare us and the world, if possible, a third and even more deadly and devastating conflict.

Out of the welter of theories, plans, discussions, hearings—most of which seemed to call for a new central intelligence agency to coordinate for the common good the work of agencies already existing in our various Government departments—came the crystallization of a new intelligence organization and program for the United States. On January 22, 1946, President Truman directed the formation of the National Intelligence Authority in the following document:

**THE WHITE HOUSE, Washington, 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 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 nonvoting 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 foreign and domestic 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 each 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 over-all policies and objectives as will assure the most effective accomplishment of the national intelligence mission.

(o) Perform, for the benefit of said intelligence agencies, such services of common concern as the National Intelligence Authority determines can be most 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, acquired by the intelligence agencies of your Departments as may be designated by the National Intelligence Authority shall be freely available to the Director of Central Intelligence for correlation, evaluation, and dissemination, and such other 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 the 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 prescribed by 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 TRUMAN

President Truman's directive ended, for the time being, a sharp struggle then going on between proponents of the State Department, the War and Navy Departments, the Department of Justice, the Federal Bureau of Investigation, the Treasury Department, even the Budget Bureau, all of whom had their own ideas as to how the intelligence of the United States should be— to use the correct technical terms—collected, evaluated, and disseminated.

As a result of the President's directive, the one great step was taken that all who were interested in intelligence seemed to want. A new central intelligence organization was formed. This fact becomes the cornerstone of any study of our present intelligence setup, and the basis for any discussion of recommendations that might be made for its improvement.

The new organization—or National Intelligence Authority to give it its correct name—came into being on January 28, 1946. It consists of the Secretary of State, the Secretary of War, the Secretary of the Navy, and the personal representative of the President, his personal Chief of Staff. These are obviously very busy individuals, so that one must expect that the real work of the new organization has fallen largely on the shoulders of the Director of Central Intelligence.

Inside the advise of an Intelligence Advisory Board, consisting of the Director of the War Department's Intelligence Division, the Chief of the Office of Naval Intelligence, the Assistant Chief of Air Staff for

Intelligence, and the Assistant Secretary of State for Intelligence and Research. Again, it is to be noted that the members of the Advisory Board have full-time jobs of exacting importance, the point being that the person of the Director of Central Intelligence—his understanding of the over-all problem, his energy, his methods, even his personality—is from the very nature of the set-up bound to have a considerable effect on the course which the still new organization is to pursue.

During the 10 months in which the new Authority and the so-called Central Intelligence Group which does the work have been in operation, there have been two directors. Fortunately, they have both been men of the highest caliber, the one a high-ranking Reserve officer of the Navy with a considerable business career as part of his experience, the other a vigorous and experienced officer of even higher rank whose war record was a series of personal triumphs. That two men of such outstanding qualifications, gained in somewhat different fields, would leave imprints on the struggling new organization was to be expected.

SHOULD THE CENTRAL AGENCY ENGAGE IN OPERATIONS?

It is interesting that during the first 10 months of the organization, there were two divergent views as to the proper course for it to pursue.

One view held that the President's directive should be strictly interpreted. In other words, the central agency should devote itself to the correlation, evaluation, and dissemination of intelligence obtained by intelligence agencies already existing in the various departments of the Government, and that it should coordinate the activities of these existing agencies and recommend over-all policies and objectives under which they could continue their work most effectively and efficiently. The other view was that the new agency should not be content to be "a coordinating sewing circle" and should not hesitate to plunge into operations.

The President's directive is not clear as to just exactly which of these courses he intended the new "group" to pursue. His directive asks that "full use shall be made of the staff and facilities of the intelligence agencies" already existing. It asks that plans for the coordinating of the activities of the existing agencies be undertaken. But it also asks the new organization to "perform, for the benefit of said intelligence agencies, such services of common concern as the National Intelligence Authority determines can be most efficiently accomplished centrally."

A careful reading of the document as a whole might indicate that the directive, in discussing services of common concern, meant such services related to the correlation, evaluation, and dissemination of intelligence collected by the existing agencies. This seems a reasonable interpretation, for the emphasis throughout the directive is not only on these carefully named factors but also on making full use of the existing agencies. The fact of the matter, however, is that the President's document did not say exactly what kind of common services he had in mind and the clause calling for the "performance" of services of common concern is now very broadly interpreted. It has put the new organization into operations, a circumstance which has caused considerable controversy among those experienced in the unusual and delicate field which is intelligence.
There are those who hold that one and the same organization cannot fairly both coordinate and operate, that the effect is akin to having one and the same man act as prosecutor and judge. The one who coordinates is in a sense a judge, an arbiter, who determines who shall do what. The minute he gets into operations himself he cannot, given normal human nature, make such a decision fairly; he would incline to giving himself, or his own organization, the best and most important assignments. And even if he did not thus natural cause, his friendly competitors would be less than human if they did not think he had done so. The result is the same: the beginning of distrust, a suspicion of unfair dealing in an already highly competitive, often dangerous, occupation.

A similar case could be made for one who would both evaluate and engage in operations. Let the time come when two reports, contradictory but of apparent equal truthfulness, appear. Which one would the evaluator believe? The one gathered by some intelligence agency other than his own? Or the one gathered by his own? Normal nature would of course incline him toward the latter, regardless of other considerations. That such a situation could lead to loss of efficiency and downright faulty intelligence was amply demonstrated in G-2 during World War II when the normal channels brought forth one set of conclusions regarding events in the Balkans and a so-called Special Branch, which had its own sources of information, which it kept to itself, brought forth something quite different. The Director of Intelligence at the time, being in effect a godfather of the Special Branch, dismissed the intelligence that came through channels other than the one that he was sponsoring and permitted himself to endorse a statement to the effect that there was no evidence that the Russians were attempting to subvert the Balkans.

The problem above outlined is obviously perplexing but its difficulties become compounded when one deals with a type of intelligence that very few people know anything about, that is never willingly published except by those who do not really understand it, one that should be discussed only with the greatest reticence. This is secret intelligence, a highly intricate, involved, hazardous, hidden, ruthless operation, competitive to the nth degree. How secret it is when properly conducted may be gathered from the fact that it was not known until 50 years after his death that Daniel Defoe, the author of Robinson Crusoe, had been for many years the head of British secret intelligence.

Secret intelligence is a subject better omitted from any report but it happens to be pertinent to the present discussion. It must be pointed out without further delay that if any agency that correlates and evaluates itself to enter the field of secret intelligence, a most unhealthy situation is likely to result. For in undertaking secret operations while at the same time correlating the efforts of other secret intelligence-agencies, the advantage of secrecy is of course promptly lost. The central agency would have to be told what all the other “secret” agencies were doing in order to correlate their work. If the central agency were then to engage in operations of its own, it would without doubt tend to subject the existing “secret” agencies to compromise or disclosure, tend to nullify their usefulness, subject their agents to danger; it could not help but emphasize cutthroat competition in a field in which the description is more than a figure of speech.

Most experienced operators in the unusual field of secret intelligence seem to feel that one result would be inevitable: the central agency would in time drive the others from the field, as the Gestapo eliminated its competitors in Germany, to the detriment of German intelligence. And this result—should it happen to us—could hardly be described as desirable, for it would concentrate all our eggs in one basket, where they could be more readily found by those on the still hung for them; it would eliminate many useful nets, something no large-scale fisherman would dream of doing; it would cut our series of special outposts to one, something no wide- awake commander would dream of permitting.

Obviously, there are some who believe that secret intelligence operations can or should be concentrated in a central agency. There are those within the central agency who, being properly ambitious, recognize this form of collection as the tremendous weapon that it is and therefore would welcome it under their own command. There are others outside of the central agency who, respectful of the enormous difficulties involved and anxious to avoid the embarrassment of possible disclosure, would be glad to see such operations conducted elsewhere than in their own organizations. Those who believe that secret operations may be concentrated in a central agency profess not to see any disadvantage in having secret intelligence operations in one small place. They see “efficiency” and “economy” in such a concentration, where others see a red flag waving. They think it quite possible to side by side operation, where the result is to the apparent advantage of dispersal through a number of other agencies. They do not seem to believe that unusual interest would be created in the most interested quarters by the concentration of unexplainable personnel that would have to take place, the liaison required, the growing flow through a single stream of unusual directives, production, dissemination, payments, and the like.

“Efficiency” and “economy” are important factors in any governmental operation, but it is questionable whether efficiency in intelligence is obtained by continually striving to reduce the number of collection nets in operation. Intelligence does not come through a single easy channel; it is better described as a minute distillation of great masses of raw material. If the masses are continually reduced, the final product may be adversely affected. For example, sometime prior to Mussolini’s downfall a report came into The Pentagon to the effect that a plot was being hatched against the Italian dictator and that at an appropriate moment he would be dismissed and his place taken by Badoglio. The report was ignored because there was so little to go on; had there been more information on the subject, it is possible that this highly valuable bit of intelligence might have been used to American advantage.

The question of “economy” has been carefully avoided thus far in this report for the reason that the sums of money that could be spent on intelligence would under any circumstances be so small, so infinitesimal, compared with the cost of battleships that might have to be built unnecessarily in the absence of adequate intelligence, or divisions organized unnecessarily, or airplane plants built unnecessarily, that money hardly deserves a place in the discussion. That piece of intelligence which saves the Nation from war—or from
defeat—is simply priceless; no pains should be spared, no penny pinched, to make certain that the intelligence we need does not slip through our fingers.

The weight of evidence and experience would seem to be with those who would prefer not to see an agency charged with coordination and evaluation also engage in the field of operations—secret operations above all. Certainly this is a field in which overcentralization would seem to have more disadvantages than advantages.

The question as to whether or not a central agency should at one and the same time be charged with correlation or coordination and evaluation, and also engage in operations is the crux of the present situation. It involves an interpretation of the directive now in force and a recommended course of action is appended hereto. The other recommendations made, with the exception of the last, which receives special consideration below, are not designed to cause any change in the present structure but simply to give it a firmer foundation.

RECOMMENDATIONS FOR AN INTELLIGENCE CORPS

On November 11, 1945, a special committee of the War Department began a series of hearings on intelligence matters. A score of officers were heard, among some of the most experienced intelligence officers in the Army. Highly instructive discussions were held.

One question brought up over and over again was whether or not there should be an Intelligence Corps—similar to the Engineer Corps—in the Army. Obviously, there was no agreement on this point, which was to be expected with so many officers of wide experience and strong opinions participating. But there was agreement that intelligence requires individual officers of the highest caliber; that the Army must take more determined steps to provide officers who are specialists in intelligence without losing the experience provided only by combat, that intelligence should be made a career and selected officers receive highly specialized training, that the service schools should do their part to instruct officers with a flair for long-range thinking along geopolitical, military-political, and psychological lines. They agreed that the prestige of intelligence must be deliberately built up throughout the Army. They agreed that there must be emphasis on continuity in intelligence. They agreed on the further point that appropriations for intelligence, and therefore personnel, should not be subject to the usual cuts suffered by other units of the Army in peacetime, on the sound theory that—as stated in the beginning of this report—it is in peacetime that intelligence must be counted on to perform its most valuable work.

A study of the evidence presented at these hearings would lead to the conclusion that the formation of an Intelligence Corps or service, so designed that it would produce trained intelligence officers without losing their proper integration with the rest of the Army, might be desirable.

RECOMMENDATIONS

On October 29, 1945, the chairman of the House Committee on Military Affairs announced that a special committee had been authorized to investigate the United States intelligence system. A study thereupon was initiated. As a result, and after consultation with Army and Navy officers and civilians experienced in intelligence and possessed of many divergent views, the following recommendations are proposed:

Recommendation 1:
That the National Intelligence Authority, established on January 29, 1946, by Presidential directive, be authorized by act of Congress.
(This is designed to give the new authority a firmer base.)

Recommendation 2:
That the National Intelligence Authority shall consist of the Secretaries of State, War, and the Navy, or deputies for intelligence.
(The Secretaries are obviously too busy to give this highly important subject the attention it deserves.)

Recommendation 3:
That the Central Intelligence Group receive its appropriations direct from the Congress.
(At present the Group receives its appropriations as grants from the State Department, War Department, and the Navy Department, an unwieldy and sometimes awkward procedure.)

Recommendation 4:
That the Central Intelligence Group have complete control over its own personnel.
(At present the Group receives drafts from the Departments of State, War, and Navy.)

Recommendation 5:
That the Director of the Central Intelligence Group be a civilian appointed for a preliminary term of 2 years and a permanent term of 10 years, at a salary of at least $12,000 a year.
(A civilian would be less subject to the control or criticism of any military establishment, less likely to have ambitions in another direction, would be more in keeping with American tradition, would be more symbolic of the politico-military nature of the problem posed by intelligence in peacetime; furthermore, there is nothing to keep a qualified Army or Navy officer from accepting the post in civilian clothes, and there is every desire, by setting the tenure of office at 10 years and making the salary substantial, to make the post attractive to one who has learned intelligence thoroughly in the Army, Navy, or Foreign Service of the State Department. Continuity of service is recognized as very important.)

Recommendation 6:
That the Director of the Central Intelligence Group be appointed by the President by and with the consent of the Senate.

Recommendation 7:
That the Director of Central Intelligence shall (1) 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, and in so doing making full use of the staff and facilities of the intelligence agencies already existing in the various Government departments;
(2) plan for the coordination of such of the activities of the intelligence agencies of the various Government 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; (3) perform, for the benefit of said intelligence agencies, such services of common concern related directly to coordination, correlation, evaluation, and dissemination as the National Intelligence Authority shall determine can be more efficiently accomplished centrally; (4) perform such other similar functions and duties related to intelligence affecting the national security as the Congress and the National Intelligence Authority may from time to time direct. It is specifically understood that the Director of Central Intelligence shall not undertake operations for the collection of intelligence.

(This paragraph is intended to enable the Central Intelligence Group to concentrate on the analysis and evaluation of high-level intelligence for the President and others who have to determine national policy. One should not remove any intelligence operation from the agencies where day-to-day policies and decisions have to be made; the collection and basis analysis in each field of intelligence should be assigned to the agency having primary responsibility in that field.)

Recommendation 8:

That paragraphs 2, 4, 6, 7, 8, 9, and 10 of the Presidential directive of January 22, 1946, relating to the establishment of a National Intelligence Authority be enacted into law, with such revisions in wording as may seem necessary.

(The President's directive was carefully prepared and had at the time of its publication, the support of the interested agencies.)

Recommendation 9:

That the Army be requested sympathetically to examine further the question of the establishment of an Intelligence Corps for the training, development, and assignment of especially qualified officers.