MEMORANDUM FOR THE SECRETARY OF THE NAVY:

Subject: Brief on attached NSC Item.

1. All agree that there is no completely satisfactory answer to the problem. The important point is that when a decision is made by NSC, that those making it should know the results that may be expected regardless of which course is selected.

2. The answer is - "Should the [ ] endeavor to prevail on 'Western Union' Powers particularly [ ] to increase security of their rapid communications, by having the [ ] provide a secure cryptographic system - and thus try to prevent the U.S.S.R. from decrypting and reading messages about Western Union plans and intentions?" Naturally, the Secretary of State and the British Prime Minister wish to insure security of such communications.

3. If a common cryptographic system were proposed by [ ] and was accepted by [ ] and other Western Union Powers - then

(a) Some improvement in communication security might result, but this would remedy but one defect in the [ ]

(b) Because the [ ] make this proposal, the [ ] and others concerned will believe that the [ ] are able to read [ ] encrypted messages and will change and improve their codes and ciphers to our obvious disadvantage.

(c) [ ] several months and possibly forever - whereas the U.S.S.R. probably would continue to get considerable intelligence as at present from their agents within [ ]

poor at this time.

- 1 -
Subject: Brief on attached NSC Item.

4. The CNC (Op-20) recommends that:

(a) No action be taken to improve (or other weak ally) cryptographic security, in peacetime.

(b) The U.S. recommend to U.K. the adoption of this (a) as a combined policy.

(c) be considered before releasing any classified cryptographic information to the

(d) No action be taken by that might curtail

(e) The U.S. insist that only "pouch by courier" be used for transmitting all "Western Union" information.

(f) discreetly advocate moving headquarters or "Western Union" discussions from as a means of reducing number of communications that the must send.

(g) If, despite the grave disadvantages which will ensue, it should be decided that the propose

(h) No unilateral action be taken by the U.S. as the has an equal interest and only combined action should be taken.

5. The CNC (Op-20) strongly supports the Army and CIA position (as opposed by State and Air Force), and recommends -

That the Secretary support CIA and Army unless he personally decides that the State Department must be supported even though the cost to U.S. interest by reason of such support will be great; and even though that course may prove ineffective. Earl E. Stone

Respectfully, Rear Admiral, USN
MEMORANDUM FOR THE NATIONAL SECURITY COUNCIL:

Subject: Security of Communications Relating to International Diplomatic Activities Participated in by the United States.

Reference: (a) NSCID #9.

Enclosure: (A) TOP SECRET Memorandum for the Executive Secretary, NSC from the Chairman, USCIB dated 31 August 1948.

1. There is attached a memorandum from the Chairman, USCIB to the Executive Secretary enclosing majority and minority reports on a TOP SECRET matter referred to USCIB by the Secretary of State.

2. Because of the need for special security safeguards in the handling of this matter it is necessary to depart from established procedures for handling NSC reports. The facilities of USCIB therefore are being employed to limit the distribution of the material relating to the subject problem.

3. USCIB members have been charged with the responsibility of assuring that the heads of the departments represented by them are furnished full background information prior to Council consideration.

4. This item has not been placed on the agenda for the NSC meeting September 2 but in view of the urgency of the matter the Council may desire to consider the subject at that meeting.

SIDNEY W. SOUERS
Executive Secretary
31 August 1948.

MEMORANDUM FOR THE EXECUTIVE SECRETARY, NATIONAL SECURITY COUNCIL

Subject: Security of Communications Relating to International Diplomatic Activities Participated in by the United States.

Reference: (a) NSCID #3

Enclosure: (A) USCIB Majority Report dated 31 August 1948, (B) USCIB Minority Report dated 31 August 1948.

1. The Secretary of State has requested USCIB to determine a method for insuring the security, against derangement by the USE of rapid communications among the

USCIB was unable to reach a unanimous agreement on a solution of this problem.

2. In accordance with the provisions of reference (a), the enclosed reports are forwarded for consideration by the National Security Council at the time of its meeting on 2 September 1948.

3. In connection with the consideration of the subject problem by the National Security Council, attention is invited to the requirement that all participants be indoctrinated for dealing with communication intelligence matters.

FOR THE UNITED STATES COMMUNICATION INTELLIGENCE BOARD:

THOS. B. LEGIS
Rear Admiral, U.S. Navy
CHAIRMAN
MEMORANDUM

TO: The Executive Secretary
    National Security Council


1. On August 26 the U.S. Communication Intelligence Board (USCIB) met at the request of the Department of State to consider how the ____ can continue doing business with the western powers in the light of the latter's communication insecurity. The Board was advised of the predicament facing the ____ Secretaries of State and of their request that a solution be reached as a matter of urgency. The Board appointed an ad hoc committee of technical experts to consider the problem and devise a plan.

2. On August 27 the Board met again. The ad hoc committee reported that a plan had been prepared which it believed would have the effect of insuring secure communications among the western powers telecommunication net on which the Western Union nations — and the U.S. — will use a one-time tape system for all communications involving matters affecting the nation security of any of the participating nations. Each nation would encipher its messages in its own systems which then would be super-enciphered in jointly-managed message centers and transmitted in the secure system.

3. The Board debated two questions: (a) whether, in these circumstances, the policy of providing cryptographic assistance to other nations should be adopted; and (b) if so, whether the plan proposed by the ad hoc committee is feasible and accomplishes the desired end. When the first question was put to vote, four of the nine members (State, two Air members and one Navy) voted "yes"; and five (two Army, two CIA and one Navy) voted "no." On the second question, the plan of the ad hoc committee was approved unanimously by the Board.

4. The minority of USCIB is convinced that this Government must provide cryptographic assistance to other powers, if necessary, to assure the security of strategic information affecting the plans and intentions of this Government; and it proposes that the plan
devised by USCIB be implemented for the following reasons:

a. Recent and foreseeable developments between the Western Union powers and the U.S. require that this Government be free to negotiate with those powers in matters of critical strategic importance. Such negotiations must assume the character of direct and intimate participation with those governments, and their success is predicated upon complete security which, in turn, will be no stronger than the protection afforded by any one participating power.

b. In formulating a plan to meet this situation, the U.S. Government must consider whether its need to negotiate freely and the degree of attainable security outweigh the risk to its own communication security and

c. The USCIB minority believes that the need to negotiate freely is paramount. Moreover, the plan proposed by the ad hoc committee and approved by USCIB will permit free and secure negotiations.

d. The specific cryptographic assistance recommended in this plan does not endanger U.S. cryptographic security.

e. As proposed and if effectively executed, powers.

6. The position taken by the majority of USCIB can only be

with the western powers. The argument that the plans and intentions of the western allies may reach the USSR by other means of penetration certainly does not justify taking no action in a field in which it must be assumed that such leaks are occurring every day. This would be in impressive contrast to the situation in areas controlled by the
US:R where immediate and firm measures were taken to protect the security of Soviet operational planning through the establishment of controls over satellite telecommunications.

Thomas E. Inglis  
Rear Admiral, USN  
Chairman, USCIB

Charles F. Cabell  
Major General, USAF

Ray M. Lynn  
Colonel, USAF

W. Park Armstrong, Jr.
COMMENTS ON PROPOSAL TO IMPROVE
CYPHOSICAL SECURITY

1. The proposed course of action may result in some probable
improvement in the security of __________ governmental communications bearing
upon essential union matters. The cryptographic weaknesses requiring
redress, however, while serious in nature, are not one defect of many
of equal gravity in the over-all security of the __________ governmental
structure.

Intelligence is highly sensitive in nature and results in the slightest
alarm. It is important to note that once attention is directed to a
particular communication link indicating vulnerability to cryptanalytic
attack, the ensuing reforms usually result in loss of the specific
intelligence sources. Their loss as a source is a practically certain
sequel of the proposed action. Such loss would doubtless be permanent
in nature.

5. __________ structure is,

as a considered opinion, so dangerously below minimum essential standards

in this field have been consistent and reliable. These actions have
placed little emphasis, therefore, on covert activities within
__________ Government. The U.S.S.R. is believed, on the other hand, to be in a
sufficiently favorable position in operation of other intelligence
activities to obtain significantly the same amount of information and
lose nothing of consequence.
6. It is more than possible, considering limitations of communication intelligence activities imposed upon them by scarcity of qualified personnel, procurement of equipment and the ceiling above which internal security of activities even inside the "Iron Curtain" is no longer practical, that the USSR has neglected exploitation of times as a source. If coverage from other intelligence activities has been adequate it is quite a logical probability that her OKH strength has been concentrated on her major targets — the U.S. and the U.K.

7. Some other security risks involved in passing information to

b. Indiscrimation of officials.

g. Personal disloyalty of officials or employees of the Government having access to classified information, this is disloyalty arising from personal or political opposition to pro-Western Union collaboration. Without any pro-communist slant it can result in serious breaches of security by disclosure of information with intent to embarrass political or personal opponents or handicap opposed policies.

d. Poor physical security. It is notorious that employees of the [______] are poorly paid and many who have access to files and information within may be vulnerable because of economic conditions.

g. The demonstrated cryptographic weakness is prima facie evidence of lack of overall security. It is so glaring that it is highly incredible that the [______] are unaware of its existence. The Government lacks the will or intention, or both, to correct it.

f. Penetration by other, non-communist, national interests.

g. Access of [______] press to files.

h. Disclosure of information by [______] Government to insecure individuals for political expediency.

8. It is therefore strongly urged that:

a. Action be taken designed to improve [______] cryptographic security.
That the United States recommend to the adoption of a common policy on the matter.

That full consideration be given to the over-all security risk, of which the subject cryptographic security releases is but one facet, before authorization to release any classified cryptographic information to the

They are currently and in all probability will indefinitely remain both a unique and important source of intelligence.

10. The above opinions and recommendations have the concurrence of the Director, Intelligence Division, United States Army, the Chief, Army Security Agency, the Chief of Naval Communications, and the Director, Central Intelligence Agency.

K. H. MILLER, JR.
Vice Admiral, USA
Director of Central Intelligence