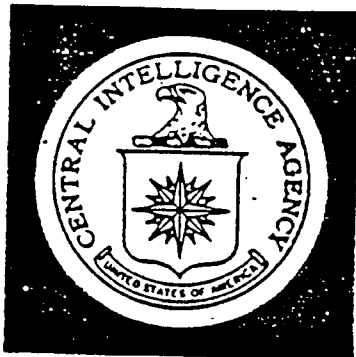


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CIA HISTORICAL STAFF

The DCI Historical Series

GENERAL WALTER BEDELL SMITH
AS DIRECTOR OF CENTRAL INTELLIGENCE
OCTOBER 1950 - FEBRUARY 1953

VOLUME IV THE WAR EMERGENCY
AND THE CLANDESTINE SERVICES

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December 1971

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THE DCI HISTORICAL SERIES

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HRP 89-3

GENERAL WALTER BEDELL SMITH
AS DIRECTOR OF CENTRAL INTELLIGENCE
OCTOBER 1950 - FEBRUARY 1953

VOLUME IV THE WAR EMERGENCY AND THE CLANDESTINE SERVICES

by

Ludwell Lee Montague

December 1971

HISTORICAL STAFF
CENTRAL INTELLIGENCE AGENCY

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General Walter Bedell Smith
As Director of Central Intelligence
October 1950 - February 1953

Volume IV The War Emergency and the Clandestine Services

I. The Intensification of Intelligence Activities

It is axiomatic that the situation appreciated in NSC 68 and the policy proposed to meet it require the improvement and intensification of US foreign intelligence and related activities, as a safeguard against political and military surprise, and as essential to the conduct of the affirmative program envisaged.

-- NSC 68/1,
21 September 1950

By adopting NSC 50, 1 July 1949, the NSC directed the reformation of CIA as its agency for the coordination of intelligence activities, the production of national intelligence estimates, the performance of intelligence services of common concern, and the conduct of other "activities related to intelligence." How Bedell Smith carried out that direction is recounted in Volume III of this history.

Coincident with Smith's arrival on the scene, the NSC adopted another directive, NSC 68/1, calling for a general intensification of intelligence and related

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activities to meet the requirements of a national emergency. The sense of emergency that prevailed at that time is hard to imagine nowadays; the war in Indochina has never elicited such a response. It was then thought that the Communist attack in Korea might be the opening gambit of World War III.

Under the terms of NSC 50, the leader of the directed intensification of intelligence activities must be the Director of Central Intelligence. Bedell Smith was called to Washington to perform that service, not just to reform CIA.

On 31 January 1950, President Truman directed the Secretaries of State and Defense (Dean Acheson and Louis Johnson) to reexamine "our objectives in peace and war and the effect of these objectives on our strategic plans, in the light of the probable fission bomb capability and possible thermonuclear bomb capability of the Soviet Union." The Secretaries submitted their report on 7 April. Its main conclusion was that the development of a Soviet nuclear capability had greatly increased the danger to the United States inherent in the implacable hostility of the Kremlin. This situation required deterrent countermeasures, including an intensification of the US

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intelligence effort. In general, the report advocated a substantial mobilization of US economic and military resources in the interest of national security. For example, the ceiling on military expenditures, then set at \$13.2 billion, should be raised to about \$50 billion.*

Before taking a decision, the President transmitted the Secretaries' report to the National Security Council as NSC 68, requesting a clearer delineation of the specific programs required to carry out the recommended policy.¹** It may be noted in passing that the consequent development of specific programs fortuitously enabled the United States to react quickly to the Communist invasion of South Korea late in June.

NSC 68/1, 21 September 1950, was the formal response prepared by an NSC Ad Hoc Committee in which CIA was represented by Ludwell Montague. The theme of Annex No. 6, "Intelligence and Related Activities," prepared by Montague and adopted without change, was that no

* For the genesis, rationale, and tenor of this report, see Dean Acheson, *Present at the Creation*, pp. 344-49 and 373-77.

** For serially numbered source references, see Appendix A.

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considerable improvement of such activities could be accomplished until the NSC itself resolved the still unresolved issues regarding the implementation of NSC 50. As Montague then put it:

The basic requirement for the improvement of the US intelligence effort is a positive and definite determination as to the role of the Central Intelligence Agency in relation thereto. The Agency was created to coordinate the intelligence activities of the several departments and agencies of the Government in the interest of national security. In consequence it is responsible for the quality and efficiency, not only of its own operations, but of the total intelligence effort. Its capability to accomplish its mission, however, has been impaired by continuing rivalries among the intelligence agencies and consequent differences as to the true intent and meaning of the pertinent statute and directives. These differences as to the manner in which coordination was to be effected have impeded coordination by any means. In the circumstances the attitude of all concerned has tended to become negative and defensive, inhibiting positive and constructive action in the national interest. The existence of this situation has long been realized. Previous efforts to resolve it by superior direction have resulted only in further differences of interpretation as to intent. Until a clear and positive doctrine is established and maintained, effective coordination of the total US intelligence effort cannot be achieved.2/*

* This was the occasion on which Hillenkoetter told Montague "I will support anything that you say." (See footnote continued on following page)

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The foregoing excerpt is a fair description of the situation that Bedell Smith was summoned to master. How he did so is set forth in Volume II, Chapter II.

NSC 68/1 provided for its own periodical updating as the specific programs that it recommended were more fully developed and put into execution. Bedell Smith had his first say on the subject in the Annex No. 6 prepared for NSC 68/3, 8 December 1950. At his direction, that Annex contained only two sentences. The first was a verbatim quotation of the opening sentence of Annex No. 6 in NSC 68/1 (the text at the head of this Chapter). The second was a simple assertion that the DCI and IAC had the matter in hand. It was formally noted that this Annex had been prepared by the CIA with the concurrence of the IAC.^{3/}

On the next go around, the DCI and IAC had more to say concerning NSC 114.* Their contribution consisted

Volume I, p. 98.) Montague has no recollection of consulting others in CIA. Interdepartmental coordination was accomplished, not through the IAC, but through the NSC Ad Hoc Committee.

* NSC 114, adopted by the NSC Senior Staff on 31 July 1951, was an updating of NSC 68/4, 14 December 1950, which was the main text of NSC 68/3 as amended and adopted by the NSC and the President.

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of three parts: (1) the text of Appendix A, which was in fact a national intelligence estimate on "Changes in the World Situation Since NSC 68," coordinated by ONE and the IAC in the manner by then established; (2) a revision of Annex No. 6 containing extended comment on coordination, intensification, and difficulties encountered; and (3) a five-paragraph summary of Annex No. 6 which was included in the main text, paragraphs 45-49.4/

Montague produced the revised Annex No. 6 on the basis of contributions received from the component offices of CIA and the IAC agencies, and James Q. Reber, the Assistant Director for Intelligence Coordination (ADIC), cleared it informally with the members of the IAC on 23 July.5/

The revised Annex opened with the two one-sentence paragraphs from the previous Annex. It went on to praise the substantial progress made in the development of cooperation and coordination through the active participation of the IAC. Under the heading of *Coordinatio* it mentioned also the thorough reorganization of CIA to eliminate duplication of departmental activities and to develop agencies for interdepartmental coordination and

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for the provision of services of common concern. Specifically mentioned in this connection were ONE and the Board of National Estimates, ORR and the Economic Intelligence Committee, and the Interdepartmental Watch Committee.6/

Under the heading of *Intensification* the revised Annex declared that as much had been accomplished as could be with the means presently available. Further progress would depend on the augmentation of personnel and facilities. Under *Difficulties* it was noted that all of the intelligence agencies were having difficulty in recruiting qualified personnel. The chief problem was to find them, although the time lag in clearing them was a hindrance. Only State (OIR) was impeded by the lack of an adequate budget. Another problem was lack of space, especially as regards CIA. This lack imposed intolerable security hazards and operating inefficiencies.7/

The revised Annex concluded with an estimate that the expansion of the national intelligence effort was now (July 1951) about half way toward the goal set for mid-1952, and that that goal would be attained.8/

A new report, NSC 114/2, was almost immediately scheduled for completion on 10 September, primarily

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because State and CIA were dissatisfied with the main text of NSC 114.9/ The entire process was repeated, but this time there was less attention paid to what had happened since NSC 68 (April 1950), and more to future prospects and problems. For instance, the Board of National Estimates produced a new estimate for Appendix A, SE-13, with a new title, "Probable Developments in the World Situation."10/

James Reber, ADIC, undertook to produce as well as coordinate the new text for Annex No. 6. The military representatives rejected his paragraph in praise of the IAC, but their IAC principals overruled them on that.*

Reber's draft Annex covered the same ground as the preceding one, but added some further specifications of problems requiring solution. The increasing difficulty of clandestine collection in denied areas made necessary the development of "scientific" means of collection. There was a general need for increased emphasis on specific collection requirements, for the coordination of collection requirements and priorities, and for

* See Volume II, pp. 44-45.

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periodic reassessment of collection resources. This need was particularly acute with regard to clandestine collection.* There was also a need to fix responsibility for the safekeeping and welfare of defectors.**12/

Reber concluded that the need for more and better intelligence was obvious, but that the policymakers and planners could never be fully satisfied. It was imperative that intelligence agencies be granted the personnel and facilities required to do a better job.13/

The DCI and IAC adopted the 13 September version of this Annex (IAC-D-29/4) and it was incorporated in NSC 114/2, 12 October 1951.

In March 1952 the President requested that NSC 68 and NSC 114/2 be reappraised in the light of the revised estimate of Soviet atomic capabilities and the net evaluation of Soviet capabilities to deliver a nuclear attack on the continental United States. The NSC Senior Staff had more than usual difficulty in responding to

* The Interagency Clandestine Collection Priorities Committee (IPC) had already been created to meet this problem, on 26 July 1951.11/

** The responsibility of CIA had already been established by NSCID No. 12 [REDACTED] See Volume III, p. 179. This problem was therefore internal to CIA, as between OO and OPC-OSO, with some FBI involvement.

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this request, presumably because of strong internal policy differences. Its draft response went through innumerable revisions before it was finally adopted by the NSC in September, as NSC 135/3.14/

Meanwhile the intelligence community* had developed a new Annex No. 6. It was a new text, by a new and unidentified hand, offered on 9 April in substitution for the text that Reber had coordinated with the IAC representatives.** The new version was adopted by the DCI and IAC on 14 April.16/ It provides an interesting review of the state of US intelligence two years after NSC 68 called for the "improvement and intensification" of intelligence activities and 18 months after General Smith took office as DCI.

With implicit reference to a passage in the "Dulles Report," the new Annex boldly asserted that, under the arrangements made since October 1950 *national intelligence estimates* were now the authoritative intelligence opinion

* This term first appeared, as "Federal intelligence community," in IAC-D-29/8, 9 April 1952, para. 1.

** William Bundy was probably the author of this new version. He was then the NSC Staff Assistant. Reber's coordinated draft was overloaded with detail of interest only at the working level. The new draft showed a better sense of what would be of interest at the NSC level.15/

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of the Government. With regard to intelligence research, however, it emphasized that the resources available were insufficient. *Political research* was the responsibility of the Department of State, the intelligence resources of which were inadequate. *Military research* must meet the requirements of the war in Korea and of NATO as well as the requirements for NIE's; the resources available were insufficient. *Economic research* was progressing well under EIC coordination, but the demands for intelligence support to be expected from the newly created economic warfare agencies would probably be beyond the present capacity of the Community. The coordination of effort now planned in the field of *scientific and technical research* should result in some improvement. 17/*

With regard to *intelligence collection*, the new Annex stressed the limitations imposed by Soviet security measures, and the consequent need to eliminate marginal targets and to concentrate on truly significant ones. Success would depend on a cooperative concentra-

* Ironically, at this time the SIC was being destroyed and a weaker SEC was being planned to replace it. See Volume III, pp. 152-53.



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tion of effort, and on the development of technological and scientific means. The best effort could not guarantee warning of a surprise attack.18/

Related programs (covert action operations) would require increasing money and manpower. The chief difficulty was in the recruitment and training of personnel. Greater use of military personnel would be necessary.19/

This was the last such report rendered by Reggie Smith as DCI.

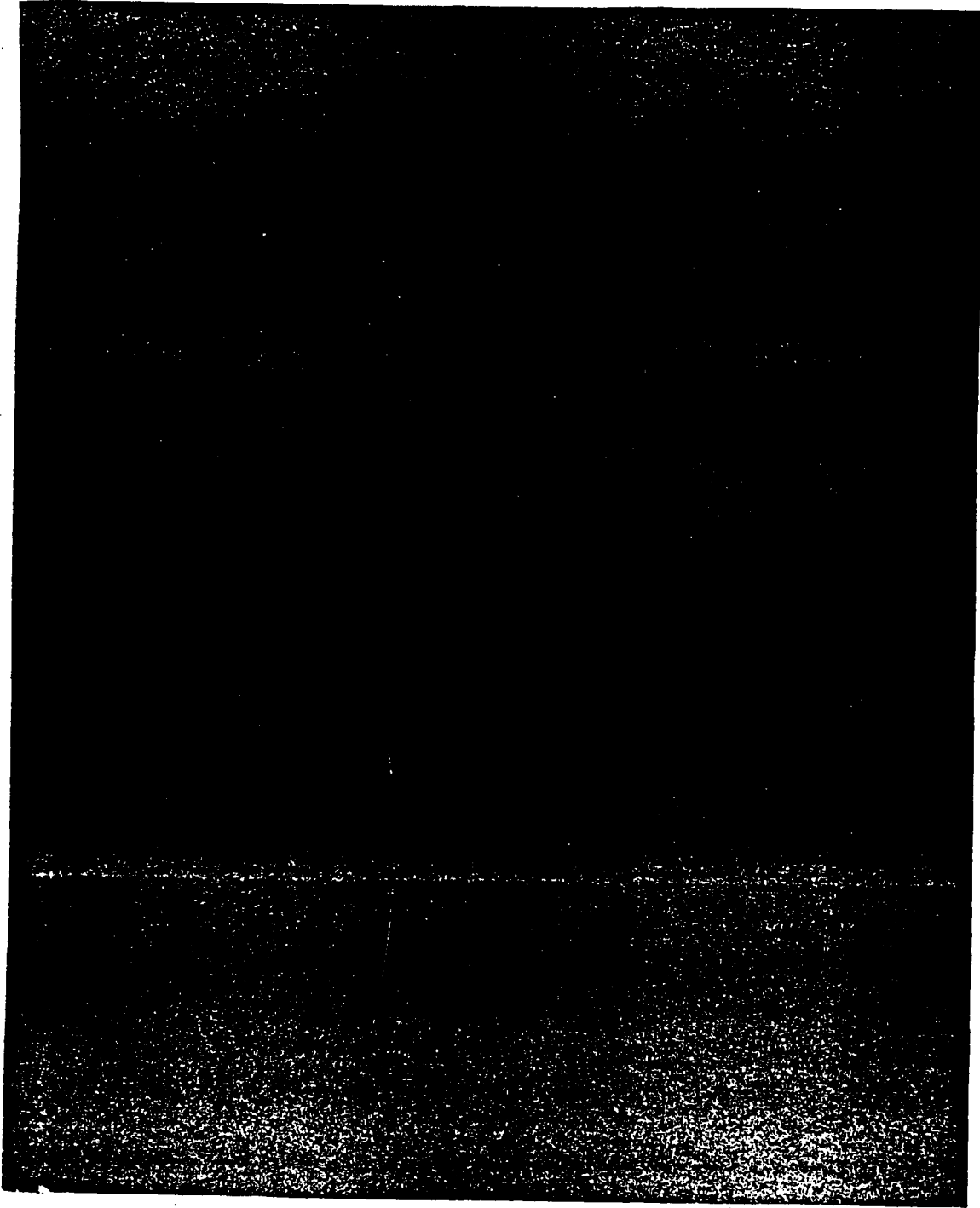
A crude measure of the intensification of CIA's activity is the growth of the Agency's personnel strength 


* It should also be noted that on 18 December 1950 CIA went on a "war footing" -- that is, a six-day working week.20/

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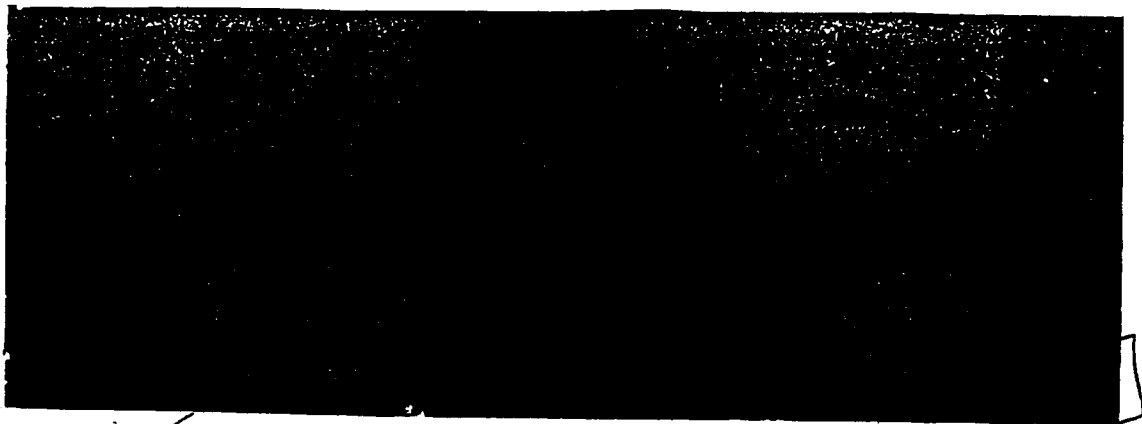
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The indicated increase in personnel presented an acute problem of finding space to house them all.

In October 1950, CIA was housed chiefly in the former OSS complex at 2430 E Street - four old masonry buildings on the hill and four "temporaries" at its foot. OSO and OPC were isolated in two other temporary structures, K and L, beyond the Reflecting Pool. Other elements were scattered about in makeshift quarters.

This dispersion of CIA in old buildings constructed for other purposes offended Bedell Smith. It militated against close supervision and control. It also imposed costly operational inefficiencies and security hazards. Smith soon concluded that the only satisfactory long-term solution of the problem would be to build a new, secure building large enough to house the entire Agency under one roof and designed expressly to meet its needs. Before that could be accomplished, however, it would be urgently necessary to obtain more space for the rapidly increasing Agency population. In April 1951 he obtained Tempos I and J, contiguous to K and L, and in June the Recreation Building in that area as well.^{22/} That would temporarily accommodate the rapid growth of OPC.

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Smith had his eye also on the Munitions Building on Constitution Avenue, where he had once flourished as Secretary of the War Department General Staff.* In May 1951, there was thought to be a "strong chance" that it could be obtained within sixty days, but a month later it was said to be "not available."23/ It must have been kept in consideration, however. In July 1952 it was declared to be inadequate, but the adjacent Navy Building would do. "Red" White, the Assistant DDA, was instructed to keep after the Navy Building.24/

Meanwhile the plans for a newly constructed building were being developed. In June 1951, it had been expected that it would be authorized by Congress within the next three months and would be completed a year later (by September 1952).25/ In October, however, Smith announced that the new building had been lost for the time being. He would resume with Congress in January. Meanwhile the plan should be revised. The building planned had been too big. It must be simple and austere.26/

One problem with regard to a new building was to find a site for it. Smith preferred the "Nevius Tract,"**

* The Munitions Building, a 1917 "temporary," was the seat of the War Department until the Pentagon was completed in 19

** Now the site of the Iwo Jima monument.

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although the Soldiers' Home, Arlington Hall, and Langley were also under consideration. The Agency had requested \$38 million for its new building, but expected to get only \$25 million. It was estimated that a building on the Nevius Tract would cost at least \$38 million; one at the Soldiers' Home would cost more. Smith proposed to cut the cost by erecting a simple steel and concrete, windowless, "warehouse-type" building on the Nevius Tract, but Wolf, the DDA, told him that the "Planning Commission" would never allow such a structure to be built on that site.* Langley was the only place where a \$25 million, "warehouse-type" structure could be built, but Langley was too remote.28/

In March 1952, Smith decided to ask for \$42 million in the hope of getting \$38 million, estimated to be enough for a proper building on the Nevius Tract.29/ In April he reported that CIA was scattered among 28 buildings in the Washington area and listed the construction of an adequate and secure new building as one among his

* The approval of both the National Capital Planning Commission and the Fine Arts Commission would be needed. They would require a "monumental" structure on such a prominent site.27/

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four most urgent unsolved problems.30/ In June, however, when Wolf told him that a draft bill on the subject was ready for presentation to Congress, Smith told him, abruptly and without explanation, to withdraw CIA's request for funds for that purpose.31/

Why did Smith do that? He had not lost interest in obtaining a new building. He had concluded that it would be inexpedient to press for extra funds in an election year.32/ It appears that he had concluded also that the authorization of a new building would militate against obtaining additional space urgently needed before a new building could be completed. In August he told White that a new building could not be ready before 1955 or 1956.33/ They must therefore try again to get the Navy Building on Constitution Avenue. But, if that building proved not available (it was not), then they must again go all out for a new building.34/

Allen Dulles built the new CIA Headquarters Building at Langley, completed in 1962. A plaque in the entrance declares it to be his monument. But the original impetus for the construction of such a building was Bedell Smith's.

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II. Psychological Warfare

We have accepted these responsibilities as agents for the major Departments concerned and for projects approved by the Psychological Strategy Board... . The presently projected scope of these activities has ... produced a three-fold increase in the clandestine operations of this Agency and will require next year a budget three times larger than that required for our intelligence activities... .

-- Bedell Smith, 23 April 1952

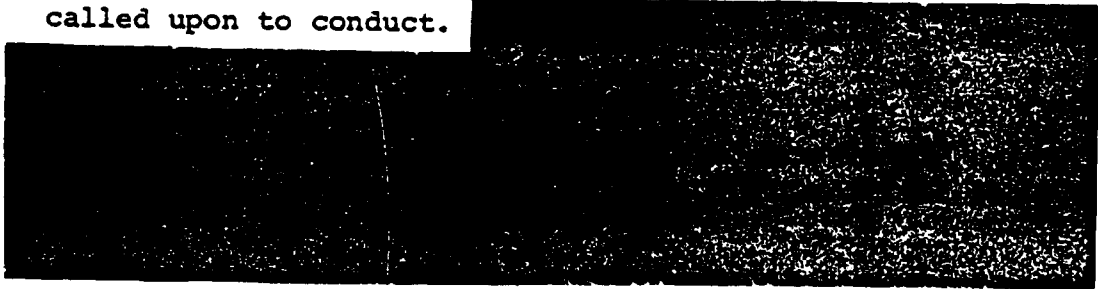
NSC 68 (April 1950)* held that the Free World in general and the United States in particular were already under political, psychological, and clandestine subversive attack by the Soviet Union, and that it behooved the United States to fight back with the same weapons. The Communist military attack in Korea (June 1950) intensified the feeling that the US and the USSR were actually at war. For the time being, at least, the military operations of that war were limited to Korea, by mutual choice, but its other aspects were not thus limited.

The United States already had an agency for the conduct of covert political action on a rather small scale:

* See p. 2, above.

the Office of Policy Coordination in the Central Intelligence Agency.* Manifestly, however, its operations would have to be radically expanded in both variety and scale in order to carry out the policy adopted by the President when he approved the conclusions of NSC 68. The general term employed to describe this variety of covert action operations was "psychological warfare." The body established in April 1951 to coordinate this effort was called the Psychological Strategy Board.**

Bedell Smith was dismayed by the variety and magnitude of the covert action operations that he was called upon to conduct.



** There had been an earlier Psychological Strategy Board established within the Department of State (August 1950), with JCS and CIA liaison.^{35/} It was concerned with overt propaganda and with the coordination of covert action therewith.

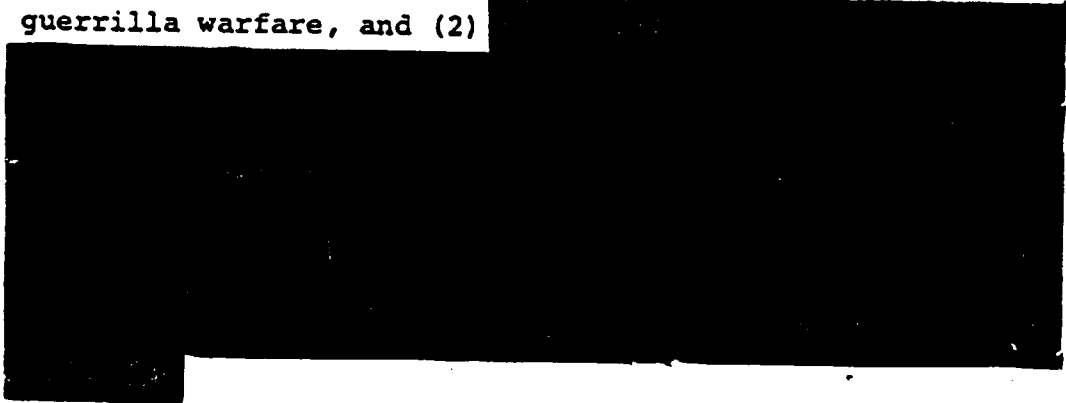


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Smith feared that preoccupation with such operations, on such a scale, would divert CIA from its primary intelligence mission.^{37/} The Government, he said, must make up its mind whether CIA was to remain an intelligence agency, or whether it was to become a "Cold War Department."^{38/} He strove to limit his covert operational commitments, with only marginal effect. In particular, he strove to distinguish between covert action operations and guerrilla warfare, which could hardly remain covert. The latter, he contended, should be the responsibility of the Department of Defense and its military theater commanders.^{39/} Only reluctantly did he come to accept the idea that CIA must do such things because no one else could or would do them. He then insisted that in such cases CIA would be acting only as the executive agent for State and Defense, contrary to its own interest as an intelligence organization, and that State and Defense must therefore bear the political responsibility and provide the necessary support.^{40/}

At the same time, Bedell Smith engaged in a resounding quarrel with the Joint Chiefs of Staff over the control of truly clandestine operations in time of war, an issue on which he was not disposed to yield. At issue was a JCS attempt to take control of both covert action operations* and clandestine intelligence collection.**

It is convenient to trace the development of the situation with regard to "psychological warfare" along two separate lines: (1) Smith's effort to revise NSC 10/2 and to distinguish between covert action and guerrilla warfare, and (2)




A. The Creation of the Psychological Strategy Board


The initiative for the creation of the Psychological Strategy Board (PSB) came not from Bedell Smith or CIA,

* See pp. 31-32 and pp. 39-40, below.
** See Volume V, pp. 23-29.

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but rather from the NSC Senior Staff. That body was unable to agree on where in the Government the responsibility for policy formulation, coordination, and evaluation with regard to the multifarious "psychological warfare" operations envisaged in NSC 68 should be located. It presented three alternatives to the NSC. They were: (1) closer interdepartmental coordination, without the creation of a new agency; (2) the creation of a planning authority with no operational functions; or (3) the creation of a new executive agency to take over all "psychological warfare" operations, including those of CIA.41/

At this time Bedell Smith was not much interested in Allen Dulles's views on the subject. 

 He instructed Dulles and Wisner to distinguish between covert action and guerrilla warfare, and to limit CIA's commitment with regard to the latter.42/

The President chose the second of the three alternative mentioned above. With the aid of the Bureau of the Budget, Sidney Souers drafted a directive providing for the establishment of a Psychological Strategy Board under an independent Chairman. William Jackson thought that the creation of such an authority would be advantageous to

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CIA, and Frank Wisner agreed. Allen Dulles doubted that an adequate Chairman could be found outside of the Government.43/

On 4 April 1951 the President signed a slightly modified directive to the Secretaries of State and Defense and the Director of Central Intelligence. It provided that the PSB would be composed of three members: the Under Secretary of State (then James Webb), the Deputy Secretary of Defense (then Robert Lovett), and the Director of Central Intelligence (Bedell Smith).^{*} Those three would decide which of them would be Chairman. A representative of the Joint Chiefs of Staff would sit with them as military adviser. Under the Board there would be a staff headed by a Director to be appointed by the President.44/

The PSB would be responsible to the NSC. Its functions would be to provide guidance to the departments and agencies engaged in psychological warfare, and to coordinate and evaluate their operations. Responsibility for the planning and execution of such operations would remain as assigned in NSC 10/2 and NSC 59/1.45/

Webb and Lovett made Bedell Smith the Chairman of the PSB.46/ The military adviser was Admiral Leslie

* William Foster succeeded Lovett in September 1951; David Bruce succeeded Webb in January 1952.

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Stevens.47/* Gordon Gray was chosen to be Director of the Staff.48**

The PSB had no voice in Bedell Smith's struggle with the Joint Chiefs of Staff, now to be related, but it assured him of the sympathetic consideration of the Secretaries of State and Defense, and ultimately it became the means whereby he obtained Departmental support for CIA's covert action operations.

B. The Revision of NSC 10/2

The basic directive for OPC was NSC 10/2, 18 June 1948. Bedell Smith's initial concern with regard to that directive was to counter its implication that OPC was subject to direction by State and Defense rather than by the DCI, and to assert his own command and control over that office. He rejected a proposal for the formal

* See Volume II, pp. 57 and 88.

** Gray, 42 in 1951, was a graduate of the University of North Carolina and the Yale Law School. He had worked with William Jackson in the law firm of Carter, Ledyard & Millburn but was afterwards a publisher and politician in North Carolina. He was Assistant Secretary of the Army, 1947-49, and Secretary, 1949-50. He became President of the University of North Carolina in February 1950, but remained in Washington as Secretary of the Army until April of that year and as Special Assistant to the President until November. Now, only six months after taking office full-time at Chapel Hill, he returned to Washington as Director, PSB. He held that office for only six months, July-December 1951.

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revision of NSC 10/2, declaring that his authority as DCI was sufficient, and instead had Frank Wisner, the ADPC, obtain the concurrence of his State, Defense, and JCS advisers in the DCI's interpretation of that document.*

That satisfied Smith, but not Wisner, who remained concerned regarding the ambiguities of NSC 10/2 respecting the control of OPC's operations in time of war. The question was not academic. There was a war already in progress in Korea, no matter what other name might be given to it, and there was acute apprehension that war in Europe might break out at any time. The Joint Chiefs of Staff were pressing urgently for effective planning for that contingency.^{49/}

Wisner's particular concern was with the conflicting interpretations of paragraph 4 of NSC 10/2, which had been inserted at the insistence of the Joint Chiefs of Staff in 1948. It reads as follows:

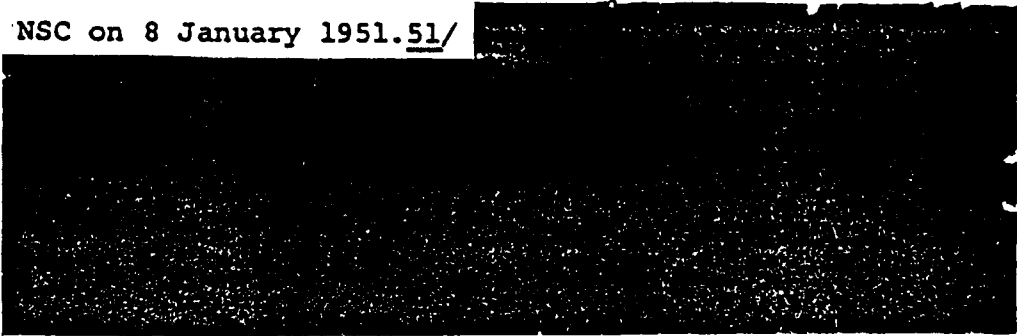
* See Volume II, pp. 56-57. As in other instances, Smith preferred to assert his authority in practice rather than attempt to define it in writing, lest the formulation of a text provoke controversy and result in some undesirable limitation through compromise.

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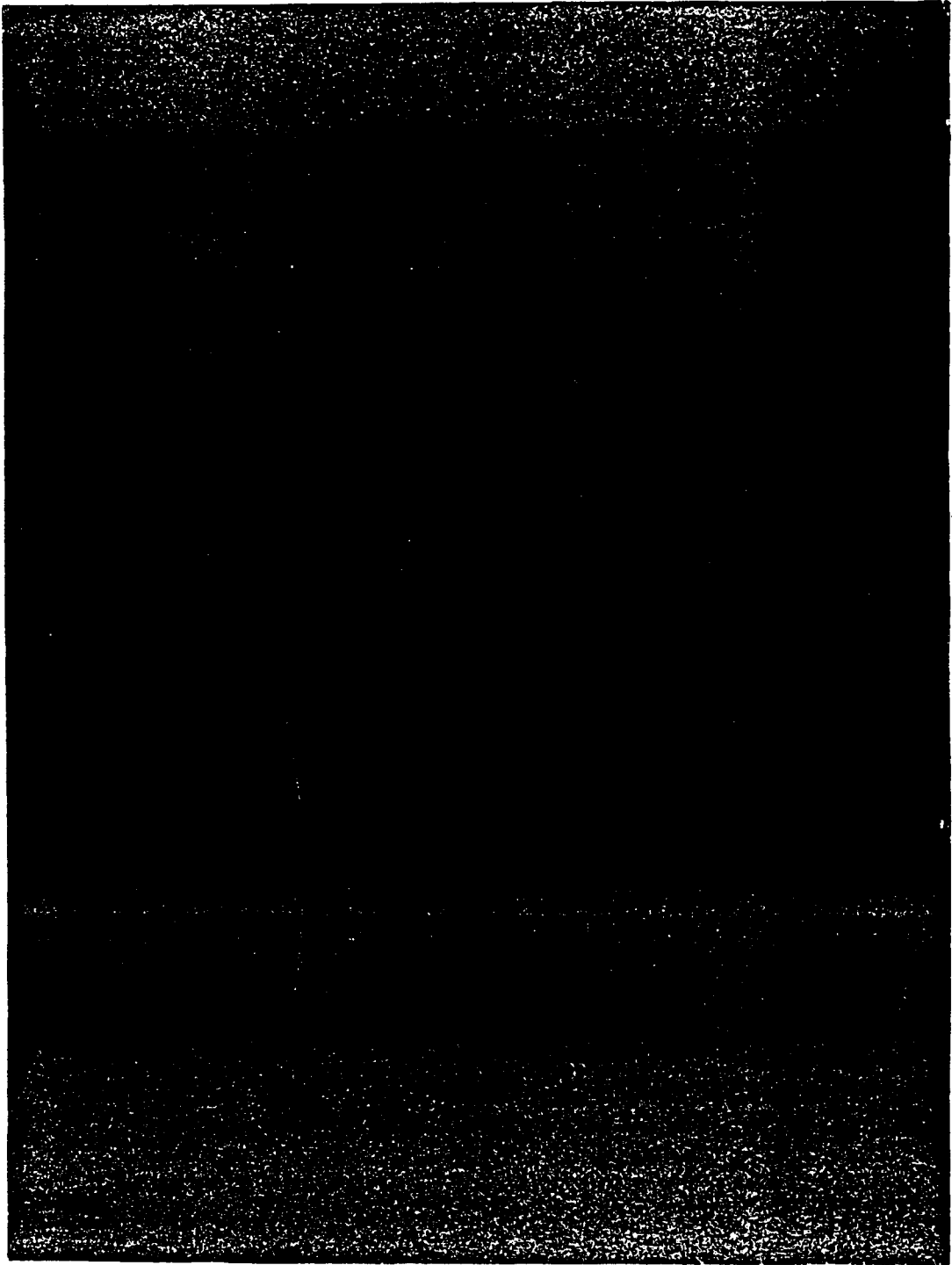
In time of war or national emergency, or when the President directs, all plans for covert operations shall be coordinated with the Joint Chiefs of Staff, and the execution of covert operations in military theaters shall be under the control of the Joint Chiefs of Staff.

By repeated memoranda and direct discussions of the subject, Wisner persuaded Smith to share his concern. On 14 December 1950, just before President Truman proclaimed a state of national emergency, Bedell Smith persuaded the NSC to suspend the operation of paragraph 4 of NSC 10/2 pending its clarification. So doing, he contracted to submit to the NSC as soon as possible a complete revision of NSC 10/2.50/

This proposed revision of NSC 10/2 was prepared by Wisner in consultation with Admiral Stevens (the designated representative of the JCS), General Magruder (OSD), and Robert Joyce (State), and was submitted by Smith to the NSC on 8 January 1951.51/ 

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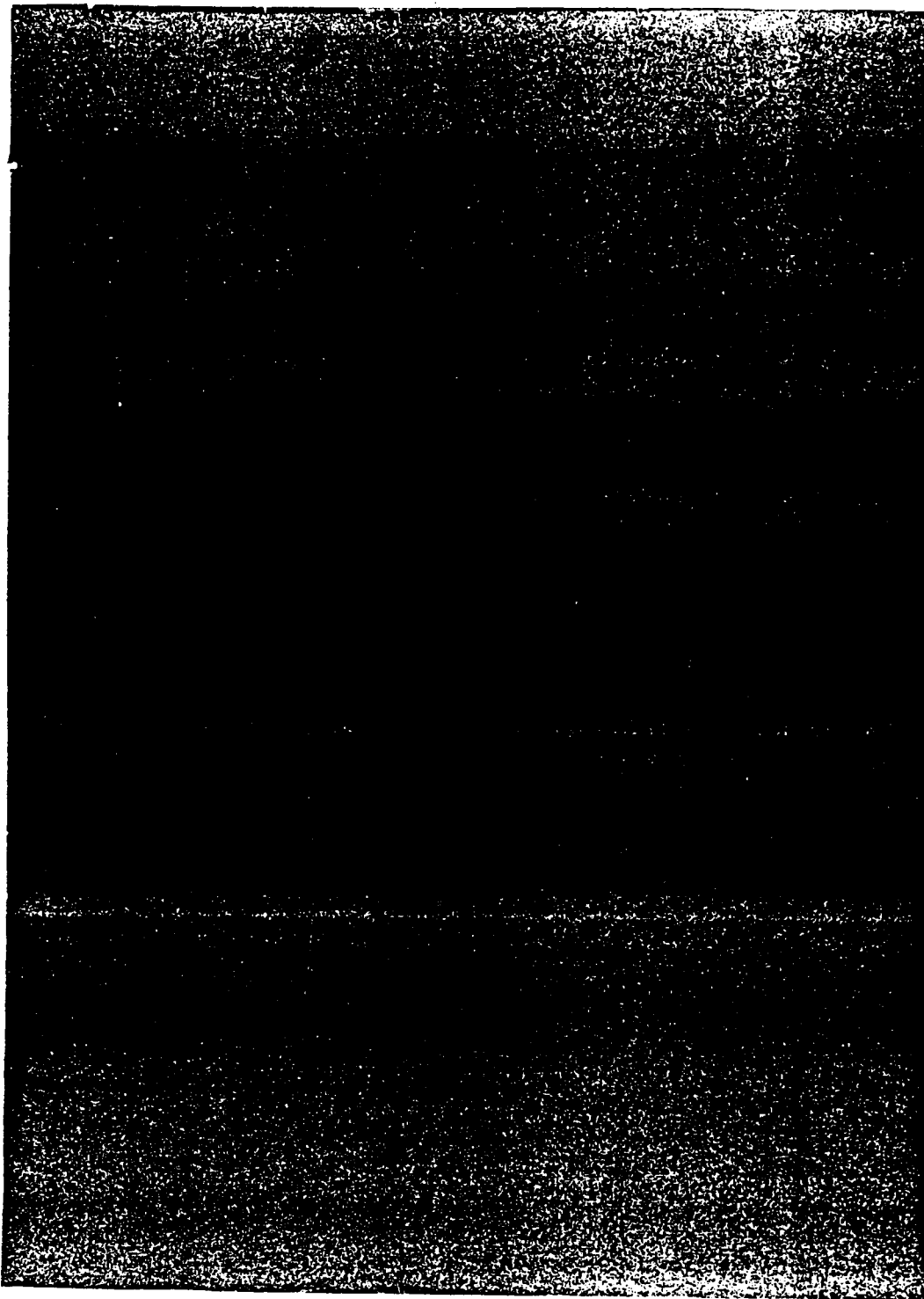
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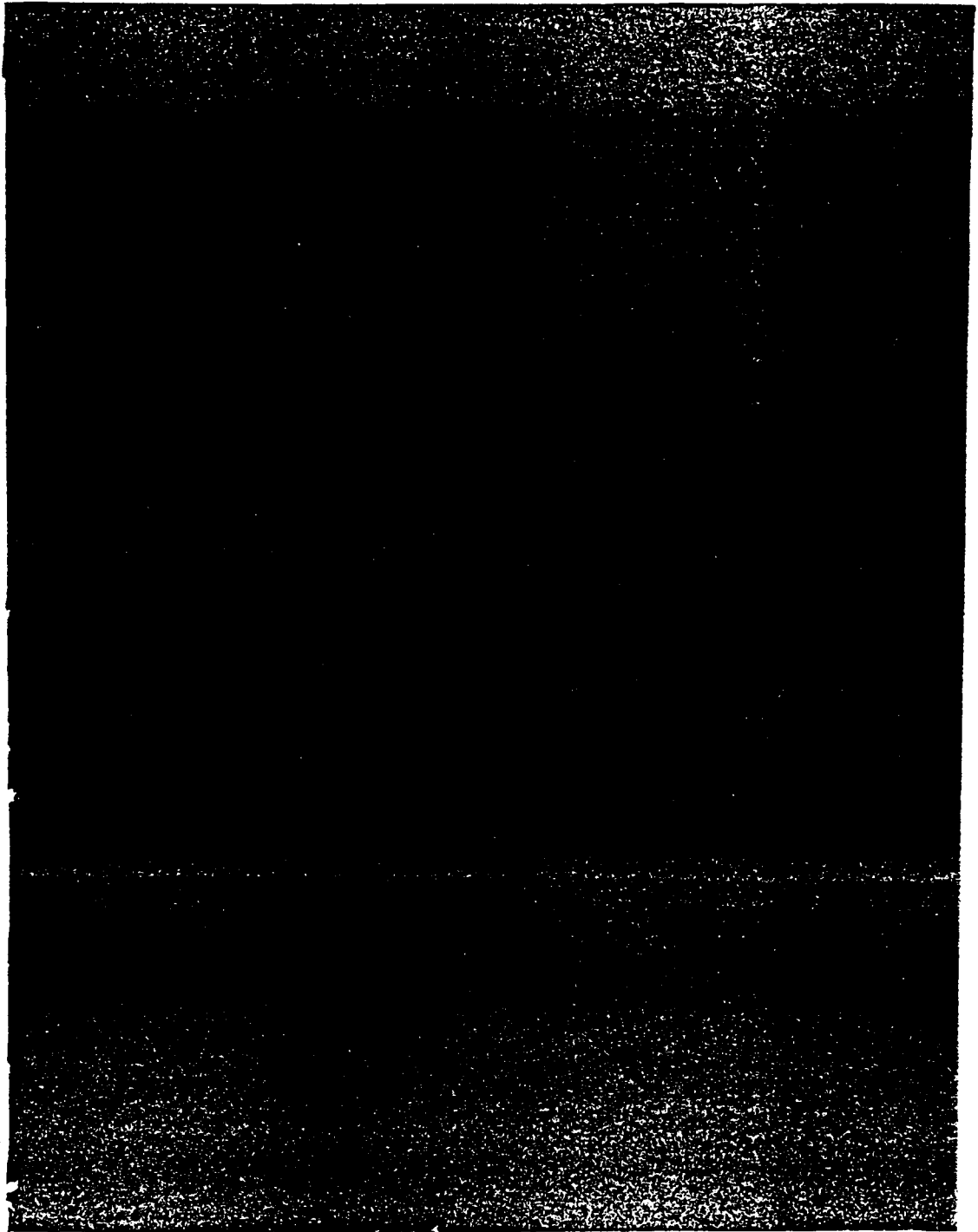
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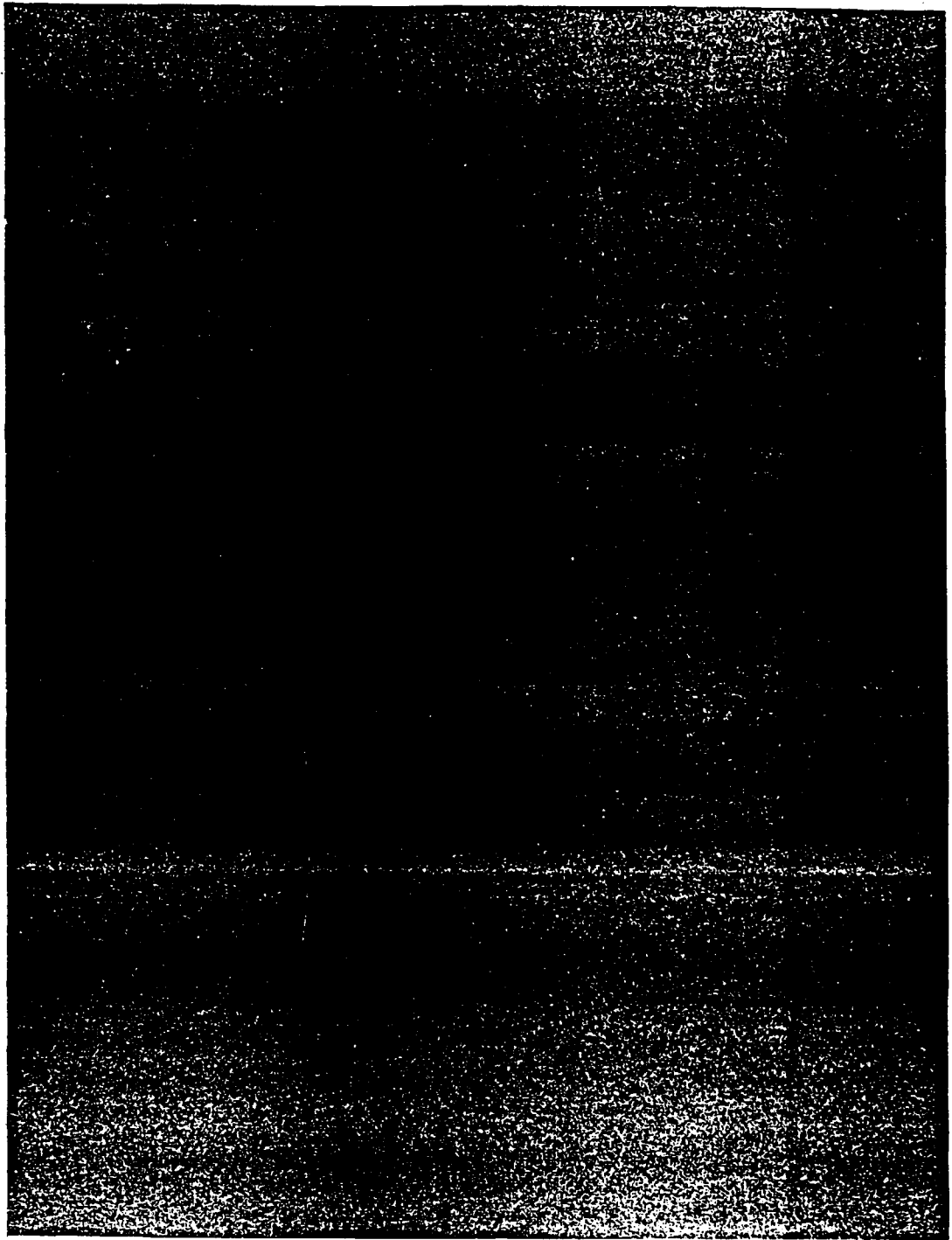
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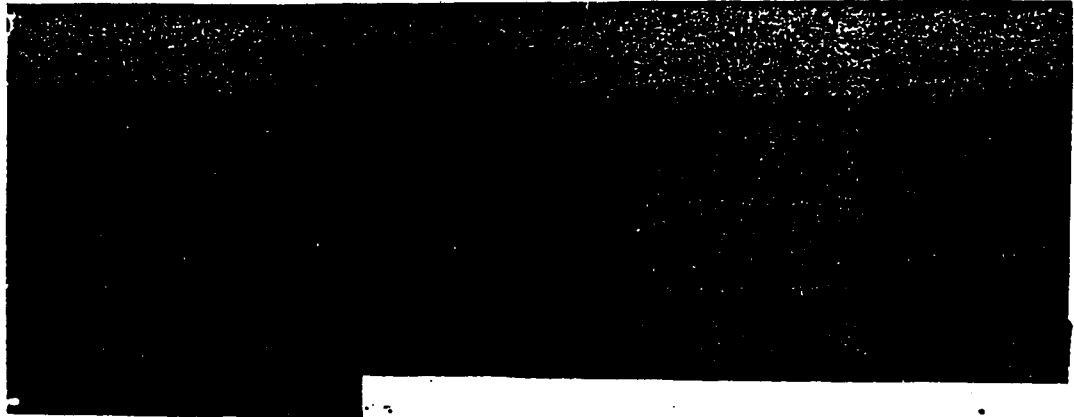
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The next day Bedell Smith received from James Lay, the Executive Secretary, NSC, President Truman's own copy of the JCS paper. It was sent by direction of the President himself. Its margins were full of scathing comments in the President's own hand.58/

Meanwhile General John Magruder, OSD, was advising the Deputy Secretary of Defense (Robert Lovett). The DCI, Magruder said, was trying to work out a reasonable solution, one that would protect the legitimate interests of all concerned, not only the DCI but also the Secretary of State, the JCS, and the theater commander. In contrast, the JCS version was "an example of the extreme positions which can emerge from an insulated atmosphere in which



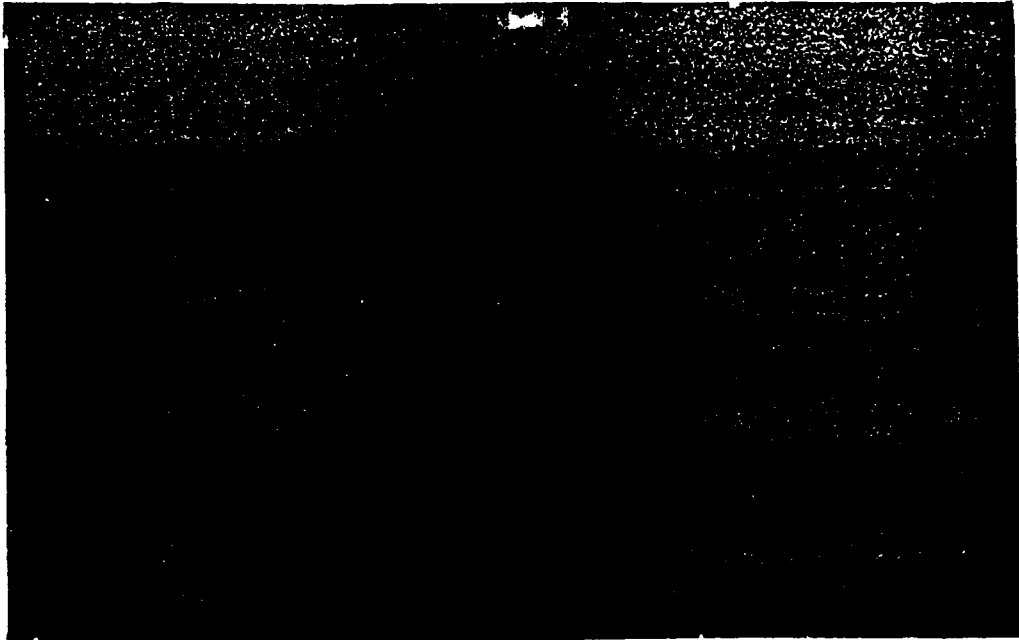
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strictly unilateral consideration is given to national issues." The other departments and agencies would not stand for it; both the tone and the content of the JCS position would evoke in them "further prejudice against the JCS, which is now of unwholesome proportions." The Secretary of Defense was faced with a choice between rejecting the JCS position or creating a deadlock in the NSC that could be broken only by the President. To avoid that dilemma, Magruder urged that the Deputy Secretary of Defense (Lovett) meet informally with the Under Secretary of State (Webb), the Director of Central Intelligence (Smith), and the Chairman of the Joint Chiefs of Staff (Bradley) to settle the matter out of court.^{59/}

The meeting recommended by Magruder was held on 5 April.* Bedell Smith then noted that the Department of State and the National Security Resources Board (two of the three statutory members of the NSC) had already approved

* It may be noted that this was, in effect, the first meeting of the PSB (created the day before -- p. 24, above), with Bradley as the JCS representative.

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The others present seized upon the way out of the dilemma that Smith offered them, and so it was done exactly as Smith proposed.61/*

NSC 10/2, as amended on 16 April 1951, lacked the clarity of [REDACTED] but the effect of Smith's revision of paragraph 4 was substantially what [REDACTED] had been intended to accomplish. The important difference between the original language of paragraph 4 and the revised version was that the orders to be *transmitted through* the JCS (for their information) would be those of the DCI.

* In submitting this agreement to the NSC, Smith proposed to submit further recommendations with regard to [REDACTED] when it had been determined whether responsibility [REDACTED] could be transferred to another agency (i.e., to the JCS).

C. [REDACTED] "Magnitude"

The other approach to a definition of the DCI's responsibilities with regard to "psychological warfare" sprang from Bedell Smith's concern regarding the magnitude of OPC's commitments and his desire to reduce them, particularly to foist off upon the JCS the responsibility for supporting guerrilla operations in active theaters of war [REDACTED] In this Smith was discreetly opposed and eventually frustrated by Allen Dulles and Frank Wisner. For sound doctrinal reasons, they wanted to retain control of any guerrilla movements that CIA had generated, even in time of war and even after such operations had grown to such a scale as would require military direction and logistical support. [REDACTED]

[REDACTED] That is why he was readily disposed to suspend NSC consideration of it until he could make another attempt to transfer to the JCS the responsibility for guerrilla warfare.**

[REDACTED]

** The JCS, for their part, desired to control CIA's operations in the sense of directing what CIA should undertake, but still wanted CIA to do the dirty work of implementation for them.

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In February 1951, Bedell Smith observed that the OPC budget for Fiscal '52 provided for operations that were beyond CIA's present authority and administrative capacity. That budget was useful for planning purposes, but CIA could undertake such planning only pending a determination with regard to the executive responsibility for such operations. The business of CIA was to gather intelligence. If other tasks kept being piled on, CIA would have to turn them over to other agencies.62/ A week later, when the JCS was briefed on CIA's covert operations, Smith emphasized that CIA was doing the advanced planning indicated only because no one else was doing it, and without commitment to carry out such plans.63/

In order to obtain a decision regarding the extent of CIA's responsibilities in this field, Smith submitted to the NSC a Memorandum on the "Scope and Pace of Covert Operations." It was in the form of a JCS staff study. The stated problem was

to obtain more specific guidance from the National Security Council in order to define the projected scope and pace of covert operations in aid of the current covert cold-war and of military preparations to meet overt global war, and to insure timely and effective support for such operations.64/

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In this memorandum, dated 8 May 1951, Bedell Smith argued that the scope of CIA's covert operations already far exceeded what had been contemplated in NSC 10/2 (1948), and that still greater increases would be required to discharge the missions now proposed by State, Defense, and the JCS, and implicit in NSC 68. Operations on this scale were beyond CIA's present administrative capabilities. Some policy decisions were required. For instance, to what extent would the United States support counterrevolution in the "slave states" (the Soviet satellite states)? NSC 10/2 required that covert operations be conducted in such a way that US involvement could be plausibly denied. US involvement in a counterrevolution in Eastern Europe would be as obvious as Soviet involvement in Greece had been.* Moreover, the Joint Chiefs of Staff were demanding

* It is now thought that the Greek civil war was a Yugoslav operation of which Stalin disapproved, and that Stalin's objection to Tito's adventurism in Greece was the beginning of the breach between Yugoslavia and the USSR.

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first priority for "retardation" in the event of war. (*) Priority was a political question. **65/

Smith recommended that, in view of the magnitude of the issue and the policy guidance needed, the NSC should initiate a comprehensive review of the subject, including a restatement or redetermination of the responsibilities and authorities involved in such operations. If CIA were to be made responsible, then provision should be made for (1) joint planning with the military authorities; (2) specific guidance with regard to dual cold war and military missions; (3) bringing political considerations to bear; and (4) the provision of personnel and of administrative and logistical support. Finally, Smith suggested that, when the interests of both State and Defense were involved, the recently established PSB should provide the required guidance. 66/

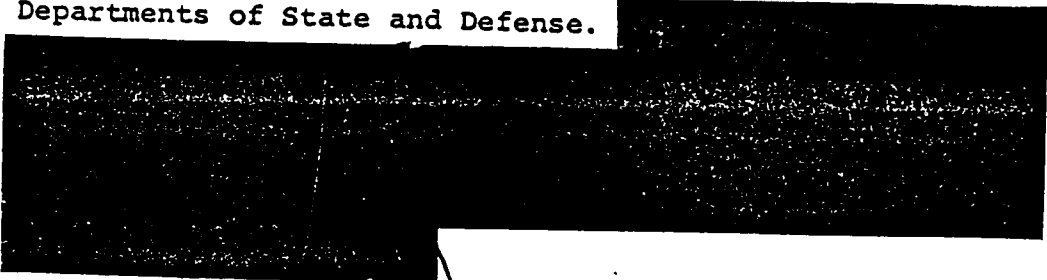


** To foment counterrevolution would expose whatever assets CIA might have for retardation. To conserve those assets would preclude counterrevolution. Thus counterrevolution and retardation were mutually exclusive policy choices.


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Smith's "Magnitude Paper" was referred to a special committee of the NSC Senior Staff composed of Paul Nitze (State), Frank Nash (Defense), Admiral Wooldridge (JCS), and William Jackson (CIA). Seven weeks later (27 June) this special committee recommended that the NSC (1) approve in principle the immediate expansion of OPC and the intensification of its activities; (2) reaffirm the responsibility and authority of the DCI for the conduct of covert operations, subject to the policy guidance provided for in NSC 10/2 and the approval of the PSB; and (3) charge the PSB with responsibility for determining the desirability and feasibility of particular operations, and their scope, pace, timing, and priorities, and for ensuring the provision of adequate personnel, funds, and logistic support for them by the Departments of State and Defense.




This response was not exactly the one that Smith had sought. It committed him to the conduct of covert operations on a very large scale,



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 At the same time, it did "reaffirm" his authority to conduct such operations, and it did make the PSB responsible for determining what covert operations should be undertaken, and for obtaining adequate support for them from State and Defense.

The recommendations of the special committee were sent to the Joint Chiefs of Staff for comment prior to NSC consideration of them.* Another seven weeks passed before the Chiefs vouchsafed to present their views (15 August). They recommended the development of a program of covert action against the USSR of "great magnitude." To that end, the PSB should develop a strategic concept and a national program consistent with current military planning, and should present them to the NSC for approval. That approval having been obtained, the appropriate executive agencies should submit their detailed operational plans to the PSB for approval. Any case of interdepartmental conflict with regard to these plans should be referred to the NSC for decision. All this having been done, the Department

* This was the standard practice. See p. 30, above.

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of Defense should support the covert operations approved by the NSC to the extent that the Joint Chiefs of Staff found it convenient to do so without hindrance to any military program. Only the President could override the judgment of the Joint Chiefs of Staff on such a matter.68/

The obvious purpose of this elaborate procedure proposed by the Joint Chiefs of Staff, requiring NSC, even Presidential, decisions on the details of operational plans, was to gain for the Joint Chiefs of Staff

The JCS had no voice in the PSB, except insofar as they were represented by a "military adviser," but custom, at least, required the Secretary of Defense to obtain their advice (and consent?) before participating in an NSC action.

Frank Wisner was most dismayed to observe that he could expect no military support for his planned operations until this elaborate bureaucratic rigmarole had been accomplished, if then.69/

On 28 August, William Jackson reported that the NSC Senior Staff had summarily rejected as irrelevant

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the procedure recommended by the Joint Chiefs of Staff. With the JCS representative participating and concurring, they had reviewed their 27 June recommendations to the NSC and had readopted them with only three insignificant verbal changes. Jackson was confident that the NSC itself would adopt that paper. Whether CIA would be able to obtain adequate military support thereafter was another question.70/

The Joint Chiefs of Staff were not to be dismissed as easily as that. Admiral Wooldridge was forced to reopen the subject; the matter remained in contention for another two months. Not until 23 October did the NSC itself finally adopt a text substantially identical with that submitted to it on 27 June.*

In conjunction with the amendment of paragraph 4 of NSC 10/2,

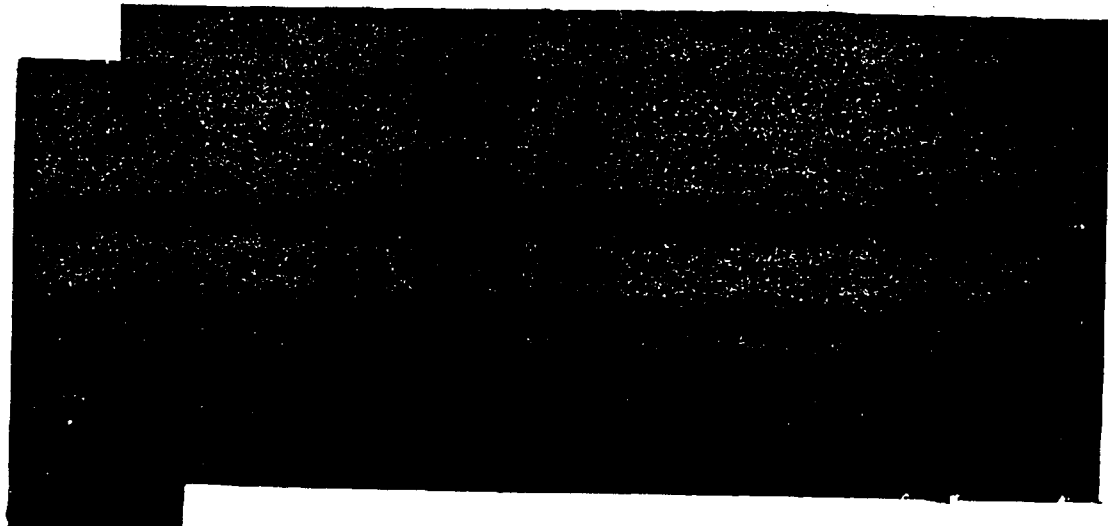
At the same time, the PSB was made responsible for determining what covert operations should

* See p. 39, above.

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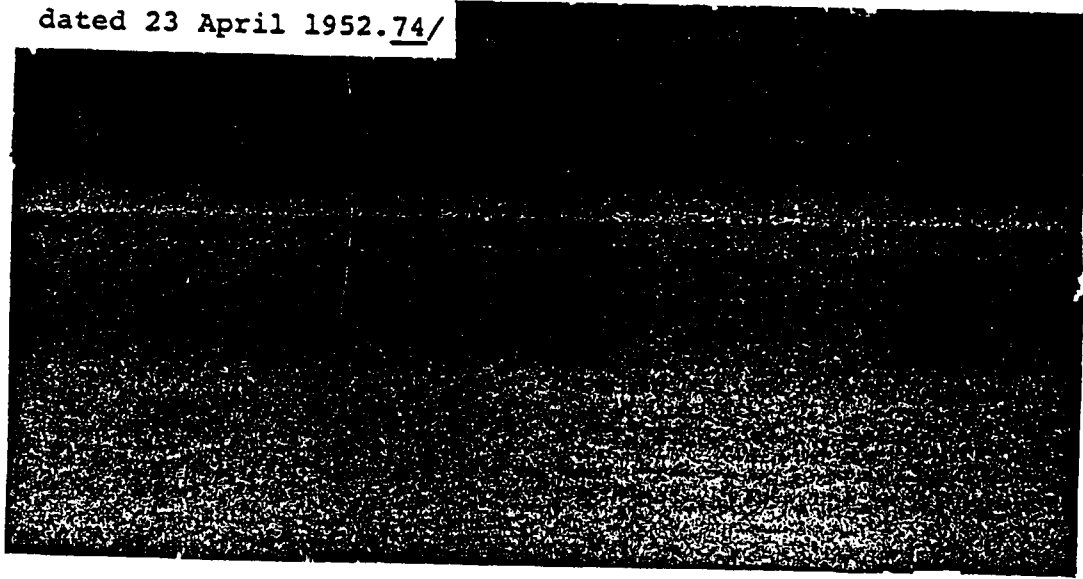
be undertaken, and for obtaining adequate support for them from the Departments of State and Defense.



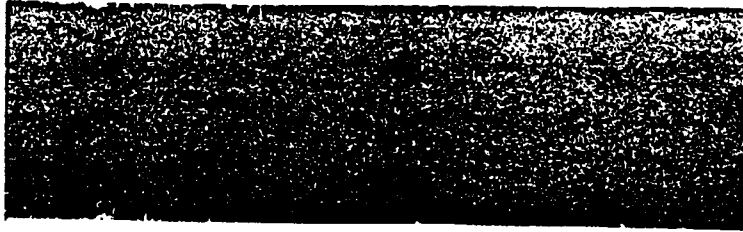
Smith's position on this subject, [redacted]

[redacted] was set forth in his report to the NSC

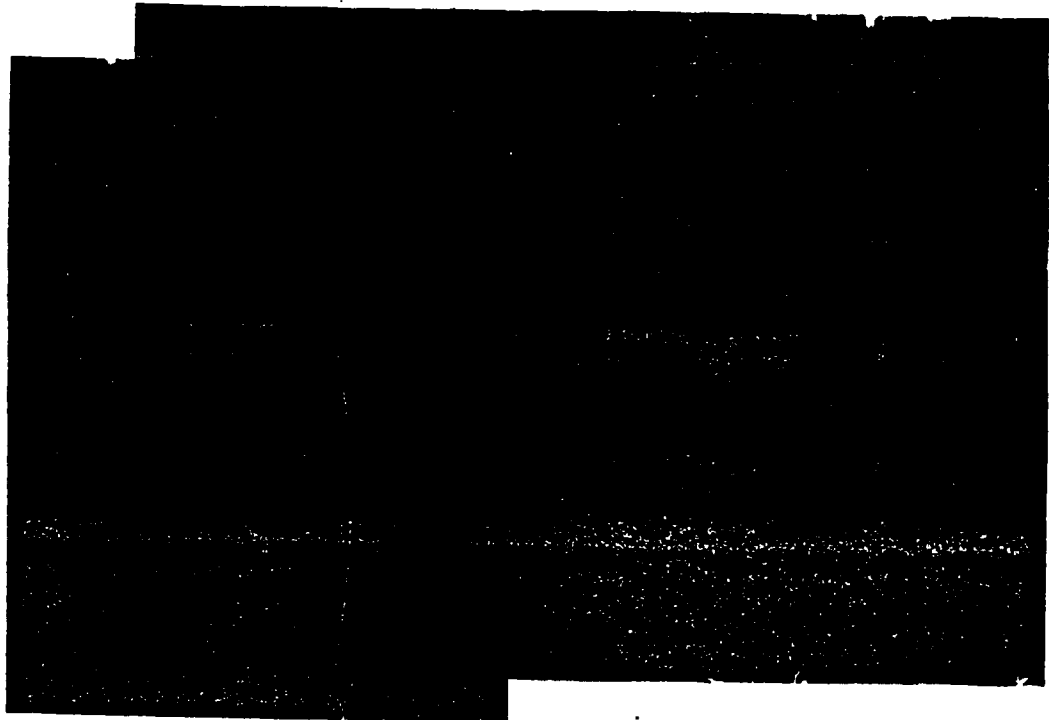
dated 23 April 1952.74/ [redacted]



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Given the necessary support from State and Defense, CIA could perform the task, Smith said, but, in view of the large increase in the Agency's budget and personnel strength, there were three points that should be noted. They were:



Thus Bedell Smith yielded, regretfully, to the doctrine of Allen Dulles that clandestine intelligence collection and covert "psychological warfare" were

inseparable,* [REDACTED]

He remained determined to force State and Defense to accept responsibility for each covert undertaking and to support it adequately, through the mechanism of the PSB.

D. The Functioning of the PSB

On 27 June 1951 the special committee of the NSC Senior Staff had noted that the Psychological Strategy Board, created on 4 April, was not yet functioning.** That statement was repeated in [REDACTED] 23 October 1951. The reasons for this delay were the difficulty of finding a Director for the PSB Staff and then Gordon Gray's personal difficulty in leaving the University of North Carolina to make himself available full time in Washington.*** Bedell Smith was exasperated by Gray's slowness in getting the PSB Staff organized and functioning.75/

* See Volume II, p. 52.

** See p. 39, above.

*** See p. 24, above.

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Smith became even more dissatisfied when the PSB Staff did begin to function. In September he objected that Gray was intruding into operational matters. According to the President's directive of 4 April, the PSB was to coordinate psychological warfare strategy, but was expressly prohibited from engaging in operations.^{76/} In October, Smith and Webb agreed that the PSB (that is, the PSB Staff) was headed in the wrong direction. The PSB (the Staff) should be a small steering committee, but instead had become a large papermill.^{77/**}

At the end of the year, Gordon Gray returned to the University of North Carolina and was succeeded by Admiral Alan Kirk.*** That change relieved some of the tension, because of Smith's personal liking for Kirk,

* See p. 24, above. The PSB was, however, charged with evaluating the operations of CIA and others.

** Defense and the JCS, however, wanted the PSB to engage in elaborate paper exercises. See pp. 40-41, above.

*** Kirk, 64 in 1952, was well known to Bedell Smith. He had crowned a distinguished career in the Navy by commanding the US naval forces engaged in the invasions of Sicily and Normandy, and had succeeded Smith as Ambassador to Moscow, 1949-52.

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but it did not relieve Smith's dissatisfaction with the Staff that Gray had created. That Staff was composed of psychological warfare theorists without operational experience. It was pestering the DDI and others with demands for "intelligence support" far beyond its need to know.* Smith held that the regular briefings that it received from OCI were sufficient for its general information; it must justify any further intelligence requirements in relation to specific projects.79/ He agreed with Dulles that the formal papers that the Staff was submitting to the PSB were at a level of generality more appropriate to the NSC or the JCS than to the practical concerns of the PSB.80/ At the same time he insisted that the PSB must act to control the intrusions of its Staff into operational matters.81/

One gathers that Bedell Smith considered the PSB Staff incompetent and its work irrelevant. He created another body to attend to what he regarded as the real

* ORE had planned a major effort to provide specialized intelligence support for psychological warfare. Jackson had included that among the functions transferred from ORE to State (OIR) -- see Volume III, pp. 116-17. but State had done nothing about it. Finally, in June 1952, State undertook to establish a Psychological Warfare Support Staff in OIR.78/

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business of the PSB.*

From the first, Smith had been concerned about the magnitude and growth rate of the OPC budget. He directed that in that budget a distinction should be made between those covert operations that produced some intelligence information and those that did not.^{82/} He felt that as DCI he should be responsible to justify only those CIA operations that produced intelligence. If, with respect to other covert operations, he was merely the executive agent for State and Defense, then the expense of those operations should be chargeable to those Departments and be justified by them. In November 1951 he actually persuaded the sympathetic representatives of State, Defense, and the JCS** to agree to that proposition.^{83/} In February 1952 it turned out, however, that CIA would have to defend the entire OPC budget.^{84/}

Bedell Smith was convinced that OPC had undertaken numerous projects of doubtful value, at the casual suggestion of its Departmental consultants, or through

* See pp. 49-51, below.

** That is, Robert Joyce, John Magruder, and Leslie Stevens.

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its own enthusiasm for covert operations. He appointed a special board to review in detail every OPC project and to eliminate every one that could not be justified as necessary to carry out a formal commitment to State, Defense, or the NSC. This group soon came to be known as the "Murder Board."^{85/} It recommended the elimination of about one-third of OPC's projects.^{86/*}

In October 1952, Smith announced a new procedure to govern the initiation of new covert action projects. Any proposal would first be reviewed by a committee within CIA, which would submit its recommendation to the DDP (Wisner). If he approved, he would submit it to the DCI, who, if he approved, would pass it to a high-level review board under the PSB, which would submit its recommendation to the PSB. No project would be undertaken unless and until it had been approved by the PSB. The function of the PSB, however, was not to pass on operational details, but only to consider projects in relation to the overall programs and policies of State and Defense.^{87/}

* These were by definition a multitude of minor projects of doubtful or marginal value. They did not amount to one-third of the actual work in progress.

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When, on 30 October 1952, Bedell Smith formally proposed to the PSB the creation of this "high-level review board," he already had oral agreement with regard to it^{88/} and was writing only for the record. He declared that CIA, as an operating agency, required more than policy guidance. The programs and projects proposed must be scrutinized for PSB approval and their net value must be periodically assessed. The existing arrangements forced CIA to assume too much responsibility and authority. On the other hand, the distinguished members of the PSB (the Under Secretary of State and the Deputy Secretary of Defense) could not be expected to review operational plans in detail. What they needed was the recommendations of qualified subordinates, one for each, chaired by the Director of the PSB Staff (Admiral Kirk). This reviewing group should not only recommend the approval or disapproval of projects, but should also check periodically as to whether they should be continued or discontinued, speeded or slowed, increased or decreased.^{89/}

Bedell Smith's evident motives in presenting this proposal were (1) to cut out the worthless PSB Staff; (2) to obtain the endorsement of acceptable projects by technically competent (and friendly) Departmental

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representatives, and (3), through their recommendations, to obtain the personal approval of the distinguished members of the PSB, as a means of committing their Departments to responsibility for and adequate support of the projects approved by them. Besides Admiral Kirk, the members of the "high-level" reviewing group were Robert Joyce and John Magruder, who had long been associated with OPC as representatives of State and Defense, and Wayne Jackson representing CIA.*90/

This arrangement had hardly been made when the PSB itself was abolished. Probably at the instigation of C. D. Jackson,** President-elect Eisenhower decided that the entire system for the direction and conduct of "cold war activities" should be reappraised.

* Wayne Jackson, 47 in 1952, was a graduate of the Yale Law School who had shared an office with William Jackson in Carter, Ledyard & Millburn. He had served in the War Production Board and the Department of State, 1941-51. In January 1951, William Jackson brought him into CIA to be Allen Dulles's only personal assistant as DDP. From September 1952 until January 1957, Wayne Jackson was special assistant to the DCI. He was a member of the Board of National Estimates from January 1957 until his retirement in January 1969.

** C. D. Jackson, an important figure in the Time-Life-Fortune complex, had been active in Eisenhower's campaign for the Presidency. Before that he had been Eisenhower's principal psychological warrior in Europe. Bedell Smith once praised Jackson as the most successful psychological
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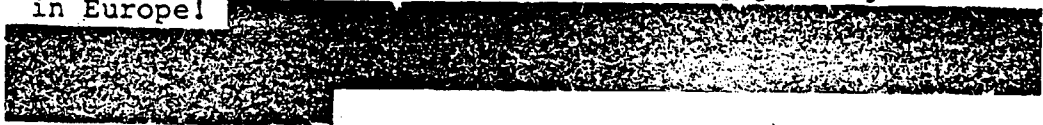
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Bedell Smith rejected C. D. Jackson's plan for accomplishing this purpose. He rejected also the idea of a DCI-appointed committee: "We cannot adequately appraise ourselves." He preferred to have the new Secretaries of State and Defense appoint and instruct a committee. That would have to be deferred until the new Administration took office. "We will not win or lose the Cold War within the next two months."92/

In the event, the Jackson Committee was appointed by President Eisenhower just as Bedell Smith was leaving office as DCI. William Jackson was its Chairman, C. D. Jackson was a member, and Wayne Jackson was its chief of staff. This multiplicity of CIA-related Jacksons occasioned some merriment.

The Jackson Committee held that the Psychological Strategy Board was based on a false premise. There could be no such thing as a psychological strategy distinguishable from the general policy of the Government as

warrior he had ever known. While Jackson preened himself, Smith went on to explain that C. D. had planned a leaflet drop on Polish and Russian "slave labor" camps in Germany. The bundle of leaflets had failed to open. It struck and sank a barge in the Rhine -- and that, said Smith, was the greatest achievement of psychological warfare in Europe!



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determined by the President with the advice of the NSC. Consequently the Psychological Strategy Board was abolished and the Operations Coordinating Board (OCB) was substituted for it. The function of this Board was to coordinate the programs undertaken by the various departments and agencies in implementation of particular NSC policy papers.^{93/} This was similar to the work of the PSB, but no longer was there any pretense of devising a distinct psychological strategy. That was quite in accord with the views of Bedell Smith.*

The members of the PSB (the Under Secretary of State, the Deputy Secretary of Defense, and the Director of Central Intelligence) continued to be the principal members of the OCB. When Bedell Smith ceased to be DCI and became Under Secretary of State, some question arose about the chairmanship, but not in the mind of Bedell Smith. Who could imagine Bedell Smith being a member of a board without being its chairman? Without a break in stride, Bedell Smith, the Under Secretary of State, continued to preside over the PSB, in its last days, and over the OCB.

* Compare the contrasting position taken by the Joint Chiefs of Staff in August 1951, pp. 39-40, above.

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III. The Organization of the Clandestine Services

This paper ... is designed to create a single overseas clandestine service, while at the same time preserving the integrity of the long-range espionage and counterespionage mission of CIA from amalgamation into those clandestine activities which are subject to short term variations in the prosecution of the cold war... . There is no reason why the establishment of a single chain of command and of uniform administrative procedures would have any effect of submerging specialized OSO or OPC missions and techniques if intelligently applied.

-- Bedell Smith, 15 July 1952

Bedell Smith's third major achievement as Director of Central Intelligence was his organization of the Clandestine Services.* The idea of integrating OSO and OPC had been advocated by Allen Dulles since 1948, but was initially opposed by Smith. [REDACTED]

[REDACTED] Smith sought to make a clear distinction between the intelligence activities of CIA, including clandestine collection by OSO, and the covert operations of OPC.** Thereafter this

* The other two were his development of a cooperative relationship with the IAC (see Volume II, Chapter II) and his reorganization of the DDI offices pursuant to NSC 50 (see Volume III). In general, Smith preferred to say that he had *organized* CIA (which he had found *unorganized*). That was substantially true. See Volume II, pp. 49-51.

** See Chapter II, above.

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idea became less important to him and the advantages of a simpler chain of command and control over all overseas operations more attractive. In the end, it was Smith who dictated the terms of the merger, in July 1952. Only a man of his force of character could have imposed it on OSO.

A. The Dulles Conception

In May 1948, Allen Dulles moved to counter a State Department proposal by advising the NSC that clandestine intelligence collection and covert operations should be under the control of a single director. That intervention resulted in the establishment of OPC in CIA, though not under the clear control of the DCI.*

In the division of labor within the NSC Survey Group, Allen Dulles took as his province not only all CIA clandestine operations, for both intelligence collection and political action, but also all of CIA's overt collection activities as well.** Not surprisingly, the NSC Survey Group found that all such activities should

* See Volume II, pp. 52-54.

** See Volume I, p. 88.

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be brought under a single direction below the level of the DCI. Specifically, its recommendation was that OSO, OPC, [REDACTED] and perhaps also the Foreign Broadcast Information Branch (FBIB) of OO, should be "integrated" in a new self-sufficient and semi-autonomous "Operations Division."^{94/}

In adopting the recommendations of NSC 50, the NSC adopted this recommendation, excluding the FBIB, and directed the DCI to carry it out.^{95/} Admiral Hillenkoetter promptly submitted a plan for this purpose, but, inasmuch as it required the amendment of NSC 10/2 in a way that would transfer the effective control of OPC from State to the DCI, it was not adopted.* (Apparently that consequence of the Survey Group's recommendation had not been foreseen!) Thus, when Bedell Smith became DCI in October 1950, the situation with regard to OSO, OPC, and OO remained exactly as it had been in January 1949, when the NSC Survey Group submitted the recommendations of Allen Dulles to the NSC.

B. Bedell Smith's Initial Conception

On 12 October 1950, General Smith told the NSC

* See Volume III, p. 1.

that he would promptly comply with the direction contained in NSC 50, with one exception: he would not merge OSO, OPC, and ██████████ OO. The NSC accepted that exception without inquiring why the DCI was opposed to the merger or what alternative arrangement he had in mind.*

There is no record of Smith's reasons for making this exception. From his subsequent actions, however, two considerations can be inferred: (1) he wished to maintain a clear distinction between clandestine intelligence collection and covert action operations by preserving an organizational distinction between OSO and OPC, and (2) he hoped to effect the necessary coordination between them by appointing a Deputy Director to have supervision of both. That Deputy Director was, of course, Allen Dulles.**

Although it thus appears that Bedell Smith intended, from the first, to have a Deputy particularly charged with the supervision and coordination of OSO and OPC, he realized also, from the first, that two CIA units operating


* See Volume II, pp. 21-22.

** For the considerations that entered into the selection of Dulles, see Volume II, pp. 85-86.

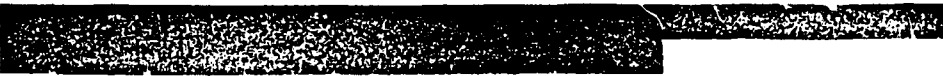
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independently in the same overseas area would require some local supervision and coordination. For this purpose he devised a system of Senior Representatives (of the DCI) abroad.

Smith's intention to appoint such Senior Representatives was known in OSQ as early as 12 October 1950 -- one week after Smith had taken office as DCI, one month before Dulles came to Washington as a consultant, two and a half months before Dulles took office as DDP. In short, this was Smith's idea, not Dulles's, and it, like the appointment of a DDP, was intended to be a substitute for the integration of OSO and OPC, not a step in that direction.*96/

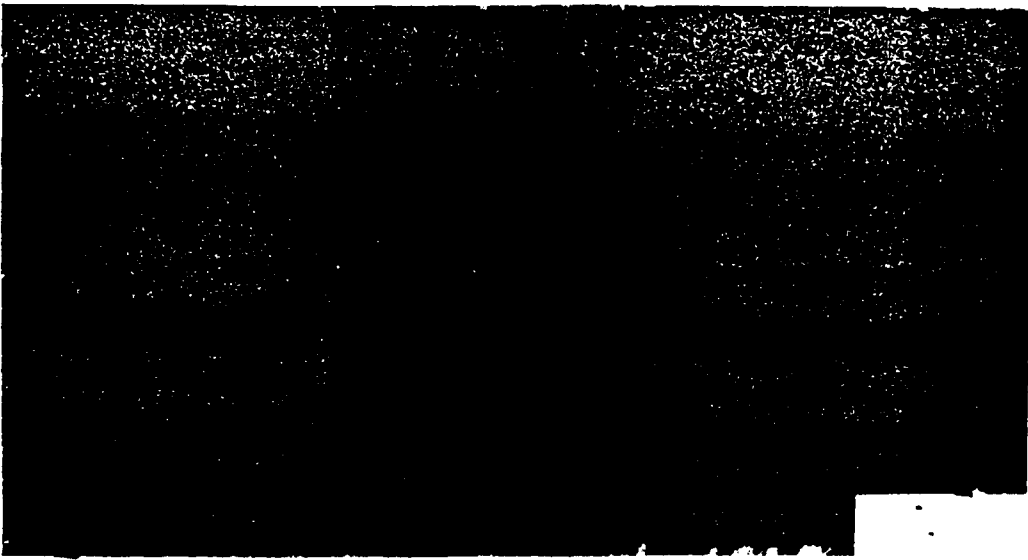


* To quiet apprehensions in OSO that the appointment of Senior Representatives would be a first step toward integration, the ADSO (Colonel Schow) gave out assurances that General Smith had no such intention.



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These Senior Representatives were not in the chain of command. That still ran from the ADSO or the ADPC to their respective station chiefs in the field. The Senior Representatives were, essentially, local observers for the DCI, reporting directly to him and not subject to let or hindrance by the ADSO, the ADPC, or the DDP. They were to be kept fully informed by the field stations under their supervision, and could intervene with advice, though not with orders.97/ Their leverage was that, if



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their advice was disregarded, they would submit their recommendations to the DCI, who would then issue his own orders to the ADSO or ADPC.

This was not a good system of command and control. It was, perhaps, the best that could be contrived at the time, given a basic decision that the operations of OSO and OPC must be kept separate and distinct.

C. Creeping Integration

Allen Dulles was of the same opinion still. The steps that he took, as DDP, to coordinate the activities of OSO and OPC were plainly designed to lead eventually to integration.

That coordination was sorely needed is evidenced by a memorandum dated 7 February 1951 from the DCI's Executive Assistant (Lyman Kirkpatrick) for the DDP (Allen Dulles). Both OSO and OPC had made independent approaches to the same individuals and groups with a view to recruitment. There was similar confusing duplication in the two Offices' operational liaison with other US agencies [REDACTED] and further duplication in such matters as communications and procurement. OSO was concerned lest the security of its long-term clandestine penetrations be jeopardized

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by OPC's widespread contacts.98/*

This memorandum prompted Dulles to call a meeting on the subject of OSO-OPC coordination. The outcome of that meeting was merely the appointment of a committee to study the subject and submit recommendations. It is significant, however, that Kirkpatrick recorded the proceedings under the title of "Meeting on Integration of OSO and OPC."100/ Thus it appears that the thrust of the discussion was toward integration, although integration was contrary to the policy of the DCI at the time.

The committee appointed on 14 February [REDACTED]

[REDACTED] They rendered their report a month later. In essence, it recommended that certain administrative and support functions common to OSO and OPC be integrated, but that the operational elements of the two Offices be kept distinctly separate.101/

Meanwhile, by direction of the DDP, a process had already been begun which plainly pointed toward the

* Kirkpatrick was a highly ambitious young man (35 in 1951). As Executive Assistant, and later as ADSO, he was always "playing his own game" (not OSO's). His constant object was to outflank Frank Wisner, as ADPC and later as DDP.99/ See Volume III, pp. 176-77, and pp. 67-68, below.

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eventual integration of the operating elements of the two offices. As a first step, the ADPC, Frank Wisner, met on 3 March with the new ADSO, Major General Willard Wyman,* and they agreed upon a redefinition of the territories to be covered by their respective area divisions, so that they would correspond exactly to one another.102/ The next step was to rearrange the office space allotted to these divisions, so that the corresponding divisions would be adjacent to each other. That was not easily done in the cramped quarters available.** By the end of June, however, it had been accomplished.103/ And it could be anticipated that, when this rearrangement had been made, the next step would be the appointment of a common chief for each pair of divisions.

So it happened. On 9 June 1951 the ADSO and the ADPC agreed to combine their small Latin American divisions into one common Western Hemisphere Division. Its Chief, from OSO, reported to both Assistant

* General Wyman relieved Colonel Schow as ADSO on 15 February 1951. Wyman had had no intelligence experience but considerable command experience overseas.

** It was necessary to find enough additional space to hold one complete division while another moved into the space that it had vacated, and so on.

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Directors. Below him, the OSO and OPC elements of the combined division remained distinct.^{104/} This was not yet true integration, but it was coming close.

Meanwhile, in March, Wyman proposed to Wisner that their overseas operating bases targeted against the USSR should be combined, [REDACTED]^{105/} The DCI himself approved that proposal, in 18 April.^{106/}

Thus it will be seen that by the summer of 1951 Allen Dulles, Frank Wisner, and Willard Wyman had gone a long way toward integrating OSO and OPC -- despite the fact that during the same period Bedell Smith was constantly directing them to keep the operations of OSO and OPC separate and distinct.* Dulles, Wisner, and Wyman complied, technically, with Smith's direction, but it is evident that they were working toward integration as an ultimate objective, an objective that General Smith was not yet prepared to approve.

It is also evident that General Wyman's attitude in this respect was quite different from that of the old hands in OSO as represented by Richard Helms.**

* See Chapter II, above. At this time Smith hoped to rid himself of most of OPC's operational commitments, which was his reason for seeking to preserve the distinction between OSO and OPC.

** See pp. 58 and 61, above.

D. The OSO Attitude Toward Integration

OSO was derived from the clandestine services of OSS.* By 1951 it had been a going concern for ten years and its old hands regarded themselves as professional clandestine operators. From their point of view, OPC was a parvenu, its ranks composed of enthusiastic, but inexperienced, amateurs. To be sure, some members of OPC were OSS veterans, notably Frank Wisner, the ADPC; but they had left the service at the end of the war and so had not had the continuous experience of the OSO professionals. Moreover, they had not shared in OSO's struggle to survive in the postwar world, and so could not really be members of the clan.

Another factor in OSO's antipathy toward OPC was that OPC was born rich, while OSO remained relatively poor. That was true not only of Office budgets, but of personal pay. Since the establishment of the OSO grade and pay structure, there had been a general inflation

* When OSS was dismembered, 1 October 1945, these elements became the War Department's Strategic Services Unit (SSU). OSO was derived from SSU and activated on 11 July 1946, although organizational continuity was then technically broken. See Volume II, p. 76.

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in such matters. In order to recruit, OPC had to offer higher grades than were available in OSO for similar work. Thus the "amateurs" in OPC were, generally, better paid than the professionals in OSO. That must have rankled.

A related factor was that OPC was expanding rapidly, while OSO remained generally static. Consequently the prospects for promotion were better in OPC.

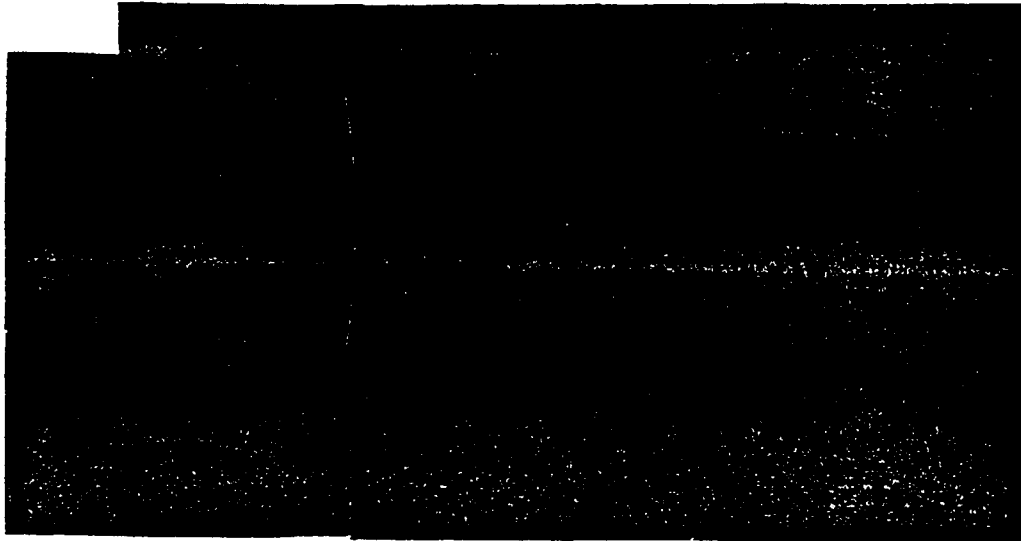
Another source of institutional jealousy was that OSO was committed to a long-term and, by definition, unspectacular task, while much of OPC's work was designed to produce an immediate or early impact, from which a sense of current achievement could be derived.* The urgency with which OPC undertook these tasks made it easy for the OSO professionals to regard the OPC "amateurs" as reckless adventurers. And, given OPC's dependence on OSO's clandestine contacts, there was some substance to OSO's concern lest OPC's operations expose OSO's assets. OSO's operations were not by

* It should be noticed, however, that a large part of OPC's work consisted of planning and preparations for contingencies that might never arise.

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nature self-revealing, but the effect of any successful OPC operation would necessarily be noticeable, and therefore might provoke investigation and counteraction by the enemy.107/

On 24 May 1951, William Jackson, the DDCI, brought the subject of integration into the open. In reporting on his survey of OPC, he recommended "that ultimately covert intelligence and covert operations be administered through a single command chain down to the station level."108/ That recommendation evidently reflected OPC's then current view. It was made subject to confirmation after Jackson had completed his survey of OSO.



It appears that William Jackson never rendered a written report on his survey of OSO, which was made

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during July and August.* There is in the record, however, a lengthy memorandum from Lyman Kirkpatrick, the new DADSO,** to Jackson, dated 31 August 1951 and self-said to be based on Kirkpatrick's participation in Jackson's survey of OSO.110/ This memorandum may have been intended to serve as a contribution to Jackson's eventual report. It was decidedly at variance with the view that Jackson had acquired in OPC.

Kirkpatrick certainly did not contemplate an integrated chain of command down to station level. Rather, he recommended a redefinition of functions so that OSO would hold a monopoly of all contacts with clandestine agents and underground organizations, whether for intelligence collection or for covert action operations, and OPC would be left with only such

* Jackson ceased to be DDCI on 3 August, when he signed a personal services contract (WAE). He returned to private business but remained active in CIA affairs as the DCI's Special Assistant and Senior Consultant. In 1956 President Eisenhower named Jackson Special Assistant for National Security Affairs. Jackson later retired to Arizona, where he died on 28 September 1971.

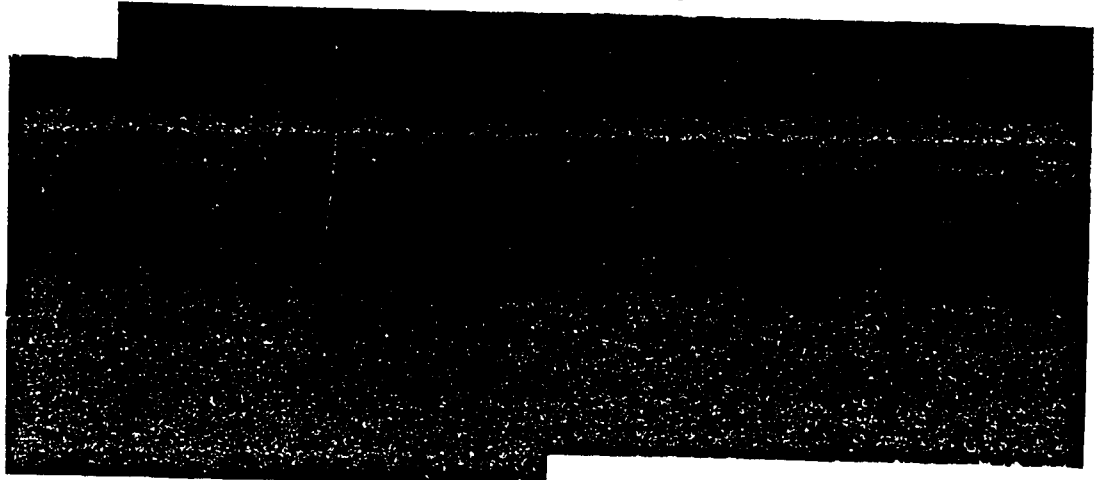
Allen Dulles succeeded Jackson as DDCI on 23 August 1951, at which time Frank Wisner became DDP and Kilbourne Johnson ADPC.

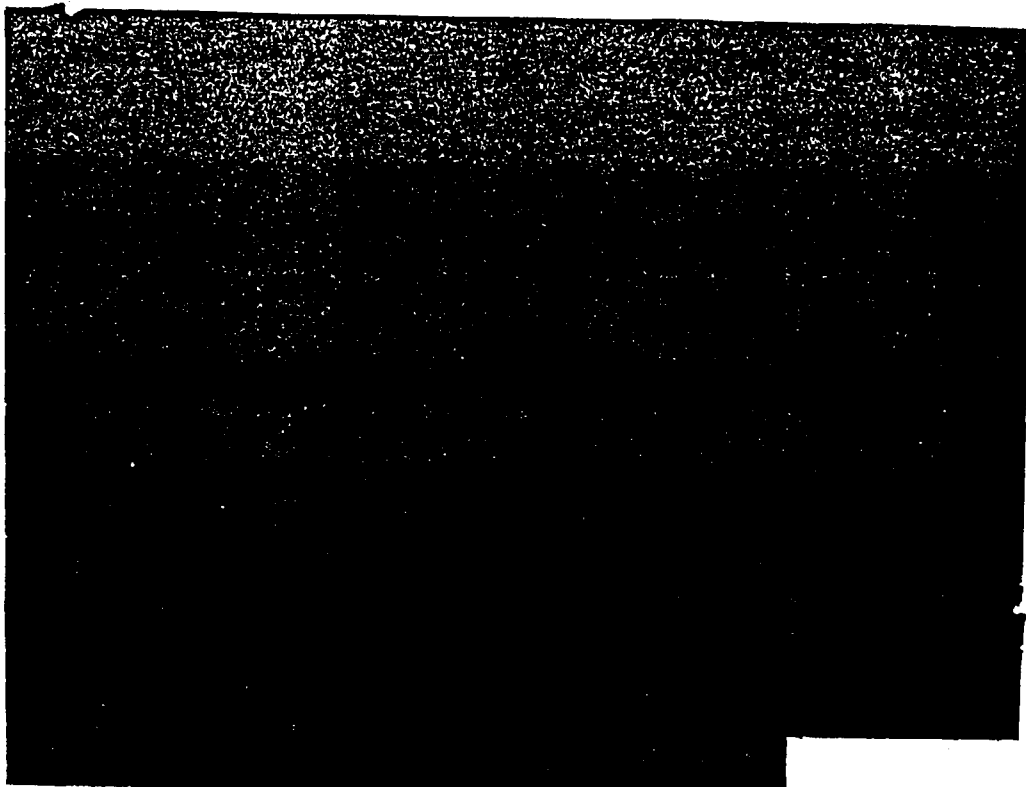
** Kirkpatrick, the DCI's first Executive Assistant, became DADSO on 1 July and ADSO on 17 December.

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political and psychological activities as did not involve such contacts.*111/ This proposal became the key to OSO's attitude toward integration from that time forward: that any merger of OSO and OPC functions should occur within OSO, under OSO control.

Kirkpatrick recommended also "that the staff of the DDP be held to an absolute minimum so that the present operating offices will not be echeloned down to a lower level, and that the operating support units being currently gathered around DDP not become the tail wagging the operating dog, just as the CIA administrative staff once did.*112/ Whatever the merits of that matter, this reference to the findings of the NSC Survey Group was a plain appeal to Jackson's prejudice against Hillenkoetter's administrative staff.





On 24 October General Wyman, on his return from a visit to the Far East, strongly urged upon General Smith the necessity of integrating the field operations of OSO and OPC, but his idea of how that should be done was similar to Kirkpatrick's recommendation to Jackson in August.**115/ Wyman supplemented his memorandum for Smith with another for Jackson which



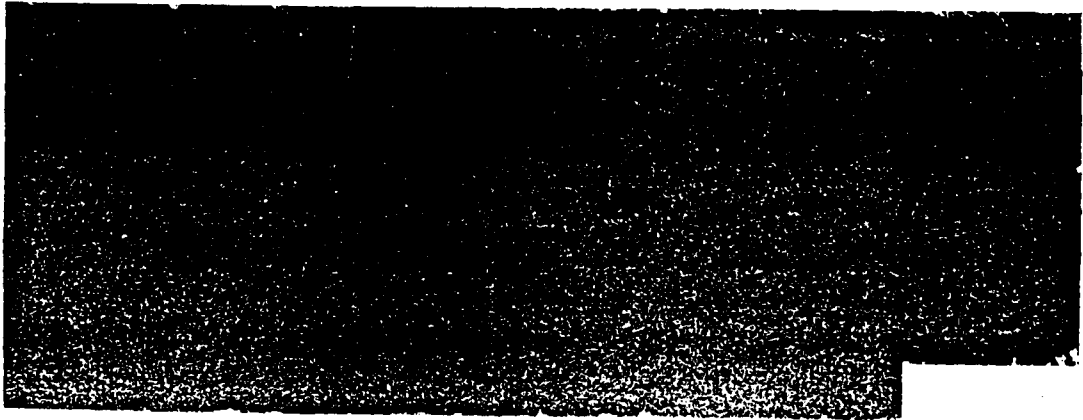
** See p. 67, above.

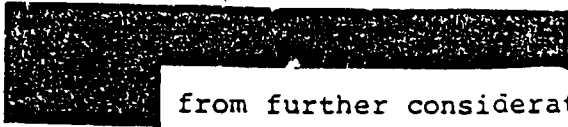
supplies the following quotation: "I strongly believe that those functions now regarded as belonging to OPC, but which are of a purely clandestine intelligence nature, should be controlled by those individuals engaged in intelligence work."116/ On 13 November Allen Dulles (DCI) reported to the Director's morning meeting that General Wyman felt strongly "that operations should be subordinated to intelligence."117/ That generalized statement was not a precise reflection of the Wyman-Kirkpatrick position, but shows how it was understood (and reacted to) by Dulles, and also by Wisner and Johnston.

General Wyman departed on 13 December 1951, to accept a command in Korea. Lyman Kirkpatrick succeeded him as ADSO on 17 December and Richard Helms became DADSO.

E. The DCI Accepts Integration as a Goal

It appears that the turning point in Bedell Smith's attitude toward integration was the NSC's adoption of





He promptly withdrew

from further consideration.*

From that point onward the question was not whether OSO and OPC would be integrated, but only how that should be done.

On 8 January 1952 Smith signed an order prepared by Wisner directing that the remaining area divisions of OSO and OPC be merged.** The merged divisions would be responsible directly to the DDP, as a single operating service.118/ Thus the chain of command would run from the DCI through the DDP to the division chiefs, and the ADSO and ADPC would become merely staff officers to the DDP.

At the same time, Wisner mentioned the low state of morale in OSO and OPC. Both Kirkpatrick (the ADSO) and Johnston (the ADPC) wished to see Smith about that. Smith evaded Kirkpatrick's request to brief him on the merger, but consented to visit OPC for morale-building purposes.119/ There Smith confessed to the principal

* See pp. 34 and 43, above.



officers of OPC that he "screamed like a wounded buffalo" when disappointed, but said that they must not take that too hard. He really appreciated their operational skill and devoted service; he depended on them.120/ That apparently took care of the morale problem in OPC.

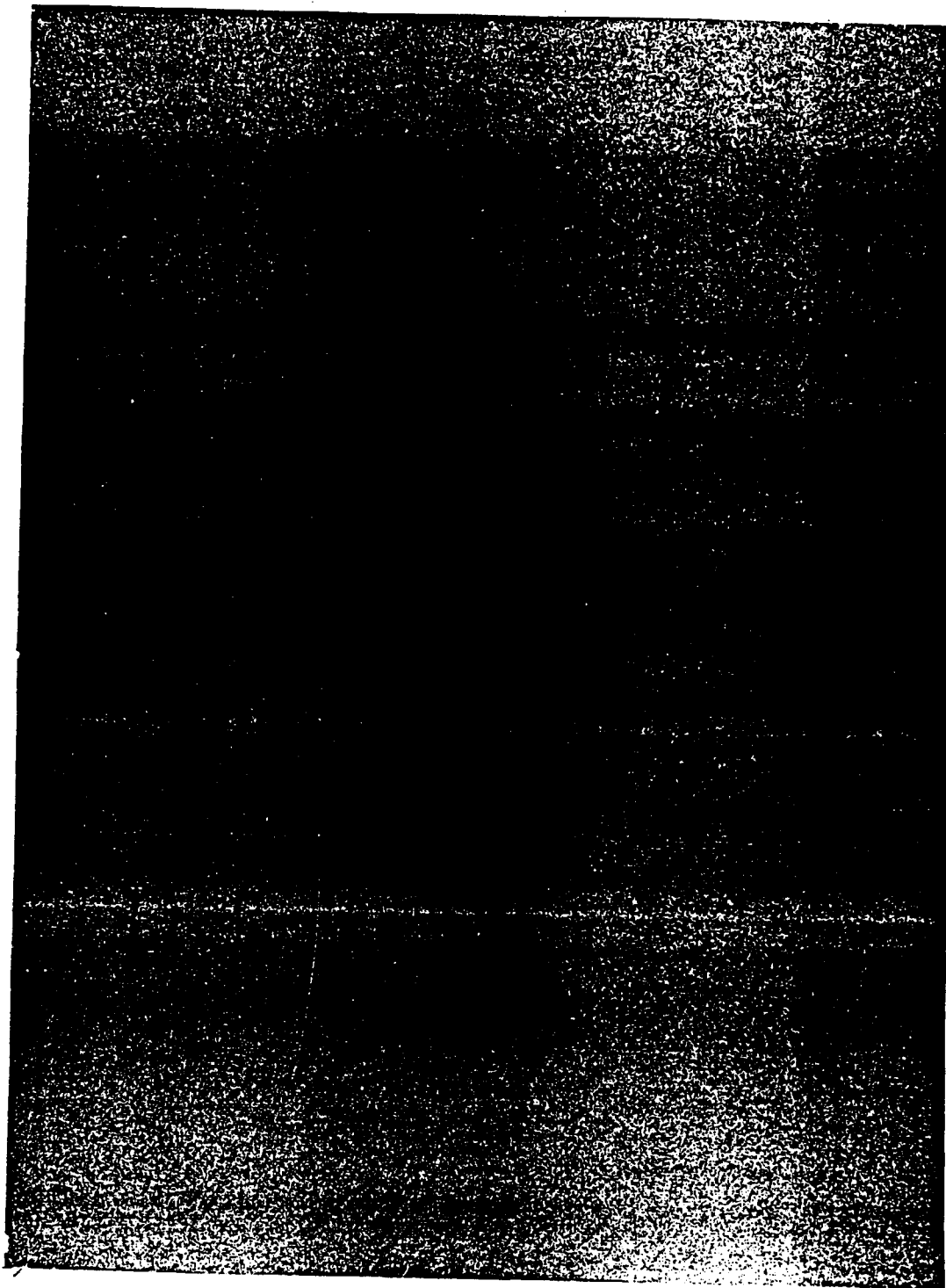
Meanwhile OSO was fighting a rear guard action.

On 31 January [REDACTED] then Acting ADSO, saw Frank Wisner and [REDACTED] (DADPC) and persuaded them, he believed, to slow down the merger process. He said that he was not opposing the merger as such, but that he was concerned regarding the security of OSO's clandestine assets if the ADSO were to lose control of his own operations and personnel to the chiefs of the merged divisions.121/ In short, the ADSO must be kept in the chain of command, at least for the time being.

By March 1952 it was felt in the ADPC's staff that any further progress toward integration, particularly in the field, would be resisted by the ADSO and his immediate staff, though not by the OSO personnel in the merged divisions.122/

[REDACTED]

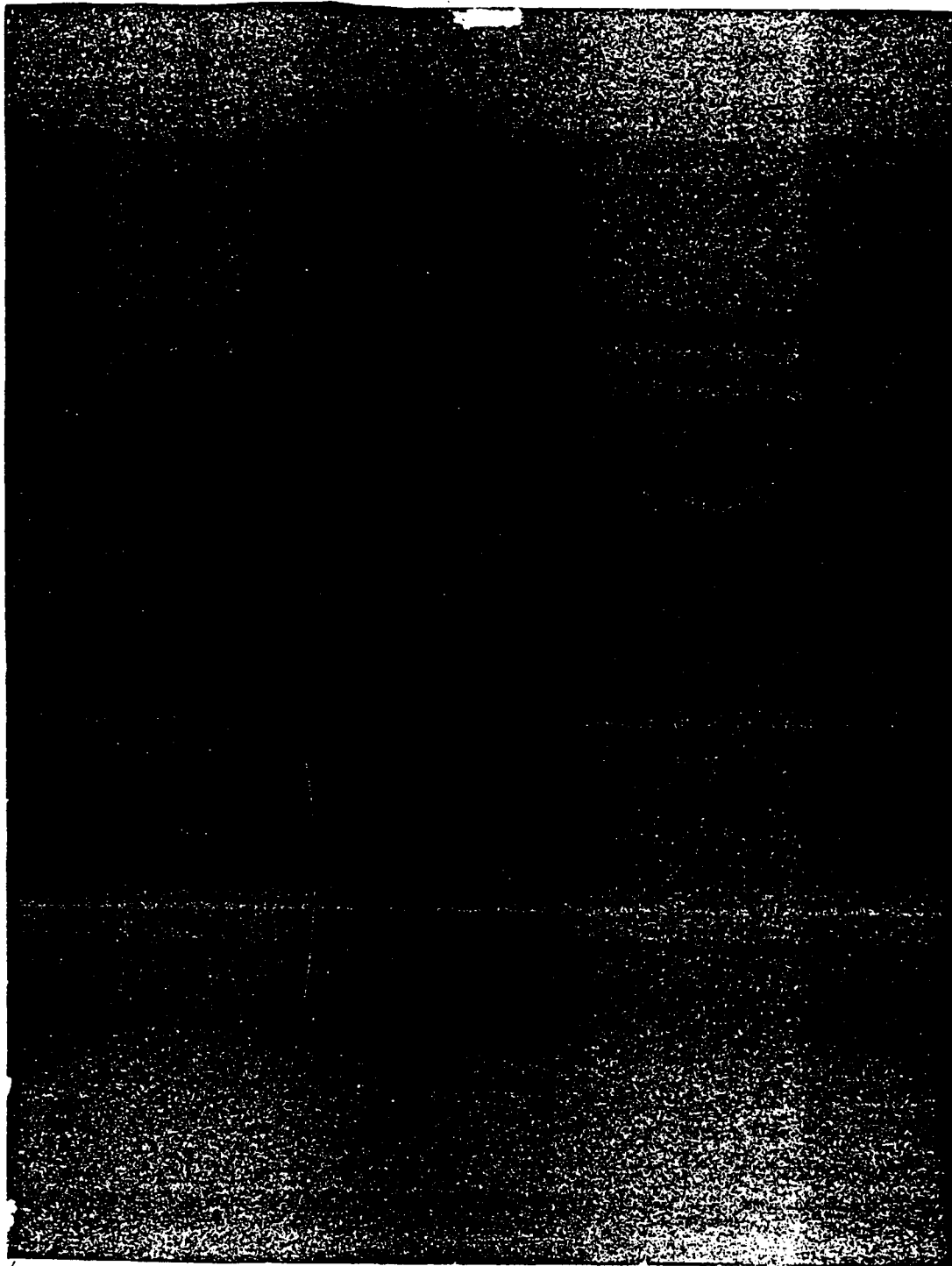
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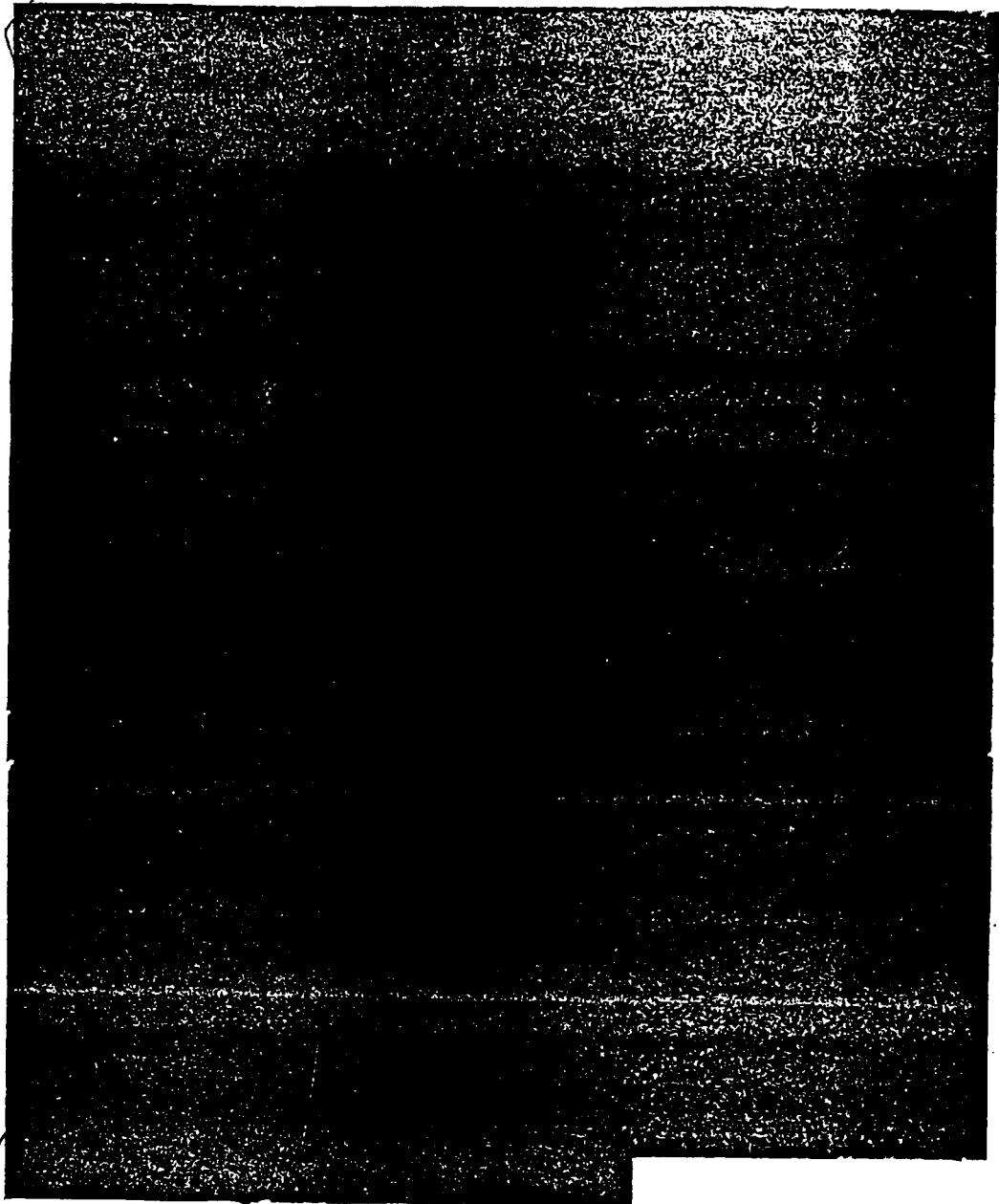
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G. Integration Accomplished

On 17 April 1952 Wisner, Johnston, and Kirkpatrick



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met at Johnston's home in Fairfax. Wisner and Johnston understood that Kirkpatrick then agreed to proceed toward the more complete integration of OSO and OPC, and in particular to clarify the *command* position of the DDP and the *staff* positions of the ADSO and the ADPC.^{131/} The next morning Wisner reported this happy development at the Director's morning meeting. Smith then remarked that it was not necessary to go too far toward integration, that the merger was really a matter of coordination.^{132/}

The substance of this so-called "Fairfax Agreement" was already clearly implicit in General Smith's order of 8 January.* Thus the agreement, if there was one, was nothing more than an agreement to proceed further toward the implementation of that order. Two weeks later, however, Kirkpatrick submitted a plan for "integration" that was radically at variance with Smith's order, as well as with the supposed "Fairfax Agreement," but entirely consistent with Kirkpatrick's recommendations to Jackson in August 1951** and with the principle

* See p. 71, above.

** See pp. 67-68, above.

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advocated by Helms in March 1951 and January 1952.*
The essence of it was that the ADSO would retain *command*
of OSO.

Kirkpatrick proposed that OPC should be divided
into two offices, Psychological Warfare and Para-military
Activities. Those two offices and OSO "should retain their
integrity as offices with separate, independent staffs
and with full command control under DDP of their personnel,
budget and missions." There should, however, be a
strong Vice DDP to give operational and management
direction to them and to control compartmentalization
between them.133**

Kirkpatrick's proposal of 2 May 1952 was the last
stand of OSO against integration.

Kilbourne Johnston, the ADPC, forwarded Kirkpatrick's
proposal to Frank Wisner, the DDP, with a furious, but
cogent, memorandum of dissent.134/ It is not apparent
what Wisner did then, but it is evident that Kirkpatrick's
paper did reach Bedell Smith in one way or another.

* See pp. 60 and 72, above.

** Kirkpatrick would have been the logical candidate
for appointment as Vice DDP. It is not clear what there
would have been left for the DDP to do.

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Smith rejected Kirkpatrick's conception of a trifurcated command structure, but he adapted some of Kirkpatrick's ideas to his own conception of a single chain of command down to the chiefs of merged overseas stations.*

The next development was a meeting in late May arranged by Wisner and attended by Smith, Wisner, Johnston, and Helms (as Acting ADSO in Kirkpatrick's absence).^{135/} The result of that meeting was that Helms prepared at Smith's direction a draft dated 4 June 1952 and entitled "A Proposed Organization of the CIA Clandestine Services."¹³⁶ The military analogies contained in that paper strongly suggest that its organizational conception had been dictated by Bedell Smith himself. Certainly that conception differed radically from Helms's previous ideas on the subject,** while conforming to the concept of Smith's order of 8 January.*** One may infer that Helms perceived that the time for argument was over and that he loyally wrote as Smith directed. One may infer also that he was made the drafter in order to silence

* See pp. 80-81, below.

** See pp. 60 and 72, above.

*** See p. 71, above.

OSO opposition. Nevertheless, it is notable that much of the language of Smith's final version, dated 15 July, was taken verbatim from Helms's 4 June draft. Thus, ironically, it was Richard Helms who drafted the final order for the integration of OSO and OPC.

Bedell Smith, however, personally prepared his own text for that final order. On 30 June 1952 he desired to have Wisner, Kirkpatrick, Johnston, Hedden (the Inspector General), and White (the Assistant DDA) review a revised draft of his own paper entitled "CIA Clandestine Services -- Description of Proposed Organization" and suggest any final changes that they might wish to make in it.^{137/} The next day [REDACTED] [REDACTED] the Acting ADPC, advised Wisner that he should accept Smith's draft "with enthusiasm" and press to have it issued as a directive.^{138/*}

In early July Bedell Smith personally cleared his draft with David Bruce, the Under Secretary of State, Robert Lovett, the Secretary of Defense, and Sidney Souers, the Special Assistant to the President for National Security Affairs.^{139/}

* Given the textual correspondence between Helms's 4 June draft and Smith's 15 July text, it is virtually certain that Smith's 30 June text was derived from Helms's draft and substantially identical with the 15 July version.

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The final version of Smith's paper was issued as a directive on 15 July 1952, under the title "Organization of CIA Clandestine Services."^{140/} Its stated purpose was to create a single overseas clandestine service while at the same time protecting the longterm espionage mission of CIA from becoming lost in multifarious opportunistic and urgent covert operations.*

Smith reaffirmed his decision of 8 January to establish a single chain of command from himself as DCI through the DDP and the chiefs of the merged area divisions to the chiefs of merged stations overseas. To this end, the DDP would assume the residual command functions of the ADSO and the ADPC.

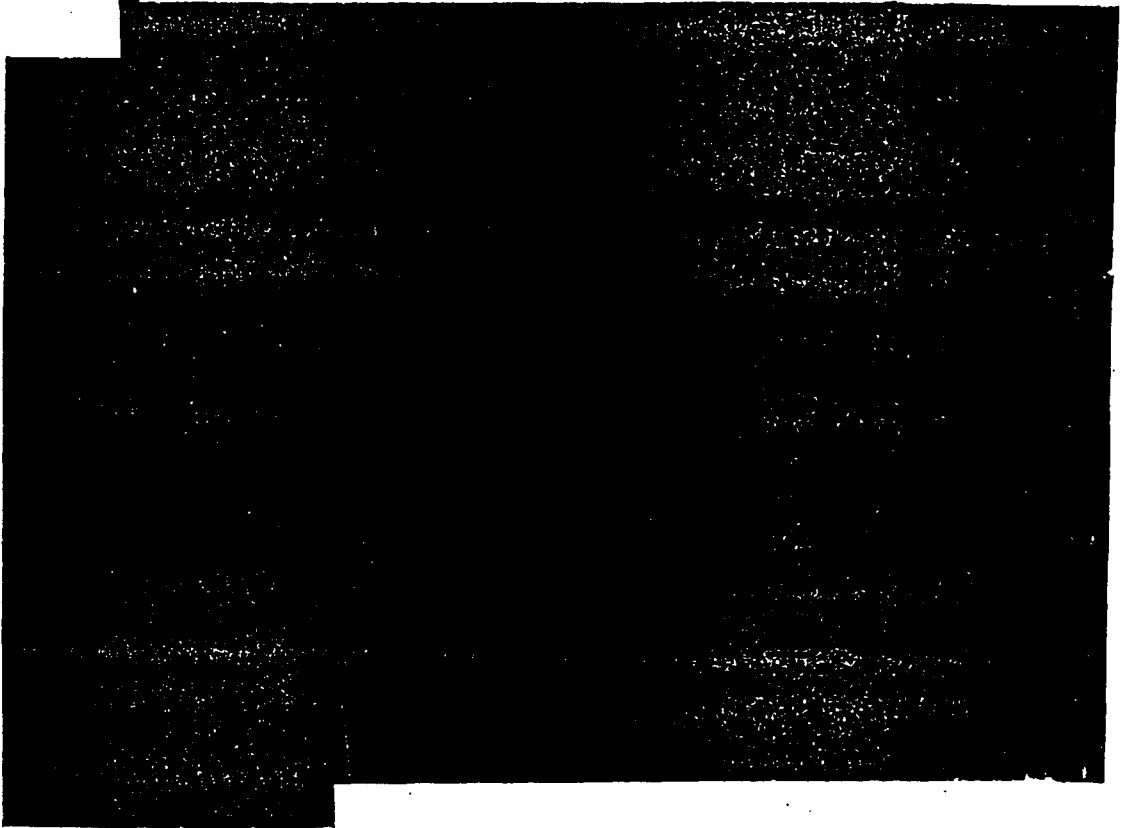
The DDP would be assisted by a Chief of Operations who would serve as both his deputy and his chief of staff. This position may have been suggested by Kirkpatrick's proposed "Vice DDP," but it reflected also Smith's military experience. Kirkpatrick was appointed to the office, but was unable to serve because of his severe illness (polio), which began on 20 July. Richard Helms substituted for Kirkpatrick as Acting Chief of

* See the text at the head of this chapter, p. 54, above.

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Operations until he was appointed to that position in his own right, on 26 February 1953.



The DCI's Senior Representatives abroad were assigned *command* authority over all CIA activities in their respective areas of responsibility.



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General Smith emphasized that in this structure there were only two echelons of command authority: the DCI in Washington and the Senior Representatives abroad. The DDP and his division chiefs had only delegated authority, as the executive agents of the DCI.

This order went into effect on 1 August 1952. OSO and OPC then ceased to exist. In their stead there was a single organization with a plural name, The Clandestine Services.

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Appendix A

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2. Ludwell Montague, Memo for Record, 17 Mar 71, covering Draft, "Intelligence and Related Activities," 10 Aug 50, HS/HC-400, item 24; NSC 68/1, 21 Sep 50, [REDACTED]
3. NSC 68/3, 8 Dec 50, [REDACTED]
4. IAC-D-29, 2 Aug 51, [REDACTED] This IAC document was in fact the complete text of NSC 114 as adopted by the NSC Senior Staff, 31 Jul 51, being distributed to the IAC for information.
5. SC-M-24, 16 Jul 51 (223, above, [REDACTED] Executive Assistant's Official Diary, 18, 21, and 23 Jul 51, [REDACTED])
6. Draft Annex No. 6, 23 Jul 51, NSC 68 File (1, above).
7. *Ibid.*
8. *Ibid.*
9. Minutes, Director's Meeting, 31 Jul and 1 Aug 51, [REDACTED]
10. IAC-M-45, 20 Sep 51, [REDACTED]
11. IAC-M-36, 26 Jul 51, [REDACTED]
12. IAC-D-29/1, 5 Sep 51, -29/2, 7 Sep, -29/3, 11 Sep, [REDACTED]
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18. *Ibid.*
19. *Ibid.*
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23. Minutes, Director's Meeting, 4 May and 13 Jun 51 (9, above, [REDACTED])
24. *Ibid.*, 11 Jul 52 [REDACTED]
25. *Ibid.*, 13 Jun 51 [REDACTED]
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32. Walter Pforzheimer (27, above).
33. Minutes, Director's Meeting, 1 Aug 52 (9, above, [REDACTED])

34. *Ibid.*
35. Jackson and Claussen, *Organizational History of the CIA, 1950-53*, II, 68.
36. W. B. Smith, *Report to the NSC* (30, above).
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38. SC-M-29, 22 Oct 51 (20, above, [REDACTED])
39. SC-M-8, 12 Feb 51 (20, above, [REDACTED])
40. W. B. Smith, *Report to the NSC* (30, above).
41. Record of Meeting of the Senior NSC Staff, 18 Dec 50, [REDACTED]
42. SC-M-8, 12 Feb 51 (20, above, [REDACTED])
43. SC-M-11, 5 Mar 51 (20, above, [REDACTED])
44. Harry Truman, Directive to the Secretary of State, Secretary of Defense, and Director of Central Intelligence, 4 Apr 51, [HS/CSG-587]
45. *Ibid.*
46. Minutes, Director's Meeting, 3 May 51 (9, above, [REDACTED])
47. *Ibid.*, 18 Jul 51.
48. *Ibid.*, 19 and 26 Jun, 27 Jul 51.
49. Memo, Adm. Stevens to Wisner, "OPC Planning Personnel in Theaters (Europe)," 6 Dec 50; Memo, Wisner to DCI, "War Planning -- Covert Operations," 13 Dec 50, [REDACTED]
50. Memo, Wisner to DCI, "Proposed Interpretation of NSC 10/2, paragraph 4," 23 Oct 50; Wisner to DCI, "War Planning -- Covert Operations," 13 Dec 50; Exec. Secy., NSC, to DCI, "NSC 10/2," 14 Dec 50 [REDACTED]

51. Memo, DCI to Exec. Secy., NSC, [REDACTED]

[REDACTED]

58. Memo, James Lay for General Smith, 3 Apr 51; Letter, W. B. Smith to George Marshall, 2 Jul 51, [REDACTED]

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[REDACTED]

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63. SC-M-10, 28 Feb 51 (20, above, [REDACTED])

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66. *Ibid.*



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69. Memo, Frank Wisner, ADPC, for the DDCI, "CIA Position on JCS Recommendations re: Magnitude Paper," 24 Aug 51, [redacted]

70. Minutes, Director's Meeting, 28 Aug 51 [redacted]



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76. *Ibid.*, 19 Sep 51 (9, above, [redacted])

77. *Ibid.*, 25 Oct 51 (9, above, [redacted])

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79. *Ibid.*, 27 Feb 52 (9, above, [redacted])

80. *Ibid.*, 27 Mar 52 (9, above, [redacted])

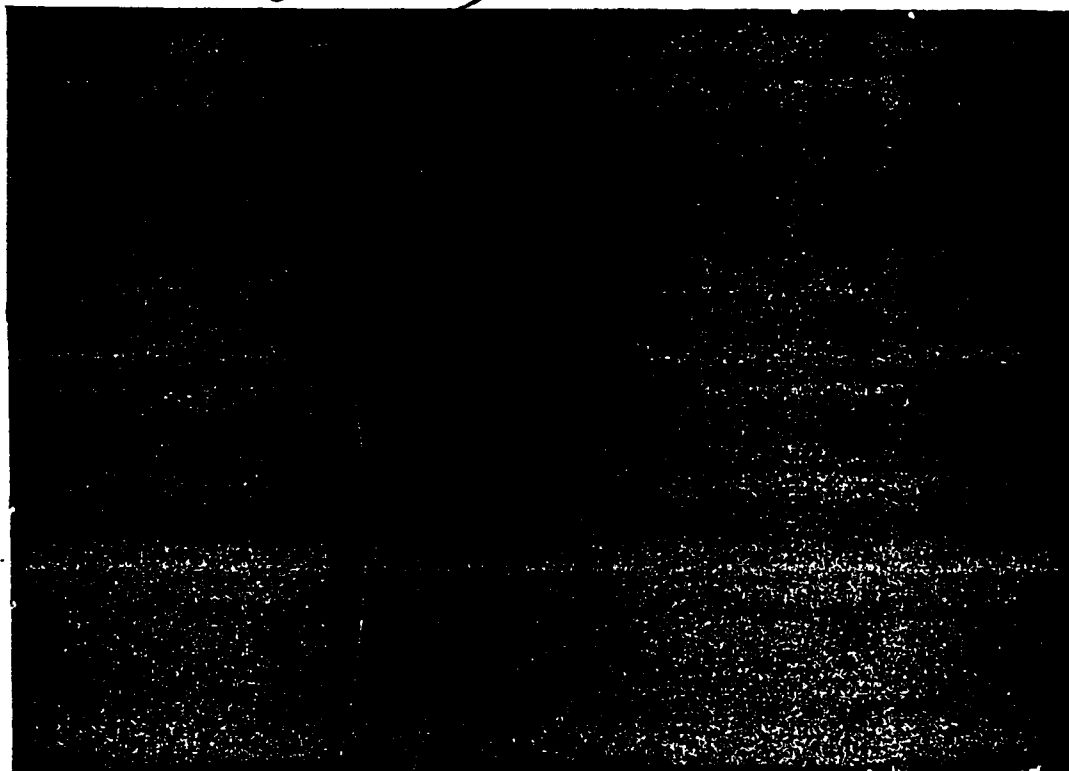
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82. *Ibid.*, 14 Nov 51 (9, above, [redacted])

83. *Ibid.*, 23 Nov 51 (9, above, [REDACTED])
84. *Ibid.*, 11 and 13 Feb 52 (9, above, [REDACTED])
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