

3-7892

27 February 1953

Major General William J. Donovan
2 Wall Street
New York 5, New York

Dear General Donovan:

At breakfast this morning Mr. Dulles suggested that you come by to see him at 4:00 o'clock on Tuesday, 3 March. He finds now that a conflicting engagement makes 4:30 more appropriate and has asked me to see whether this new hour would be acceptable to you.

Sincerely,



Assistant to the Director

STA

REL:meo

1cc: Signer
1cc: official
1cc: DCI

250217
Donovan

STAT

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Law Offices of
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Two Wall Street
New York 5, N.Y.

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WASHINGTON OFFICE
 CAFRITZ BUILDING
 1625 EYE STREET, N.W.
 WASHINGTON 6, D.C.

CABLE ADDRESS: DONLARD, NEW YORK

July 3rd, 1952

Lieutenant General Walter Bedell Smith,
 Central Intelligence Agency,
 Washington, D. C.

Dear Bedell:

Thank you for your letter of
 July first. I do not see what else you could
 have done.

Sincerely yours,

Bedell

250218

Donovan

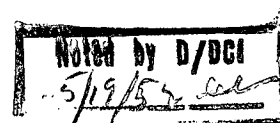
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Mr. Allen W. Dulles
1308 29th Street,
Washington, D.C.

Dear Allen:

This is to notify you that there will be a meeting of the Board of Directors of the ACUE on Tuesday, April 20th, for lunch at 12:30 PM at the Brook Club, 111 East 54th Street, New York.

At that time a complete report of Committee activities will be presented and future plans will be discussed.

I hope that you will find it possible to attend and shall look forward to seeing you.

Sincerely,

William J. Donovan

WARREN G. FUGITT
Representative in Europe

ER-File

250219

STRATEGIC INTELLIGENCE—WHERE DO WE STAND?*

by

WILLIAM J. DONOVAN

Mr. President, Ladies and Gentlemen: Judge Proskauer has asked me to come here tonight and talk to you on a subject that I think affects all of us as Americans. I am going to talk to you about intelligence and I am going to talk about it very simply and directly. Most people interpret intelligence as a fancy word for spies that we liked to read about in cloak-and-dagger books but which we did not have in real life. Women in intelligence service are less often the sultry blonde or the dazzling duchess than they are like the OSS girl, who, in spite of an artificial leg, stayed on in France and helped to organize a resistance group and operate a secret radio station—the first woman civilian to win the Distinguished Service Cross.

Intelligence is not cloak-and-dagger. It consists simply of finding out what we can about a given subject, putting the facts together in their most logical pattern, and then drawing the conclusions upon which to base our policy.

Up to World War II we had not thought it necessary to bother ourselves with the aims and purposes of other nations. We did not feel the pressures upon us that were felt by the nations of Europe. We had no great standing army. We thought oceans and distance protected us. We feared no attempts to invade us.

We all know the kind of world we live in. Every sovereign state has certain national interests both domestic and foreign which it seeks to protect against the action of other foreign states whose interests may be in conflict. National policy, therefore, is the determination and redetermination of that course of action which will enable a sovereign state to defeat the attempt by any other nation to destroy its national interest. Intelligence, therefore, is the means by which we receive a flow of reports concerning those national interests, followed by frequent appraisals of general and particular situations in order to determine the attitude or probable decisions of other nations.

It is not the function of intelligence to determine policy nor to justify it, nor to enforce it. Its function is simply to gather together the various items that bear upon a particular subject and shape that into a mosaic of information upon which national policy shall be based. There are different kinds of intelli-

* Address delivered at the Stated Meeting of the Association on March 18, 1948.

gence. There is strategic intelligence, which furnishes information bearing upon long range problems affecting the situation not only in relation to military questions but also political and economic. Today strategy imports something different than it did in the 17th and 18th centuries. In those days, strategy was not the art of integrating all of the resources of a nation, in order to meet the problem of total war. There is also tactical intelligence which is that information gathered in the daily problems of a military or political unit in order to meet the immediate question and deal with it accordingly.

Then you have to consider the means by which you obtain such intelligence. It can be obtained both by conventional and by secret means. The conventional means consists of material gathered from newspapers, magazines, technical journals as well as from military and naval attaches and from people traveling in foreign countries, who may bring back with them maps, postcards, photographs, catalogues and timetables. Some of the open channels of information in time of peace may be completely shut off as open channels in time of war. These means are easily and readily available in peacetime and are of the greatest importance, particularly if they are channelled into an organization, competent to analyze and appraise the information obtained. The secret means consists of material concerning the intentions, capabilities and activities of foreign nations or of foreign nationals, which foreign governments wish to keep secret and which can only be obtained by clandestine means. Open channels of information in time of peace usually become closed channels in time of war.

Now the curious thing is that prior to this last war, this country never had an integrated, organized intelligence service and I often wondered why. George Washington handled his own funds, kept his own accounts when money was given to him by Congress, and was always alert in the carrying out of ruses and stratagems. We lost that art. So, all through the years following Washington, there was never any organized system of intelligence. In fact, intelligence has always been a sort of an "Orphan Annie" of the military services.

When World War II started, we had to rely upon information that came to us from foreign lands, gathered by foreign hands and interpreted by foreign minds. That was the situation in 1941. I was asked to submit a plan of organization—I did so and out of this grew the Office of Strategic Services. The functions of OSS were to collect secret intelligence; to establish and maintain direct liaison with Allied secret intelligence agencies; to obtain information from underground groups; to carry out secret operations within enemy countries.

Now, let me illustrate this. The vital thing in intelligence is that you get the information, evaluate it and interpret it correctly. It is hardly necessary at a meeting like this to talk about the needs of intelligence, but let me give one or two illustrations. Suppose that in 1936 when Hitler came into the Rhineland with an empty pistol—would the British and the French have been so complacent had they been aware that it was Hitler's intention to make solid that right flank in preparation for the attack he subsequently made upon Russia? Suppose that Hitler had known that the Russian Army instead of being weakened as he believed as a result of the purge carried on by Stalin had become stronger—would he have made that attack when he did make it?

Let us look at Pearl Harbor. There was plenty of information coming into Pearl Harbor but it was read and thrown away and discarded like the separate editions of a newspaper. There never was any pattern established into which such information could be fitted and upon which an evaluation could be made and a conclusion could be based. Suppose that that had been done. Is it not safe to assume that the conclusion would have driven out of the minds of the admirals and generals their preconception that the Japs could not do what they did do at Pearl Harbor? I know that such a preconception existed by my own experience, because on returning from Europe in October, 1940, I went out on manoeuvres with the Navy beyond Pearl Harbor, about 100 miles down in the direction from which the Japs ultimately came. To return, I took off in a plane from the Carrier "Enterprise" and when I landed at Hawaii again, I said to the admirals there: "Well, if we can do it, why the hell can't the Japs do it?" "That is impossible, they could never get there. We would know it before they got over." That is the kind of thing I mean about intelligence.

Now, how do you get such intelligence. The first thing was to get an intellectual base, and to do that we took a group of scholars ultimately amounting to about 1,200 who had research technique, who had some 30 or 35 different languages and who were trained in the technique of research and analysis. In order to get agents into the field, we first of all established a unit in Switzerland and there we placed in charge Allen Dulles whom I had known in the first World War. He had been there as a young legation attache then, and I knew his ability and that he had contacts there. He did an excellent job.

I have been asked a question as to what kind of intelligence was developed that influenced us in taking our position against Franco. Well, you can judge from what I say, that at the time that determination was made, we had no intelligence service. Our intelligence service in Spain was established only by 1942, and then it was established only because of an attack contemplated in

North Africa. It was important, as you can see, that we should be able to tell our people whether or not there would be a flank attack by air from the air fields of Spain.

We were able in Germany to get a man who had charge of the desk in the German foreign office and to whose desk came various cables from the ambassadors in different parts of the world. Every 10 days that man would put these cables into an ordinary envelope, put it under his arm, get on the train and go to Bern and then go to what we call a "safe address". That afternoon, or next morning, it would be picked up and this furnished for us the actual report of the ambassadors in the field, directed to Hitler. Of course, you don't always have such luck as that and you have to run risks of failure. You had to be careful of penetration because no secret organization in the world can save itself from penetration. The only thing you must be able to do, as in any kind of business or sport, is to have fewer errors than the other fellow.

We had a man who was an oil specialist. He was a young fellow named Walter Levy, who in Bremen in 1938 had refused to give the Nazi salute, and who escaped that night and went to England. In England he worked for the Foreign Office and specialized in petroleum. So, when he came to us, we put him to work looking for oil fields in Austria or in Germany. Now the German railroad service had a journal that came out every two weeks and in that journal, in fixing up the railroad rates, they would always precede the coming in of an oil field by two or three weeks of just what the railway charges were going to be for that field. We were able to send the contents of those journals from Switzerland to Washington and thus located the two new oil fields in Austria which reports were given to the air force and the installations there were bombed and destroyed.

The British and the French used to say to me: "The great difficulty with you is that you have so many minority groups that you are peculiarly susceptible to the penetration of the enemy." I said to them: "I will show you fellows that what you consider a liability is really an asset." So we took the men of the racial origin and of the language of the countries we were seeking to liberate, and we trained them and set them up into groups to be dropped behind the enemy lines to activate resistance movements there. We had not only such units in France, Holland, Belgium, Norway and in Denmark and Germany, but in China as well; in the house of the prime minister in Siam we had installed a radio set which communicated with Ceylon and from there to Washington.

The war ended. We turned in our uniforms but we said: "Here there are certain assets that have been created." The problems of peace are going to be much more difficult than ever were the problems of war. There should be set up at once an Intelligence Service to which these assets should be transferred. It took a long time to do it, but there now exists the Central Intelligence Agency which has the money and the authority, and which is set up along the lines that we had established, to carry out the functions that we initiated. // / /

Now we know that today, with the development of atomic energy, with the new power of the air, space has been annihilated. You don't have depth of defense in space, you have it only in time. You have got to be able to answer the question, not how or where, but *when*. In order to be able to answer that question *when*, you have got to have an intelligence service. So your first line of defense is intelligence! We in America are trained in the orthodox warfare. We think of war only in terms of army, navy, planes and of shooting. But there is another kind of war, a war older than the orthodox—it is called subversive war. He who wins the subversive war, has an advantage if it comes to a shooting war. Winning the subversive war may mean the determination as to whether there is going to be a shooting war or not. Let me illustrate. If I am on your team and I am killed—you just lose me. But if I am on your team and my mind is turned against you—and you don't know that it is—and I work inside your fence but work against you—then I am more effective against you as a hidden enemy than I would be as an open one. That is the essence of subversion. That is what is going on today.

We don't appreciate as yet what we must do to counter these attacks against us on a psychological, political and an economic front.

There is much more than a humanitarian question involved in our going in under the Marshall Plan. It is a very practical question of our survival, because in two wars, Western Europe has been our outer bastion. What will happen if Finland goes tomorrow and Norway the next day and ultimately Russia comes in to occupy all of Europe? That is not impossible because what is there to meet it? Our danger lies in the fact that if we permit Russia or any nation to seize bases that have been held by people friendly to us, permit her to cut across our lines of communication and under a strategy of disunity to penetrate our inner defenses, then we become so tied down that if the day came when we felt it necessary to fight we would not be able to get on our feet to fight. In France and in Italy today the striking head against communist control are the men of the labor unions who don't intend to submit to it.

The weapons they need are not guns, rifles or atomic bombs. The weapons they need are newspapers, printing presses and a news service—gasoline and automobiles. Those are the kinds of weapons they need.

If Italy loses, there is communist domination, the Mediterranean becomes an inland lake, and with Italy gone, the Soviet Union is on the flank of France. France gone, means the Soviet outposts are on the Atlantic.

Now, our great difficulty, ladies and gentlemen, is that today oceans are no longer barriers. They are ports of entry. Suppose it is true that there is foreign enemy penetration of those facilities and instruments upon which strategy depends, where is your strategy? Those are very practical questions which we have to consider because for the first time in our history, the men and women of this country can no longer be complacent. They find that they are faced with the danger and the insecurity the same as millions of other peoples in the world have been for centuries.

We have got to ask ourselves two questions: Is Russia our friend or our enemy? Second—the thing that we are called upon to do, whatever we may be asked to do must be measured by the question: “Is this in the interest of the security of our country?”

If the answer to that question is “yes”, then let’s march up to it and face it and abide by the consequences.

* * *

THE LAWYER

I am the lawyer.

I displaced brute force with mercy, justice and equity.

I taught mankind to respect the rights of others to their property, to their personal liberty, to freedom of conscience, to free speech and assembly.

I am the spokesman of righteous causes.

I plead for the poor, the persecuted, the widow and the orphan.

I maintain honor in the market place.

I am the champion of unpopular causes.

I am the foe of Tyranny, Oppression and Bureaucracy.

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MEMORANDUM TO: GENERAL SMITH

You will recall that in General Donovan's last letter to you he indicated he would keep looking for an individual with Far Eastern qualifications. I assume that is why he brings [redacted] to our attention.

Mr. Dulles has suggested we send a copy of General Donovan's letter to [redacted] for comment, which has been done.

JSE
JSE

Noted by DCI
24 Dec 51 - 0012

22 December 1951
(DATE)

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FORM NO. 10.101 OCT 1950

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Executive Registry
2-3878

30 November 1951

Major General William J. Donovan
Donovan Leisure Newton Lombard & Irvine
Two Wall Street
New York 5, New York

Dear Bill:

Many thanks for your recommendation of possibilities for the Indo-China situation. I am following up on the man in the Paris Embassy who is known to us. The man you mentioned in the second paragraph of your letter is a friend of Allen's and he knows where to reach him.

Please let me know when you are next in Washington.

Sincerely yours,

Walter Bedell Smith

AWD:at

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ER 2-3420

NOV 8 1951

Major General William J. Donovan
Two Wall Street
New York 5, N. Y.

Dear Bill:

Thank you very much for your letter of November 2, 1951, concerning [redacted] I fully understand his position and under the circumstances agree that he is not the man for the job. I hope you will be successful in finding another prospect for us.

STAT

With regard to the History of OSS, I find this was prepared by the Strategic Services Unit, Office of the Assistant Secretary of War, and published in two volumes under the title "War Report, Office of Strategic Services." Since it is a classified (Top Secret) War Department publication, I have no authority to release it. I have, however, asked Alex Bolling, the present Assistant Chief of Staff, G-2, Department of the Army, to get a copy for you if at all possible. In the event you do not hear from him in a reasonable length of time, I suggest you get in direct contact with him.

He just phoned that he has it.
WJS.

Sincerely,

Walter D. Smith

~~Walter D. Smith~~
Director

JSE:dr:ab
Distr: Orig-add
2-signer ✓

W

250225
WJS/LL

*Law Offices of
Donovan Leisure Newton Lumbard & Irvine
Two Wall Street
New York 5, N.Y.*

WILLIAM J. DONOVAN
GEORGE S. LEISURE
CARL ELBRIDGE NEWTON
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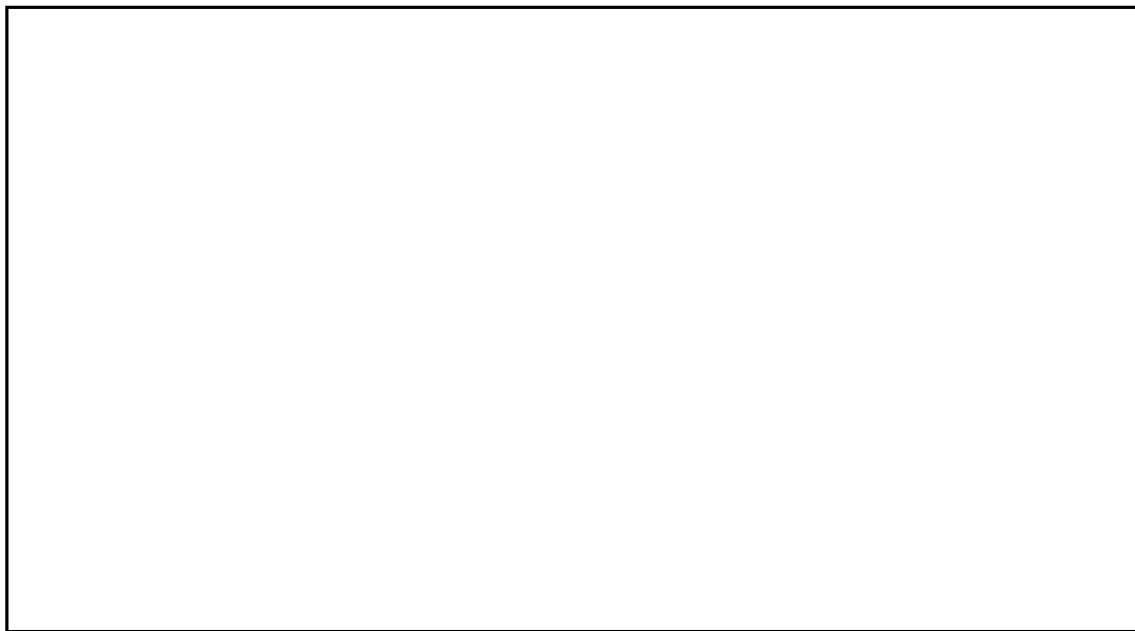
WASHINGTON OFFICE
CAFTRITZ BUILDING
1625 EYE STREET, N.W.
WASHINGTON 6, D.C.

CABLE ADDRESS: DONLARD, NEW YORK

November 2nd, 1951

General Walter Bedell Smith,
Central Intelligence Agency,
2430 E Street, N. W.
Washington, D. C.

My dear Bedell:



Sincerely,

Bill

P.S. You perhaps have forgotten that sometime ago I told you that at the request of [redacted] sent him material for the History of OSS and he promised that, in return, I would receive a complete copy. This has not been done, and I hope this failure can be remedied.

WJD

250225

Jack C.

John ...

STAT

STAT

1 August 1951

General William J. Donovan
2 Wall Street
New York, New York

Dear General:

As you know, Allen is abroad and I am therefore acknowledging with thanks your letter to him of July 27. Your friend [redacted] is certainly engaged in an active and promising enterprise. I have passed on a copy of his letter to the interested people here.

Unless my plans are changed again by developments "beyond my control," [redacted] and I expect to be in New York for a day or two toward the latter part of this month. We shall give you ample notice and I hope that we can get together.

Sincerely,

[redacted]

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