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EXECUTIVE OFFICE OF THE PRESIDENT
Bureau of the Budget
Washington 25, D. C.

February 14, 1955

MEMORANDUM FOR: Honorable Herbert Hoover, Jr.
Honorable Allen Dulles
Honorable Robert Anderson

Subject: Coordination of Economic, Psychological, Political Warfare,
and Foreign Information Activities (NSC Actions Nos. 1183
and 1197)

Attached for each of you are copies of the revised draft of the report on the above subject which was arranged for at the meeting held in my office on Wednesday, February 9. In accordance with that program, Messrs. Cutler, Rockefeller, and myself have agreed on the attached draft which was typed up by General Cutler for circulation.

In sending the memorandum forward General Cutler makes the following comment:

"I have not had time to digest "our product", but it seems to me at first reading to express with sufficient clearness a rationale for filling the continuing need referred to on page 6. The "product" seems to me: (1) to observe the basic principle of integration; (2) to avoid the generally recognized error implicit in the old PSB; (3) to avoid interfering in the line of responsibility between the President and his responsible Cabinet members; (4) to deal with the needs which I earlier expressed -- (a) the infusion of imaginative and dynamic ideas into coordinated agency planning; (b) closer, high-level attention to the OCB operation; (c) a smaller, high-level group to act on respective covert matters.

"I want to reserve for more study the relationship of the PCB to OCB in the overt field (page 7). This relationship is hard to express clearly in words."

Mr. Rockefeller and I likewise each have a few points that relate more to expression than to what the three of us agreed upon jointly as incorporated in the revised draft. However, I think it would be advisable to follow General Cutler's suggestion that if it were possible to make the OCB meeting short on Wednesday, the 16th, the same group could convene afterward at my office as we did last week.

Rockefeller

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Mr. Rockefeller is also particularly anxious to move as rapidly as possible because there is much work that he should be doing that he is unable to move ahead with until his plan of operation is set up. Accordingly, I shall keep the time open and as soon on Wednesday as you finish your meeting I shall be prepared to start with you here on the consideration of the enclosed draft.

/s/ Rowland Hughes
Director

Attachment

cc: General Cutler
Mr. Rockefeller

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S E C R E T

2-12-55 Revision

MEMORANDUM FOR THE PRESIDENT

Subject: Coordination of Economic, Psychological, Political Warfare, and Foreign Information Activities (NSC Actions Nos. 1183 and 1197)

When you assigned this study to the Bureau of the Budget, you indicated that its primary purpose should be to answer two questions: (1) What is the present status of this work and how are responsibilities placed, and (2) What were my recommendations for improving planning methods and effectiveness?

On November 24, 1954, I reported to you on the first question by supplying you with (1) a chart and narrative description indicating the functions of agencies involved, committee memberships, etc., which were found to be in existence at the time our study was launched, and (2) a summary of the principal problems raised by the organization as it then existed. Copies of those papers, together with a copy of my memorandum of transmittal to you, have been supplied to the members of the National Security Council and to the Secretary of the Treasury, the Director of Central Intelligence, and the Chairman, Joint Chiefs of Staff.

* * *

Two closely related organizational studies were conducted concurrently with our review. One was the study of our information activities made for you by Mr. William H. Jackson. The other was the study conducted by Mr. Joseph M. Dodge of our organization for planning

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and coordinating foreign economic policy. This latter study was conducted in close cooperation with the Bureau of the Budget and with your Advisory Committee on Government Organization.

At your request, the Budget Bureau and the Advisory Committee on Government Organization are currently working with Mr. Dodge to develop for your consideration a pattern of organization for the conduct of foreign assistance programs. This matter is scheduled to be disposed of soon as it involves basic considerations which must effect your request in the near future to the Congress for authority to carry on foreign aid programs in fiscal year 1956 and subsequent years.

In addition, the following recent decisions have been made which affect the subject matter of this report:

(1) The appointment of Mr. Dodge as Special Assistant to the President for foreign economic affairs and the establishment of the Council on Foreign Economic Policy.

(2) The appointment of Mr. Nelson Rockefeller as Special Assistant to the President to provide leadership on your behalf in the development of increased understanding and cooperation among all peoples and in reviewing and developing methods and programs by which the various departments and agencies of the Government may effectively contribute to such cooperation and understanding.

(3) The assignment to a special committee chaired by Mr. Rockefeller of responsibility for coordinating the implementation of

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the policies contained in NSC 5505/1 and NSC 5502/1.

In addition to placing into effect the above mentioned reorganizations, I should like to recommend further proposals for improving planning methods and effectiveness in the area which you requested us to study:

I. Reorganization in connection with plans coordination.

II. Supporting actions.

* * *

I. Reorganization In Connection with Plans Coordination

Before making my recommendations for improving planning methods and coordination of economic, psychological, political warfare and foreign information activities, I wish to indicate certain existing responsibilities.

(1) The NSC Planning Board, utilizing the resources and staffs of the component agencies (assisted by a small NSC staff), is responsible for developing recommendations for national security policy for consideration by the NSC and transmittal to the President. Neither the NSC nor its Planning Board has any responsibility for developing operating programs under approved national security policy.

(2) When the President has approved a national security policy, recommended by the NSC, the agencies of Government which have functions germane to its execution are primarily responsible to him for devising plans and taking actions to carry such policy into effect.

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(3) The Operations Coordinating Board has two major responsibilities:

(a) It is responsible, whenever the President transmits to it an approved national security policy (1) for advising with the agencies which have functions germane to the execution of such policy as to the coordination of the interdepartmental aspects of the detailed operational plans developed by such agencies to carry out such policy and as to the timely and coordinated execution of such operational plans, and (2) for initiating new proposals for action within the framework of national security policies in response to changes in the situation. The function of OCB is to assist responsible agencies in the implementation and coordination of policy, not in the formulation of policy.

(b) Under NSC 5412, the Central Intelligence Agency's charter for covert operations, the OCB is advised in advance of major programs involving covert operations relating to national security policies and is the normal channel for securing coordination of support for covert work. Later in this paper, it is recommended that NSC 5412 be amended to remove any conflict with the functions assigned to the Special Committee referred to in (4) below and the duties recommended below to be given to the Plans Coordinating Group.

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(4) As indicated above, the President recently approved the establishment of a Special NSC Committee under the Chairmanship of Special Assistant Nelson Rockefeller to coordinate the implementation of policies contained in NSC 5505/1 and NSC 5502/1. Besides the Special Assistant as Chairman, this Special Committee is composed of the Under-Secretary of State, the Deputy Secretary of Defense, and the Director of Central Intelligence (each of whom may be represented in day to day operations by deputies appointed by them), with participation as appropriate of representatives of the Department of Justice, the Foreign Operations Administration, the U. S. Information Agency, and other interested departments and agencies. The duties of this Special Committee include reviewing current programs and developing new programs to carry out the above-mentioned national security policies, ensuring coordination of actions taken thereunder, making evaluative progress reports to the President through the National Security Council, etc. This Special Committee mechanism was established in this connection because of need for high-level, restricted attention to developing the (preponderantly covert) programs, and the coordination of actions thereunder, called for by the above-mentioned national security policies.

Except for operations exclusively covert, the OCB is now undertaking, through working committees representative of the responsible agencies, to coordinate in "country operating plans" the plans and programs proposed by such agencies to carry out approved "country"

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policies. In the case of operations exclusively covert, such coordination is effected by the Central Intelligence Agency, subject to OCB oversight as prescribed in NSC 5412.

As stated above, the working up of plans and programs to implement national security policies rests with the agencies primarily responsible therefor. But there is a continuing need in government to infuse in such plans and programs dynamic, new and imaginative ideas, to diagnose precisely how best to meet the overall problems of a given country or area, to bring into balance all aspects of a problem and all resources available to solve it, to find ways effectively to utilize U. S. private organizations and foreign individuals and groups and foreign public and private organizations. The promotion of such imaginative planning, based on the best intelligence available, should materially aid in coordinating economic, psychological, political warfare, and foreign information activities so as to further international cooperation and understanding, to reduce the Communist threat, to strengthen friendly ties with the U. S., to promote the freedom, wellbeing, and dignity of the individual man, and to improve the world climate of opinion.

It is believed that a small, high-level group should be given responsibility for meeting the need just referred to. This group would aid and develop planning in both overt and covert fields.

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To accomplish this objective, it is recommended that the above-mentioned Special Committee, chaired by Mr. Rockefeller, be reestablished, within the framework of OCB, where it might be designated as the Plans Coordinating Group. This body would be a grouping of OCB members created for a special purpose rather than merely a subcommittee of OCB. It would have such small staff as might be convenient to its special purpose. Such staff, while distinct from OCB, could call upon OCB for housekeeping services. The Plans Coordinating Group may make progress reports from time to time to the President through the National Security Council.

In the covert field, the Plans Coordinating Group would have these responsibilities: (a) with reference to NSC 5505/1 and NSC 5502/1, working up the programs to implement these policies, transmitting such programs to the operating agencies to insure prompt and effective action; (b) with reference to covert actions to be taken under other national security policies, assisting to devise major plans and programs, giving specific approval thereto, and after such approval following up their implementation to insure prompt and effective action by the operating agencies. In the overt field, the Plans Coordinating Group will be the responsible channel for coordination of planning by the respective agencies and for assisting such agencies to devise plans and programs to implement approved national security policies.

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The Plans Coordinating Group would not itself engage in operations or enter into the stream of agency operations. The product of its work would pass to and be coordinated with the responsible operating agencies through its established high-level agency contacts and through the Operations Coordinating Board.

It is most desirable that the Plans Coordinating Group keep close and continuing contact with the work of the Operations Coordinating Board. To that end, its Chairman should have authority to use OCB resources and in his discretion to be kept informed as to the operations of the OCB Staff and to advise the Director in regard thereto.

Because action respecting covert operations should be restricted so far as possible to those who have a need to know and should be kept at a high level, it is recommended that NSC 5412 be amended so as to substitute therein the Plans Coordinating Group for the OCB.

The location of the Plans Coordinating Group within the framework of OCB is in line with the basic principle of integration in national security policy formulation and implementation. The work to be done by this group can contribute greatly to the imaginative dynamic quality and the effectiveness of coordinated agency planning to carry out approved national security policies.

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II. Supporting Actions

1. To stress the responsibility of all agency heads for the foreign impact of their decisions and the actions of their agencies, the agency heads should be requested to:

- (a) Identify their programs having an important impact on foreign peoples - procurement and sales, controls over movement of persons and commodities, etc., in addition to the more obvious ones.
- (b) Determine whether effective, informal arrangements exist for obtaining any necessary foreign policy, intelligence, or information advice and assistance regarding those programs.
- (c) Establish means for developing, with appropriate assistance from the State Department and the USIA, internal guides for subordinates which will help them to enlarge the good and minimize the bad foreign impact of their actions.
- (d) With the assistance of State and the USIA, develop arrangements for giving the USIA advance notice of decisions, actions, and public statements of major interest to foreign peoples so that the USIA may have an opportunity to capitalize on favorable actions and to prepare foreign audiences for adverse actions.

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2. The establishment of the arrangements described in this report will make it possible to improve and simplify many of the presently existing interdepartmental arrangements concerned with foreign affairs and related matters. Accordingly, the Cabinet Secretariat, with the assistance of the Bureau of the Budget and the staff of the Operations Coordinating Board, has initiated a review of interdepartmental committees with a view toward: (a) eliminating as many committees as possible and substituting other arrangements for necessary interagency collaboration; (b) where committees must be retained, establishing the precise responsibilities of each agency which is a member, responsibility for decision and for appeals, if any; and (c) establishing the most effective working procedures. This will require intensive work with each committee over an extended period of time. The work will be aimed at helping the committees to improve their operations, not at taking over their management. One of the important objectives of this review would be to free up the time of the top officials in the principal agencies involved to permit them to participate more effectively in basic policy and program planning.

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It is probable that as experience is gained under these new arrangements, additional reorganization action will be indicated. This Bureau and your Committee on Government Organization will keep these areas of the Executive Branch under continuous scrutiny and will recommend to you promptly such additional adjustments as may, from time to time, seem necessary or desirable.

Director

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CONFIDENTIAL

8 April 1953

*File
Cleared*

MEMORANDUM FOR: The Director of Central Intelligence

SUBJECT : Suggested Comments on the Rockefeller
Committee's Recommendations on Foreign Affairs.

1. The basic premise in the foreign affairs paper prepared by the President's Advisory Committee on Government Organization is stated on page 1, paragraph 3, quoted below:

"The Committee considers it of the highest importance that the Secretary of State have sole responsibility (subject to the President) for the formulation and control of foreign policy and that he be freed from foreign program operations in order that he may concentrate on his primary function."

(I would assume that an unstated and related premise is that State is, from a current "political" standpoint, less able than the proposed new agency to justify the necessary budget and defend the operations before the Congress.) Mr. Rockefeller's covering letter states that these recommendations have been cleared with the Secretaries of State and Defense, the Director for Mutual Security and certain other interested departments and agencies. In the light of these facts, it may be appropriate to limit our comments primarily to those facets of the proposals which have a bearing upon CIA and its operations.

2. Regarding the recommendation for the establishment of a new foreign operations agency to handle the most important foreign assistance and economic operations of the United States, I suggest we state that:

"CIA considers that centralization of foreign economic activities should be helpful. Under the proposed consolidated setup, it should be somewhat easier than at present to obtain advice and guidance in the field of covert economic warfare. It is noted that the program for aid to escapees, which is just getting under way at State, will be turned over to the new agency. CIA has an interest in seeing that the escapee program operates as successfully as possible because of its value in defector inducement, and is glad to note that the Rockefeller Committee has given appropriate attention to its continuance."

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3. The second major recommendation involves the establishment of a new foreign information agency consolidating the most important information, cultural and educational exchange programs of State, MSA, et al. It is suggested that the following may be an appropriate comment:

"The very important question of the placement of responsibility for the conduct of psychological (propaganda) activities in the medium-to-light-gray field is not specifically dealt with in the paper. Both State and MSA, as well as CIA, have been engaged in the conduct of operations in this particular field. Accordingly, it is recommended that (especially since the Jackson Committee has not yet reported its views) the description of the proposed new information agency* should be in sufficiently general and flexible terms to allow for the assumption of certain activities in this field as deemed appropriate."

4. The question of the transfer of IIA functions out of State into the new information agency may be foreclosed on the basis of the statements quoted in paragraph 1 above; however, if you consider it appropriate, you may wish to add the following comment:

"The transfer of the IIA responsibilities from State to a new agency may create new problems in an attempt to solve old ones. For example, the provisions which are made for measures of State (and Defense) review and approval of all "plans and policies" related to foreign military, economic and information programs" * * * to assure that in their conception and execution such plans, policies and proposals are consistent with and further the attainment of foreign policy and military policy objectives." *Such procedures will -- if faithfully carried into effect -- give rise to a most formidable task of 'coordination,' with all of the attendant delay, frustration, indecision, compromise and missed opportunities for timely action. There is a respectable body of opinion which holds that most of the criticisms leveled at the IIA have resulted from reasons that could be corrected without removing these activities from the Department of State. Moreover, it is felt that the removal will result in serious problems of administration due to ambiguous channels of command which would be avoided if the activities were left within the Department of State."

** and its functions*

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Presumably these points have been taken into account -- since they are so evident -- and presumably it must have been the conclusion that other considerations are of overwhelming significance.⁷

5. There is one apparent ambiguity in the language of subparagraph b. at the top of page 14. This paragraph provides that "regional staffs (of the two new agencies) should be established only in cases where there is a regional organization or multilateral activity of sufficient importance to warrant the establishment of a diplomatic mission." As I read this language the exception provided is so broad as to open up the possibility of the establishment of regional staffs in every country, for we have diplomatic missions in every country. I believe that the language should be entirely rewritten with a view to clarifying the meaning, which I would judge to be an attempt to eliminate or drastically cut down regional staffs abroad.

6. A final point which has occurred to me is that the chief of the new information activity will be of sufficient importance to be entitled to membership in the PSB. The contrary is provided on page 13 where the language of the third paragraph authorizes him to "attend meetings of PSB when appropriate." I suppose there must have been some consideration given to this point and it may be that there was a deliberate intention to exclude the chief of the new agency from membership -- but in any case I should think that his exclusion would over a period of time result in more difficulties than it would avoid.



FRANK G. WISNER
Acting Deputy Director

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Attachment (1)
Subject report