

OSD DECLASSIFICATION/RELEASE INSTRUCTIONS ON FILE

**TOP SECRET**

OFFICE OF THE SECRETARY OF DEFENSE

22 December 1949

MEMO. FOR the Secretary

This study presents some background discussion and suggests several alternative solutions for the organizational setting of Mr. Wisner's OPC.

I recommend alternative 6 on page 5. Generals Burns and McNarney concur.

While I do not know State Department's final position, the alternative recommended would furnish the basis of discussion which I think would lead to a solution satisfactory to you and Mr. Webb.

I should be glad to explain any points which might be clarified.

C  
O  
P  
Y

/s/ JOHN MAGRUDER  
John Magruder

HS/CEG-2434

**TOP SECRET**

OFFICE OF THE SECRETARY OF DEFENSE  
Washington 25, D. C.

22 December 1949

MEMORANDUM FOR THE SECRETARY

SUBJECT: Reorganization of Office of Policy Coordination (OPC)

THE PROBLEM

To establish an appropriate relationship between the agencies of CIA responsible for clandestine collection of intelligence and conduct of covert operations; and to fit them into the structure of CIA in a manner to insure their coordinated control.

ASSUMPTIONS

1. That suggested changes shall be possible without new legislation.
2. That responsibility for these operations be not susceptible to public or direct attribution to the President or to individual cabinet members.
3. That authoritative controls exist to insure that in peacetime war covert operations shall be restricted to projects which are clearly and directly in furtherance of national policy.
4. That clear differentiation be made between:
  - a. Covert operations of a political, economic and psychological character, which by their nature remain truly covert and which are employed abroad to influence developments favorable to the United States, and
  - b. Operations which, while initially covert, are by their nature assigned to create physical manifestations which cease to be covert, such as, sabotage, support of underground and guerrilla movements and para-military activities.

COPY

TOP SECRET

### DISCUSSION

The principles governing the functions and general composition of CIA as reflected in the National Security Act of 1947 had been the subject of long debate. It was not casual that to one directorate was given such widely different responsibilities as the production of national intelligence and the collection of foreign intelligence by clandestine methods. When the need for instituting covert operations in peacetime became apparent, again it was not casual that they should have been assigned to CIA and placed alongside their related activities, espionage and counter-espionage. To avoid the creation of a floating agency operationally inappropriate to any department and which was so directly dependent upon clandestine intelligence, it was natural to incorporate covert operations in CIA.

Thus, CIA became a basket of widely differing eggs. But eggs they are, nevertheless, and a basket they must have. This copious basket called Central Intelligence is uniquely an American concept. The arrangement has historic validity which includes our wartime experiences, our intimate observation of foreign practices in wartime and, last and most important, our governmental structure which dictates its being as it is. The more you try to change the composition of CIA the more obstinately do conditions force you back to the original concept of the CIA carry-all.

While I do not advocate it, the only major organizational change in our national intelligence system which logically suggests itself is the separation of the central organization for producing national estimates and studies from the clandestine organizations for collecting intelligence. The functions of these two agencies are not analogous. However, their separation would create another splinter agency with the obvious disadvantages involved and, furthermore, would deprive the clandestine organizations of a valuable smoke screen. While functionally CIA could thus rationally be divided, no good purposes would thereby be served.

On the other hand, the complete separation of the several activities in the clandestine field, such as are truly covert, presents numerous disadvantages. Clandestine intelligence and covert operations are characterized by both functional affinity and operational inter-dependence. They must be at least under the same general direction if ineffectiveness and even dangerous confusions are to be avoided. It is almost impossible to operate individuals, groups or chains of underground agents in the same area without their uncovering each other - unless they are very skillfully controlled by a central direction.

TOP SECRET

15-55224  
Copy #1

While separate direction of strictly covert operations in the same area is hazardous, it is also true that attempts to operate merged activities of widely differing character may be self-defeating. If it is difficult to see how intricate methods of espionage and subtle manipulations of political subversion can succeed except under single direction, it is highly improbable that the merger of all types of subversive activities can be employed in a given area, even by a single head, without the physical operations ceasing to be truly covert and blowing wide open the subtle covert apparatus.

These considerations therefore suggest the importance of differentiating between two broad types of covert activities: those which by their nature are truly covert and must remain so if they are to succeed; and a category of so-called covert activities whose development designedly leads to physical manifestations which cease to be covert. This differentiation leads to a possible solution which would permit the merger under a single direction of those covert activities which are clearly related and unquestionably inter-dependent while retaining under separate direction the more physical or para-military types of operations which rarely remain covert. ✓

With respect to the controls and organizational set-up employed by the British, the information obtained from different official levels is contradictory. It can only be assumed that the British cabinet ministers are employing different terminology from our own in defining integration or separation of covert activities or else have reference to different types of covert activities. It is also not improbable that the Premier and some of his ministers conduct delicate covert operations of their own quite apart from, and unknown to, the conventional covert organization with which our CIA officials are in contact.

Whatever may be the explanation, it will be evident that the United States Government cannot follow British practice in all details of organization if for no other reason than the constitutional difference in the two governments. The Premier and the British Foreign Office have traditionally assumed direct responsibility for clandestine intelligence and covert political activities to a degree never practiced by the President and the State Department. The British constitution permits flexibility of action in these fields by the British Cabinet Members not permitted by existing law in the US. It was only after the creation of the National Security Council that national central direction, other than the President himself, became available as a permanent body to control such activities. This agency seems to be entirely appropriate to control all covert activities of inter-departmental or extra-departmental character unless control of specific types be assigned to a particular department with the concurrence of other interested departments.

Assuming that all existing Central Intelligence Agency responsibilities, including covert operations, are of inter-departmental character, it would



seem inappropriate to separate OPC or any of its functions from the general direction of CIA. There remains the decision as to the method of fixing the relationship within CIA between OPC and OSO, the latter of which now is engaged exclusively in the clandestine collection of intelligence.

In view of the initial assumptions and the foregoing general considerations, there are outlined below the several alternative solutions which could be implemented by NSC directive.

#### ALTERNATIVES

1. Leave OPC in status quo ante publication of NSC-50. This arrangement is discarded as being unsatisfactory to all who operate under it, and to all investigators who have studied the problem.
2. While combining under an assistant director of CIA, OPC, OSO, Contact Branch and essential separate covert services, retain the separation of OPC and OSO, with their existing functions, each under a separate head. This arrangement provides for the separation of OSO and OPC while permitting some degree of coordination through an assistant director in charge of both. With common control only at the top, it still leaves parallel but non-integrated organizations whose personnel will inevitably be forced into conflicting activities and unavoidable friction. It perpetuates considerable duplication of personnel and auxiliary services. The truly covert political operations of OPC will be vulnerable to disclosure by the administration at home and abroad of widely differing types of operations within the same organization. This alternative is discarded.
3. Same as alternative 2, except that OPC and OSO be integrated under one head but not merged to the extent of preventing future possible separation. Discarded for reasons given above and additionally because it introduces another echelon of authority.
4. Same as alternative 3, except that OPC and OSO be merged under one head. Discarded as being the merger to which the Secretary of Defense objects and as having the major disadvantages referred to in previous alternatives.
5. If assumption 2 should be disregarded, all covert operations presently assigned to OPC could be lifted from CIA and assigned:
  - (a) To department of State - all truly covert operations of political, economic and psychological character.

- (b) To Department of Defense - all the more physical types of operations, including sabotage; training, support, and supply of underground resistance; para-military activities.

This plan is discarded as being at variance with American practice of assigning these unorthodox activities as a direct departmental responsibility. Furthermore, the operations would gradually lose all character of security, flexibility and unorthodoxy in the inescapable strait-jacket of departmental bureaucracy.

6. Combine under an <sup>25X1A</sup> assistant director of CIA the following activities: OPC, OSO, [REDACTED], and essential separate covert services. Transfer from OPC to OSO responsibility for all truly covert political, economic and psychological operations. OPC, remaining under separate head, would retain responsibility for the physical types of operations which only initially are covert, such as: sabotage; the training, support and supply of resistance movements; para-military activities. This plan avoids a merger of organizations and thus reconciles the objections of the Secretary of Defense. It separates the control over two non-homogeneous types of activities now in OPC, but retains all the essential functions in a logical organizational setting. Clandestine intelligence collection and strictly covert political operations could be conducted under most secure and coordinated conditions. If limited covert operations of a physical character were required in peacetime, they could be conducted under strictly security measures and coordination of OSO. Under this reorganization, OPC would continue the planning and preparation for war of the types of operations of primary interest to the Defense Department. The OPC could thus be transferred to the JCS in wartime, while having its development take place in the atmosphere of unorthodoxy in CIA. In wartime, the covert agencies of CIA and those transferred to military control, having had common background of security and flexibility, could cooperate with a high degree of understanding.

RECOMMENDATION - That the Secretary of Defense adopt the plan briefly stated in alternative 6 and informally request the concurrence of the Secretary of State. That if agreement be reached as to adoption of this general plan, the Secretaries instruct their respective consultants, in consultation with the Secretary, National Security Council, to draft an implementing directive to the Director, CIA, for consideration of the NSC.

/s/ JOHN MAGRUDER

