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IV DEPARTMENT OF DEFENSE

OFFICE OF SPECIAL OPERATIONS (OSO)

OSD DECLASSIFICATION/RELEASE INSTRUCTIONS ON FILE

Authority, Responsibilities, and Functions

The responsibility of the Secretary of Defense for intelligence activities of the military services is not specifically defined in legislation or executive order, but is implicit in the following provision of the National Security Act of 1947:

"The Secretary of Defense shall be the principal assistant to the President in all matters relating to the Department of Defense. Under the direction of the President, and subject to the provisions of this Act, he shall have direction, authority, and control over the Department of Defense."

The means whereby the Secretary of Defense intends to fulfill his responsibility with respect to intelligence are indicated in the following paragraphs of his Directive No. 5105.7, dated June 29, 1954:

"Each of the Military Departments and the Joint Chiefs of Staff organization has under its control and direction an intelligence organization with the primary responsibility of satisfying the requirements of the agency of which it is a part. The intelligence organization of the Joint Chiefs of Staff is the normal channel for the production of intelligence for the Secretary of Defense, and nothing herein is to be construed as restricting or altering the normal channels or organization.

"In implementation of his responsibilities as head of the Department of Defense, the Secretary of Defense has, however, a requirement for staff participation and representation in policy matters relating to intelligence. A staff channel is required in order that he shall have direction, authority, and control in these matters as provided by law. There is no requirement for nor does this directive authorize the establishment of an intelligence operating or producing organization within the Office of the Secretary of Defense."

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The Assistant to the Secretary of Defense (Special Operations), who is also sometimes referred to as the Director, Office of Special Operations (OSO), was designated to fulfill that requirement for staff participation and representation. His authority and responsibilities are set forth in various directives and memoranda of the Secretary of Defense.

Principal among these is Directive 5105.7, mentioned above, which outlines the responsibilities and functions which should be undertaken in the intelligence area. This directive specifically vests in the Assistant to the Secretary (OSO) the following responsibilities:

Advise and assist the Secretary of Defense on intelligence matters affecting affairs of the Department of Defense;

Through staff collaboration, maintain overall cognizance of intelligence activities within the Department to assure the continuous development of effective and integrated Department of Defense intelligence policy;

Serve as the principal staff assistant and policy adviser to the Secretary of Defense in all matters pertaining to the responsibilities of the Department in the national intelligence effort;

Provide, in addition to the Services and Joint Staff (JCS) representation, the principal staff representation for the Secretary of Defense with other departments and agencies of the Government in all intelligence matters, either through his own office or by arrangement with the Chairman of the Joint Chiefs of Staff and the Secretaries of the military departments for the assignment of representatives of the Joint Staff or one or more of the military departments or other agencies, as appropriate; and

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Exercise the authority vested in the Secretary of Defense relating to the direction and control of the operations of the National Security Agency.

In addition to the foregoing, by memorandum dated July 15, 1953, the OSO was made responsible for all psychological operations activities in which the Department of Defense participates, and other operations of a similar nature which are within the cognizance of the Psychological Strategy Board, or its successor agencies.

The OSO is also charged, pursuant to Directive 5105.6, dated February 1, 1954, with providing staff support to the Deputy Secretary of Defense in the performance of his responsibilities as a member of the Operations Coordinating Board (OCB). Among other matters, the OSO develops unified Department of Defense views concerning policies, programs, and plans being considered by the OCB and furnishes, as necessary, departmental representation on ad hoc or permanent committees established by OCB.

The OSO is small and is neither intended nor prepared to exercise administrative control over day to day intelligence activities of the services. It has and does from time to time focus attention on problems of mutual concern to the intelligence organizations and assists in bringing divergent views into agreement. In this matter, it does have influence in determining policy, but does not presently attempt to establish policy. The office is comprised of a director, a deputy director, and eight assistants, whose principal tasks are liaison to specific offices and other activities in the intelligence area.

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### Organizational Arrangements with Other Activities

By Secretary of Defense directive, the departmental secretaries have been required to designate under or assistant secretaries or other appropriate officials of their respective departments as having functional responsibility for all intelligence matters. These officials serve as liaison with the Director, OSO. The Chairman of the Joint Chiefs of Staff has also been required to designate an officer of general or flag rank, serving within the JCS, for liaison with the Director, OSO, in intelligence matters. In addition to liaison with corresponding echelons in the military intelligence organizations, OSO is also a point of major contact in the Department of Defense for the Department of State and CIA concerning intelligence matters.

### Budget, Manpower, and Materiel

With the exception of those relating to the National Security Agency, the OSO does not control or make decisions with respect to budgets, manpower, or materiel. Where NSA is concerned, the office does assist and advise with respect to presenting the budget of NSA to the Assistant Secretary of Defense (Comptroller) and the Bureau of the Budget. It may also make recommendations regarding personnel strengths which affect the NSA or the service intelligence organizations.

### Specific Activities

Much of the work of the OSO is directed toward assembling data or making studies of common problems in the intelligence field. The following examples illustrate the type of study which the office prepares:

**Coordination of certain electronic activities;**

**A study of the attache system; and**

**A study of the types and numbers of intelligence publications.**

The functions of the office in the foregoing are directed toward assembling pertinent facts and achieving agreement of the agencies concerned toward a common plan, rather than directing the solution to various problems.

### Conclusion

Although the language in Directive 5105.7 is very broad with respect to the powers vested in the Director, OSO, the directive also indicates clearly that it is not intended that these powers be so interpreted as to alter or restrict the intelligence organization of the Joint Chiefs of Staff as the normal channel for intelligence production for the Secretary of Defense. The directive also indicates that it should not be construed so as to affect the responsibilities of the military intelligence organizations for departmental intelligence. No serious abuse of power or usurpation of prerogatives and responsibilities by the Office of Special Operations was disclosed. Nevertheless, despite the restrictive language of the basic directive, it is possible that with the passage of time a change in the basic concept of the functions of the Director, OSO, and his staff might gradually evolve wherein that office actually would become a super intelligence mechanism and achieve inordinate control over policies, programs, and other activities which are the responsibilities of the Joint Chiefs of Staff and the military departments (pp. 89, 90, 92).

It might become possible, furthermore, for the Office of Special Operations to present policy matters to the Secretary of Defense for his decision based only on the recommendations of individuals in the OSO,

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views  
without consideration of the ~~views and recommendations~~ of the Joint Chiefs of Staff or the heads of the military departments. Assumption of such power by an office which is without responsibility for operations presents obvious dangers (p. 91).

Recommendation

That Directive 5105.7 be examined carefully, particularly with respect to Section III, "Responsibilities," with a view to clarifying it and eliminating any ambiguities which could lead to a misinterpretation of the functions and misapplication of authority of the Office of Special Operations. It is also recommended that the relationships of the OSO with the intelligence organization of the JCS and the military departments be more specifically spelled out so as to reduce the possibilities of friction and misunderstanding with respect to the responsibilities assigned under the National Security Act of 1947, as amended.

JOINT CHIEFS OF STAFF

Organisation

Only those elements of the Joint Chiefs of Staff concerned with intelligence or intelligence activities will be discussed.

As an adjunct of the Joint Chiefs of Staff, there is a Joint Intelligence Committee composed of the intelligence chiefs of the members of the Joint Chiefs of Staff; i.e., Chairman, the Deputy Director for Intelligence of the Joint Staff; Army member, the G-2 of the Army; Navy member, the Director of Naval Intelligence; and the Air Force member, the Director of Intelligence, Air Force. Meetings of the committee are held in

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emergencies or when substantive agreement cannot be reached at lower levels or by the exchange of personal views by telephone or on paper. There have been 25 meetings in the past 18 months, and only two unresolved papers have been forwarded to the next higher echelon after those meetings.

The Deputy Director for Intelligence of the Joint Staff heads another adjunct, the Joint Intelligence Group, and has 30 officers, including himself, to perform the intelligence functions and duties assigned to him by the Joint Chiefs of Staff through the Director of the Joint Staff. As aides, he in turn has an executive officer and three assistant deputies; one assistant is concerned with estimates; one with plans and policies; and one with current intelligence. In addition, there are two subelements of the Joint Intelligence Committee appended to his group which are joint (Army, Navy, and Air Force) in composition and mission, but which are not part of the Joint Staff as such. These latter elements, the Joint Technical Intelligence Subcommittee and the Joint Intelligence Objectives Agency, will be discussed later.

The Assistant Deputy for Estimates supervises the preparation of all intelligence estimates required by the Joint Chiefs of Staff and the Joint Staff. The relationship of this group to the JIC and the JCS in the field of intelligence estimates is comparable but not quite the same as the relationship of the CIA Board of Estimates in that field to the IAC and the Director of Central Intelligence. The major difference in relationship is that this estimates group is not subordinate to one of the producers of intelligence (the Deputy for Intelligence has no intelligence production functions comparable to that of the Deputy Director for Intelligence of CIA) as is the CIA Board of National Estimates. Estimates in this context are distinguished from tentative evaluations and assessments on matters of

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current interest, and are based on the collation, evaluation, correlation, and interpretation of the best and most current information available. Usually, these estimates are on a long-range time basis. However, provision has been made to provide estimates on a current or "crash" basis as occasion arises. Service views are constantly sought in the preparation of the estimates. On occasion, help and assistance are sought from other than service sources (CIA, for instance, for scientific matters for which it has peculiar competence, or FBI on matters of internal security), when the subject impinges on special fields. However, the ultimate estimates are strictly limited to "the military aspects." In consequence, Joint Intelligence Committee estimates may differ materially from national estimates, in the preparation of which some of the same men have assisted. National estimates are subjected to a heavier impact from the political, sociological, and economic aspects of the situation than are estimates prepared by the Joint Intelligence Committee which lay greater emphasis on the military aspects.

The Assistant Deputy for Estimates also is responsible for knowing what the Joint Technical Intelligence Subcommittee is doing and keeping the deputy current on those matters.

The Assistant Deputy for Plans and Policy supervises the preparation and review of studies on policy matters, security, release of classified material, the Air Objectives Folder Program, and on all military plans and programs in the aerial photography and mapping or charting fields.

The Assistant Deputy for Current Intelligence is responsible for keeping the Chairman of the Joint Chiefs of Staff and the Secretary of Defense apprised of intelligence events and their meaning for the

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future on a day-to-day basis if necessary. He is also responsible for providing the current intelligence needed by the estimators in the preparation and defense of their estimates, and for monitoring the activities of the Joint Intelligence Objectives Agency.

Relationships

Inasmuch as the Joint Chiefs of Staff and the Joint Staff are established within the Department of Defense, the Joint Intelligence Group supports the Secretary of Defense in intelligence matters either through the Deputy Director for Intelligence to the Chairman of the Joint Chiefs of Staff or through the Joint Intelligence Committee to the Joint Chiefs of Staff and thence to the Secretary of Defense. The Deputy Director for Intelligence is the point of contact in the staff channel for intelligence matters between the Joint Chiefs of Staff and the Office of Special Operations, the staff agency for such matters for the Secretary of Defense. Thus, approaches to or from the National Security Council and all other external agencies are through the Secretary of Defense, except for working liaison, or in matters pertaining to the Intelligence Advisory Committee, of which the Deputy for Intelligence is a member. The organizational relationship with the Central Intelligence Agency is not close. However, as the Deputy Director for Intelligence is a member of the Intelligence Advisory Committee, there is a close working relationship at that level with the Central Intelligence Agency. By participation of the Joint Intelligence Group in some of the Intelligence Advisory Committee's subcommittees, a close working relationship is maintained at that level.

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Personnel limitations in the Joint Intelligence Group preclude direct participation in the working groups. The Joint Intelligence Group participates in the deliberations and end products of the Watch Committee, the Scientific Estimates Committee, the Joint Atomic Energy Intelligence Committee, and the Economic Intelligence Committee, and sits as an observer at meetings of the Interagency Defector Committee. Because the Joint Chiefs of Staff have no operating functions, the Joint Intelligence Group does not participate in the deliberations of the other five subcommittees of the Intelligence Advisory Committee.

Other Entities

There are two subcommittees, the Joint Technical Intelligence Subcommittee and the Joint Intelligence Objectives Agency, which are staffed by personnel from the offices of the members of the Joint Intelligence Committee. Although they operate in the physical area of the Joint Staff and are monitored by the Deputy for Intelligence, they are not part of the Joint Staff.

The Joint Technical Intelligence Subcommittee plans for and, in time of war or active military operations, coordinates the collection by forces in the field of all technical matter which is desired by the intelligence agencies of the nation. CIA does not participate in the planning or development of collecting teams, but is interested in the resultant product. Much beneficial information has been derived from this program in time of war by the exploitation of captured enemy equipment. This collection program is still going on. Further, the use of technical or scientific analysts near the sources of the equipment or materiel has aided intelligence

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officers in directing collection requirements and bettering the collection results.

The Joint Intelligence Objectives Agency was set up toward the end of World War II to supervise the operation of project "Paper Clip." This project was concerned with the evacuation from Europe of top-grade German and Austrian scientists for the purpose of augmenting the scientific and technological potential of the United States. Since its inception, some 900 of these persons of 27 different nationalities have been brought to the United States, the use of whose abilities and knowledge has saved the Government millions of dollars in research funds and much development time in various programs. The Joint Intelligence Objectives Agency is now concerned with five projects, all of a similar nature but each having different objectives.

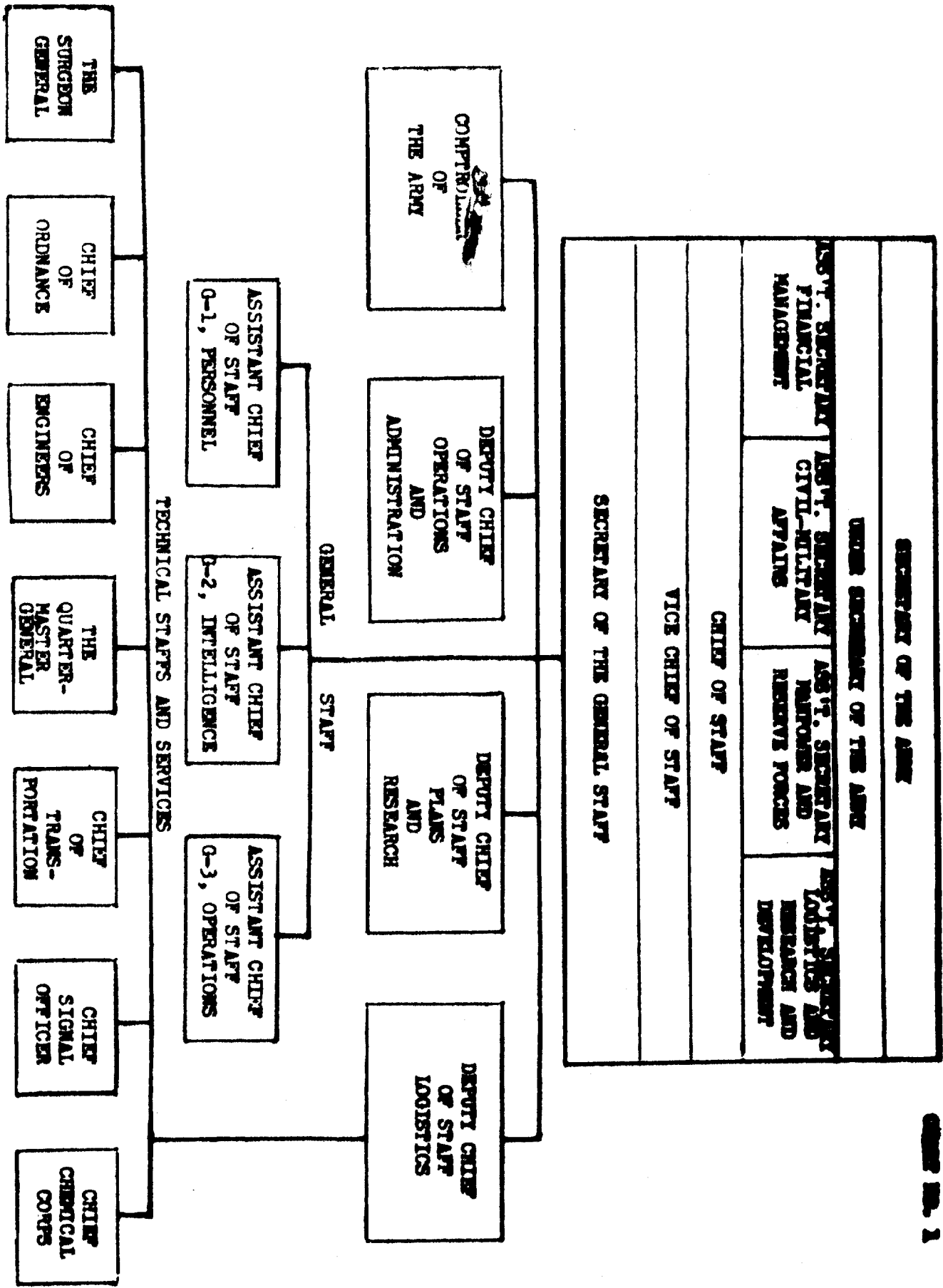
The relationships on the working level between the Joint Chiefs of Staff and the CIA concerning intelligence matters appear to be adequate and effective within the areas of responsibility of the Joint Chiefs of Staff.

DEPARTMENT OF THE ARMY

Assistant Chief of Staff, G-2, Intelligence (AC/S, G-2)

The AC/S, G-2, is a member of the general staff of the Department of the Army, which is the principal element of the staff of the Secretary of the Army. Each Assistant Chief of Staff is responsible for the development, execution, review, and analysis of primary programs for which he has been designated as the program director, the AC/S, G-2, being responsible

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FORM NO. 1

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for Army Program No. 5, titled "Reorganization, and Review and Analysis of the Intelligence Program."

The organizational structure of the general staff in the Department of the Army is indicated on Chart No. 1. It is to be noted on this chart that the office of the former Assistant Chief of Staff, G-4, Logistics, has been abolished, all functions of this staff member having been taken over at the Deputy Chief of Staff level which places this element on an echelon above the Assistant Chiefs of Staff for Personnel, Intelligence, and Operations.

Responsibilities of the AC/S, G-2

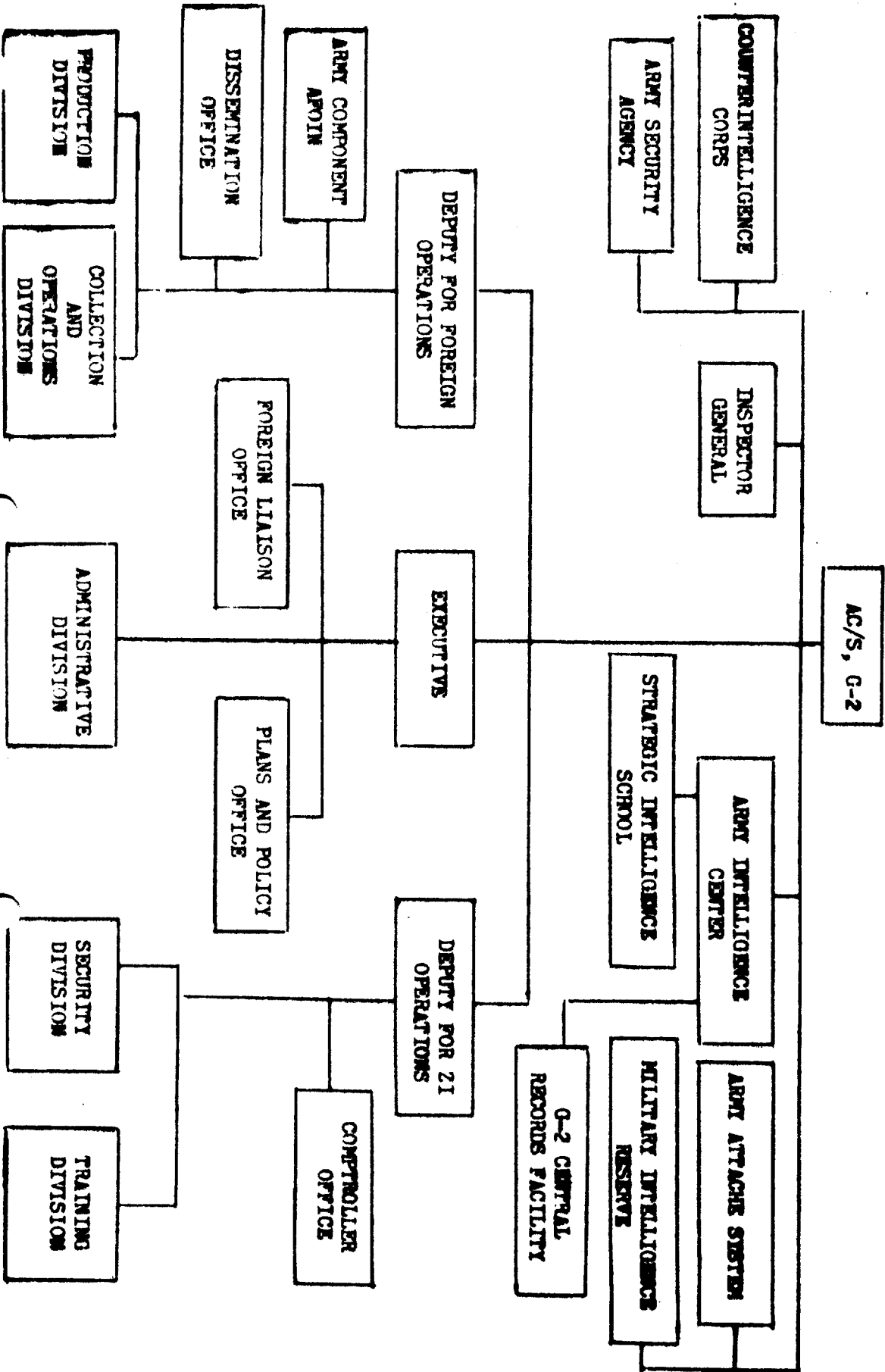
The AC/S, G-2, under the supervision of the Deputy Chiefs of Staff and of the Comptroller of the Army within his scope of responsibility, plans, coordinates, and supervises for the Army the collection, evaluation, and dissemination of intelligence information pertaining to the war potential, topography, military forces, and military activities of foreign countries, and the strategic vulnerability of the United States and its possessions. In addition thereto, he

- Advises on counterintelligence matters,
- Supervises counterintelligence activities,
- Supervises military mapping,
- Performs the Army cryptologic functions,
- Provides the official channel of liaison between the Army and foreign military personnel in the United States,
- Operates the Army Attache System, and
- Monitors the procurement, training, and assignment of military intelligence personnel.

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DEPARTMENT OF THE ARMY - OFFICE, ASSISTANT CHIEF OF STAFF, G-2

FORM No. 2



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To fulfill the above responsibilities, the Office of AC/S, G-2, Chart No. 2, is subdivided into four operational and one administrative divisions. The operational divisions function under the supervision of two deputies, a Deputy for Foreign Operations (DFO) and a Deputy for Zone of Interior (Domestic) Operations (DZIO), who are accountable to AC/S, G-2. There is also a Deputy Assistant Chief of Staff, G-2 (DAC/S, G-2) assigned directly to the Office of AC/S, G-2, and an Executive.

The DAC/S, G-2, functions primarily as the alter ego of the AC/S, G-2, and as such must keep himself informed at all times of the problems confronting G-2, so as to be able to function effectively in an emergency or in the absence of the AC/S, G-2. He is NOT in the chain of command as an additional echelon through which actions going to the AC/S, G-2, from other deputies or the executives must be cleared. He has supervisory responsibility for:

The management policy and budgetary activities within G-2, and  
The Military Intelligence Reserve Program and the Army Security Reserve.

The Deputy for Foreign Operations (DFO) supervises the Collection and Operations Division, the Production Division, and the Dissemination Office, which are the major segments of the positive intelligence element of G-2. He specifically has supervisory responsibility for:

The collection of intelligence information pertaining to war potential, topography, military forces, materiel, and related activities of foreign countries by continental army and overseas commanders, heads of administrative and technical services, and other Army agencies;

The exchange of intelligence information among all intelligence agencies of the Government and the Army;

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The production and maintenance of intelligence to meet the requirements of the Chief of Staff, major commands, heads of administrative and technical services, and other government agencies, and the Army;

The dissemination of intelligence to authorized Army and national agencies overseas and combined commands and foreign governments;

The coordination of intelligence responsibilities and activities of the various technical services;

The timely notification of the Army establishment and other agencies of any event or condition immediately affecting the security of the United States, its possessions, or its forces;

The Army component, Air Force Office of Intelligence (AFOIN); and  
The Army cryptologic activities.

The Deputy for the Zone of the Interior Operations (DZIO) supervises the functions of the Security Division and the Training Division, which are concerned with security and training of personnel for intelligence assignments. He specifically has supervisory responsibility for:

The formulation and interpretation of Army policy pertaining to disclosure and safeguarding of classified military information;

The formulation and interpretation of counterintelligence policy and supervision over the Army counterintelligence system;

The formulation of policy with respect to the Department of the Army mapping effort, production, and reproduction of still and motion pictures, for intelligence purposes;

The preparation and defense of the Army mapping budget;

The development and coordination of the intelligence support

for the troop basis;

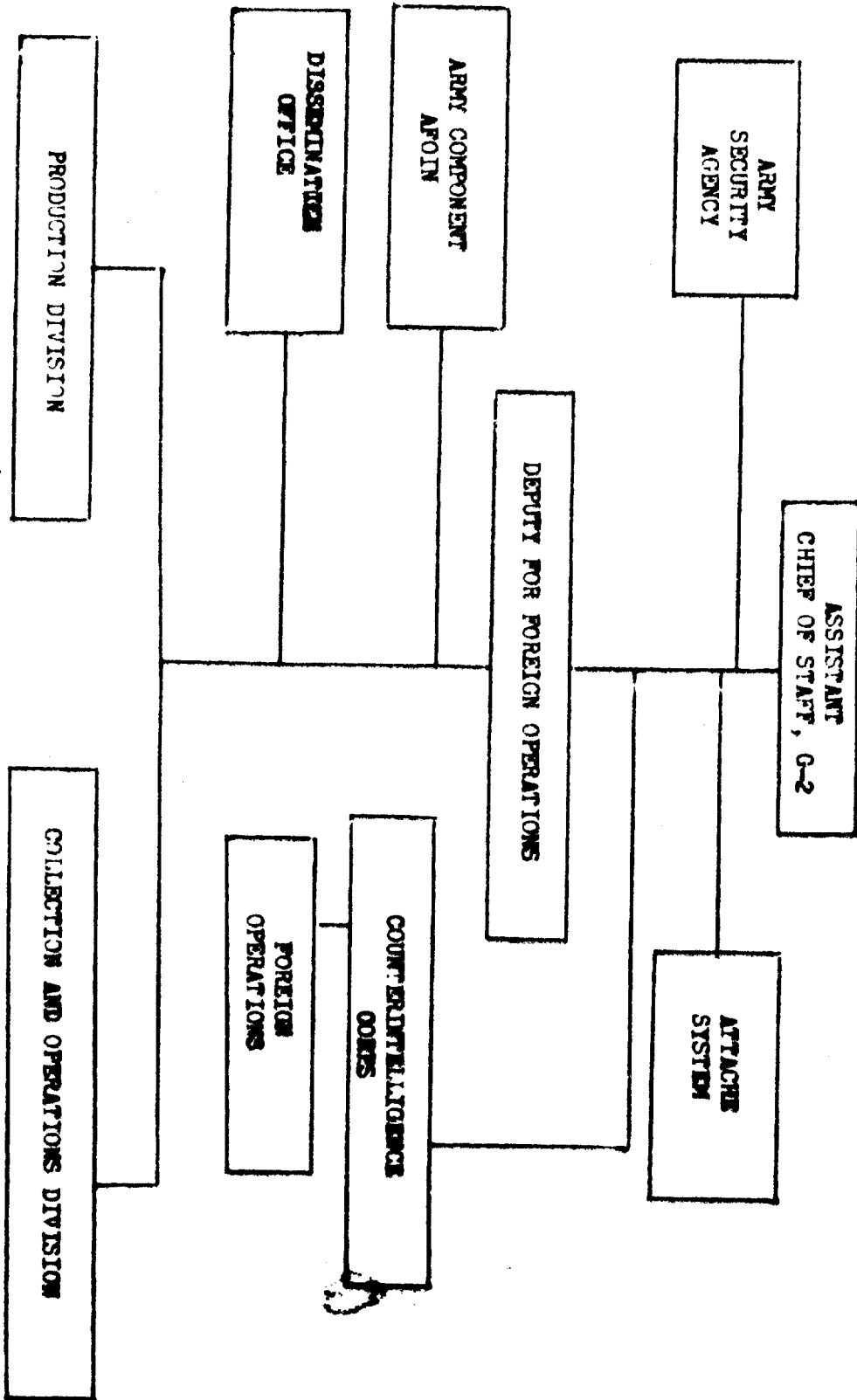


DEPARTMENT OF THE ARMY

FORM NO. 3

OFFICE OF ASSISTANT CHIEF OF STAFF, G-2

POSITIVE INTELLIGENCE ELEMENT



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Intelligence schools and training within the purview of AC/S,  
G-2; and

The development and coordination of policies relative to  
intelligence specialist personnel.

The Executive coordinates all matters pertaining to the operation  
of the Office of the AC/S, G-2, keeps the deputies informed of all actions,  
and insures that instructions and orders are executed in accordance with  
the plans and policies of the AC/S, G-2. He has supervisory responsi-  
bility for:

Liaison activities between the Department of the Army and foreign  
military representatives on duty or visiting in the United States;

The administration of the Army Attache System;

The administrative activities within G-2; and

The SSO System (covered in another section of this report).

Positive Intelligence Element

The positive intelligence element is that segment of G-2 which  
collects, produces, and disseminates intelligence, its component parts  
being indicated on Chart No. 3 and their organizational structure described  
below:

Collection and Operations Division

This division is responsible for the screening and control of all  
requests for information stemming from any source within or without the  
intelligence community. It directs these requests to the appropriate  
collection activity, maintains a follow-up system, and generally controls  
and administers the collection effort. It is to be noted that the Document

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Library is included in this division, since it is the physical recipient of all raw intelligence material.

#### Production Division

This division operates on a geographical or area of interest basis. Each area is assigned a number of research analysts, either military or civilian, who receive the raw intelligence material and produce finished intelligence in the form of contributions to the National Intelligence Survey (NIS), Intelligence Estimates, replies to specific requests such as capabilities of foreign military forces, statements of courses of action, estimates of the effects of courses of action, recommended action on various committee agenda items, consideration of various studies and reports of Joint Chiefs of Staff, National Security Council, and Department of the Army, and reviews of any form of publication which has intelligence implications.

#### Dissemination Office

This office was established recently as a separate entity in order to provide a more positive control over the dissemination process, and is charged with the direction and supervision of the dissemination of intelligence, including operational intelligence as required, and the taking of appropriate action to fulfill the dissemination responsibilities of the AC/S, G-2, to include:

The maintenance of a continual survey of the intelligence dissemination requirements of the AC/S, G-2;

The preparation and maintenance of lists for distribution of intelligence produced by G-2;

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The formulation of policy for the maintenance of statement-of-interests lists for the distribution of intelligence received from outside sources, and

Direction of dissemination.

Attache System

The major Army effort in the foreign intelligence collection field is carried out by its Attache System which maintains stations in 65 countries throughout the world. Attaches are engaged principally in the overt collection of information concerning the military forces of the host country and their capability, both current and potential, to wage war or otherwise threaten the security of the United States through individual or concerted military action. Attaches do not normally engage in clandestine collection activities. It is estimated that the Attache System collects 80 percent of the raw information received in G-2.

Officers are assigned in the Attache System on a highly selective basis in conformance with rigid requirements and standards established for candidates for this type of duty. Their performance is closely observed and can be measured quite accurately by the quality and quantity of material which is submitted to and reviewed by the collection branch of G-2. Any inadequacies in meeting the required standards can be immediately determined and remedial action taken involving the relief of the attache if indicated.

There are roughly 700 people (military and civilian) in the Attache System, the major proportion being on overseas assignment. The largest attache group is assigned in France, where there are nine officers, one

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warrant officer, seven enlisted men, eight U. S. and seven alien civilians. The smallest group is typified by the office in Ireland, where there are one officer and one enlisted man assigned. The size, in personnel numbers, of each station is determined by the extent of the collection effort required. Since the collection division in G-2 both places the requests and reviews the responses, the load on any attache and the effort required can be very accurately determined and controlled.

After selection, officers are assigned to language and intelligence schools to prepare them for their assignment. These preparatory courses are approximately one year in length, depending on the language facility of the officer involved.

There is indication of a need for expanding rather than restricting the number of personnel assigned to attache duties, especially when the effectiveness of their collection effort is considered. For instance, on the Australian station, there is only one officer attache assigned, yet his area of responsibility includes Australia, Indonesia, and Borneo. Because of the distances involved, it is impracticable for him to adequately cover his territory, which at the present time contains much Communist activity. There undoubtedly are many valuable sources of information in these areas which are not being exploited because of the shortage of personnel assigned to this station.

Fiscal operations of the attaches are reviewed and directed by G-2's Comptroller. In addition, each station is inspected at least biannually by the G-2 Inspector General, and also by the AG/S, G-2, himself.

There is a total of 283 motor vehicles accountable for by the Attache System, 270 for use of the attaches, and the remainder for other agencies

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but assigned to the Army for maintenance and accountability. Motor pools are operated for the use of all service attaches in London and Rome. At other stations, the use of vehicles is coordinated by the attaches, although not pooled.

At each station communication facilities and services are provided by one military service for the use of all other agencies. The service providing this facility is determined by mutual agreement and assignments are equalized on a worldwide basis.

Where both Air Force and Army have attaches at a station, they are served by a single fiscal agent. Because of the difference in accounting systems, it has not been found practicable to include the Naval attache in this arrangement.

In general, each service attache maintains his own translators. It has not been found feasible to pool this service because of the difficulty of assigning work priorities and the special technical knowledge requirements of the different services. Some translating is done under private contract locally. This arrangement is not more generally used because of security reasons.

#### Army Security Agency

This agency will be discussed later in Appendix I.

#### Army Component AFOIN

This is the Army element of a three-service group which has been established under the aegis of the Joint Chiefs of Staff for the purpose of determining certain military capabilities and vulnerabilities of foreign

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countries, designating targets therein, and estimating weapon and material requirements for effecting specified degrees of damage. The Army Component has the specific functions of providing integrated participation with the Directorate of Intelligence, USAF, and giving technical assistance to the AC/S, G-2, with respect to his Army and joint responsibilities.

As this joint group provides intelligence support for the Strategic Air Command, it has been placed under the direction of the Director of Intelligence, USAF. There is inherent in such unilateral action the danger of slanting the intelligence product to conform to the thinking of the controlling service.

There is a specific instance in this connection in which an Army analyst was requested to evaluate an intelligence paper prepared by this group. He found, after much persistence, that the original number of cities targeted for destruction by the group had been increased at the direction of higher authority outside the group. Such an increase was not in keeping with the basic intelligence, but evidently was injected to show a greater need for weapons. The added targets were found to be small and unimportant communities and indicated a plan for complete devastation of an area, which was beyond the original intent of the group.

The Navy's component in AFOIN is in agreement with the Army component that estimates produced under this program do not always accurately conform with the facts and that guidance is required at a higher level which will enforce a policy for developing true estimates for use as a basis for planning.

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A study has been initiated within the Army for presentation to the Joint Chiefs of Staff, recommending the establishment of an integrated intelligence unit with equal representation by the three services. This unit would produce intelligence on capability and vulnerability and develop estimates of required weapons for all three services on a justifiable basis. Under such an arrangement, overall plans and policy could be decided by the three service members of the unit, or, failing an agreement at that level, by the Joint Chiefs of Staff, or, if necessary, by the National Security Council.

#### Counterintelligence Corps

The mission of this activity does not include any responsibility for the collection of intelligence information. However, incidental to its normal functions (which will be described in a later section) it does acquire some such data which are fed into the intelligence system.

#### Security

The organization established within G-2 to handle security and related matters is titled the Security Division.

#### Physical

The regulations and necessary implementing procedures for compliance with Executive Order No. 10501, titled "Safeguarding Official Information in the Interests of the Defense of the United States," have been promulgated and implemented. These measures are adequate to meet the requirements of

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this order and are properly carried out. Personnel attached to G-2 are security conscious to a high degree. The possibility of "familiarity breeding contempt" is recognized and an active campaign by poster and lecture program is conducted to maintain the necessary standards.

#### Industrial

"The Armed Forces Industrial Security Regulations" (AFISR), dated January 15, 1953 and issued by the Department of Defense, is the current directive concerning security in this area. Instructions to contractors regarding the handling of classified material are set forth in a Department of Defense publication titled "Industrial Security Manual for Safeguarding Classified Information" (ISMSCI).

AFISR effectively coordinates the industrial security activities of all military agencies engaged in procurement activities. Prior to its issuance, agencies operated individually under their own departmental directives and supervision. AFISR establishes responsibility for plant supervision, designates procedures for providing clearance for both facilities and individuals, and eliminates duplication of effort and uncertainty as to cognizance for security matters.

Once a plant receives an agency clearance, it may accept classified material from any agency. The agency having work performed, however, is responsible for insuring conformance by the contractor with security instructions.

All management, supervisory, and the actual work-performing personnel must have individual clearance for access to all matter of work classified "secret" and above.

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For work classified "confidential," management and key personnel are cleared for "secret." Management itself is then permitted to clear its own working personnel for "confidential." This is a recognized weakness. However, since there are an estimated three to six million contractors' employees engaged in defense work of a "confidential" nature, the enormity of the problem involved in giving even a National Agency Check on each individual is readily conceivable. A study is being made to determine first as accurately as possible the total number of employees in this category, and then to attempt to devise some form of agency check which would be feasible. Contractors' methods for conducting their own clearance checks have been spot checked and in most cases found adequate.

CIC units attached to Continental Army Commands conduct investigations on personnel employed by contractors assigned the Army for clearance checks. If material of a subversive nature is developed, the case is turned over immediately to the FBI for further disposition. If a plant is refused clearance, there is a review procedure established for management to follow in order to obtain clearance.

**Personnel Clearance and Procedures**

Two types of clearance checks are prescribed: a National Agency Check and a background or full field check. The circumstances under which each will be conducted are prescribed, and they apply to all activities within the Army handling classified matter.

Officer candidates must have a National Agency Check and clearance before their appointment can be effected. U.S.-born enlisted personnel are subjected either to a National Agency Check or background check,

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depending on length of service and classification for which clearance is sought, prior to being given access to classified material. All alien-born enlisted personnel are subjected to background check prior to access to such material. All personnel, including officers, enlistees, reenlistees, and draftees, must complete and sign Department of Defense Form 98 (DD Form 98) loyalty certification prior to entry in the service. This applies to all components of the Army such as the National Guard and reserve organizations.

There is no established policy or system in the Army for conducting periodic personnel security rechecks. Military personnel are checked prior to assignment to sensitive areas, as described above, and also when they are reassigned to such duties or transferred from one intelligence activity to another. There is no recheck made of civilian personnel.

At the present time, the backlog on security checks on military personnel is such that it requires from six to ten weeks to complete a National Agency Check and from six to nine months for a background or full field investigation.

Security is a command function and each command or echelon initiates the request for the type of clearance necessary. CIC personnel conduct the checks on military personnel, and the Civil Service Commission, on any civilian employees involved.

If derogatory material with a loyalty implication is developed, the case (if a civilian employee) is turned over to the FBI, if in the domestic area. In the case of military personnel, the investigation is completed by CIC.

When information of a derogatory nature in any form, loyalty or criminal, is developed concerning military personnel, The Adjutant General

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(TAG) is informed by telecommunication and the individual's record is immediately "flagged." If the information has an intelligence implication, G-2 is also informed by wire. The unit developing the data follows up with amplifying report. The "flagging" process consists of filing an over-sized top sheet or form in the individual's record. When this sheet is placed in the file, all favorable personnel action, such as promotion, change in duty assignment, decoration awards, etc., is suspended. All staff sections having cognizance of such action receive a copy of this form as a check.

G-2 itself is principally concerned only with those cases having a loyalty connotation. Criminal cases are handled by The Judge Advocate General. G-2 maintains a card index file on the military cases in which it has concern and follows the progress and final disposition of each case.

Upon the discharge or separation of an individual from Army service as a security risk or when his term of enlistment expires while under investigation, the FBI, Civil Service Commission, and Selective Service are immediately notified and the discharge or separation certificate is so annotated. Before reenlistment in the same or any other service can be effected, clearance from the discharging service and authorization from the Secretary of the enlisting service must be obtained.

In spite of the aggressive prevention measures of screening, checking, and observation, there always is the possibility of the infiltration of a defected person. This danger is recognized.

#### Responsibility for Security

With the admitted ineffectiveness of the intelligence effort in the area of transcendent importance, the Soviet bloc, it would appear logical

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and constructive to disassociate those responsible for this effort from any diversionary responsibility or activity.

The survey developed that there is an inordinate amount of time and effort devoted in G-2 at the policy level to the processing of individual security cases. It is believed that G-2 would be better able to carry out its primary functions of intelligence if it were responsible only for policy matters in the area of security clearance.

### Training

The Training Division of G-2 is organized in three branches, only two of which - the Combat Intelligence and Reserve Component Branches - are directly associated with training. The third, Map and Photo Branch, has no relation to training and is placed in this division solely for administrative purposes.

There is included under Combat Intelligence Branch a research and development section which likewise has no direct connection with training, except to perform a liaison function between training and research and development in order to insure that applicable methods and devices produced in the latter program are introduced into the former. Its major function, however, is to observe and review research and development projects for intelligence interest and to act as liaison for G-2 with such agencies as have research and development projects in progress. Further elaboration of the intelligence aspects of research and development projects will be discussed in a later section.

G-2's training interest is principally confined to the areas of policy guidance and planning. It establishes the policies under which intelligence and language schools operate and monitors their programs.

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Its only training activity is in connection with those aspects of the reserve program which select and train reservists for assignment within G-2 in the event of mobilization.

Elements of the division monitor training programs in the intelligence field which are conducted by the various field commands and agencies to insure conformance with G-2's guidance.

Field Agencies Under Staff Supervision of the AC/S, G-2

In accordance with his assignment of responsibilities, AC/S, G-2, exercises supervision over certain agencies which operate outside his regular staff organization. They are organized and do function as separate commands and are related to G-2 only for staff guidance and coordination. These agencies are the Counter Intelligence Corps (CIC), the Army Security Agency (ASA), the Army Intelligence Center (IAC), and the Central Records Facility.

Counter Intelligence Corps

This Corps operates under the command of a major general, who is also, in effect, a deputy to AC/S, G-2, for CIC matters. However, while the Corps commander is responsible for certain administrative and security functions, he does not exercise a true command control over the personnel of the Corps. Based on the principle that security is a function of command, elements of the Corps are generally assigned to field units and operate directly under the command of the unit to which assigned.

The mission of the CIC is to contribute to the successful operations of the Army Establishment through the detection of treason, sedition, subversion activity, and disaffection, and the detection and prevention of

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enemy espionage and sabotage within the Army Establishment and such areas over which it may have jurisdiction.

The Corps is organized into approximately 50 (the number varies, depending on service requirements) detachments, which range in size from 16 to 1,500 men. The units to which assigned may be from battalion to theater level.

In the course of carrying out its security responsibilities, the CIC, incidentally, collects intelligence information, especially in occupied areas, which material is transmitted through normal command channels, where it enters the intelligence process.

Central Records Facility

This facility is also located at Ft. Holabird, but has no direct connection with the CIC. It is an adjunct of the Office of AC/S, G-2, and contains records and files which were maintained originally in the Pentagon, G-2 area, by the Security Division. It also holds the investigative files of most of the overseas commands, and when shortly the similar files of the U. S. Army, Alaska, U.S. Army, Pacific, and U.S. Army Forces Far East - Eighth Army, are received, all Army files of this nature will be in one central location.

The principal value of this facility lies in the maintenance in one place of all investigative data developed on any particular individual. Prior to its establishment, each Army command and G-2 maintained their own files, and it was possible for a derogatory or unfavorable record to exist in one command without its existence being known to other commands. With all records maintained in one location and by the preparation and

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distribution of machine record cards, it is now possible to determine expeditiously the results of prior investigations or the fact that no previous investigations have been conducted.

#### Army Intelligence Center

This center includes the CIC headquarters, the CIC School, the Photo Intelligence Center, the Central Records Facility, the Army Intelligence Board, the Strategic Intelligence School, located in Washington, D.C., and eventually the Combat Intelligence Schools now located at Ft. Riley, Kansas.

#### Army Security Agency

The organization and functions of this activity will be covered in Appendix I.

#### Relationship of AC/S, G-2, to the Office of the Secretary of Defense

The establishment of an intelligence responsibility within the Office of the Secretary of Defense has not as yet had any major impact on the functioning of G-2. The Army already had a channel via the JCS for the transmission of intelligence information to the Office of the Secretary of Defense, which system is still effective.

The present arrangement for contact with the Office of the Secretary of Defense is from G-2 to the Assistant Secretary of the Army (Civil Military Affairs), thence to the Office of Special Operations, the element within the Office of the Secretary of Defense for intelligence matters. This method of contact works in both directions.

Thus, G-2 has two means of contact to and from the Secretary of Defense, via JCS and via an Assistant Secretary of the Army.

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Relationship of AC/S, G-2, to Other Intelligence Agencies

G-2 operates generally in a healthy atmosphere of cooperation and understanding in its relationship with the other agencies in the intelligence community. The only areas of disagreement which currently exist stem from the proscriptions contained in certain directives of the National Security Council. These areas will be discussed in detail elsewhere in this report.

Interchange of material, practices, and methods employed, and other pertinent intelligence information is accomplished through committee, subcommittee, and working group contacts. While this system has become so complex as to become almost incomprehensible, it does appear to work and produce results. G-2 has representation on close to one hundred such groups. Much of the effectiveness of this system is achieved through the media of personal contacts which are naturally generated by such a system. Material of an urgent nature is usually first disseminated throughout the community via these contacts so that exchange of such data is not delayed until scheduled committee meetings. There is positive evidence of an aggressive willingness and desire among those engaged at the working level to promote the overall intelligence effort.

There are certain attitudes taken by some agencies which have a tendency to interfere with this overall effort, however, and these are evidenced in an overextension of the "need-to-know" criteria. If this criteria could be given a "need-to-know-all" connotation, a fuller degree of mutual understanding would result. It is, for instance, readily recognizable that there is an absolute necessity to protect the specific identity of an intelligence source. However, the fact that an agency does

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have a source which has certain capabilities should be a matter of common knowledge within the community. This would greatly assist the collection effort, as then an agency with a requirement in that field would not have to divert its effort to developing a source of its own. Also, the ability or the willingness of one agency to protect another's sources should not be questioned. There should be a more positive evidence of mutual understanding among the agencies than presently prevails.

Army Intelligence Deficiencies

The following items in the overall field of intelligence are of specific concern to the Army:

The lack of positive means to provide early warning is particularly acute, especially with U. S. forces located on the borders of the Soviet bloc.

Information is required concerning Soviet ground force and logistics targets involving the layout of transloading facilities; stockpiles of materials, quantities, and locations; refinery capabilities and end products; composition, quantities, and destinations of shipments; and security of installations.

The nature of Soviet ground force weapons is unknown, especially the models and quantities of post World War II weapons and equipment now on hand or under development.

Details of the order of battle of Soviet and satellite ground forces are exceedingly rare, their condition of readiness uncertain, and data on their airborne capability is infirm.

While certain information is known on Soviet conventional doctrine and training of units, knowledge of their methods of employment of atomic weapons is incomplete.

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Little is known regarding Chinese Communist forces, particularly their order of battle, weapons, and combat readiness.

Very little has been learned regarding USSR mass destruction weapons and means of delivery.

There are large areas of doubt concerning Soviet economic preparation and potential for war in the arms, munitions, and automotive industries, and the extent of their imports, exports, and storage facilities.

Data are not available on Soviet transportation and telecommunication systems, particularly their locations, statistics, and new construction projects.

Because of Soviet security measures, it is becoming increasingly difficult to conduct clandestine operations.

#### Adaptability to Wartime Operations

Through its reserve components, G-2 is well equipped to expand to meet the requirements of wartime operation. These units are very active and maintain a capability for making a positive contribution when called to active service.

There is a group of approximately 400 reservists who have specific mobilization assignments in the Office of AC/S, G-2. When placed on active duty for training purposes, they are assigned to the same duties they will have in the event of an emergency. In addition, they are kept current with intelligence problems by working on projects which are directly associated with their duty assignments.

Because of the rapid turnover in the Counter-Intelligence Corps, there is a large pool of reserves which can be called upon to expand

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that activity. Because of the type of security files maintained by this Corps, its reservists can be checked quickly for clearance when brought on active duty.

A major difficulty, which is recognized by the Army, will be experienced in expanding intelligence activities in the field of interpreters and interrogators, and, in fact, in the entire "intelligence specialist" area. A project was started to list and classify all U. S. citizens with linguistic capabilities. The cost and extent of the effort caused its abandonment. In this report, the linguist problem is covered in the section on personnel.

#### Budget

Under the present accounting system, G-2's Comptroller has cognizance only of those funds which are identified in the Army appropriation for intelligence purposes. He has no control or supervision, for instance, of the funds disbursed by certain technical services for intelligence purposes.

Because of the complexity of sources from which financial support is received, and because intelligence gathering is an overall function of the Army, it is not feasible to develop a cost for the intelligence effort without placing a costly and time-consuming requirement on its accounting system. The Army is setting up an accounting system based on the performance budget which, it is anticipated, will produce costs in this area, and which should be in effect by FY 1958.

There are, however, certain figures available which indicate the order of magnitude of the overall cost. A survey made in 1954, based

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on all ascertainable costs, including pay of both military and civilian personnel, shows the following costs in the areas indicated:

Collection	\$110.6 million
Production	21.2 "
Dissemination	1.4 "
Collateral Activities	3.5 "
Total	<u>\$136.7</u> "
Army Component, APOIN	.3 "
Grand Total	<u>\$137.0</u> "

National Intelligence Survey

Intelligence which goes into the Army's contribution to this summary is obtained from all available collection facilities. It is not possible to identify any item of information as having been collected solely for the NIS program, as it may be used also as departmental intelligence. Consequently, there is no accurate record available showing the Army's contribution in manpower and funds in any fiscal year to the preparation of National Intelligence Surveys.

The Production Division (G-2), charged with the preparation of NIS data for the Army, however, has prepared an analysis which indicates total manhours, expended and estimated, in the NIS effort, as follows:

	<u>Fiscal Year 1954</u>			<u>Fiscal Year 1955</u>		
	<u>Contri- butions</u>	<u>Sections</u>	<u>Total</u>	<u>Contri- butions</u>	<u>Sections</u>	<u>Total</u>
Production	3,174	5,935	9,109	7,392	7,000	14,392
Control Section (Administration)	-	-	4,000	-	-	6,000
Technical Services	491,218	399,546	<u>890,764</u>	567,243	752,748	<u>1,319,991</u>
			<u>903,873</u>			<u>1,340,383</u>

Effect of National Security Council Directives

Authority to conduct intelligence activities by the Army stems from the National Security Act of 1947, as amended. Further amplification of

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this Act and assignment of responsibilities to specific agencies to avoid duplication of effort are provided through the media of National Security Council Intelligence Directives (NSCID) and Director of Central Intelligence Directives (DCID). To date (December 3, 1954), 16 NSCID's and 13 DCID's have been issued, the latter being related to specific NSCID's and providing details of operation.

These directives range, in date of issue, from 1947 to 1954. They are issued by the National Security Council and the Director of Central Intelligence after consideration by the Intelligence Advisory Committee (IAC).

The Department of the Army issues regulations to direct and control its intelligence activities based on the National Security Act of 1947, as amended, NSCID's, DOWD's, and Presidential and Department of Defense (DOD) directives.

There does not appear to be any divergence between the Army's intelligence activities and statutory authorization. There is, however, a profound disagreement between the Army and the CIA over limitations placed upon its, the Army's, intelligence operations under the provisions of two of the NSCID's; specifically, NSCID Nos. 5 and 13. There is no difficulty connected with other NSCID's or DCID's.

NSCID No. 5, which originally was promulgated on December 12, 1947, is currently effective in revised form, with date of issue August 28, 1951. This directive prohibits the Army from conducting clandestine operations, giving the responsibility for the collection of all foreign intelligence information to the CIA. When this directive was originally

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issued, the Army almost entirely discontinued its operations in the foreign intelligence field and relied upon CIA to provide this essential information. This situation continued until the entrance of the Chinese Communists into the Korean conflict. The Army claims that lack of prior information on Chinese intentions in this regard seriously hampered its operations and resulted in the dispatch of the "Ridgway Message" to the Joint Chiefs of Staff, which delineated the military commander's problems and intelligence inadequacies in this area. To provide the necessary essential information, the Commander-in-Chief, Far East (CINCPAC) was compelled, with much difficulty, to establish an intelligence organization, setting up schools and facilities to train personnel. The Joint Chiefs of Staff, recognizing the disastrous potentialities associated with the provisions of NSCID No. 5, initiated negotiations between the Joint Intelligence Committee (the chiefs of the military intelligence services) and the Director of Central Intelligence for the purpose of arriving at a definitive agreement under the terms of the "agreed activities" clause of NSCID No. 5, which would establish the conditions, type, and extent to which the military services might engage in espionage operations.

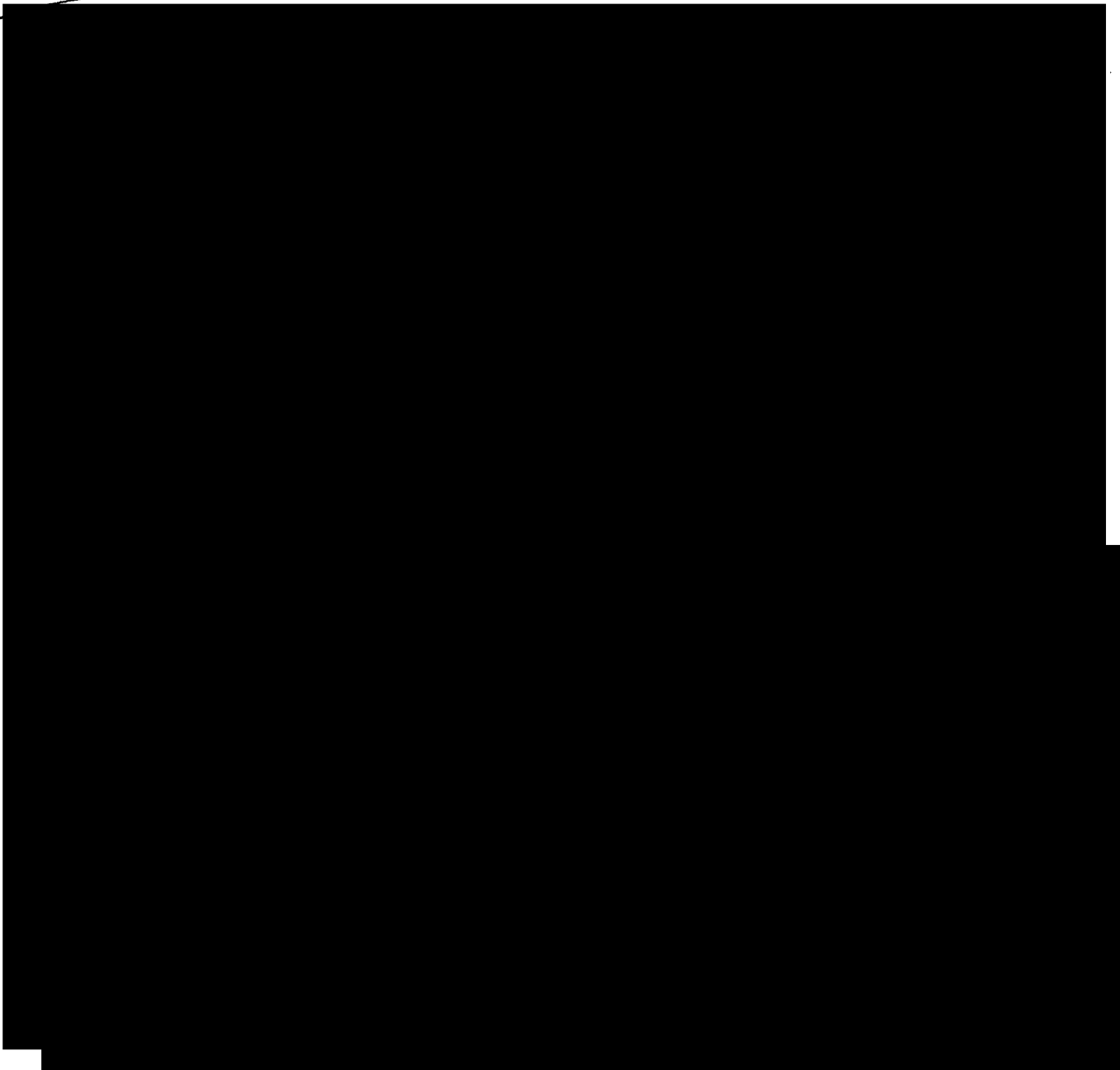
After considerable effort, an agreement has been reached among the agencies concerned, which defines and enumerates the extent of the operations in which the military services may engage under this "agreed activities" clause. The Army is definitely not satisfied with this agreement, only accepting the terms as the best obtainable solution at this time. It does "legalize" the Army's activity already in existence in this area under the authority granted by JCS as a result of the Ridgway message.

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✓ However, Army's firm position is that NSCID No. 5 should be re-written to include the authority to conduct clandestine operations granted to the Army under Sec. 102(d)(3) of the National Security Act of 1947, as amended, and that acceptance of NSCID No. 5 in its present form was renunciation of the responsibilities placed upon the Army by that Act and further promulgated in NSCID No. 1.

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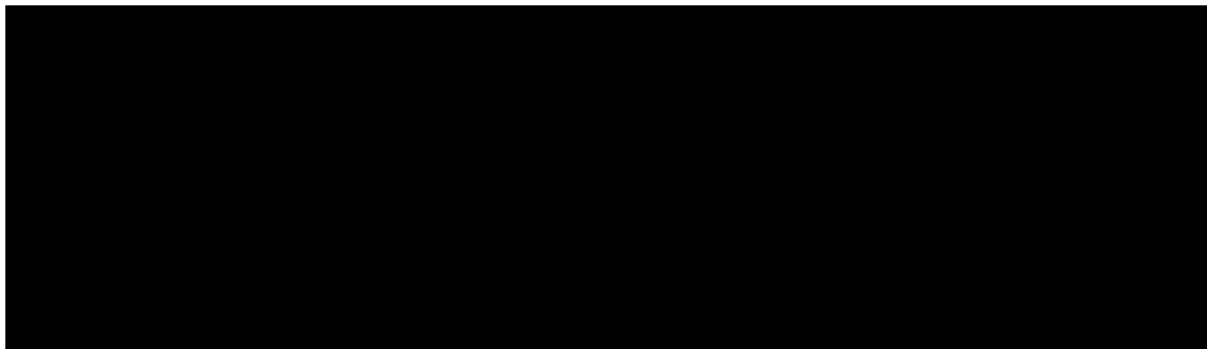
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Personnel

All military assignments to G-2 are made by The Adjutant General (TAG) in a similar manner as other assignments. There are, however, within G-2 certain key spaces - 38 in number - in which G-2 has special interest. In these instances, nominations are made by TAG for selection because of specific individual requirements.

The quality of personnel, with few minor exceptions, is considered of an exceptionally high order. Based on personal observation of all officers contacted, they are alert and fully conversant with their jobs. The personnel assigned in the Attache System is more highly selected, in a sense, since there are certain specific qualifications which must be met.

The breakdown of the officer personnel assigned in G-2 indicates a rank distribution, as of December 16, 1954, as follows:

	<u>Authorized</u>	<u>Actual</u>
General Officers	3	3
Colonels	34	34
Lieutenant Colonels	109	120
Majors	137	125
Captains	78	64
Lieutenants	0	13

The large number in the ranks above captain is due to the desirability of assigning officers to G-2 who have had field experience. It is

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considered that officers in the junior grades do not have sufficient experience to be of real value in such an assignment. Actually, while the count shows thirteen lieutenants, the table of organization does not include any billets in this rank in G-2. Those currently assigned are filling existing vacancies for captains and majors, and are used primarily in administrative jobs. G-2 itself is not a training activity for intelligence officers, since G-2's functions are confined principally to policy and planning. Officers assigned to G-2 do undergo a period of training which is directed to preparing them for G-2 assignment rather than for performing operationally.

There does not appear to be any general resentment toward assignment to intelligence duties. This may be true only in G-2 itself, but there is no indication of any servicewide feeling of antipathy. Such feeling as does exist is considered to be a hangover from wartime operations when many assignments were made to intelligence duties solely on the basis of language capabilities. The majority so assigned had no other qualifications, yet the demand for translators and interrogators superseded other considerations.

The question of adequate housing facilities does not enter this picture, except in some isolated cases in the Attache System.

Once personnel have been engaged in intelligence activities, their personnel records are marked to indicate such service. They can be readily identified by TAG and can be made available when necessary so that they are not lost to the system. Most senior officers do not desire to lose attachment to their basic branches, but do feel that an intelligence assignment is beneficial to their career. It is the current policy to

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rotate officers in and out of intelligence duties, as it is felt the field experience in their own branch so acquired makes them better qualified for such duty.

There is a general dearth in the intelligence community of civilian employees qualified to perform the vital functions of intelligence analysts. Necessary qualifications for these jobs require extensive background experience in related subjects. The usual source for this type of personnel is the teaching profession, and only certain areas here provide the essential background in research and basic knowledge. While G-2 currently employs a considerable number of civilians in this category (approximately 150 as analysts or in related functions), there is a constant demand for more, as all the intelligence agencies within the community have a continuing need for their services. This condition of short supply and heavy demand has led to considerable shifting about by this class of employee, as higher paying grades for which they can qualify become available in other agencies. There is no evidence of the presence of proselyting in these cases. The opening up of better jobs is a matter of common knowledge, and the analysts initiate the change themselves. If there was possibility of improving the grade structure, G-2 could more readily achieve a greater permanency of personnel.

The establishment of a military intelligence corps for career purposes does not appear to meet with any degree of approval. The general feeling is that, as mentioned above, assignment outside of intelligence is highly desirable in order to provide experience in the practical use of intelligence and to impress the individual with the importance of adequate and timely information. There is an implied fear of such a corps developing

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into an "ivory tower" group which would not generate useful or realistic intelligence and thus completely fail to meet the Army's requirements.

Language Training Program

Language training for the Attache System and the Foreign Area Specialist Training (FAST) program is conducted at the Army Language School at Monterey, California. Use is also made of the Naval Language School in Washington, D. C. Also, the Army conducts language courses for CIC personnel at AIC, Fort Holabird, Maryland. The following languages are currently being taught, covering all Army programs, i.e., attache, FAST, ASA:

Albanian	Korean
Arabic (Egyptian and Middle East)	Norwegian
Bulgarian	Persian
Chinese (Cantonese and Mandarin)	Polish
Czechoslovakian	Portugese
Danish	Rumanian
French	Russian
German	Yugoslavian
Greek	Spanish
Hungarian	Swedish
Italian	Thai
Japanese	Turkish

In addition, there are 82 other languages for which a requirement may be developed. In these languages, courses, including texts and nomination of teachers, are developed so that the training can be started as soon as the need is developed. This procedure only shortens the preparation of a linguist by a couple of months. It still will require almost a year to carry out the necessary training.

Language courses given at Monterey are from one year to forty-six months in length. This is satisfactory for the attache and FAST programs, but unsatisfactory for intelligence specialists as it includes too comprehensive a coverage.

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Current discussions in the Army concerning language training are along the following lines:

Eliminate training in writing and reading for certain categories of personnel, as the only facility they need is in translating orally into English. This would permit shortening the course or giving more time for the conversational phase.

Give complete responsibility for language training to G-2. This would place all language interests in one command echelon.

Place a requirement on all MAAG and mission personnel to take language courses prior to assignment and continue on-the-job training.

Establish an eighteen month course in Russian which will (since shortened from forty-six months) put more people through the course.

Obtain more spaces or billets in intelligence activities so that more people can be placed in language schools. This is a pipeline proposition as the personnel are lost to the system while in school.

Determine, prior to enrollment, whether or not a man selected for language training is capable of learning a language; i.e., determine by testing if the training and time will be wasted or fruitful.

There are numerous problems encountered in planning and conducting an extensive language training program, which should be recognized:

Two-year draftees are difficult to use for language training as term of service is about up when training is completed.

Draftees are only interested in studying languages for which there is some market after service. Currently, there is no market for Russian.

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Due to the requirements of career management, it is difficult to keep trained personnel in assignments where they can continue to use the language and so retain facility.

To fully qualify a man in a language, he should live in the country in which the language is spoken. This is impracticable with Russian. FAST program personnel are sent into Russia at least once as couriers. This does not provide much help. To really be qualified, personnel must be intimately acquainted with the language, slang, and idioms. A language course in itself will not provide full qualification in these respects.

There are 106 languages which could be covered. Right now, the ones to select, besides Russian, as of major importance and on which to concentrate are questionable.

There is considerable resistance to taking a billet away from combat elements and give it to language training.

A committee was formed amongst intelligence agencies to work out a plan for listing civilians on a national basis who have a language capability. This project was dropped because of complications that would be involved in rating capability, the cost of the program, and security angles. College personnel of this type are well known and many already are members of the Reserve forces.

#### Conclusions

From the quantity and quality of the material collected, it is evident that the Attache System is of vital importance to the intelligence effort. There is evidence that recent enforced reductions in the number of personnel assigned thereto have resulted in limiting the effectiveness of this

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important phase of intelligence collection. The functions and accomplishments of the Attache System require fuller understanding and appreciation in order to remove external pressures which effect restrictions on its performances (pp. 105-107).

The caliber of personnel assigned in the Army Attache System and the standards prescribed for such assignment are satisfactory. The system itself is well administered and controlled. There is positive evidence of an appreciation of the need for economy and coordination in operational functions (pp. 105, 106).

The effort expended in the Office of the Assistant Chief of Staff, Intelligence, on processing individual personnel security cases is diversionary in effect and is detrimental to the major objective of that office; i.e., collecting, producing, and disseminating intelligence information (pp. 113, 114).

The intelligence effort of the Army has become most complex in nature and widespread in interest, requiring the constant attention of those in authority in order to provide adequate coordination within the military services and the intelligence community as a whole. These increased responsibilities and the need for universal recognition of the importance of intelligence indicate a necessity for the elevation of the intelligence element of the Army to a higher echelon in its organizational structure. (pp. 100, 119).

The Army has the responsibility under Sec. 102(d)(3) of the National Security Act of 1947, as amended, and also under the provisions of NSCID No. 1 to engage in clandestine operations. NSCID No. 5, therefore, is, in effect, a denial of the Army's capability and statutory authority in this respect. The "Agreed Activities" paper is only a partial recognition



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of this responsibility and does not fully permit the Army to meet the requirements of this responsibility or the exigencies of the situation / (pp. 122-125).

The Army has a very extensive capability for further exploiting the defector program, but is prevented from doing so by the implementation of the provisions of NSCID No. 13 which relate especially to the inducement aspects of that program. (pp. 125-129).

The collection and production of intelligence in the Army are seriously hampered by its inability to attract and retain qualified personnel primarily in the civilian analyst category. There is considerable movement within the intelligence community, between agencies, of personnel in this category, which is a direct result of the provisions of civil service regulations regarding classification and the inability of the military services to offer adequate monetary inducements. (p. 131).

The major difficulties in the development of a group of adequately qualified linguists are time and personnel. Until a long-range program is developed and accepted by the military, the effort will be small, with unsatisfactory results and a complete lack of competence in this field. The other alternative is to rely solely on desperation methods of acquiring linguists, in which non-U.S. nationals must be used, with acceptance of the attendant risks. It does appear that the Army is conscious of the language problem, but is not attacking the problem with sufficient aggressiveness. Its solution involves a long-range program from which immediate results cannot be expected. (pp. 106, 121, 132-134).

There is no established policy or procedure, per se, in the Army for the periodic security recheck of personnel assigned in sensitive areas. (p. 112).

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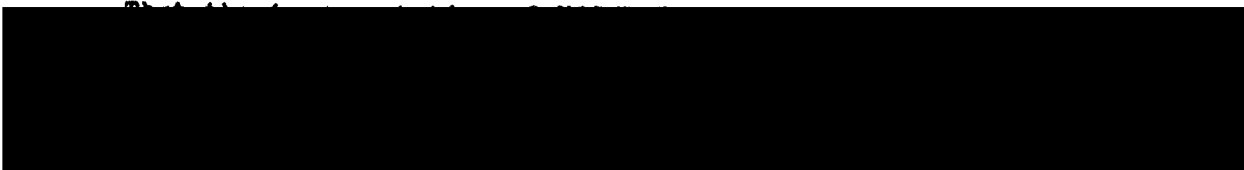
Recommendations

That the Army Attache System be manned to permit full exploitation of the collection potential of this service. Present ceilings on personnel imposed by a Department of Defense directive should be lifted in order to achieve greater flexibility and permit more extensive prior training of assigned personnel.

That the Assistant Chief of Staff, Intelligence, be elevated to the level of Deputy Chief of Staff.

That the National Security Council revise NSCID No. 5 to provide for clandestine intelligence activity on the part of the military services consistent with their capabilities and statutory responsibilities under the National Security Act of 1947.

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That serious consideration be given to more extensive use of Schedule "A" in the employment of civilian analysts and other intelligence specialists, in order to provide the necessary flexibility in the recruitment of qualified civilian personnel by the military services, and to facilitate the interchange of such personnel between the Zone of Interior competitive service and the overseas excepted service.

That the Army aggressively attack the linguist problem by developing and using outside sources for training in colleges and universities through the medium of, for example, its comprehensive ROTC and Reserve programs.

That a policy be established and measures instituted for the periodic security rechecking of personnel assigned in sensitive areas at intervals not to exceed five years.

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DEPARTMENT OF THE NAVY

Office of Naval Intelligence (ONI)

The Office of Naval Intelligence is a part of the Office of the Chief of Naval Operations. The Director of Naval Intelligence is designated an Assistant Chief of Naval Operations. He reports to the Vice Chief of Naval Operations. He also has a direct responsibility to the Secretary of the Navy.

Under the authority and direction of the Chief of Naval Operations, the Director of Naval Intelligence is required to administer, operate, and maintain an intelligence service to fulfill the intelligence and counterintelligence requirements of the Department of the Navy in order to:

Inform the Naval Establishment of the war-making capabilities and intentions of foreign nations;

Provide the Naval Establishment with the intelligence needed for plans and operations;

Warn Naval authority of threats to the security of the Naval Establishment;

Provide the Naval contributions to joint, national, and international intelligence;

Promote the maximum intelligence readiness of the operating forces and other components of the Naval Establishment;

Coordinate the intelligence effort of the Naval Establishment;

Develop and promulgate, subject to approval of the Secretary of the Navy, policies for the protection of classified matter, including such policies applicable to industrial security;

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Advise the Chief of Naval Operations concerning all matters relating to naval intelligence and security policies for the protection of classified matter.

ONI is organized into three divisions; namely, Security, Intelligence Production, and Administration. In addition, there are two staff sections: a Policy and Plans Coordination Section and a Foreign Liaison Section.

In the field there are three organizations which assist in carrying out the mission of the Navy: the Naval District Intelligence Officers, who are under ONI's management control and who are located in the continental United States and in certain outlying areas such as Puerto Rico, Panama, Hawaii, and Alaska; the Naval Attache System, which is also under ONI jurisdiction; and the intelligence organizations within the forces afloat, which, although directly under their respective commanders, are under ONI's technical supervision.

The primary functions of the District Intelligence Officers are the conduct of counterintelligence activities and the implementation of security policies. The District Intelligence Officer serves on the staff of his respective Naval District Commandant, and in certain designated districts he has additional duty on the staff of the commander of the sea frontier in which the district is located.

Naval attaches and their staffs are officially a part of ONI, but they also have a responsibility to the ambassador or minister who is the chief of the diplomatic mission to which they are assigned. Normally, attaches are stationed only in those countries which are of primary naval interest to ONI. They provide the major source of overt collection of intelligence.

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In the forces afloat, each area, fleet, type, and task force commander, and all flag officers exercising command have a staff intelligence section. This is headed by an intelligence officer who is responsible for the collection, processing, and dissemination of intelligence for the command and for its counterintelligence measures; ONI supports their intelligence requirements and assigns collection missions within their capabilities to execute.

#### Policy and Plans Coordination Staff

Working directly under the Director of Naval Intelligence, this small staff is concerned with policy matters and the preparation of intelligence plans. It consists of three officers and two civilians and is the focal point for all intelligence matters coming from or going to the Joint Intelligence Committee, the Joint Chiefs of Staff, the Intelligence Advisory Committee, or the National Security Council.

#### Foreign Liaison Staff

Also working directly under the Director of Naval Intelligence, the Foreign Liaison Staff consists of five officers, two enlisted men, and three civilians. It is the point of contact for all foreign naval attaches and members of naval missions for the purpose of keeping those people happy and away from the intelligence producers. It is supposed to know at all times the whereabouts of all foreign naval personnel accredited to the United States Government. In most cases, this is no problem. However, the large number of British, Canadian, and Australian naval personnel in the United States and the very close working relationships that have been

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built up through the years of cooperative effort have resulted in a lapse in this knowledge so far as these three countries are concerned. This may be a serious gap and efforts should be made by the Navy to correct it.

Intelligence Production Division

The entire problem of the production of intelligence required to fulfill the mission set forth above is that of the Intelligence Production Division, whose organization is as follows:

INTELLIGENCE PRODUCTION DIVISION  
ASSISTANT DIRECTOR OF NAVAL INTELLIGENCE  
INTELLIGENCE PRODUCTION

Executive Assistant,  
Production Coordination Staff

FOREIGN BRANCH

Head, Foreign Branch  
Geographic Section  
Technical Section  
Medical Section  
Amphibious Section

COLLECTION & DISSEMINATION BRANCH

Head, Collection and Dissemination Branch  
Photo and Graphic Section  
Collection Section  
Dissemination Section  
Support Section

ESTIMATES BRANCH

Head, Estimates Branch  
Naval and Joint Estimates and Studies Section  
National Intelligence Estimates Section  
NATO Intelligence Section

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AIR INTELLIGENCE BRANCH

Head, Air Intelligence Branch  
Targets and Vulnerability Section  
NACAIN/AFOIN-X5  
Estimates and Capabilities Section

OPERATIONAL INTELLIGENCE BRANCH

Head, Operational Intelligence Branch  
Special Intelligence Section  
Operational Intelligence Evaluation &  
Dissemination Section  
Maritime and Trade Section

The Attache System

The attache program is of considerable concern, in that this is a major overt source of foreign information. It produces fully eighty percent of the information from which intelligence is built. Problems in the attache system include:

1. Reduction in attache personnel as directed by the Secretary of Defense;
2. State Department expression of desire as to placement; and
3. Ambassadorial requirements on the attaches in connection with naval ship visits.

With reference to 1 above, the Deputy Secretary of Defense directed that the three services survey their attache systems with a view to providing the maximum production at a minimum cost. After considering their recommendations, he directed that certain additional reduction measures be taken. These measures included placing ceilings on the number of aircraft, officers, enlisted men, civilian employees, and automobiles which each service could have in the systems. The Navy is of the opinion that its

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allocation of resources is less than needed, and a steady increase in the outstanding (unfilled) collection directives, as well as the deficiencies shown in needed information, is indicative of the correctness of that opinion. Field reports indicate that one of the most important values of attache aircraft lies in the number and variety of places to which the attache can go by air. In addition, their use increases the possibility of taking pictures. Any further reduction of the attache system, which is not offset by a comparable increase in other overt collection means, would mean a serious impairment on the Navy in accomplishing its intelligence mission.

The present tour of the Naval attache is two years. Reports from the field indicate that the attache is reaching his point of major productivity at the end of two years. As personnel limitations have precluded the assignment of all Naval attache personnel to language schools, his language proficiency only reaches its peak at the end of the tour. He also has had two years in which to develop contacts from whom he can collect. In the main, it is very difficult to "pass on" these contacts to a replacement. Tours in ONI are three years, and the increase in the attache tour would bring the two intelligence tours in consonance. The other two services have been using three-year tours for some time. Consideration should be given to the desirability of increasing the tour for this duty.

With reference to 2 above, the Department of State has expressed the desire to continue a Naval attache in the Dominican Republic and to add one to Haiti. In order best to meet the requirements for collection in more productive areas and the Defense ceiling, neither of these requests could be approved. However, a request to have the Navy attache ceiling raised for this purpose was submitted to the Secretary of Defense.



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With reference to 3 above, each of the ambassadors to countries having ports of call for naval elements would like to have a Naval attache to take care of the many problems arising from such visits and shore leaves incident thereto. However, where Naval attaches are present and utilized for these purposes, their principal intelligence collection duties suffer in direct proportion to the time consumed in carrying out these duties.

Military Assistance Advisory Groups

Reports submitted to the Navy Department by the naval elements of the MAAG's are scrutinized very closely by ONI to assess the strength, composition, readiness, firepower, and military potential of the navy concerned.

Fleet Commands

Fleet elements have a very considerable intelligence collection potential, which is not fully exploited, particularly in time of peace. Every man who goes ashore in a foreign nation is a potential collector of information by observation, conversation, or taking pictures. Information so gathered, not only could be of Naval interest but also of concern to the other services. It is suggested that greater effort be made to exploit these overt sources.

Other Commands or Departments

Information of interest and use to the Navy is collected by Army, Air Force, and State Department representatives incident to their own collection mission. Normally, this information is furnished at the local level by liaison arrangements. It also is exchanged at the Washington

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level) by interdepartmental dissemination through the use of reading panels. Care is exercised in reports from the field to indicate the source of the information in order to avoid false confirmation.

NSCID No. 1 requires that information collected by CIA on any matter of concern or interest to another agency be furnished to the service attache or other local intelligence representative in the area. It was reported to the task force that in some areas it is believed that this procedure is not being fully implemented.

District Intelligence Offices

The district intelligence offices are the main original source of domestic counterintelligence information concerning the Navy. In addition, these offices collect information from the masters and crews of foreign flag vessels who make port in the United States, and foreign port information from shipping concerns of the United States.

NSCID No. 7 makes the Central Intelligence Agency exclusively responsible for the collection of foreign information within the United States. It was found by experience, however, that the Navy is better able to interview foreign-flag masters and crews and U. S. shipping concerns to obtain information from them than are the CIA representatives. By negotiating bilateral agreements with CIA, the Navy was authorized to return to these two fields. The actual interviews are conducted by representatives of the district intelligence offices.

Intelligence Production Problems

Navy Collaboration in Air Intelligence (NACAIA) consists in making service and civilian personnel available to the DI/USAF in accordance

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with a JCS directive. This arrangement is intended to provide for the production within the Directorate of Intelligence, USAF, of certain categories of air intelligence of joint interest. Additionally, and on a collateral basis, the arrangement is intended to provide for the unilateral needs of a single service or the common needs of two or more services for the preparation of air intelligence studies or of target materials.

Of the 77 officers and 142 civilians assigned to this work by the Navy, 61 officers and 132 civilians are assigned to NACAIN.

Because the working areas are separated, because Naval air interests are different from the interests of the Air Force, and because the work of NACAIN is not under the control or direction of the Director of Naval Intelligence, the 16 officers and 10 civilians located in ONI are working in much the same fields as are the NACAIN people in the development of targets, assessing the vulnerability of them, and in preparing air estimates. A solution to this duplication should be found.

Some duplication of effort exists between the Army and Navy on the one hand, and the CIA and State Department on the other in the matter of the effectiveness of a naval blockade of the China coast and the effect which such a blockade might have on the Red Chinese economy. It specifically concerns the amounts of material being delivered to China both over land and by sea. Normally, both of these means of delivery fall within the purview of the Army and Navy. Their estimates should be considered paramount, under the terms of the National Security Act of 1947 and the supporting NSCID No. 1, which states:

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94. The Director of Central Intelligence shall produce intelligence relating to the national security (national intelligence). He shall not duplicate the intelligence activities of the various departments but shall use departmental intelligence."

Consideration should be given to combining the production of medical intelligence, which is now performed by three individuals as a separate section, with other scientific and technical intelligence production.

The Navy is producing, in accordance with area priorities determined by the JCS, studies providing all of the intelligence, maps, and charts required by a commander to plan and mount an amphibious operation. The NIS on the areas concerned are not in sufficient detail to provide the necessary information upon which to base amphibious landing plans. In addition, they are not ready. Consideration could be given to strengthening the Navy ~~amphibious~~ <sup>amphibious</sup> objectives program.

Of the entire intelligence production, only two documents - the Daily Summary of World Events and the ONI Review - receive wide distribution; and of these, only the Summary may be a duplication of other intelligence effort. Each production has its particular use and as such appears necessary, appropriate, and economical, although dissemination of some productions may be too widespread.

Security

Security policy is vested, in the Navy, in the person of the Secretary of the Navy. Preparation of security policies has been delegated, through the Chief of Naval Operations, to the Director of Naval Intelligence.

Three other offices implement Naval policies in the various security fields: the Bureau of Personnel on matters of military personnel security;

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the Office of Industrial Relations on matters concerning security among civil service personnel within the Navy; and the Office of Naval Material on matters of industrial security. Each was surveyed and seemed to be operating adequately.

Within the Office of Naval Intelligence, the security staff functions are arranged as follows:

DEPUTY DIRECTOR FOR SECURITY

SECURITY DIVISION  
ASSISTANT DIRECTOR OF NAVAL INTELLIGENCE  
SECURITY

Executive Assistant,  
Coordination and Security Policy Staff

CENSORSHIP BRANCH

Head, Censorship Branch  
Armed Forces Censorship Section  
Telecommunications Censorship Section

INVESTIGATIONS BRANCH

Head, Investigations Branch  
Personnel and War Frauds Section  
Local Investigations Section  
Investigations Supervisory Section

S.E.C. BRANCH

Head, Sabotage, Espionage & Counter-  
subversion Branch  
Western Hemisphere Section  
European and African Section  
Asian Section

COMMERCE & TRAVEL BRANCH

Head, Commerce and Travel Branch  
Commerce Section  
Travel Section

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SECURITY CONTROL BRANCH

Head, Security Control Branch  
Domestic Control Section  
Foreign Control Section

The present strength to perform all of these duties is 43 officers, 45 enlisted men, and 51 civilians. Of this number, 11 officers and 12 enlisted men are assigned on an interim (temporary) basis in an effort to bring the backlog of work into manageable proportions.

Investigations

The Navy Department has very few military personnel with investigative training. Dependence is placed almost entirely on civilians under contract with the Navy Department and without civil-service status. Because of the large backlog of investigations, a full background investigation of an individual by Navy security agents takes from nine to fifteen months. Practically all of this 400-man force is assigned for duty within the limits of the continental United States and its possessions. They work under the direction of the District Intelligence Officers. As a consequence, counter-intelligence coverage overseas is inadequate.

In addition to security investigations, the investigators are required to perform any or all matters of an investigational nature occurring within the Navy Department, be they criminal or be they serious offenses against the Unified Code of Military Justice. Because of the program of international Communism, many of the cases of a criminal nature or included in the serious offenses against the Unified Code of Military Justice have an impact on the purely counterintelligence coverage concerning espionage, treason, sabotage, or sedition.

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The Navy's greatest single deficiency in this counterintelligence field is the shortage of adequate, worldwide counterintelligence assets and resources. The few persons assigned to such duty overseas (less than 35) are restricted almost entirely to work on personnel security investigations. In all of the naval intelligence organization there are only two full time agents whose job it is to develop and maintain waterfront contacts for use in commerce and travel operations and related waterfront security and intelligence activities. Two or three other districts have part-time agents on such work.

An adequate program will involve eventual doubling or tripling of funds now allotted to this area of naval intelligence. It, in effect will amount to putting certain areas of naval intelligence on a wartime footing. However, a recognition of this philosophy seems eminently proper, since, in terms of function, these areas of naval intelligence activity should be as much at war now as they ever will be.

Counterintelligence is a protective or preventive measure. In overseas naval areas, it appears to be woefully inadequate; at home, it is no better than that of the other services.

ONI recently has been active in promoting other measures to tighten up the security apparatus. One of the measures recently effected was to have the Department of Commerce and the Civil Aeronautics Board effect a certain amount of screening, for security, of commercial air crews travelling into and out of the United States. Two other areas of possible security weakness exist: (a) in the lack of a customs patrol in Great Lakes ports so that foreign-flag vessels plying the Great Lakes and using

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these ports are not under surveillance at or from these ports; (b) inadequate small boat inspections; fishing boats and other light craft must be licensed for operation and inspected by the Coast Guard for safety, but if the vessel puts to sea and returns claiming not to have touched a foreign port, it may not be inspected by any authority on return. In consequence, it is possible for a fishing craft to rendezvous with foreign submarines on the open sea and transfer espionage or subversive agents or nuclear bomb components from the submarine to the fishing boat for introduction into the United States without fear of official inspection on return. A survey of the extent of these possible threats should be made by the Inter-departmental Committee on Internal Security to determine what action is needed.

Recently, the Bureau of Personnel has recommended that the Navy institute periodically a "security recheck" policy on its military personnel in inactive status. ONI is likewise taking into consideration the necessity of rechecking its civilian personnel. A security recheck program is in effect for all of the Office of the Chief of Naval Operations, which includes ONI. However, there is no specific or overall Navy policy on rechecks of personnel assigned to intelligence duties elsewhere in the Navy. The date and type of check which has been made on an individual is indicated on his orders for change of station, from which the new commanders may determine whether rechecks are necessary.

Administration

All of the administration of the Office of Naval Intelligence comes under the Assistant Director of Naval Intelligence, Administration, and is organized as in the following chart:



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ADMINISTRATIVE DIVISION  
ASSISTANT DIRECTOR OF NAVAL INTELLIGENCE  
ADMINISTRATION

Executive Assistant

GENERAL SERVICES BRANCH

Head, General Services Branch  
Reproduction, Publications & Information  
Report Control Section  
Editorial Section  
Mail and Administrative Files Section  
Translations Section  
Intelligence Files Section

PERSONNEL BRANCH

Head, Personnel Branch  
Military Personnel Section  
Civilian Personnel Section  
Reserve Program Section

FISCAL BRANCH

Head, Fiscal Branch  
Budgets and Allotment Section  
Supplies and Equipment Section  
Audit and Accounts Section

TRAINING BRANCH

Head, Training Branch  
Transient Personnel Section

There are 21 officers, 64 enlisted men, and 116 civilians assigned to the division.

Manpower and management surveys are continuously conducted by this division to maintain both efficiency and economy throughout the whole of ONI. It is noted that interim allocations of military personnel have been provided by negotiation with the Bureau of Personnel to eliminate unacceptable backlogs both by the added personnel and the fact that military

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personnel can be worked overtime, if necessary, without extra pay.

Personnel

The major portion of the military personnel assigned to intelligence duties are not specialists. They are line officers. Provision has been made in the Military Personnel Act of 1947 to include an intelligence specialist in the Regular Navy. There are a total of 51 of these specialists. However, since by law none of these "Special Duty Only" officers may succeed to command, and since command is the usual stepping stone to flag rank, the "Special Duty Only" class is shunned.

It is expected that most of the line officers of the Regular Navy on duty in ONI will be ordered to sea duty within a very short time after mobilization starts, to be replaced by reserves recalled to active duty. This would strip ONI of many key people at a very critical time to the detriment of the intelligence effort. In addition, many Naval intelligence reserve officers are working for CIA and the State Department in either a military or civilian capacity and there is bound to be strong competition for the services of these personnel. Advance planning to determine mobilization assignments must be effected mutually so that the problem can be met in a change from peace to war status.

The duties in ONI are, in the main, performed by Naval personnel. The following table shows 1955 strengths:

	<u>ONI</u>	<u>Attaches</u>	<u>Total in Navy</u>
Officers USN	314	115	74,000
Enlisted USN	213	168	608,000
Officers USMC	18	19	18,755
Enlisted USMC	6	0	196,250

The Marine Corps does not appear to be carrying its share of the load.

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### Training

The intelligence consciousness of the Navy appears to be comparatively low. Almost all experience is obtained through "on-the-job" training. ONI does operate a very excellent but small intelligence school. More emphasis in this field is needed.

### Relationships of ONI with Other Intelligence Agencies

Under Department of Defense Directive 5105.7, dated June 29, 1954, the Director of Naval Intelligence was designated by the Secretary of the Navy as the appropriate official in the Navy Department to be the point of contact in intelligence matters for the Secretary of Defense and his Special Assistant (Special Operations). Both Mr. Thomas, the Secretary, and Mr. Smith, the Assistant Secretary for Air, take a very active interest in intelligence matters.

Other relationships are governmentwide wherever intelligence of interest to the Navy may be found. The Navy is rightfully jealous of its field of interest and is meticulously careful to refrain from getting outside that field. Because of a stringency on personnel allocations, there is as much work in the Navy's own field as it can keep abreast of without infringing on stated responsibilities of other agencies. Conversely, the Navy objects strongly to other agencies encroaching into its field. Several instances were cited where CIA has duplicated work of primary interest to the Navy, particularly concerning guided missiles and transportation matters in the Far East.

### Adaptability to War Requirements

The present organization of ONI and its supporting elements seems adequate to receive the expansion that the outbreak of war would cause.

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The office space allocation is not. No planning was evident as to what decentralization was to take place if personnel strengths were brought up to the 1945 level.

The lack of counterintelligence protection is very important now because of the need to keep our secrets of logistics from the potential enemy.

#### Effect of National Security Council Directives

In only two cases has the wording of the National Security Council Intelligence Directives had a serious effect on the work of Naval intelligence. Those directives are NSCID Nos. 5 and 7. Discussion concerning No. 5 appears in Covert Operations, Department of Defense. In the case of No. 7, bilateral agreement between Navy and CIA has assured smooth operations, but the directive remains on the books as originally written.

The major difficulty resulting from the directives appears to be in the way some of those directives are being implemented (NSCID No. 13).

#### Conclusions

Because of the importance of protecting its industrial secrets now, because of the extremely limited number of counterintelligence personnel available at overseas naval establishments, and because of the known use by the Communists of narcotics, perversion, and other crimes against nature and military law to subvert individuals, the counterintelligence protection provided by the Navy is inadequate. (pp. 147-150).

There is no established, standard policy in the Navy Department for the periodic review of the security status of intelligence personnel who come within the provisions of Executive Order 10450. (p. 151).

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Limitations on the number of attached, as well as the failure to use all available sources for collection; have resulted in insufficient information available in the Navy to provide the estimators with the needed support for their intelligence estimates. (pp. 142-144).

There is a need, Navy-wide, for a greater appreciation of its collection capabilities, especially in the fleet commands. Intelligence consciousness should be improved. (pp. 139, 140, 142-144, 154).

Recommendations

That the Navy put its counterintelligence program on a wider base so as to bring its worldwide protection up to an adequate level.

That the Navy establish a policy and finalize plans for the periodic review of the security status of intelligence personnel who come within the provisions of Executive Order 10450.

That the Navy expand its collection effort.

That the Navy continue and expand its efforts to improve the intelligence consciousness at all ranks and levels of the department.

DEPARTMENT OF THE AIR FORCE

Special Assistant for Intelligence

The civilian staff of the Secretary of the Air Force includes a Special Assistant for Intelligence who is responsible for liaison with the Department of Defense, Office of Special Operations, and for review and evaluation of all matters pertaining to plans, policies, and programs relative to the Air Force intelligence program. He is also charged with supervision and ultimate review of the personnel security program, both military and

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civilian. The combining of these tasks considerably reduces the effective effort that the Special Assistant can devote to his intelligence responsibility. In view of the importance of the intelligence effort, consideration could well be given to separating these responsibilities as has been done in the air staff.

Deputy Chief of Staff, Operations

The Deputy Chief of Staff, Operations, is responsible for Air Force intelligence activities, Air Force communications activities, and atomic energy matters.

The Inspector General

The Inspector General is responsible to the Chief of Staff, USAF, for the conduct of investigations involving major crimes, violations of public trust, subversive activities, sabotage, and espionage. He also performs related counterintelligence functions.

Director of Intelligence

The Director of Intelligence, although subordinate to the Deputy Chief of Staff, Operations, is designated by Air Force regulations as the intelligence member of the air staff. In this capacity he is directly responsible to the Chief of Staff, USAF, and to the major air commands for staff support and guidance in intelligence matters. In addition to these divided responsibilities, he provides for:

The coordination of the collection of information by Air Force activities.

The coordination of the worldwide targeting effort.

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The production of technical air intelligence and the handling and analysis of foreign material through the Air Technical Intelligence Center, which is an integral part of his directorate.

Representation of the Chief of Staff, USAF, for intelligence matters on specific joint and interdepartmental committees.

Provision of official liaison between foreign military representatives and the Air Force.

Operation of the Attache System.

Supervision over the Air Force Security Service and other special activities.

Control of disclosure of classified Air Force information to foreign governments.

Membership on the air staff affords the Director of Intelligence adequate access to the Chief of Staff on intelligence matters, but the Air Force organization subordinates him to the Deputy Chief of Staff, Operations. This has the effect of interposing an echelon of other important functional offices, such as that of the Comptroller, which adversely affects the efficiency of staff operation. The elevation of the Director of Intelligence to a higher level appears justifiable for this reason and in consideration of the tremendous importance which intelligence has acquired in the overall mission of the Air Force. Recognition and resolution of these circumstances would have the attendant beneficial effect of raising the prestige of Air Force intelligence and of attracting exceptional talent to its ranks.

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Organization of the Directorate of Intelligence

To assist the director in the fulfillment of his responsibilities, the Directorate of Intelligence is divided into five major elements, each operating under the management of a deputy director. These areas are further subdivided into various sections, each of which has a specific responsibility. The major elements are:

Management and Policy  
Collection and Dissemination  
Estimates  
Targets  
Air Technical Intelligence Center

Management and Policy

This element is responsible for preparation of USAF intelligence plans and policy, management of the directorate, specialized intelligence projects of high significance, and coordination of Army-Navy collaboration in air intelligence. The deputy director of this office is also the Executive of the directorate.

Collection and Dissemination

This element directs the USAF intelligence collection and dissemination activities, supervises liaison with accredited foreign air representatives and visits of foreign personnel of interest, collates collection requirements, provides guidance on aerial reconnaissance, administers the attache system, processes and disseminates intelligence information, reports, and finished intelligence products. It receives information from the attache system and all echelons of command. It prepares basic collection guidance instructions, such as the Basic Air Intelligence Requirements (BAIR) and



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the Intelligence Collection Instructions (ICI). Collection is implemented on a worldwide basis using the air attache system, photographic reconnaissance, defectors, electronic interception, and the collection potential of Air Force commands. Technical intelligence is the function of the Air Technical Intelligence Center.

The Air Force has adopted the CIA coding system and has expanded it basically in the aeronautical subject area. It would be desirable for all intelligence agencies to consider the adoption of this code. There is such a tremendous flow of raw intelligence that present filing systems generally have great difficulty in absorbing it. It is equally tedious to produce quickly the information which is in the system. Automatic devices would simplify filing, facilitate access to information when needed, and should prove to be economical. The Air Force presently has a project underway with the Eastman Kodak Company to develop a microfilm system for filing intelligence. This system, involving the use of Mini-Cards, will give a greater potential for coding and indexing, and is amenable to incorporation within more intricate systems which are not yet beyond the research stage.

It is becoming increasingly difficult to collect raw intelligence in the Soviet bloc area using traditional methods of collection. The need for additional information from that area is so urgent that new approaches to the problem must be sought and fully exploited. Such measures should include the acceptance of risk involved in "overflights" when the information needed is of sufficient importance as to warrant the risk. The Directorate of Intelligence of the Air Force should also take full advantage of the facilities of the Central Intelligence Agency to collect foreign intelligence from representatives of industrial firms returning from abroad.

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**Estimates**

This element produces specific air intelligence estimates necessary for the prevention of strategic and tactical surprise, for making command decisions, and for planning and conducting air operations. It also provides general counsel on air preparedness; assembles finished air intelligence to meet specific requirements; produces background and finished air intelligence on the overall capabilities of the Soviet bloc and all other foreign nations; produces current and indications intelligence; makes departmental estimates and contributions to Joint Intelligence and National Intelligence Estimates; and coordinates the Air Force contribution to the National Intelligence Survey.

**Targets**

This element determines the vulnerability of enemy targets to air attack; estimates weapon requirements and damage assessments; coordinates the production and distribution of target materials; estimates optimum opportunities for U.S. and allied offensive air action; and contains the collaborative components of the Army and Navy. This is one of the largest operations in the Directorate of Intelligence and produces vital information for the field elements of the services. It has a program underway for reducing the content of target folders without decreasing their intelligence value. The main effort is concentrated on the military organization of the USSR.

**Air Technical Intelligence Center**

The Air Technical Intelligence Center, which is an integral part of the Directorate of Intelligence, is located at Wright Patterson Air Force

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Base, Ohio, and has as its mission the production of intelligence to prevent technological surprise. This is accomplished through analysis of intelligence information and equipment provided by the collection effort. Special projects related to intelligence techniques are referred to this center for study and development. Excellent estimates of aircraft development in the USSR have resulted from these analyses and project studies. The building construction program now in progress will provide better physical facilities for this activity.

#### Attache System

The Attache System in the Air Force is administered by the collection and dissemination element of the directorate. Thus, the staff component which is responsible for collection has direct control of the major contributing activity. The cost of operating the Attache System has been materially reduced by restrictions initiated by Congress, the Secretary of Defense, and the Directorate of Intelligence. This reduction has been effected by decreasing the number of attaches, the number of support aircraft and motor vehicles, and the monetary allowance for quarters. There exists a definite indication that the collection capabilities in certain areas have been limited in consequence of the reduction in assigned personnel and equipment. In some areas, such as Indonesia, State Department policy has, over the objection of the Air Force, limited the number of attaches and aircraft. Because of the direct relationship between collection capability and mobility of the collectors, certain of these restrictive actions should be reexamined from the point of view of increasing the effectiveness of the attaches.

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The air attaché system should be provided the personnel strength and the material means to insure worldwide coverage by competent military observers of air facilities, transportation and communication networks, air capabilities, air order of battle, information for targeting purposes, and other objects of intelligence value. A system capable of these accomplishments should satisfy the following requirements:

Personnel selected for the system should be of high caliber, preferably with some experience in intelligence or with a background that would indicate he has an understanding of the need for intelligence.

All possible positions should be created and filled in "potentially productive" areas.

Attaches should receive appropriate language instruction in advance of assignment and should be required to improve their language proficiency while on foreign posts.

Publications

The Air Force produces many types of publications, some of which are widely disseminated. Others are of very restricted or limited distribution under appropriate conditions of security control. In view of the sensitive material contained in most of these publications and the distribution needed to insure that personnel who "need to know" are furnished the information, a periodic examination should be made to insure current justification both for the publication and the distribution thereof.

Counterintelligence

Counterintelligence in the Air Force is a assigned responsibility of the Inspector General. This responsibility is discharged by the Deputy

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Inspector General for Security through his subordinate Office of Special Investigations. Counterintelligence functions in the United States are conducted by the Director of the Office of Special Investigations, the country being divided into twenty-seven districts for control and directive purposes. Operations overseas are carried out in five areas, each of which has a director who is responsible to the area commander.

The Air Force operates a Counterintelligence School in Washington, D.C., and contributes to the overall national counterintelligence effort domestically through its membership on the Interdepartmental Intelligence Conference. There have been no difficulties encountered by the Air Force in its operations under the Delimitations Agreement.

Because protection of the Air Establishment is the paramount objective of its counterintelligence effort, the Air Force favors a national counterintelligence policy to apply overseas. The Air Force accepts its responsibility in this field and present staffing indicates that they are assigning capable personnel to the activity. Since the counterintelligence activity usually produces some intelligence as a byproduct, it is essential that close coordination at all levels exist between it and the intelligence activity. Unless such coordination exists, a potential source of intelligence may not be fully exploited.

#### Security

Security operations are centered in the Office of the Deputy Inspector General for Security. The Deputy Inspector General has two directorates: one, that of the Office of Special Investigations, and the other, that of the Air Provost Marshall, with the functions of security being divided

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between the two directorates. The Personnel Investigations Division of the Office of Special Investigations has the responsibility for the heavy burden of investigations involved in the personnel security program; the directorate of the Air Provost Marshal takes care of industrial and installations security problems.

Personnel

Air Force security operations are centered in the Office of the Deputy Inspector General for Security. The Deputy Inspector General has two directorates: that of the Office of Special Investigations, and of the Air Provost Marshal, with the functions of security divided between these directorates.

The Office of Special Investigations is responsible for conducting all personnel background investigations within the jurisdiction of the Air Force and for forwarding final reports on completed investigations to interested commanders for appropriate action. Close liaison is maintained with the Federal Bureau of Investigation, Civil Service Commission, and other investigative and law-enforcement agencies. Regulations have been published for the purpose of establishing uniform policies and procedures for the personnel security investigation and clearance of Air Force military and civilian personnel requiring access to classified information. In addition, security consciousness has been increased as a result of the comprehensive personnel security review conducted in compliance with Executive Order 10450. The safeguards secured under this program should be preserved through the development of procedures for the

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continued periodic security review of personnel occupying sensitive positions in Government.

Classified Material

In the Directorate of Intelligence there is an office which represents the Air Force in the release of all classified information as well as intelligence to foreign nationals. This office works in conjunction with the other services, the State Department, the Office of the Assistant Secretary of Defense for Research and Development, and the State Defense Military Information Control Committee (SDMIC). This latter is the group given, by authority of the President of the United States, the responsibility for developing and maintaining current policy governing the release of classified information to foreign countries or to the nationals of foreign countries.

Another important aspect of the problem of the release of information to the press involves the security declassification of Air Force material or information. Under the Deputy Chief of Staff for Material of the Air Force, there is an office having the responsibility for establishing the procedures and performing the coordination required for the declassification of aeronautical material. It was found that this office is generally under heavy pressure to accelerate declassification actions. It has as guidance a regulation which is based on the principle of "necessary exposure" and provides for the logical declassification of material. Many Air Force personnel contacted believe that too much information of technical and intelligence value is appearing in our newspapers and

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Magazines, thus making it easy for our potential adversary to secure intelligence. Since the declassification action prior to the release of technical information is so vital to the preservation of our sensitive data, this action should be controlled by a board rather than by one individual as at present.

There is an evident tendency to overclassify, and the Air Force is attempting to control this tendency by requiring those who apply the TOP SECRET security classification to fully justify its use. A continuing effort is necessary to reduce the volume of material which is placed in either the TOP SECRET or SECRET categories.

Air Force Regulation AFR 205-1, Security - Safeguarding of Military Information, is the guiding document designed to cover all problems of handling military information. This regulation, having as its basis the "need-to-know" principle, is unusually complete in detail. It is currently under revision and upon publication will attempt to provide answers to some of the comments of the present users concerning the complexity and legalistic language of the present regulation.

Facilities

The security of the physical facilities used by the Directorate of Intelligence is the direct responsibility of both the Security Officer of the Directorate of Intelligence and the Security Officer of the Secretary of the Air Force. The latter office also has the overall responsibility for the security of facilities in headquarters of the Air Force. Adequate protection appeared present



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in the facilities examined. Sensitive areas in the headquarters were found to have the advantage of special electronic protection in addition to other physical protection. Ultrasensitive equipment was available for temporary or special installations. Air Force intelligence operations in Washington are conducted in several buildings. This situation naturally reduces the overall efficiency of operations of the Directorate of Intelligence.

The Installations Security Division of the Office of Special Investigations monitors the protection system of the overall Air Force establishment. The Security Branch of this division is quite active in the making of vulnerability tests at installations having a combat mission, the establishing of standards and procedures for security indoctrination, the establishing of circulation control systems, and the security clearance of personnel. Similar tests are made to determine the adequacy of security measures being observed by critical operational units of the Strategic Air Command, where the general principle is to give a minimum number of people access to aircraft and equipment of this force. The SAC program is worldwide, covering both SAC bases in the United States and overseas. The effectiveness of the ground defense plan is under constant study, and the plan is changed as capabilities and estimates dictate.

#### Industrial

The Industrial Security Division of the Office of Special Investigations exercises staff supervision over Air Force responsibilities in the Department of Defense industrial security program. Security clearance procedures are developed for surveys of plants under contract to the Air

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Force, together with general directives and programs concerning the safeguarding of classified information and material in industrial plants and facilities holding Air Force contracts. Frequent staff visits are made to installations of those commands which have industrial security responsibilities to maintain a continuing review of the personnel and physical security measures employed. The Office of Special Investigations is cognizant that vital secrets of the United States are in the hands of industry and operates to provide maximum protection of such information without sacrificing efficiency or hampering production.

#### Training

The Air Force has established an intelligence training program for officers and airmen, including courses ranging from those of an introductory nature to those appropriate for staff officers in higher headquarters. For the specialized training requirements of air attaches and selected key staff officers, the Air Force participates in the Army's Strategic Intelligence School in Washington, D.C. Specialized courses are available, not only in languages but also in technical specialties in the intelligence field. Considerable reliance is placed on "on-the-job" training, especially for civilian employees. The collection potential of many posts cannot be fully realized unless the posts are manned by adequately trained linguists and technicians. A periodic study should be made to determine the adequacy of the training facilities and school production in relationship to worldwide staff requirements. The staffing of foreign posts with inadequately trained personnel is not only uneconomical, but can also result in the loss of opportunity to collect intelligence.

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In addition to the service schools, use is made of college facilities for language training and specialized area study requirements. Training courses are also available for Air Force reserve personnel, and considerable effort is made to encourage their participation. The Air Force intelligence training program (except for language training) is generally adequate for existing requirements, even in some technical areas where a critical need exists and where the attrition is high. The training program is also susceptible of considerable expansion for wartime conditions. It must be noted, however, that the increased emphasis on scientific applications in the data handling aspect of intelligence may create a special requirement for qualified personnel in this field.

#### Research

The technological intelligence research program of the Air Force is a very active one in which every effort is being made to utilize new ideas. When a new idea appears feasible of application, it is exploited on a crash basis in order to obtain results in as short a period as possible. Through the device of contract, the best qualified personnel available in the country are employed, not only in the examination of technical problems and the development of solutions but also in the analysis of intelligence. This approach has brought about an increased interest on the part of industry in the application of scientific developments to the intelligence field.

Recognition of the inadequacy of current collection, filing and production methods has impelled the Air Force to undertake research

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problems whose solution is a matter of common concern to the entire intelligence community. Ultimate solution of these problems may involve the application of such intricate processes as digital computation and automatic evaluation of electronic intercepts. The importance of such solutions to the total intelligence program warrants the establishment of a central technological intelligence research activity.

#### Relationship with Other Intelligence Agencies

Air Force participation in the intelligence activities of the Joint Chiefs of Staff is accomplished through the Joint Intelligence Committee and the Joint Intelligence Group. By means of these activities, the Air Force contributes to the production of the Joint Intelligence Estimates. There is close relationship between the personnel of the Directorate of Intelligence and the Joint Intelligence Group. Full utilization is being made of air intelligence estimates and studies in the integration of departmental intelligence into Joint Intelligence Estimates. The Director of Intelligence of the Air Force represents the Air Force on the Intelligence Advisory Committee of the National Security Council. Through its participation on this committee, the Air Force actively engages in the production of National Intelligence Estimates.

The Air Force has good working relations with the Central Intelligence Agency (CIA). As an example, the CIA provided prompt aid to the Air Force in a recent sabotage alert. The CIA also assisted in the production of certain publications prepared to meet a specified need. The Air Force works closely with CIA in the production of the National Intelligence Survey and has attempted to insure the meeting of its commitments through the establishment of an NIS production control office.

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The Office of Special Investigations represents the Air Force on the Interdepartmental Intelligence Conference (IIC), which has been described previously.

The Directorate of Intelligence represents the Department of the Air Force on the State Defense Military Information Committee (SDMIC). This committee develops plans and policies with respect to the release of classified information, including intelligence to foreign countries.

Personnel

Personnel figures for the Directorate of Intelligence represent the military and civilian personnel under the immediate control of the Director of Intelligence. Figures for the Office of Special Investigations represent personnel in the continental United States.

Directorate of Intelligence

	<u>FY 1953</u>	<u>FY 1954</u>	<u>FY 1955</u>
Military Personnel	1151	1132	1111
Civilian Personnel	<u>1319</u>	<u>1234</u>	<u>1234</u>
Total	2470	2366	2345

Office of Special Investigations  
Zone of Interior

	<u>FY 1953</u>	<u>FY 1954</u>	<u>FY 1955</u>
Military Personnel	1559	1683	1769
Civilian Personnel	<u>639</u>	<u>766</u>	<u>720</u>
Total	2198	2389	2489

From an examination of the various activities and offices of both the Directorate of Intelligence and the Office of Special Investigations,

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it was found that personnel were being used efficiently. No offices were found to have a noticeable surplus of personnel, either military or civilian. The distribution of grades appeared to reflect the relative importance of the activities to which assigned. Turnover of personnel was mainly in the lower grades and is not regarded as excessive. In the lower professional civilian grades there appeared to be a good correlation of salary levels, position responsibility, educational background, and experience. In the upper levels, it was found that most experience has been received in Government service, with sharp increases in salaries after entry on intelligence work. Conclusive findings indicated a practice of promoting from within to higher grade levels rather than using these grades to attract talent from outside the Government employ. There is some reluctance on the part of career service personnel to accept intelligence assignments because of what are regarded as limited promotional opportunities to the grade of general officer in this field. If greater latitude were given the Director of Intelligence to select personnel, an improvement in the attitude toward intelligence duty would result, since many of the highly qualified officers he would select could be expected to reach the grade of general officer.

The Air Force has experienced difficulty in the procurement of qualified civilian personnel for intelligence duties because of civil service regulations. Certain intelligence specialists, such as analysts, need great technical skill, long experience, are generally in short supply, and are often reluctant to be in civil service. An exemption from some civil service requirements should be provided for limited numbers of such personnel.

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It is believed that a board or commission should be established to make equitable and coordinated allocations among the intelligence agencies of such personnel spaces. However, the Air Force is not allowing restrictive influences in civil-service procurement of top-flight scientific personnel to retard advanced development projects. Utilization of special personnel, secured successfully by contract with management service organizations, is proving effective.

All potential intelligence officers should be given opportunities to serve in the intelligence field.

**Budget**

No attempt has been made to determine the overall cost of intelligence for any of the services because the costing of combat intelligence would have been a task beyond the capacity of this task force. Accordingly, action was taken to obtain budget and expenditure information for those intelligence activities which are the direct responsibility of the Director of Intelligence and the Director of the Office of Special Investigations. Indirect expenses are excluded. Separate figures were obtained for the Directorate of Intelligence and the Office of Special Investigations, based on direct cost operations for the fiscal years 1953 and 1954 and estimated for fiscal year 1955:

**Directorate of Intelligence Costs**  
**In Thousands of Dollars**

	<u>FY 1953</u>	<u>FY 1954</u>	<u>FY 1955</u>
Military Personnel	\$ 7,425	\$ 7,306	\$ 7,191
Civilian Personnel	5,514	5,390	5,467
Other	<u>8,529</u>	<u>8,125</u>	<u>8,817</u>
Total	\$21,468	\$20,821	\$21,475

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<u>FY 1953</u>	<u>FY 1954</u>	<u>FY 1955</u>
\$ 8,115	\$ 7,367	\$10,159

Tight controls exist in the Air Force in the use of funds made available for intelligence purposes, particularly with respect to the contingency funds of both the Directorate of Intelligence and the Office of Special Investigations. Expenditures are reviewed by either the Director of Intelligence or by the Deputy Inspector General before they are finally submitted to the Secretary of the Air Force for approval.

#### Effect of National Security Council Directives

The intelligence activities of the Air Force are based on directives of the National Security Council and implementing directives of the Director of the Central Intelligence Agency and the Joint Chiefs of Staff. The intelligence goals, promulgated by the Director of Intelligence, provide the current guidance for the Air Force in meeting both departmental and national intelligence requirements. The Air Force is satisfied with the national intelligence objectives now in effect and guides its own operations accordingly. Satisfaction is also expressed with the contents of DCID 5/1, Coordination of Foreign Clandestine Collection Activities, which will allow the Air Force to take greater advantage of the inherent collection potential of Air Force overseas commands.

#### Basic Observations Concerning Air Force Intelligence

The intelligence effort of the Air Force is characterized by enthusiasm and frankness. There is realization of the extreme importance of the

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time element to the Air Force. There is a will to proceed to mechanical methods of collection and production of intelligence. Significantly deficient is the supply of intelligence regarding the Soviet Air Force and air technological areas. Much additional information is needed on the Russian air order of battle and air methodology. Little is known about air activity on the airfields in the interior of Russia. The defector program has been unsuccessful in securing defectors possessing high-level knowledge of the Russian air effort.

### Conclusions

Due to the fact that many career personnel consider that there are limited promotional opportunities in intelligence, a reluctance to enter this field is apparent among such officers (p. 173).

In order to obtain the services of top-flight civilian intelligence specialists who possess great technical skill and long experience, there is a need for exemption from some of the civil-service requirements (p. 173).

Based on the difficulty experienced by the Air Force in the procurement and retention of certain intelligence specialists, an allocation of personnel spaces exempt from some civil-service requirements across the intelligence community should prove helpful (pp. 173, 174).

The increasing importance of intelligence to the successful accomplishment of all air operations demands that the prestige of this function and the personnel involved be raised to a level which will encourage full cooperation, opportunity, and development (pp. 157, 158).

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The collection potential of attaché stations should be exploited to the utmost. The collection potential of many attaché posts cannot be fully realized unless the posts are manned by adequately trained personnel, especially linguists. Economies have been demanded in terms of funds, personnel, motor vehicles, and aircraft, which will probably have a detrimental effect upon the collection potential of the Air Attache System. (pp. 162, 163, 169).

The Air Force has become involved in technical research projects of an intelligence nature which could well be the responsibility of a central agency, as some of the devices or ideas being developed have an overall application to the intelligence community. (pp. 170, 171).

Present methods of declassifying technical information are permitting too much information of intelligence value to appear in public print. The control of declassification of material or technical information should be strong enough to retain for our country the full value of our technical advancement. Control of such declassification when vested in one man is undesirable. (pp. 166, 167).

There are many Air Force intelligence publications which contain some sensitive material. In view of the worldwide distribution made of some of these, a significant security risk is involved. (p. 163).

Because of the great volume of raw information flowing into our intelligence agencies, present filing systems do not give ready access to information previously filed. The increasingly critical nature of the time element makes it imperative that processing of intelligence be done in a minimum period of time. The application of automatic devices

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to accomplish rapid processing appears to offer great possibilities (p. 160).

Due to countermeasures, it is becoming increasingly difficult to collect raw intelligence in the Soviet-bloc area using traditional methods. This makes it mandatory that all possible resources be utilized to exploit fully those technological means for intelligence collection which are now available or which can be developed. (pp. 160, 163).

On account of the difficulty encountered in the collection of raw intelligence from the Soviet area, it appears that calculated risks should be taken when the information sought is so vital that the cost in risk is not excessive. The use of "overflights" to secure such information deserves constant consideration. (p. 160).

The standards of personnel security achieved through compliance with Executive Order 10450 should be preserved (p. 165).

### Recommendations

That the organizational position of the Director of Intelligence of the Air Force be raised from its present position to that of a Deputy Chief of Staff.

That a limited number of civilian personnel spaces for Air Force intelligence be exempt from some civil-service requirements.

That a board or commission be established to make an equitable and coordinated allocation among the intelligence agencies of personnel spaces exempt from some civil-service requirements.

That the Air Attache System be maintained at a level which will insure an adequate collection capability and that air attache qualifications, such as background, interest, and language training, be

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commensurate with the collection potential of the station.

That an Intelligence Research Center be established under the CIA to guide the total intelligence research program.

That a board be established for the supervision of security declassification of material or information.

That a periodic examination be made of Air Force intelligence publications to assure justification for both the publication and distribution thereof.

That mechanical and electronic devices to analyze, classify, file, and produce intelligence information be put into use at the earliest possible moment.

That all possible resources be used to exploit technological means for intelligence collection.

That the use of "overflights" to secure vital information receive constant consideration.

That the Department of the Air Force develop adequate procedures for the periodic security review of personnel occupying sensitive positions.

COVERT OPERATIONS  
DEPARTMENT OF DEFENSE

In 1948 the National Security Council issued NSCID No. 5. It assigned to the Central Intelligence Agency the exclusive responsibility for all espionage and counterespionage activities outside the geographical limits of the United States and its possessions, except for such counter-intelligence activities of the services as were necessary to maintain the

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security of their overseas establishments." Saving clauses were included in the charge given the Central Intelligence Agency which would permit the military services to perform certain agreed activities. During the negotiations prior to the approval of this directive, there was considerable discussion as to the meaning of the terms "counterintelligence" and "counterespionage."

It soon became apparent to the services, especially to theater commanders, that the CIA concept of its espionage targets would not bring in the information needed by those commanders to accomplish their missions. In addition, theater commanders were not satisfied with the provisions of this directive because it gave an organization, over which they had no control, authority to operate in their areas of command without their control, knowledge, or direction. They were required to give logistic support to the Central Intelligence Agency, but could not serve their intelligence requirements on the local representative of the Central Intelligence Agency and expect a response if those requirements differed from those assigned by the parent organization. Also, information collected by the Central Intelligence Agency did not come directly to the commander from the local representative. The raw information collected in his area was sent to the Washington headquarters of the CIA, where it was evaluated and then sent out to the theaters, a process sometimes requiring as much as a month or six weeks.

In 1950 action was initiated to spell out the agreed activities which the services could perform in these fields. In 1951 the Director of Central Intelligence by direct negotiation with the Secretary of

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Defense, and without the participation of the Intelligence Advisory Committee, received approval and effected the promulgation of additional paragraphs in a revised NSCID No. 5. These paragraphs spelled out and in some measure corrected the relationships between the Central Intelligence Agency in the field and the theater commanders, but did not spell out the "agreed activities" which had been the concern of the service intelligence chiefs for some time. Under the authority granted in paragraph 10 of this directive, the Commander-in-Chief, Far East, took command of and directed that part of the CIA collection operation which was intended to support his military mission in the Far East Command. He did not have authority to direct, nor did he attempt to do so, other Central Intelligence Agency's operations from his area, since some of the operations were in support of the national intelligence mission of the agency; he was informed of these operations to the extent believed necessary by the CIA representative.

Because of the paucity of information being furnished to the theater commanders by the CIA, and because of the delays inherent in the system of delivery of the information to them, the commanders, both in Europe and the Far East, felt it necessary to conduct clandestine collection operations of their own. These operations were in contravention of the Security Council directive. Local representatives of the CIA were aware of the existence of these programs, as were the Director of Central Intelligence and the service intelligence chiefs. Also, during this period, negotiations were going on in an effort to reach agreement on what was intended by the "agreed activities" which the services were authorized to perform in this field.

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It was not until November 22, 1954, that agreement was reached on this document. It was finally promulgated as DCID 5/1 on January 11, 1955. The wording of the directive is not fully that desired by the Army and Navy intelligence chiefs, inasmuch as it can be interpreted to give the Director of Central Intelligence a veto power over any and all actions in this field if he wishes to use it. There is also a question of whether this paper spells out the exceptions in the field of counter-espionage as it does in the field of espionage. Time has not been available to allow exploration fully into the needs for such a directive in the counterespionage field; and it may be that an agreed definition in the glossary of terms recommended elsewhere in this report can define the terms "counterintelligence" and "counterespionage" so as to make such a directive unnecessary; for, in fact, it seems that the difficulty here lies in a difference of opinion as to the meaning of the two terms.

Other covert activities concern participation in "hot" and "cold" war. NSC 10/2 was issued in 1948 and superseded by NSC 5412 in March 1954. In this paper, the NSC recognized the authority of the Joint Chiefs of Staff over "hot" war operations and made the Director of Central Intelligence responsible for "cold" war operations and preparatory covert measures in peace to support military operations in time of war.

#### Joint Chiefs of Staff

Since the Joint Chiefs of Staff have no operational authority or function, they have been concerned only with negotiations on directives in the field of collecting intelligence information by covert means.

In other areas, although not specifically contained within the definition of "intelligence" as used by the task force, three fields

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emerge which must be considered in any discussion of covert intelligence activities. These are unconventional warfare, evasion and escape, and resistance.

Responsibility for unconventional activities was assigned to Central Intelligence Agency by NSC 10/2 in 1948 and redefined by NSC 5412 in March 1954. As a result of NSC 5412, Annex B (Guerrilla Warfare) to the Joint Strategic Capabilities Plan (the basic war plan of the United States) was approved by the Joint Chiefs of Staff in June 1954. No consultation or referral to the Central Intelligence Agency was effected until after it was approved by the Joint Chiefs of Staff. At the same time that the annex was dispatched to the theater commanders, as a basis for them to complete their war plans, two copies were sent to the Central Intelligence Agency for information in order that this Agency would know what planning was to be expected from their representatives at the theater level.

Other Joint Chiefs of Staff actions, worked out in consonance with the Central Intelligence Agency, defined the command relationships in wartime at theater levels on the principle of a "Fourth Force," so that theater commanders would have under their command Army, Navy, and Air Force assets assigned to them by the Joint Chiefs of Staff and a Central Intelligence Agency force assigned by that agency. Definitions of the terms used in NSC 5412 were published. The Air Force was made the executive agent of the Joint Chiefs of Staff on evasion and escape. The Army was designated as the department with primary interest in unconventional warfare. Resistance remained the responsibility of the Central Intelligence Agency in war, as well as in peace.

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Under the decision contained in NSC 5412, it became the responsibility of the Central Intelligence Agency to prepare a base on which evasion and escape and unconventional warfare can be expanded in time of war. So far as the Joint Chiefs of Staff know, this is not being done in areas now under Soviet or satellite control. Since the planning responsibility for actual operations has been delegated to theater commanders, it follows that the Joint Chiefs of Staff do not "need to know" actual assets or the minutiae of plans but should know whether or not action is being taken to fill theater commanders' requirements. The theater commanders, however, and certain members of their staff, must know what and where the assets are, when they can be used, and their capability so as to plan their effective use. In addition, certain members of the planning staffs in the Army and the Air Force must be aware of the current status of these assets in order that they may plan and provide for wartime operations when military commanders assume responsibility. This knowledge is not now available to the pertinent military staffs in Washington.

At the request of the Army member, the Joint Chiefs of Staff directed the theater commanders to report a realistic estimate of the guerrilla potential behind the Iron Curtain and in the peripheral states to be expected on D-Day and for each six months up to D + 24 months. For each of the Iron Curtain countries, the D-Day potential reported was 0, which indicates a lack either of information on the part of the commanders or of action on the part of CIA. This is of grave concern to the Army staff, inasmuch as Annex B to the Joint Strategic Capabilities Plan states as one of its basic principles, "Guerrilla warfare will be used to the maximum from D-Day onward."

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Department of the Army

In the Army, staff supervision over covert operations is divided between G-2, G-3, and the Psychological Warfare Division. G-2 is responsible for staff control over intelligence collection, matters pertaining to cover for CIA, and Army intelligence interest in evasion and escape. G-3 is responsible for general staff supervision over the activities of the Psychological Warfare Division of the Special Staff. The Psychological Warfare Division is responsible for staff control over guerrilla warfare. 

Intelligence Collection

On July 30, 1951, the Intelligence Advisory Committee by Directive 28/1 established a subcommittee to be known as the Interagency Priorities Committee. The membership is the same as that of the Intelligence Advisory Committee, except that there is no representative of the Joint Staff. It appears that this omission is proper, in that the Joint Chiefs of Staff have no operating functions and this committee has operational authority contained in its charter.

The mission of this committee is to determine the information requirements to be collected by clandestine means; to prepare and maintain a listing of those clandestine collection targets deemed to have a priority status, reflecting each agency's interest; and to divert capabilities to higher priority targets from those of lower priority when such diversion is indicated. Prior to the expression of this mission, the general terms in which the national intelligence objectives were written did not provide the necessary guidance to the intelligence community. Through the

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establishment of this committee, however, and as a result of its deliberations and programs, more specific objectives have been determined and published.

In spite of the accomplishments of the Interagency Priorities Committee, the Army is concerned over the lack of information from the CIA as compared to its own collection achievements in certain areas.

The Army feels that if it were not restrained by existing directives it would be able to collect more of the information that it needs from Europe. This confidence appears to be based upon the fact that the type of information the Army is trying to collect is much more easily obtainable than is the type of information that CIA is attempting to collect.

In the Far East the situation is different, largely due to the characteristics of the people who must be used to do the collecting, and the fact that this was an area where U. S. troops were in action.

The Army is concerned with two other clandestine collection efforts. The one in Thailand is purely a Thai effort. Personnel assigned to the G-2 section of the MAAG are assisting in training Thai staff and operational military personnel in military intelligence practices and techniques. Some of these trainees in turn operate an intelligence collection apparatus for the Thai Army, furnishing the United States Army with copies of the entire take. The entire operation, with the exception of the instruction and advice furnished by the MAAG, is supported by the Thai Army - men, money, and risk.

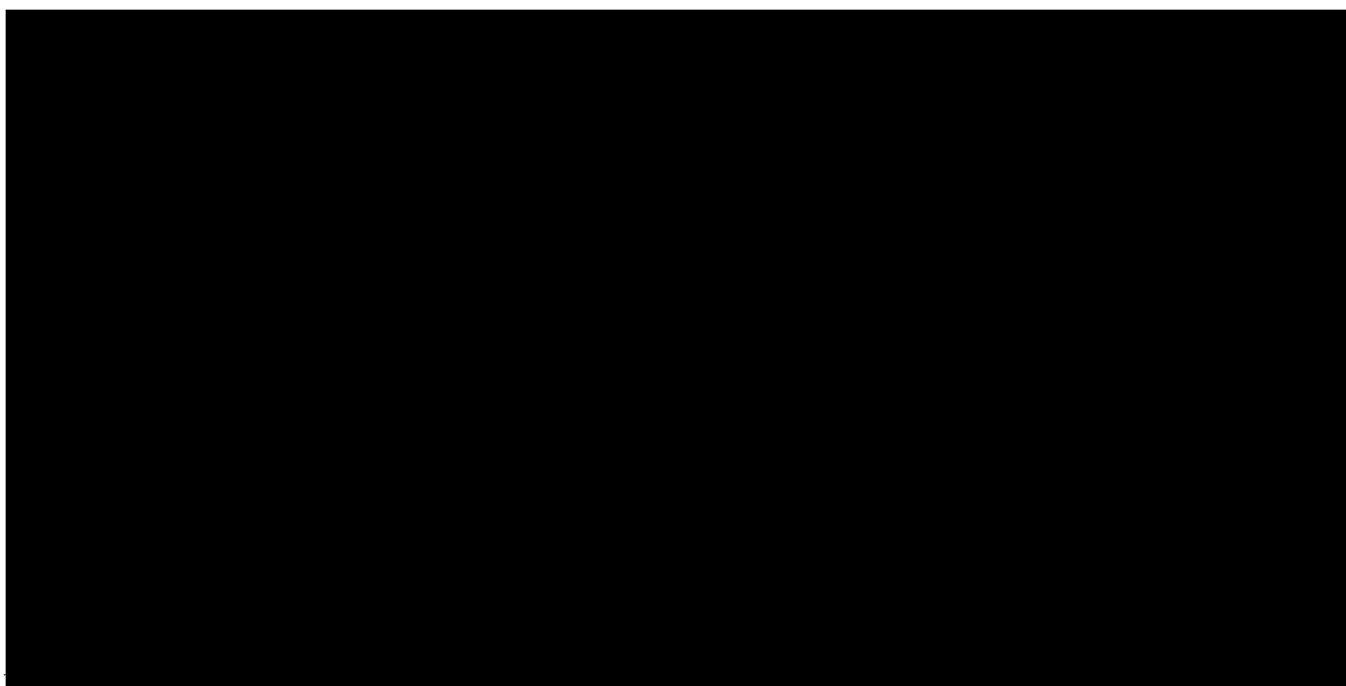
A plan concerning clandestine operations in Iran was agreed to on March 16, 1955, after much discussion. Under this plan, specially

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selected Iranian officers will be sent to the United States for training in clandestine intelligence practices and techniques at the Army's Intelligence Center at Fort Holabird, Maryland. At the completion of this training, they will return to Iran and operate Iranian agents, using U. S. Army monetary support, into the adjoining areas of the USSR, starting about November 1, 1955, for the benefit of both the U. S. and Iran. U. S. knowledge of activities in these areas is very limited; these areas are, in fact, a prime target from the intelligence point of view and are easily accessible.

The Army has been operating clandestine collection efforts in Germany, Austria, and the Far East for a number of years. The confidential funds and the manpower expended and programmed in all of these efforts for fiscal years 1953, 1954, 1955, and 1956 total \$8,203,172 and an average of 931 manyears.

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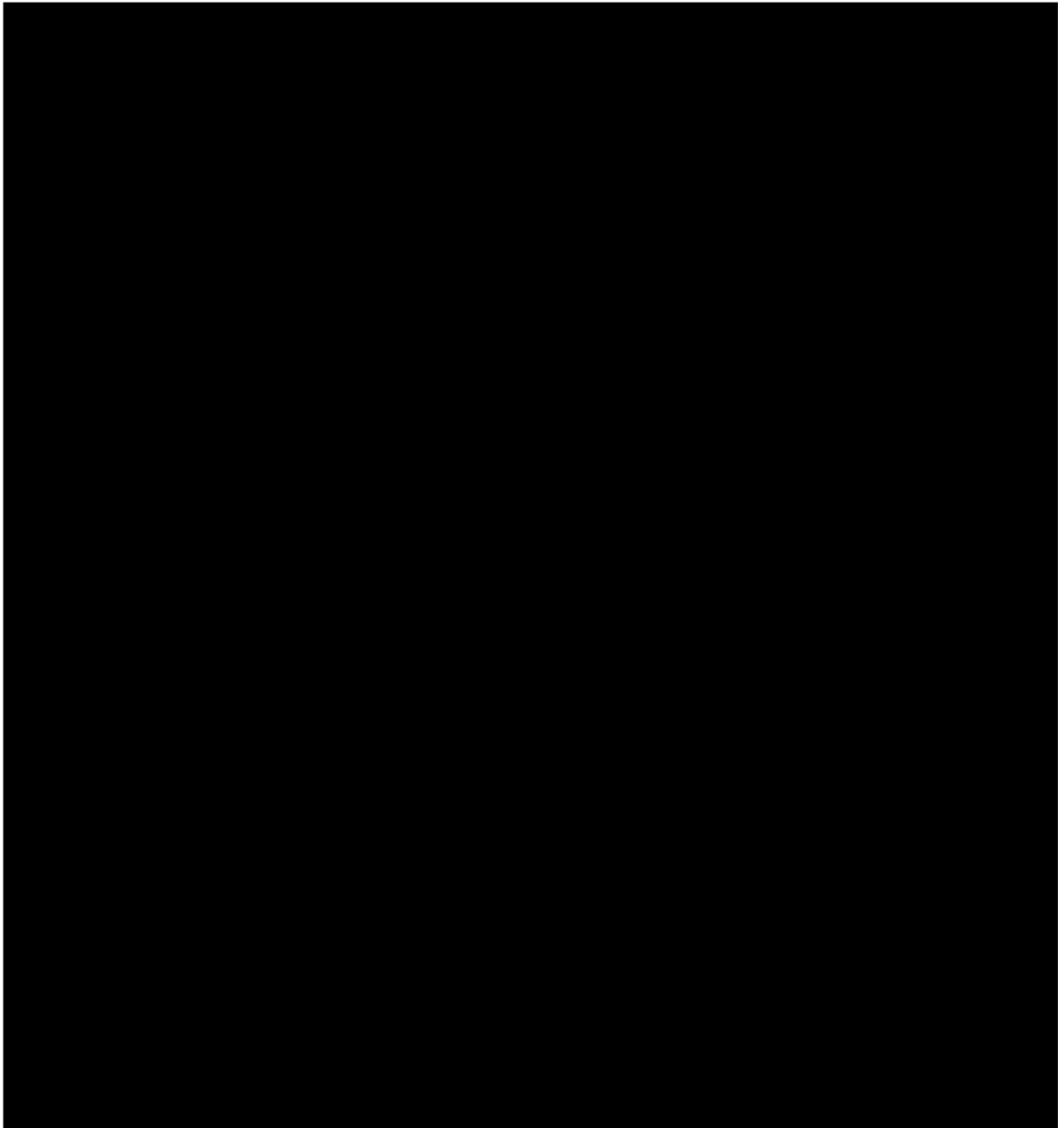
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**Evasion and Escape**

The Army has three interests in evasion and escape procedures: training, debriefing, and a special CIA program.

Training in evasion and escape is carried on as part of all military training under the continental Army command, and consists in building up

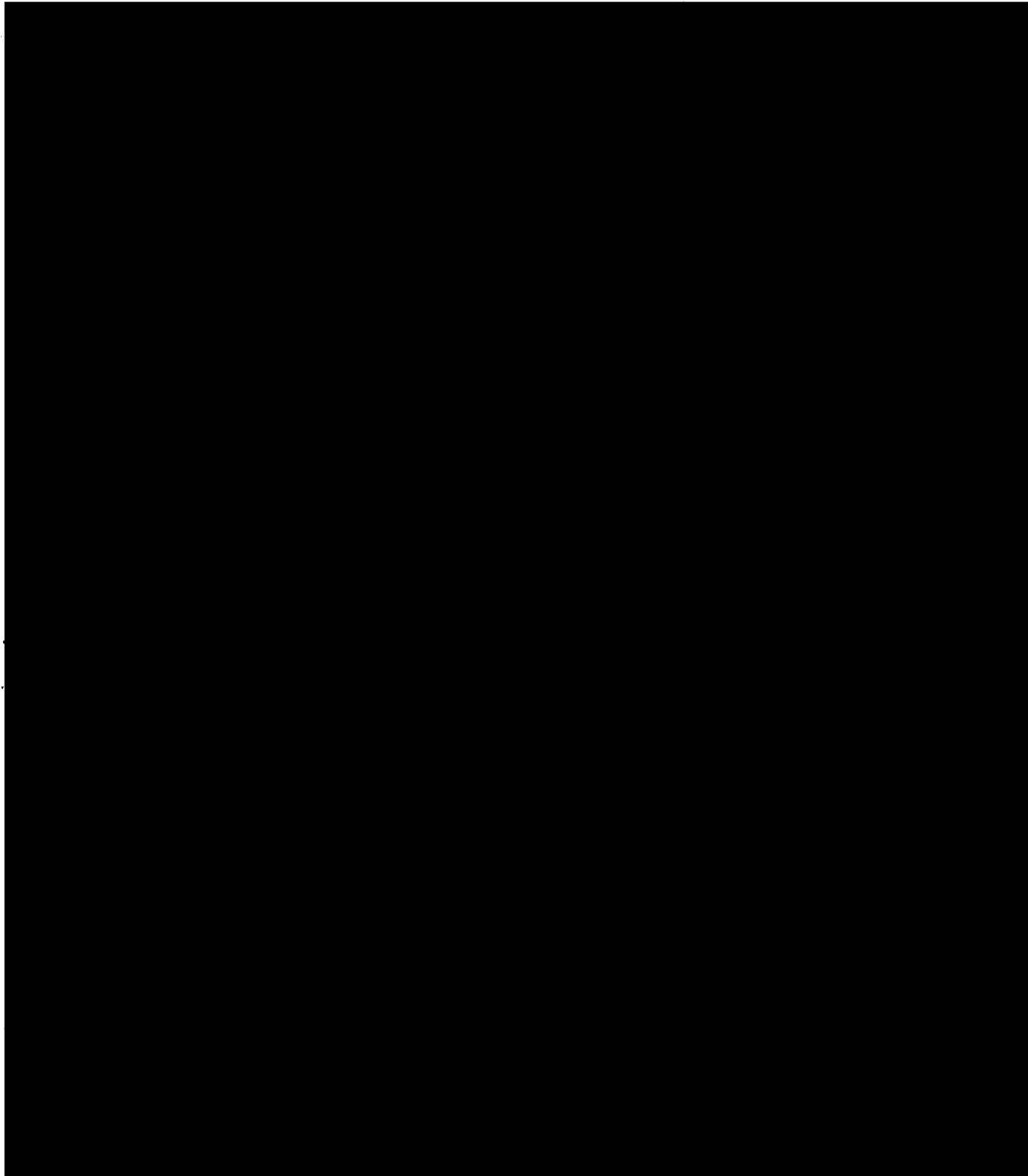
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the will of the soldier to evade if cut off and escape if captured;

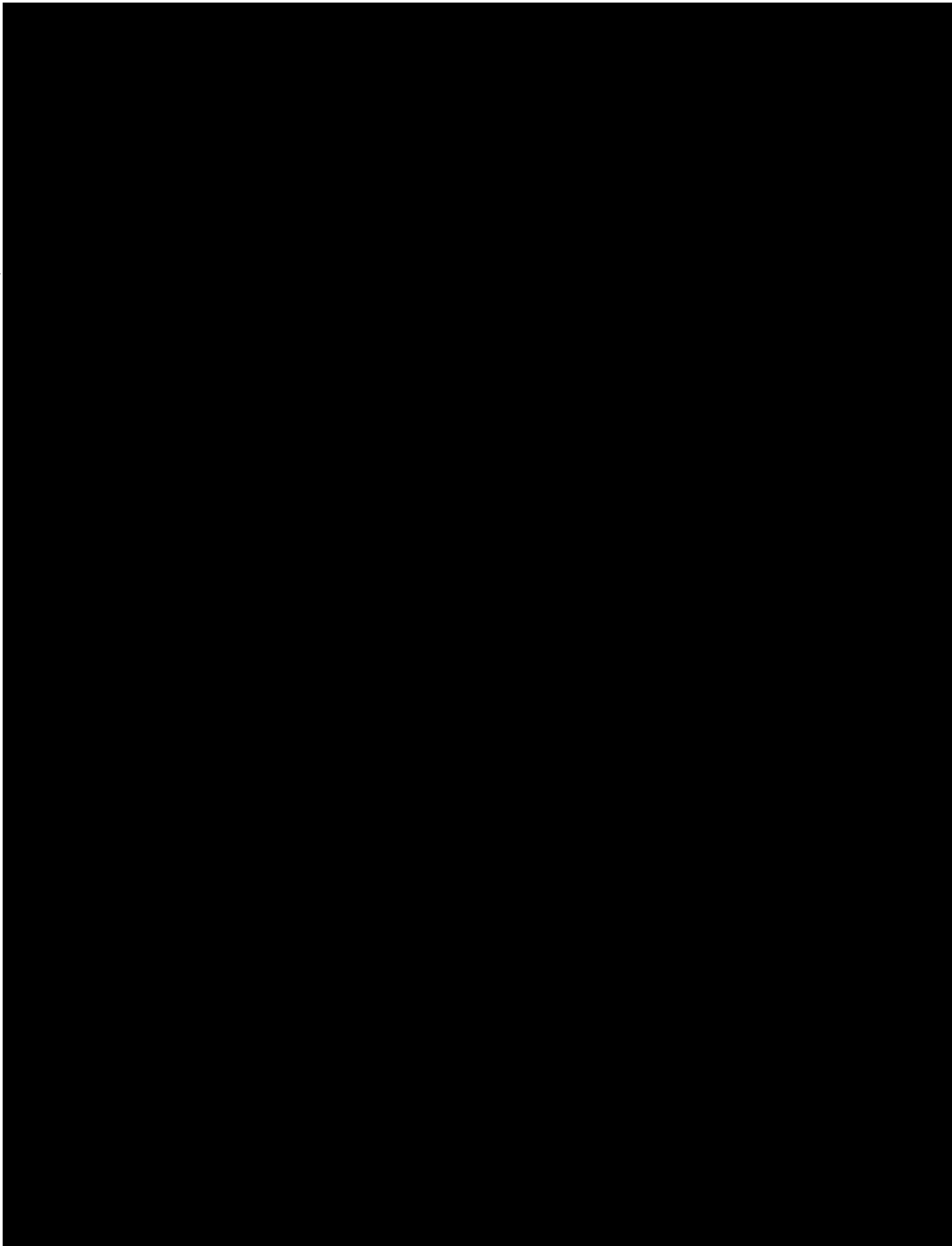
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survival training is a normal part of the field training of the soldier.



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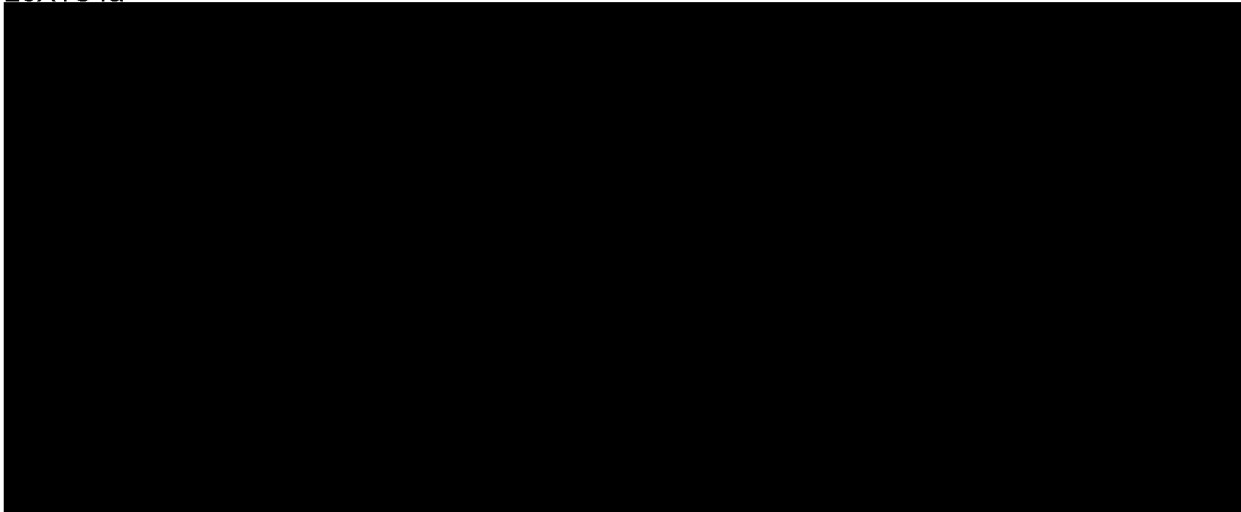


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#### Cover and Deception

Cover and deception measures for military operations were excluded from the measures charged to the Central Intelligence Agency by both NSC 10/2 and NSC 5412. They are strictly military measures which will be planned and put into operation by the military commanders as part of their military plans. If any theater commander should include in his cover and deception plans the use of any "double agent" under the direction of an element of the Central Intelligence Agency, not under theater control, these actions must be worked out between the Joint Chiefs of Staff and the Director of Central Intelligence at the Washington level.

#### Guerrilla Warfare

The Army is assigned "primary interest" among the services in matters concerned with guerrilla warfare. The staff function in this field is assigned to the Psychological Warfare Division of the Army Special Staff, under the general staff guidance of the Assistant Chief of Staff, G-3. It is, therefore, the responsibility of the Chief of the Psychological Warfare Division to prepare the military plans for the Army in this field.

and to the brain, and dispatch to the theaters in appropriate numbers the men who are to perform this function in time of war.

Responsibilities assigned to the CIA include the development of resistance movements behind the Iron Curtain and the preparation for resistance movements in neighboring countries which are under threat of invasion. These will be used to support guerrilla operations in time of war.

There is grave concern expressed in the Psychological Warfare Division that theater commanders are not being fully informed by CIA representatives of their unconventional warfare assets and planned operations. This concern is based upon the following:

Meagerness of assets set forth in plans submitted by the theater commanders in accordance with JCS instructions.

Complete lack of information on the part of the staff at the Washington level charged by JCS with staff supervision of and planning for this type of operations in war.

At the present there are some 853 trained U.S. officers and men in EUCOM who are available for wartime implementation of theater plans for guerrilla warfare. These men are supposed to perform deep penetration missions, with and in support of assets developed by CIA and the "retardation" mission of the commander in Europe. The Army does not know whether the force is large enough, properly equipped, or accomplished in the appropriate language. There are an additional 1700 officers and men at Fort Bragg undergoing training preparatory to dispatch to the theaters.

The Army believes that there is some fault on both sides in the development of programs and plans in this field. This is particularly

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true in EUCON where there has been some dragging of military feet in providing the CIA with targets to be covered. In addition, the initial requirement called for the preparation of a tremendous number of targets for sabotage, a number far beyond any reasonable expectation of accomplishment.

Department of the Navy

Staff responsibility for covert operations of the Navy is assigned to the Office of Naval Intelligence for intelligence collection, intelligence support in evasion and escape matters, and cover; Fleet Operational Readiness Division for evasion and escape equipment; and Aviation Training Division for training in evasion and escape.

Intelligence Collection

The Navy has only one clandestine collection effort in operation, which is in Germany and is monitored by the Interdepartmental Collection Committee (Germany) (ICCG), under the chairmanship of the senior CIA representative. The operations are limited to naval targets in the coastal areas of East Germany, Danzig, and, to a small extent, in Poland. Financial outlay is of the nature of \$20,000 per year.

The Navy has very recently sent to its commanders in the field the content of the "Agreed Activities" paper. The implementing instructions include a requirement that collection efforts be limited strictly to matters of naval (coastal) interest. Any operating plans in this field must be sent to the Chief of Naval Operations for approval before implementing action is taken. In addition to the intelligence collection matters, the instructions direct efforts to the development of evasion

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and escape information and the provision for assistance in coastal areas where evaders or escapers may seek refuge. This latter activity cannot be construed to be within the meaning or intent of the "Agreed Activities," a fact which is recognized by the working level of naval intelligence. However, since all plans must be approved by the Chief of Naval Operations before any action is taken, satisfactory negotiations with CIA may resolve any problems when or if they arise. The Navy issued these instructions because of a lack of any information that such assets have been or will be developed by CIA, and, therefore, felt it must go ahead on its own.

The Interagency Priorities Committee is satisfactorily fulfilling a part of its mission. Statistics developed by the Navy indicate that information received from CIA in response to IFC requests comes from three major sources: "official" - meaning by arrangement with friendly government secret sources; "escapes and defectors"; and "others" - meaning, among other things, U. S. clandestine collection. These statistics are:

COUNTRY	TOTAL	SOURCE INFORMATION			NAVAL INTEREST
		OFFICIAL	ESCAPERS and DEFECTORS	OTHERS	
ALBANIA		17 45%		17 45%	18 45%
BULGARIA		122 49%		84 35%	90 36%
CZECHOSLOVAKIA		19 12%		57 37%	6 12%
HUNGARY		74 59%		41 32%	13 10%
POLAND		157 54%		64 23%	156 54%
ROMANIA		40 11%		233 57%	24 10%
USSR		49 47%		34 33%	71 70%

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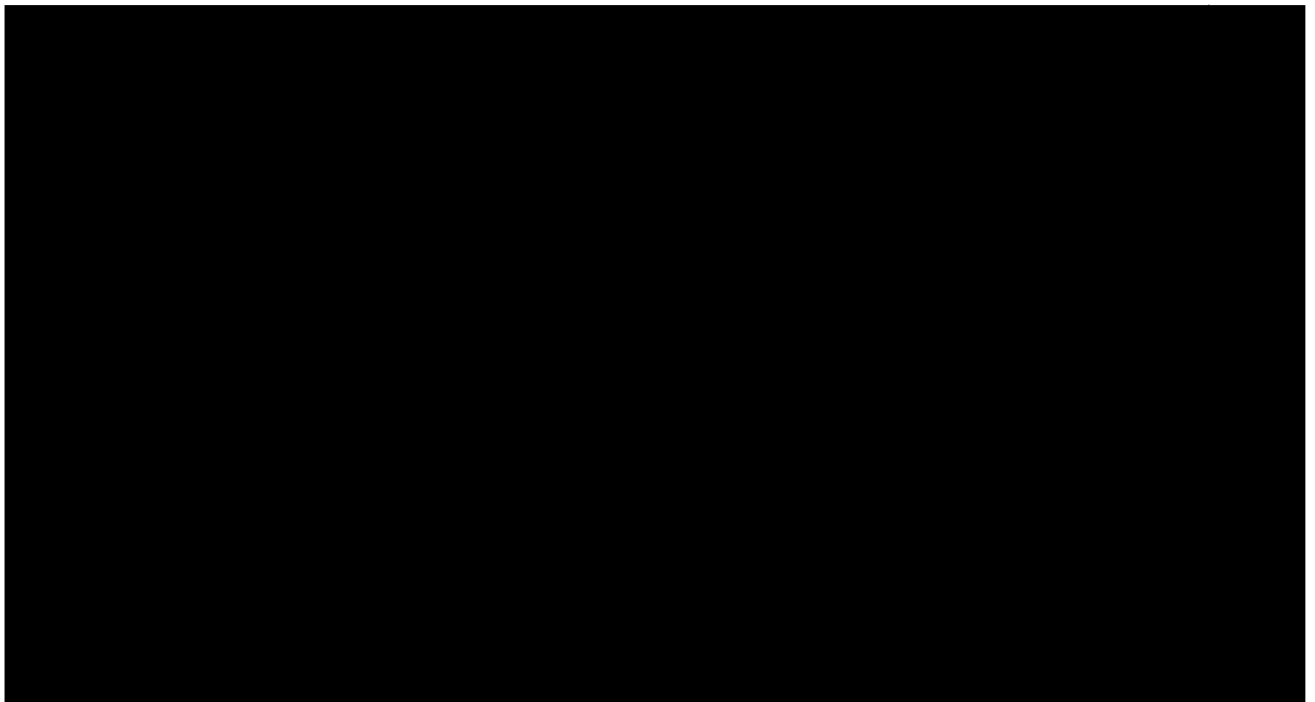
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With the approval of the paper on agreed activities, implementing action on a directive on the subject of source control, papermills, and fabricators, issued by the Intelligence Advisory Committee in the summer of 1952, becomes more necessary than ever. At that time, agreement was reached and a directive issued (IAC-D-54 dated July 24, 1952), recognizing the need for some means of control by listing the people who were being used as clandestine agents. Satisfactory arrangements have been worked out for a community listing of "papermills and fabricators" who have been exposed as such, but no source controls have been established. In the meantime, the services in Europe have developed a cooperative system of control of sources. In the Far East all collectors in Korea, except CIA, are cooperating, and the services have a control system for all of their operations. CIA contends that because of the requirements of the National Security Act of 1947 and Public Law 110 of 1949 it cannot cooperate.

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### Evasion and Escape

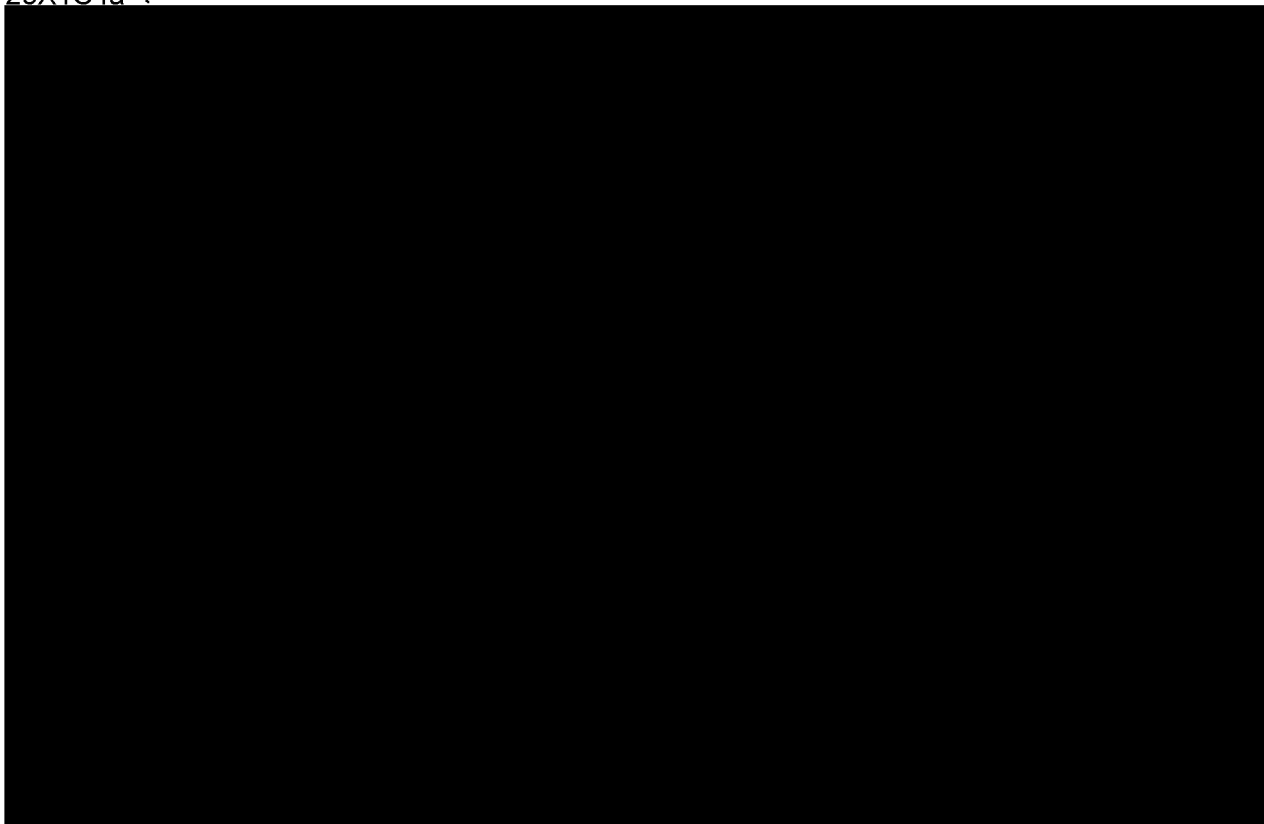
Navy interests and problems in this field parallel those of the Air Force. There is some overlap in training and intelligence production. The first is acceptable; the other seems unnecessary. CINCEUR assigned certain countries to CINCNELM for the production of E & E intelligence briefs and an order of priority on them. CINCNELM did not have the production capability and, therefore, forwarded the requirement to ONI. Thus far, ONI has produced briefs on Bulgaria, Rumania, Yugoslavia, Turkey, and is now working on Greece, with Albania, Hungary, and two others still to go. The U. S. Army and Air Force in Europe have also been assigned areas to cover for the same purpose. It is expected that CINCPAC will assign areas to his subordinate echelons in the same fashion as was done in Europe. In doing so, he should consider studies already available on Korea, Manchuria, part of Siberia, and Indo-China, and the fact that Air Force is producing similar studies at the Air University.

CIA claims that it is unnecessary for anyone outside of its own agency to know of its assets in the field of escape and evasion at this time. Not too long ago the Commander, Sixth Fleet, was given a set of sealed instructions to be opened only in the event of war, which would provide material to be used in pilot briefings. CIA has refused to provide the Navy with information for briefing pilots who are to make "overflights," basing the refusal on the grounds that to sacrifice the nets for the sake of the one or two men making such overflights is not justified when these nets might ultimately save many more pilots in time of war. This is the only firm indication available to the Navy at the Washington level of the possible existence of any CIA assets in this field.

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Department of the Air Force

Staff responsibility is assigned to the Directorate of Intelligence for intelligence collection <sup>25X1C4a</sup> [REDACTED] to the Directorate of Plans for evasion and escape measures and the Air Force interest in guerrilla warfare and resistance movements, and to the Office of Special Investigations for any required investigations. The relationship of the Air Force with the CIA in the field of covert operations is by far the best of the three military services.

Intelligence Collection

The Directorate of Intelligence is new in the clandestine collection field, having been given this responsibility in August 1954. Prior to

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that time, clandestine collection has been handled by the Office of Special Investigations. The change was made because the director of this latter office found that he had insufficient investigators both to collect intelligence and carry out his investigative mission. Also the lack of definitive authority or directive to collect intelligence made it difficult for him to support demands for men and money to do so.

Two major collection operations are in progress: one in support of the Air Force commander in Europe, and one in support of the Air Force commander in the Far East. In both areas, the operations are targeted at obtaining information to support the mission of the commander concerned. When served on the commanders, collection requirements of the Department of the Air Force receive a lower priority than the requirements of the command.

Funds have been programmed for fiscal years 1955 and 1956 in the total amount of \$1,242,000.

The Air Force considers that the plans and programs of the Inter-agency Priorities Committee (IPC) are satisfactory, except that the results received therefrom are inadequate.

**Defectors**

The Air Force considers the directives under which defector operations are conducted to be adequate. Performance under the directives leaves much to be desired, because of the extreme secrecy restrictions under which these operations are conducted.



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### **Evasion and Escape**

The evasion and escape problem is divided into six areas of major concern in the USAF. These are training, equipment, briefing material, E & E organizations, requirements for clandestine facilities, and actions as executive agent for JCS on joint service matters, which are discussed below.

#### **Training**

The Air Force is running a Survival School located at Stead Air Force Base in Nevada. All pilots and crew members will eventually go through one of these courses, each of which is of two weeks' duration. The emphasis of the school is on survival, which is considered an essential part of evasion and escape. The program contemplates whole crews will take this course together to teach them to work as a group. Estimates indicate that about 70 percent of the SAC crews have been trained, with a considerably smaller percentage of completion in other commands.

Survival training also appears in the training schedules of all Air Force combat units and theater commands to include, where time is available, field exercises.

Since the Korean incident, there is a very active training program toward resistance to interrogation. The program has been developed, giving maximum consideration to the Communist techniques and methods learned from returned prisoners of war, as well as to the provisions of the Geneva Convention.

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Briefing Material

In addition to the regular mission material for briefing pilots, certain other information for E & E briefings is obtained from intelligence activities of the Departments of the Army, Navy, Air Force, Department of State, and CIA. The collection requirements for this program have been issued and some material has been collected.

The Air University is now in the process of developing, country by country, E & E manuals which are being distributed to commands concerned. When asked if the NIS would do the job, it was stated that there was some information of value contained therein, but essentially it was not detailed enough to fill the need. Although there is some overlap, the Air University manual program was not a complete duplication of the NIS.

Collection requirements for information on security measures within areas to be overflowed originate in the theaters, and the production of the required identification cards or papers is the responsibility of the theater concerned. It is not known whether the credentials can be produced in the desired quantity.

Evasion and Escape Organizations

In accordance with JCS 1969/26, the Air Force is limiting its plans and programs in this field to strictly overt operations.

The Air <sup>rescue</sup> Rescue Service, a function of MATS, is the principal organization working in this field. Plans are being carried out for the designation of areas behind the Iron Curtain from which downed aviators can be retrieved.

In addition, authority has just been received for the organization, training, and preparation of military E & E teams which will be dropped

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into "safe" areas as they are developed for use as target areas for damaged aircraft. These teams are also intended to provide assistance to any escaper or evader who makes his way into the area concerned.


This program is much the same as the Army plan for the use of special forces. Each may well be used in conjunction with the other.

#### Requirements for Clandestine Facilities

Again, in accordance with JCS 1969/26 and in support of SAC war plans, certain requirements for clandestine E & E facilities were placed on CIA by USAF through the agency of Joint Strategic Plans Division (JSPD) in the fall of 1953. The CIA has been reporting periodically as to progress made in filling these requirements. In addition, theater air commanders have placed and are placing requirements on the local CIA senior representative.

#### As Executive Agent for the JCS on E & E Matters

The Air Force has been designated as the executive agent for the JCS on E & E matters. As such, the USAF is developing joint doctrine, training, tactics, and equipment. At present a manual is in the coordination stage among the three services, which is basically acceptable to all, and when published will be the first in its field.

In only one area, Alaska, is the Air Force in actual operation in the E & E field. <sup>25X1X4</sup> 

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**Guerrilla Warfare**

The Air Force's interest in this program is twofold:

The furnishing of targets at theater level which, if destroyed by guerrilla means, will help the Air Force in the accomplishment of its assigned missions; and

The provision of air transportation, through the facilities of the Air Resupply Groups, to deliver and resupply Army Special Forces teams and Air Force Military E & E teams.

**Conclusions**

The approval and promulgation of the "Agreed Activities" paper, authorizing service commanders to conduct approved clandestine collection operations essential to the execution of their missions, permits the exploitation of service capabilities in the clandestine collection field. (pp. 179-182, 185-187, 194, 195)

The services, particularly the Navy and Air Force, are not taking full advantage of their clandestine collection capabilities. Targeted operations under the program of the Interagency Priorities Committee have not produced results sufficient to the needs. (pp. 186, 187, 194, 199)

There is a need for the establishment of a central registry of clandestine agents in accordance with IAC Directive No. 54 in order to prevent duplication of payment and false confirmation of information. Action in this respect is being delayed due to agency reluctance to disclose sources. (p. 196)

The directives and operating procedures concerning the defector program are adequate and appropriate. However, cooperation in the field

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and the implementation of the program can be improved, particularly concerning the inducements which can be offered overt defectors (walk-ins). (pp. 188, 189, 196, 199)

Either CIA has been unable to develop and maintain adequate assets in the evasion and escape and guerrilla warfare areas or is furnishing inadequate information to the services concerning its assets. Such a condition can only result in duplication of effort, inadequate planning, and failure in operation. (pp. 183, 184, 189, 192-194, 197, 201, 202)

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Recommendations

That under the terms of the "Agreed Activities" paper, the services expand their clandestine collection efforts with primary emphasis focused on targets in the Soviet Union and Communist China. Personnel and funds to accomplish this objective should be made available to the military intelligence services.

That the intelligence community establish adequate and positive measures for the identification and listing of all clandestine operators, as provided in the IAC Directive No. 54 approved July 24, 1952. Mutual trust regarding the divulgence of intelligence sources should be cultivated within the community.

That the defector program, including inducement policies, early access to the defector and prompt determination of the use to which he

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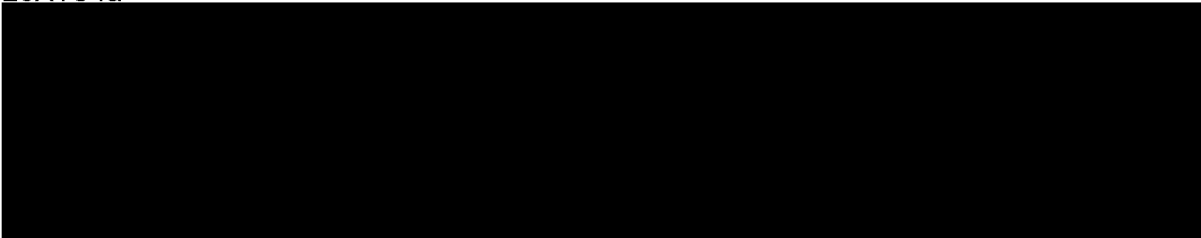
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is to be put, be improved, with the objectives of making defection more attractive and of deriving greater benefit for the entire intelligence community.

That the military services be permitted greater latitude in offering inducements to potential defectors.

That the National Security Council review present assets and direct the necessary action to assure adequate preparation for evasion and escape and support of guerrilla warfare. ✓

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