

## Chapter 4

# *Intelligence and Related Activities by the United States before 1947*

The United States, like other countries, has long collected intelligence. Until World War II, however, its activities were minimal. General Dwight D. Eisenhower described the prewar United States intelligence system as “a shocking deficiency that impeded all constructive planning.”<sup>1</sup> It was not until the Office of Strategic Services (OSS) was established during the second World War that the organized collection of intelligence began on a substantial scale, although the FBI was active in Latin America in the late 1930’s and during the war.

Even before Pearl Harbor, President Franklin D. Roosevelt was acutely aware of deficiencies in American intelligence. When calling on William J. Donovan, a New York lawyer who later headed OSS, to draft a plan for an intelligence service, he bluntly observed: “We have no intelligence service.”<sup>2</sup> Donovan’s study recommended that a central unit be established to coordinate intelligence activities and to process information for the President. As a result, OSS was created to operate in certain major theaters.

The function of OSS was to collect and analyze strategic information required by the Joint Chiefs of Staff and to conduct special operations not assigned to other agencies. Other intelligence services of the State Department and the military services were maintained to collect tactical intelligence directly related to their specific missions.

OSS relied primarily on three operating staffs: (1) the Secret Intelligence division, assigned to overseas collection, generally involving espionage; (2) the X-2 division, the counterespionage unit which protected the security of espionage agents; (3) the Research and Analysis division, which produced intelligence reports for policy makers. The OSS also performed other functions, varying from propaganda to paramilitary operations.

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<sup>1</sup> D. D. Eisenhower, *Crusade in Europe*, p. 32 (1948).

<sup>2</sup> H. H. Ransom, *The Intelligence Establishment*, p. 61 (1970).

By the end of the war, approximately 13,000 employees were engaged in the intelligence and special operations activities of the OSS. It supplied policymakers with essential facts and intelligence estimates. It also played an important role in directly aiding military campaigns. Nevertheless, OSS never received complete jurisdiction over all foreign intelligence activities. In the Southwest Pacific Theater, its activities were limited. Moreover, although the jurisdictional boundaries between the FBI and the military services were never made entirely clear, the FBI had been assigned responsibility for intelligence activities in Latin America. Friction inevitably developed among the FBI, the military and OSS during the war.

On October 1, 1945, following the end of the war, President Truman ordered that OSS be dissolved as an independent body. Several of the branches of OSS continued and were absorbed by other agencies. Research and intelligence evaluation was assigned to the State Department, and espionage and related special operations were transferred to the War Department.

Even before OSS was dismembered, however, proposals had been drawn up for a postwar centralized intelligence system. These early plans, and the discussions concerning them, led ultimately to the creation of the CIA. The participants in these early discussions all believed strongly that a postwar intelligence capability was necessary. They differed only in their views concerning the proper structure and role for a centralized agency.

The original plan General Donovan submitted to President Roosevelt in November 1944 called for separation of intelligence services from the Joint Chiefs of Staff. Direct Presidential supervision was recommended.

To avoid duplication and ensure effective coordination, Donovan proposed an "organization which will procure intelligence both by overt and covert methods and will at the same time provide intelligence guidance, determine national intelligence objectives, and correlate the intelligence material collected by all Government agencies."

Under this plan, a powerful centralized agency would have dominated the intelligence services of several departments. Donovan's memorandum also proposed that this agency have authority to conduct "subversive operations abroad" but "no police or law enforcement functions, either at home or abroad."

Several centralized approaches were offered in response as soon as Donovan's plan was distributed for comment. The Navy took the lead in opposing a complete merger of intelligence services. It asserted that the Donovan proposal was not feasible since each operating department had individual needs which required "operating intelligence peculiar to itself." It proposed a Central Intelligence Agency in name

only whose function would be to coordinate intelligence information, "as far as practicable, [to] unify all foreign intelligence activities, and to synthesize all intelligence developments abroad." The Army concurred in the Navy's opposition to a tightly centralized intelligence service.

The State Department preferred an interdepartmental committee organization chaired by the Secretary of State. The Department contended that, in peacetime, the Secretary of State should supervise all operations affecting foreign relations.

The Joint Chiefs also favored coordination but opposed tight centralization. Their opposition to intelligence collection by a central agency was placed on the narrower ground that collection of intelligence should generally be carried out by existing departments except when done by clandestine methods. They also objected to Donovan's proposal that the new agency engage in foreign covert operations (such as OSS propaganda and paramilitary actions) because "subversive operation abroad does not appear to be an appropriate function of a central intelligence service." This aspect of the original Donovan plan was not, thereafter, specifically included in any proposal.

The FBI also developed its own proposal for postwar intelligence. It would have assigned responsibility for "civilian" intelligence to the FBI on a world-wide basis and left "military" intelligence to the armed services.

On January 22, 1946, in response to this policy debate, President Truman issued a directive establishing the Central Intelligence Group (CIG). The final directive was developed by the Bureau of the Budget as a compromise. The CIG was directed to coordinate existing departmental intelligence and to perform those intelligence functions which the National Intelligence Authority (NIA), a forerunner of the National Security Council, concluded should be performed centrally. The CIG supplemented but did not supplant departmental intelligence services, although the FBI did abruptly withdraw its intelligence service from Latin America.

The NIA and CIG were replaced one and one-half years later by the National Security Council and the Central Intelligence Agency. The CIA's organization and role reflected the CIG compromise between competing concepts of tight centralization and loose confederation. The CIA was only one of several agencies assigned intelligence functions.

Most of the specific assignments given the CIA, as well as the prohibitions on police or internal security functions in its statute, closely follow the original 1944 Donovan plan and the Presidential directive creating the CIG.