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21 December 1945

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MEMORANDUM FOR THE SECRETARY OF WAR: #19

Subject: Central Intelligence Agency.

1. There is a substantial area of agreement between the War Department plan and the McFerneck plan as modified. Under both, there is to be a national intelligence authority, composed of the Secretaries of State, War, and the Navy, having the function of coordinating intelligence activities of governmental agencies. Under both, there is to be a single executive officer appointed by the Authority and removable by vote of a majority of the members of the Authority.

2. Beyond this area of agreement, however, there is a basic difference in concept between the two plans. The War Department plan contemplates an Agency under the supervision of the Authority, having certain operating functions, in addition to coordinating functions, and being independent of any regular Government department. The State Department plan does not provide for an independent agency under the direction of the Authority, and contemplates that the Authority will exercise its coordinating functions through interdepartmental committees. Under the State Department plan, the organization would have no operating functions in the first instance, although the Authority might authorize the establishment of certain operations of common

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interest where it determined that such operations could not be satisfactorily carried out by the existing intelligence agencies. Since there is to be no independent central organization, under the State Department plan personnel are to be furnished by the State, War and Navy Departments, and the key personnel, at each level, are to be officials of the State Department. A combination of such details gives the State Department proposal the flavor of a project in which the State Department has primary interest and responsibility.

3. Substantially all the differences between the State Department plan and the War Department plan extend from this basic difference in concept. The principal differences are thought to be as follows:

a. Difference in functions. The War Department plan assigns to the central organization two definite operating responsibilities, subject to the right of the Authority to decentralize any such operations to the extent deemed advisable. These operating functions are direct procurement of intelligence by foreign espionage and counter-espionage and the accomplishment of the evaluation and synthesis of intelligence on a national level. The War Department plan, in this respect, was based on the belief that these two activities must be centralized to be performed effectively. The assignment of these operating functions

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to the central organization would have the advantage of providing an immediate disposition for the OSS personnel now in the War Department and in the State Department and would permit them to continue their operations. It has been thought that unless these operations are centralized, the personnel taken over from OSS will lose interest and drop away from Government service.

Mr. McCormack has indicated generally that he is not willing to agree to an immediate centralization of espionage and counter-espionage activities or of evaluation and synthesis. This would leave the OSS personnel taken over by the State Department, primarily the Research and Analysis Group, to continue as part of the State Department.

h. Difference in status of executive officer.

Under the War Department plan, the chief executive officer would be an independent civilian, not an official of any of the three departments. Under the State Department plan, this official would be an employee of the State Department. Mr. McCormack feels that the identification of this official with the State Department is necessary to secure State Department cooperation. There has been some

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opinion in the War Department that the same factor might prevent cooperation on the part of the War and Navy Departments. There have been further suggestions in the War Department that, even if this official is to be a State Department employee at the outset, the plan should permit that he be an employee of any of the three departments, as the Authority might determine to be most appropriate at the time.

a. Difference in status of personnel. Under the War Department plan, personnel would be hired directly by the centralized agency. Under the State Department plan, all personnel would be employees of the State, War and Navy Departments and would be detailed by those departments to the National Intelligence Authority. Mr. McCormack believes that recruitment by the several departments will be easier than by a centralized agency. The War Department proposal for centralized procurement of personnel was based on the belief that this would insure their being responsible and loyal to the central agency, which would have the right to hire and fire and would have the advantage of providing increased stability of personnel and of offering real careers to persons interested in high-level intelligence.

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A. Differences in departmental consultative groups.

The War Department plan calls for the establishment of a National Intelligence Board consisting of the head of State Department intelligence, the War Department G-2, the Assistant Chief of Air Staff-2, the Director of Naval Intelligence, and perhaps the Director of the Federal Bureau of Investigation, to assist the chief executive officer of the centralized agency, to be consulted by him on all important decisions and to provide the channel through which the several departments might demand intelligence from and exchange intelligence with the centralized agency. The purpose of this Board was to make the chief intelligence officers of the several departments responsible for the efficient operation of the centralized agency, in order to insure adequate cooperation. The State Department plan calls for the establishment of 2 advisory groups, one for intelligence and the other for security intelligence; the first to consist of the chief intelligence officers of the State, War, and Navy Departments, or their representatives, and the second to consist of the chief intelligence officers of the War Department and the Navy Department, and representatives from Treasury and FBI. Although the plans are somewhat similar in this respect, the War Department view has been

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that its plan tends to make the chief intelligence officers of the War, State and Navy Departments more directly concerned with and responsible for support of the national organization. Mr. McCormack has indicated that he is willing to let the War and Navy Department views control on this matter.

There are a number of other features of the State Department plan with which the War Department is in agreement, and there are a number of ambiguities that could profitably be resolved. For example, there has been opposition in the War Department to the proposal that committees shall be the primary means by which the National Intelligence Authority carries out its functions. As a further example there has been disagreement with the State Department definition of

intelligence and counter-intelligence. It is believed, however, that these matters are not of sufficient

importance to require special consideration.

4. The principal arguments in favor of adopting the State Department proposal, with such modifications as may be obtained by negotiation, are as follows:

a. that course will permit the prompt establishment of a National Intelligence Authority which can issue directives to the existing agencies and thus permit intelligence work to be carried on while the organization of the National Intelligence Authority is being created on the basis of experience.

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b. Since legislation will be required within a year if an independent agency is to be established, as contemplated by the War Department plan, it is advisable to have some form of national authority established as promptly as possible in order to gain as much experience as possible before submitting legislation.

a. The State Department proposal will probably allow a national authority to get underway with less publicity and controversy in the press than would be involved in the establishment of an independent agency.

d. Acceptance of the State Department plan would avoid a controversy between the State Department on the one hand and the War and Navy Departments on the other hand, which would require reference to the President for settlement.

a. <sup>If</sup> /Mr. McCormack or some other State Department official is to be given the job of chief executive officer of the National Intelligence Authority, it may be preferable to permit him to function, at least at the outset, under the type of organization which he favors, rather than one imposed on him by the War and Navy Departments. This will allow the clear fixing of responsibility in the event of the success or failure of the organization during the preliminary phases.

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5. If it is decided to accept the State Department proposal in principle, there are certain concessions which should be obtained. These concessions are as follows:

a. The statement of functions of the National Intelligence Authority should be amended to provide that synthesis and evaluation on a national level and direct procurement of intelligence by foreign espionage and counter-espionage are recognized as functions of the National Intelligence Authority, subject to the right of the Authority to direct that any of such operations should be decentralized if that course appears more appropriate at any time. This amendment will provide the National Intelligence Authority with substantially the same mission as that contemplated by the War Department plan. If the mission is clearly defined, it is believed that the organization will evolve eventually into the type best fitted to the accomplishment of the mission.

b. A provision should be inserted in the McCornack plan to the effect that the executive secretary shall consider the advisability of legislation establishing an independent Central Intelligence Agency under the direction of the Authority, with an independent budget, and shall make recommendations thereon to the Authority. This will prevent the War and Navy Departments from being foreclosed on the matter of organization and will permit the organization

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to be restudied and developed in the light of experience. Assuming that a decision is made to proceed on the basis of the McCormack proposal, it is believed that these two <sup>(done)</sup> concessions should be sought as vital matters, but that the War Department

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g. Paragraph 12 of the McCormack proposal, dealing with Advisory Groups, should be modified to provide that there shall be only one such group which shall have generally the composition and functions of the National Intelligence Board as outlined in the War Department plan. This modification is thought necessary to insure that the chiefs of the intelligence agencies of the several departments will actively support the Authority.

**Note:** This amendment is added at the suggestion of General Brownell, who considers it vitally necessary.

The Secretary of War inform Mr. McCormack that the War Department will accept the State Department proposal subject to the two amendments specified in paragraph 5

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to be restudied and developed in the light of experience. Assuming that a decision is made to proceed on the basis of the McCormack proposal, it is believed that these two concessions should be sought as vital matters, but that the War Department can afford to accept the State Department proposal at the outset in all other respects.

6. The State Department proposal, even with concessions from the State Department on all the principal differences referred to in paragraph 3 above, will still not be the equivalent of the War Department plan, particularly in the matter of independence, from the existing Governmental departments and in the matter of procurement and control of personnel. In determining whether to accept the McCormack plan, with concessions, or to insist upon acceptance of the War Department plan, the attitude of the Navy should be considered. The Navy Department <sup>has indicated that</sup> ~~is inclined~~ <sup>to</sup> the opinion that the War and Navy Departments should insist upon the War Department plan and that the matter should be carried to the President. If the War Department is to adopt any different attitude, its actions should be carefully coordinated with the Navy.

7. The recommendation of the committee is as follows:

That, subject to agreement by the Navy Department, The Secretary of War inform Mr. McCormack that the War Department will accept the State Department proposal subject to the two amendments specified in paragraph 3

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above; and that if Mr. McCormack refuses to make such concessions, the Secretary of War and the Secretary of the Navy join in submitting the War Department plan directly to the President for his approval, after notifying the State Department that such action is to be taken. This recommendation is made in the interest of reaching an agreement, although the Committee believes the War Department plan is preferable to the plan proposed by the State Department, even with the concessions specified.

ALTERNATIVE

That the Secretary of War join with the Secretary of the Navy in submitting the War Department plan directly to the President for his approval, after notifying the State Department that such action is to be taken.

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