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August 15, 1945

My dear Mr. Secretary:

In response to your request of July 3 for my recommendations on the organization of the Department of State, I have the honor to submit the enclosed reports.

If there are any points on which you wish further explanation or detailed assistance, I shall be happy to put at your disposal all possible resources of the Bureau of the Budget.

Sincerely yours,

Director

The Honorable

The Secretary of State

Enclosure.

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THE ORGANIZATION AND ADMINISTRATION
OF THE
DEPARTMENT OF STATE

- I. The Purpose of the Report
- II. Unified Personnel Management
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A Report Submitted at the Request of the Secretary of State
by the
Director of the Bureau of the Budget
August 1945

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VII. INTELLIGENCE AND RESEARCH

Information is the raw material from which the Department of State fashions its foreign policies and action programs. The quality of these policies and programs depends upon the quality of the information used.

But information alone is not enough. It must be converted into intelligence—that is, evaluated information, which includes every significant fact, each in its place, presented in such a way that trends are visible and conclusions may be drawn. Intelligence is developed by bringing together information from many sources, organizing it around subjects, screening it, interrelating it, and finally, presenting it in such form that it is usable when and where it is needed.

A great many of the Department's operations, both foreign and departmental, are devoted to collecting information, sending it into the Department, and routing it, digesting it, extracting cogent material from it, analyzing it, and filing it. Yet the Department has not fixed the responsibility in any office to determine what information is needed and to insure that it is brought together in a form that is reliable, adequate and available for use.

True, many units do research of various types. And some individuals who know their way around shop around outside the Department for intelligence they must have to deal with problems they are working on. These methods do not constitute an intelligence system that meets the needs of the Department.

These needs can be met only through creation of an office with the specific assignment of planning and operating an intelligence program for the Department.

34. The Department should establish, as an adjunct to the Office of the Secretary, an Office of Intelligence and Research to plan a coordinated program of foreign intelligence and research and maintain a central intelligence service.

The Office of Intelligence and Research should be responsible for assuring that adequate intelligence is

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provided to all parts of the Department from the Secretary down. Definition of what the intelligence is and how and where it is to be produced and how presented should be part of the job of the Office.

The Office can be created at once. Some units in the Department which exist essentially for central service, such as the Division of Geography and Cartography, may be transferred to it immediately. In general, however, the proposed Office will reach its full development gradually, since its main purpose is not to combine existing units but to provide a new service to the Department.

The Office of Intelligence and Research should develop in accordance with the following principles:

a. It must provide intelligence as a guide to policy and action, but it should not, itself, seek to influence policy or determine action.

b. It must serve all parts of the Department and be responsive to their needs for facts, but its presentation of facts must not be influenced by the policies or opinions of other offices.

c. It must help the Office of the Secretary make administrative decisions concerning the intelligence and research program of the Department, including such programs in the functional and geographic units. To do this, it should have full authority to study the files and operations of all pertinent activities of the Department, and to call on other offices and divisions to undertake activities and to assign staff to cooperate in its planning.

The Bureau of the Budget has worked out detailed plans for the organization and operation of such an Office. The following recommendations state the general outline of those plans, which are available for the Department's use.

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35. The Office of Intelligence and Research should have a Planning Staff, which would make up a detailed and clear statement of what intelligence is needed and make plans for its development and presentation.

The Department must anticipate its intelligence requirements in order to have that intelligence available for use when it is needed. That is true both for intelligence of the type presented regularly and that required for special occasions. The Office must therefore determine the regular or day-to-day intelligence requirements of the Department. It must also anticipate the requirements for use in international conferences, for formulation of policy regarding boundary shifts, political policies in governed territories, and the like.

This job of anticipating the intelligence needs of the Department cannot be handled as a part-time duty by officials burdened with operating responsibilities, nor can it be performed only by planners who have no direct concern with the operations. It is a major responsibility of the Planning Staff to share this job with officers in interested divisions throughout the Department. The Planning Staff should direct the process, drawing on the operations personnel for participation, assistance, and advice. Further, the Planning Staff should state intelligence requirements in clear-cut form as a guide to those reporting and research units which may be situated in the various offices of the Department.

This same staff should have responsibility for planning how the intelligence is to be developed and presented. Detailed plans will be necessary to provide for the manner and frequency with which incoming reports will be processed and distributed, and for the processes by which information is to be evaluated, summarized, filed for future reference, and put in the hands of the right officials at the right time. Other plans will be required prescribing the form, content, and frequency of regular studies and reports.

Procedural and other relationships need to be studied and prescribed for the Office of Intelligence and Research, and for other offices, particularly those

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concerned with the processing, distribution, and filing of other material of the Department. The Office of Administrative Management should assist in this aspect of the problem. As the program gets under way, continuous review of all related operations throughout the Department will be required to obviate duplication.

A special studies committee representing the different offices of the Department would be a useful organization to supplement the Planning Staff in planning and reviewing major studies of special problems. The person designated to represent each office would serve as the contact man from his office to coordinate requests for long-range major studies. This same person would also be the principal point of contact within his office for the members of the Planning Staff, particularly in connection with their job of preparing a detailed manual or statement of the Department's intelligence needs.

36. The office should establish divisions for research and analysis and for dissemination.

The principal operating activity of the Office of Intelligence and Research would be research and analysis to produce intelligence, and the preparation of special and periodic reports. Research and analysis will be a large-scale operation. Not only must all the pertinent information be assembled and evaluated, but inter-relationships among facts must be apprehended and presented in such sequence as to enable action to be guided intelligently forward.

The operation must deal with all the factors involved--ethnological, political, economic, military, and others in organizing intelligence on such questions as future sources of supply for specific raw materials or the relation of the world food situation to the problems of a particular country. Matters dealt with by the Department of State cover an almost limitless range, and each problem must be viewed in the light of related conditions and happenings throughout the world.

As appropriate, the Office should assign special problems to other agencies. But as this nation returns

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to place the Department of State will become the principal user of foreign intelligence, and it is necessary that a strong operating office be located within it. And in every case the office will need to know the best and most efficient facility to utilize to make intelligence available.

To staff the research and analysis division the highest type of personnel should be secured in each of the major subjects of interest to the Department—economics, geography, finance, politics and national policy, transportation and communications, peoples and social forces, and others. At this time there are in the war agencies a considerable number of persons with the technical competence and experience essential to this work.

The development of many of the research sections within the central office will proceed quite slowly. It is not intended that the Department create complete research units without regard for facilities existing elsewhere in the Department or in the Government. Expansion should await detailed plans covering the extent of the original first-hand research the Department will need to undertake in each particular subject field. The office should organize the division, however, according to each principal subject of interest to the Department, somewhat as enumerated above. If plans have been set up whereby a certain subject field is to be serviced outside the office, a technician in this field, capable of interpreting the Department's needs and to review the manner in which those needs are met, should be available within the research and analysis division.

The Office will require other divisions and units. Among these should be one concerned with the collection and distribution of information through all available sources, including the missions. Another should be concerned with the presentation of intelligence. Detailed recommendations on these and other functions are not included here.

37. The Office should include the Department library and have its own files.

In order that the Office may place material in the hands of those who need it at the time it is needed,

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special attention must be paid to methods of indexing and storing intelligence material for later reference and analysis. The requirements for indexing and cataloging intelligence material are different from the requirements for filing administrative papers, and the research and analysis division therefore should operate its own files.

The intelligence file should not be considered as part of the housekeeping services of the Office but as the keystone of the research and analysis function. Material should not be filed primarily to facilitate location at a later date of the papers concerning a particular case or action, but to facilitate later analysis of a subject. The indexing system would, therefore, reflect the potential intelligence needs of the Department insofar as they can be foreseen.

The library of the Department becomes a logical component of the Office.

38. Through the Office of Intelligence and Research, the Department should assume the leadership in developing an integrated program of foreign intelligence and research for the Government as a whole.

The Federal Government expanded its intelligence facilities in several departments to meet its wartime needs, but it did not have a coordinated intelligence program. As a result, we had to depend on our allies for some of our intelligence needs.

No one agency can hope to produce directly all the intelligence that it will need. The curtailed funds that will be available for intelligence and research purposes after the war make it essential to develop a careful plan of joint operations under determined leadership to get utmost result from our total facilities.

Just as the Planning Staff of the Office of Intelligence and Research would plan the research operations of the Department, so the Department should take the lead with other Federal agencies in planning intelligence operations for the Government as a whole. The Planning Staff

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should represent the Department's interest in the large-scale interdepartmental staff work which will be necessary to accomplish a Government-wide integrated program, with the general direction and supervision being provided by an interdepartmental committee under the chairmanship of the Under Secretary of State.

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