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Mr. McCandless

Aug. 29, 1945

Mr. Hanesy *HR*

Conference on OSS with Don Stone and OSS representatives, Aug. 29

In accordance with your instructions, I attended the meeting this afternoon with Mr. Stone, Mr. Louis Rasm, and Lt. Col. Rosenbaum of the OSS.

1. Stone indicated that it would not be possible to develop a specific decision as to the disposition of certain OSS activities without considerable additional negotiations and that this would mean that the OSS budget problem of repeal of appropriations would have to be handled without the decision having been made.
2. Stone indicated that the Director had suggested that if possible the schedule for the OSS hearing before the Appropriations Committee be deferred as long as possible. Stone said that Lawton was present when this suggestion was made and that Lawton would undoubtedly do what he could in this regard.
3. We discussed the relationship of the secret intelligence and counter-intelligence activities to those of Research and Analysis. The OSS representative strongly contended that it would be undesirable to separate these—that is, for example, to put Research and Analysis in State, and secret and counter-intelligence in the War Department. Although Stone did not feel that their argument was persuasive in this regard, he asked me to tell Schwarzschild and Cooper to have another look at the relationship between these activities.
4. Stone stated that he felt that the secret and counter-intelligence activities of OSS should probably be continued at a fairly high level for probably another year. He said that he would support such a program.

CC to Mr. Lawton

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