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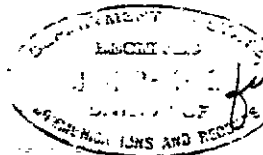
MEETING OF THE SECRETARIES OF STATE, WAR AND NAVY
November 14, 1945, 10:00 a.m.

Present:

The Secretary of State

The Secretary of War
accompanied by Robert A. Lovett, Assistant
Secretary of War for Air and Colonel
Charles W. McCarthy.The Secretary of the Navy
accompanied by Major Correa

Mr. Matthews

Central Intelligence Agency

Mr. Forrestal said that there was only one matter that he wished to discuss, namely, the question of a Central Intelligence Agency and referred in this connection to the President's directive to Admiral Leahy. Mr. Byrnes said that Admiral Leahy had not been aware of the fact that at present no law exists authorizing the establishment of a central intelligence organization and that, consequently, no definitive action can be taken until the Government reorganization law is passed. He expected that this might take place in two or three weeks. He would be glad, however, to consider the framework of the organization to be set up and thought we should take the several plans submitted into consideration and try to integrate and reconcile them. Mr. Patterson said that Mr. Lovett had been devoting a great deal of time to the study of the problem and he would like to have him give an account of his conclusions.

Mr. Lovett then circulated a summary of a report of his committee dated November 3, 1945 (copy attached as annex 1). He said that there are three aspects which his committee had covered: (1) the general survey; (2) the external problem; and (3) the internal problem within the War Department. He said his committee had called many people as witnesses including those who had worked on the British "ultra" and "Y" systems. They had gone into all phases of espionage and clandestine work and he was convinced that it must be centralized. His committee reached the conclusion that a National Intelligence Authority and a Central Intelligence Agency should both be established as soon as possible. The former should be composed of the Secretaries of State, War and Navy and a representative of the Joint Chiefs of Staff. It should be empowered to formulate policies which would be binding upon the Central Intelligence Agency and all intelligence activities of other Government departments. The Central Intelligence Agency would be headed by a Director to be appointed or removed by the President on recommendation.

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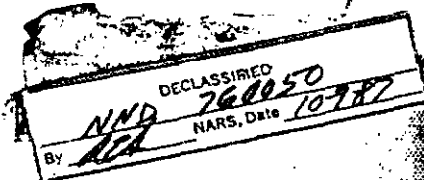
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of the National Intelligence Authority. Within the Central Intelligence Agency, he said, there should be constituted a "reading panel" or Intelligence Board on which, in addition to the War, Navy and Air Staffs, the principle civilian intelligence agencies would be represented. This board would be expected to study and evaluate intelligence facts and its reports would represent the combined views of the members. Where a difference of opinion existed, however, the report would likewise contain the dissident views. This Mr. Lovett thought was an important aspect and he believed the failure of the German Intelligence Service to permit a presentation of dissenting views was largely responsible for its breakdown. The British service, he felt, was greatly superior. In the first place it possessed continuity and the technical composition of the British Intelligence Service permitted it to divorce the factual aspects of their findings from political creed. He pointed out that the four top German Intelligence Officers had been executed for political reasons. The result was that German Intelligence authorities were afraid to interpret facts which might be contrary to Nazi policy. A shining example of this was the failure of the German Intelligence Service to anticipate our North Africa landings and led them to express their conclusion that there was inadequate Allied shipping to support such an operation. When we send our people out, such as Ambassadors, with the outlook of our national policy we are bound to get reports which are colored to a certain extent. He said the Italian Intelligence Service was better and more factual than the German. At present he believes that we are in a better situation than the British, having more than a hundred good contact agents, and mentioned particularly our close intelligence relationships established during the war with Czechoslovakia and the Dutch. These contacts are, however, based on considerations of personal confidence and unless some decision is promptly reached on our future intelligence set-up, we are in danger of losing what we have built up.

Mr. Lovett said that an advantage of the system he proposed lay in the fact that conclusions would be reached not by one man but by a board thus avoiding the danger of having a single slanted view guide our policies. As an example of this danger, he pointed to the error of our intelligence service in predicting that Russia couldn't last six weeks. Furthermore, overt and special intelligence under his plan are fitted in with clandestine intelligence. Mr. Byrnes said that the Budget report on this question seemed to be very elaborate and he would not agree with it all through. One difficulty, he said, is that so much intelligence is accumulated that it cannot be read. Mr. Lovett said that intelligence is a very involved subject. It includes: (1) the collection of information, (2) the accurate interpretation of information, and (3) the proper dissemination of information. We must first reach the impartial view on the facts and then get the information where it is needed. Suspicion, distrust and jealousy seem to be the occupational diseases of anyone dealing with

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intelligence. They cancel out a lot that seems to be apparent. It is important that operations should be centralized. He cited the case where OSS agents in Lisbon stole a Japanese code which had long been in the possession of our G-2 cryptanalysts and thus "gummed up" the situation by causing the Japanese to change codes. Mr. Forrestal agreed that it is important that the policy aspect should not be so strong as to prejudice our intelligence evaluations. He remarked that Colonel Truman Smith had "his head out off" because people here did not wish to believe that Germany was strong enough to accomplish what she did.

Referring to the Budget Bureau's plan Mr. Lovett said that it was too loose and had too many aspects of a town meeting. Mr. Byrnes said that he did not like the joint commission it provided for which included, for example, the Department of Commerce. He furthermore, did not like the emphasis on research and analysis to the degree it had been given. The Budget report, he said, pointed out that we had had to improvise during the war in many matters of industrial intelligence which should have been prepared long before. The plan was too elaborate, he felt, and too big. While it contemplated a Central Intelligence Agency it left operations in each separate Department. The argument against duplication still holds against the Budget Bureau proposal.

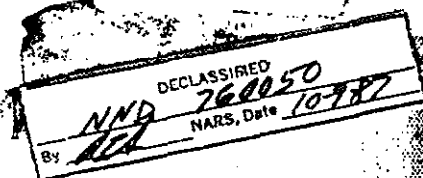
Mr. Lovett said that in his opinion the Budget project fails in three respects: (1) it provides for very loose coordination; (2) it provides for multiple collecting agencies which is bad in clandestine intelligence. Frequently they might operate against each other. There should, he feels, be only one operating agency dealing with espionage; (3) it treats the problem as though the Cabinet members were going to operate it. This in practice is impossible.

There was some discussion of the role of the FBI and there was general agreement that intelligence should be divorced from police powers. Mr. Lovett thought that when you put both in the hands of a single agency the result is a "gestapo". On the other hand, he felt, that the FBI should be on the reading panel because they have the best personality file in the world. Also, the FBI is expert on the production of false documents which we developed so successfully during the war and at which we became outstandingly adept.

Mr. Byrnes said that it was apparent that all were in favor of a central agency. He mentioned that the Budget report minimized the value of clandestine espionage and inquired as to the authorship of the report. Mr. Lovett said that he understood that it had been written by Mr. Donald Stone and Mr. Schwarzwolder. Mr. Byrnes and Mr. Patterson suggested the appointment of a working committee to get at the problem as quickly as possible since the existing organization is rapidly disintegrating and funds for certain units are available only until January 1. Mr. Byrnes appointed Mr. Russell and Mr. McCormack to represent the State Department and

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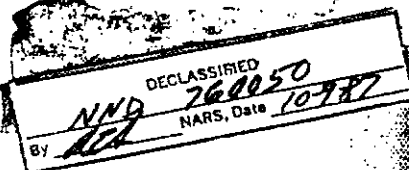
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suggested that each Department have two representatives. Mr. Patterson appointed Mr. Lovett. (The second name given later was General George Brownell and Mr. Forrestal later named Rear Admiral Bauers and Major Correa.)

Mr. Patterson inquired whether anyone knew of a good man for the important position of Director of Intelligence. Mr. Lovett said the only name he had heard mentioned was that of Allen Dulles who was generally regarded as highly competent in that field. He had organized the best job of the OSS in Switzerland.

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ANNEX I

Summary of Report of Committee headed by Mr. Robert A. Lovett, Assistant Secretary of War for Air, dated 3 November 1945.

The committee, after summarizing the witnesses which it heard and indicating that the report on certain other features should be supplemented by later studies on certain subsidiary aspects, traces the history of foreign intelligence work in this country. It comes to the conclusion as a general matter

a. that prior to the war there was no adequate foreign intelligence system, and intelligence techniques were not properly understood;

b. that there was lack of coordination in intelligence during the war;

c. that there is need of trained and experienced intelligence officers in both military services;

d. that there has been an undue amount of change in top personnel in both services;

e. that it is vital that there be created an organization and system in the United States adapted to future growth which will retain competent personnel now in the United States for the benefit of the country.

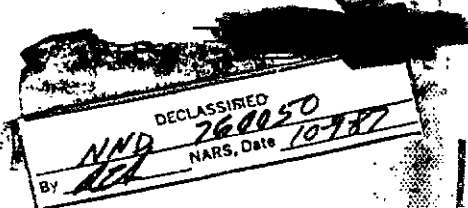
There were then the following comments on the establishment of a central intelligence organization:

The committee has unanimously reached the conclusion that this Government should establish as promptly as possible a National Intelligence Authority and a Central Intelligence Agency. The committee has considered a number of recommendations, received from various sources, as to the composition, functions and the location of such central organizations, including those contained in the report of the Director of the Office of Strategic Services and in the Joint Chiefs of Staff Study of September, 1945 (JCS 1181/5). The committee finds itself more nearly in agreement with the recommendations of the Joint Chiefs of Staff than with any of the other proposals that have been advanced. In setting forth below its own recommendations, it will therefore adopt in a substantial part the language of the Joint Chiefs of Staff memorandum, modified so as to accord with the committee's views in certain particulars.

The committee recommends the creation of a National Intelligence Authority composed of the Secretaries of State, War and Navy, and a Representative of the Joint Chiefs of Staff. When and if the National Defense Organization includes a Secretary or Under Secretary of Air, the Authority should be expanded by the addition of that individual. Provision should also be made for the addition of other members of the Authority upon the recommendation of the existing members, with the approval of the President.

The National Intelligence Authority should have complete authority to formulate policies which shall be binding upon the Central Intelligence Agency and all intelligence activities in other Government departments

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and agencies. The Authority should be charged with the responsibility for such overall intelligence-planning and development, and such coordination of all federal intelligence activities, as to assure the most effective accomplishment of the intelligence mission related to the national security.

There should also be created a Central Intelligence Agency headed by a Director who should be appointed or removed by the President on the recommendation of the National Intelligence Authority. The committee believes that in order to insure continuity the Director should be appointed for a long term of years, preferably not less than six. The Director of the Central Intelligence Agency should be responsible to the National Intelligence Authority and sit as a non-voting member thereof.

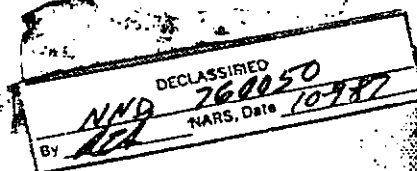
There should be created within the Central Intelligence Agency an Intelligence Board which should consist of the Assistant Chief of Staff, G-2, WDGS, the Assistant Chief of Air Staff-2 and the Director of Naval Intelligence, and the Chiefs of the principal civilian intelligence agencies having functions related to the national security as determined by the National Intelligence Authority. The functions of this board should be to assist the Director, who shall serve as its Chairman, in the carrying out of all of the activities and purposes of the Central Intelligence Agency and to facilitate coordination between the Central Intelligence Agency and the departments and agencies represented on the Board. The Director shall consult with and secure the opinion of the Board on all important questions which may arise in the course of the operations of the Central Intelligence Agency. In the event of a difference of opinion between the Director and members of the Intelligence Board, the decision of the Director shall be controlling, subject, however, to the right of any member of the Board to have the question submitted for final decision to the National Intelligence Authority. The Director should also consult with the Board before delivering any estimates and appreciations to the President or any member of the Cabinet, and if there shall be a difference of opinion among the Director and the members of the Board, in any such case the differing opinions should accompany the Director's report.

Except for its responsibility to the National Intelligence Authority, the Central Intelligence Agency should be independent. It should be supported by an independent budget, and its appropriations should be obtainable without public hearings.

Subject to the direction and control of the National Intelligence Authority, the Central Intelligence Agency should:

- a. Operate as the sole collection agency for all departments of the Government in the foreign espionage and counter-espionage fields.
- b. Perform for the benefit of departmental intelligence agencies such other intelligence services

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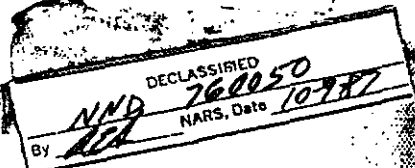
services of common concern as the National Intelligence Authority determines can be more efficiently accomplished by a common agency, including the direct procurement of intelligence.

- c. Coordinate the activities of all intelligence agencies of the Government whose activities relate to the national security, and recommend to the National Intelligence Authority the establishment of such over-all policies and objectives as will assure the most effective accomplishment of the national intelligence mission.
- d. Furnish to any Government department or agency, upon the request of its representative on the Intelligence Board, any intelligence material or evaluation, which, in the opinion of that member, is necessary for his department or agency, provided, however, that in the event that the Director believes it undesirable for any such material or evaluation to be so furnished, he may submit the matter to the Intelligence Board for decision or, in the event of disagreement within the Board, to the National Intelligence Authority.
- e. Accomplish the evaluation and synthesis of intelligence collected or assembled by it, and the appropriate dissemination within the Government and among the several departments of the resulting strategic and national policy intelligence.
- f. Perform such other functions and duties related to intelligence as the National Intelligence Authority may from time to time direct.

The Central Intelligence Agency should not conduct espionage activities within the United States. It should have no police or law enforcement functions either within or without the United States.

Subject to coordination by the Central Intelligence Agency, and to the limitations expressed above, the existing agencies of the Government should continue to collect, evaluate, synthesize, and disseminate departmental intelligence, herein defined as that intelligence required by the several departments and independent agencies for the performance of their proper functions. Such departmental intelligence as is required by the Central Intelligence Agency should be made freely available to it for synthesis. When approved by the National Intelligence Authority, the operation of the departmental intelligence agencies should be open to inspection by the Central Intelligence Agency in connection with its coordinating functions. In the interpretation of this paragraph the National Intelligence Authority and the Central Intelligence Agency will be responsible for fully protecting intelligence sources and methods which, due to their nature, have a direct and highly important bearing on

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military operations and national security.

Operating personnel, including specialists, should be furnished to the Central Intelligence Agency by the various departments and agencies engaged in intelligence activities. The Director of the Central Intelligence Agency should have the right, with the approval of the Intelligence Board, to call upon any such departments and agencies to furnish the Agency with personnel for advisory and functional positions.

The committee then proceeds to discuss the interim disposition of SSU and recommends certain further studies within the War Department while that Unit is in process of being reduced to a nucleus of a suitable foreign intelligence service.

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