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N.I.A. 4th Meeting

NATIONAL INTELLIGENCE AUTHORITY

Minutes of Meeting held in Room 212
Department of State Building
on Wednesday, 17 July 1946, at 10:30 a.m.

MEMBERS PRESENT

Secretary of State James F. Byrnes, in the Chair
Secretary of War Robert P. Patterson
Acting Secretary of the Navy John L. Sullivan
Fleet Admiral William D. Leahy, Personal
Representative of the President
Lt. General Hoyt S. Vandenberg, Director of
Central Intelligence

ALSO PRESENT

Dr. William L. Langer, Special Assistant to
the Secretary of State for Research and Intelligence
Mr. John D. Hickerson, Department of State
Colonel Charles W. McCarthy, USA
Captain Robert L. Dennison, USN

SECRETARIAT

Mr. James S. Lay, Jr., Secretary, National
Intelligence Authority

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NIA 4TH MEETING

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1. REPORT BY THE DIRECTOR OF CENTRAL INTELLIGENCE

SECRETARY BYRNES asked General Vandenberg to give the members a report on present and future matters concerning the Central Intelligence Group.

GENERAL VANDENBERG invited attention to the conclusions contained in the "Progress Report on the Central Intelligence Group" by Admiral Souers, former Director of Central Intelligence. General Vandenberg explained that at the present time each intelligence agency is working along the lines of primary interest to its department. It is his belief that C.I.G. should find out what raw material received by one department is of interest to the others. In order to do this, C.I.G. must be in a position to see and screen all raw material received. For example, as regards a given steel plant, State is studying what products are made there and the rate of production. War Department, however, is interested in the construction and physical details of the plant, the railroads serving it, and other data required for target information. State Department, if it broadened the base of its studies, might well be able to furnish at least part of that type of economic intelligence. It is the job of C.I.G., therefore, to find out the needs of all the departments and to meet them, either by recommending that one department expand its activities or by performing the necessary research in C.I.G. In order to do this, an adequate and capable staff is urgently required in C.I.G. It is extremely difficult administratively to procure the necessary personnel under the present arrangement. General Vandenberg therefore feels that he must have his own funds and be able to hire people. This means that C.I.G. must be set up as an agency by enabling legislation.

SECRETARY BYRNES expressed the understanding that the N.I.A. was intentionally established as it is in an effort to avoid the necessity for an independent budget.

SECRETARY PATTERSON agreed, and explained that this was designed to conceal, for security reasons, the amount of money being spent on central intelligence.

SECRETARY BYRNES thought that it would be difficult to explain to Congress the need for intelligence funds without jeopardizing security.

GENERAL VANDENBERG thought that such considerations should be balanced against the added administrative difficulties they caused. He expressed the belief that the important thing was that the Central Intelligence Group should be an effective and efficient organization.

ADMIRAL LEAHY said that it was always understood that C.I.G. eventually would broaden its scope. It was felt, however, that the Departments initially could contribute sufficient funds and personnel to get it started. He is about convinced that N.I.A. should now attempt to get its own appropriations. These appropriations, however, should be small, since the three departments should continue to furnish the bulk of the necessary funds.

SECRETARY PATTERSON thought that the administrative problems could be worked out under the present arrangements.

SECRETARY BYRNES believed that the major problem was to find a way for the departments to give C.I.G. the money it needed.

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SECRETARY PATTERSON stated that he was perfectly willing to direct Army Intelligence to furnish the necessary funds to C.I.G. and then let the Director of Central Intelligence pick his own personnel with those funds. He opposed a separate budget because he does not want to expose these intelligence operations.

SECRETARY BYRNES agreed that we could not afford to make such disclosures in this country.

GENERAL VANDENBERG pointed out that each personnel action must be handled at present by 100 people in each department. This means that knowledge of C.I.G. personnel is exposed to 300 people in the three departments. He feels that handling personnel actions within C.I.G. itself would improve security.

ADMIRAL LEAHY agreed that it was undesirable that so many people in the departments should have knowledge of C.I.G. He felt that if each department gave C.I.G. funds, personnel actions could be taken by C.I.G. itself without exposing them.

GENERAL VANDENBERG pointed out that this would still require defending three separate appropriations acts before the Senate and the House of Representatives.

DR. LANGER agreed that the funds would have to be defended before the Congress in any case.

SECRETARY BYRNES recalled that members of Congress had offered to include the State Department intelligence budget under such terms as "investigations abroad" or as an added amount in any other budget account. He felt that since Congress was apparently willing to do this, the funds might easily be hidden in this manner within departmental budgets.

DR. LANGER thought that Admiral Leahy's suggestion would be very effective. It might be possible to give N.I.A. an independent budget for the more overt activities, and hide other funds in departmental appropriations. This would serve as ideal cover for covert activities. Moreover, he believed that an independent appropriation for C.I.G. would make General Vandenberg more effective in supporting departmental intelligence budgets.

ADMIRAL LEAHY felt that this problem must be approached very carefully. He believed that no one was better qualified to advise N.I.A. on this than Secretary Byrnes, with his Congressional background. Admiral Leahy stated that the President authorized him to make it clear that the President considered the responsible agency in the present arrangement to be the N.I.A. The President stated that the Director of Central Intelligence is not responsible further than to carry out the directives of the N.I.A. Admiral Leahy said there were some indications that the Director of Central Intelligence, with the Intelligence Advisory Board, might tend to assume greater control over intelligence activities than was intended. Admiral Leahy reiterated that the President holds the Cabinet officers on N.I.A. primarily responsible for coordination of intelligence activities.

SECRETARY SULLIVAN compared the Director of Central Intelligence to an executive vice president who carries out the instructions and policies of the N.I.A.

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ADMIRAL LEAHY stated that with regard to a bill to obtain an independent budget and status for N.I.A., the President considers it inadvisable to attempt to present such a bill before the present Congress. The President feels that there is not enough time for the N.I.A. to give this question sufficient study. The President feels, however, that a bill might be drafted and be under study by the N.I.A. with a view to the possibility of presenting it to the next Congress. Admiral Leahy stated that in the meantime he felt that General Vandenberg should be given, so far as practicable, all the assistance that he requires.

GENERAL VANDENBERG pointed out that C.I.G. is not an agency authorized to disburse funds. Therefore, even with funds from the departments, it would require disbursing and authenticating officers in all three departments, plus the necessary accounting organization in C.I.G. He felt that this was requiring four fiscal operations where one should suffice.

ADMIRAL LEAHY suggested, and SECRETARY BYRNES agreed, that this might be taken care of by the wording of an appropriations act.

DR. LANGER questioned this possibility unless C.I.G. was given status as a disbursing agency.

SECRETARY BYRNES thought this status could be given the agency by the President under the authority of the Emergency Powers Act.

GENERAL VANDENBERG said that he understood that this solution was decided against because it might indicate that N.I.A. was a temporary expedient which would terminate with the end of the President's war powers.

SECRETARY BYRNES was sure that it could be done by the President under his reorganization authority and without reference to the Emergency Powers Act. Secretary Byrnes undertook to talk with the Bureau of the Budget on this matter and report back to the N.I.A.

ADMIRAL LEAHY was convinced that C.I.G. must have funds for which it does not have to account in detail.

DR. LANGER questioned whether General Vandenberg was not more concerned over the cumbersome arrangement for handling personnel actions in all three departments.

GENERAL VANDENBERG stressed the fact that without money there could be no personnel actions. For example, he noted that the State Department does not have sufficient funds to pay personnel required for C.I.G. General Vandenberg agreed, however, that personnel actions were extremely difficult under present arrangements. For example, it takes an average of six weeks to obtain security clearance from the Departments, and he does not feel that he should employ anyone without such clearance. General Vandenberg stressed the fact that his greatest interest was in getting C.I.G. into operation by whatever means possible. He felt that time was of the essence during this critical period.

SECRETARY BYRNES believed that the only way at present to avoid the administrative difficulties was to arrange to have each department transfer the necessary funds to C.I.G.

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GENERAL VANDENBERG pointed out the difficulty of obtaining funds from the Departments. For example, although the State Department requested about \$330,000 for N.I.A., only \$178,000 is being made available. While he appreciated the need of the State Department for the other funds, this case exemplified the fact that C.I.G. could never be certain of receiving the funds which it requested and defended unless they were appropriated directly to C.I.G.

DR. LANGER believed that this situation would not recur in the future, but he did agree that State's contribution to C.I.G. was not adequate. He did not see, however, how this could be increased except through a deficiency bill.

SECRETARY SULLIVAN asked why additional funds might not be secured from the President's emergency fund.

GENERAL VANDENBERG stated that total funds available to C.I.G. for the fiscal year 1947 were \$12,000,000, which left a shortage for effective operations of \$10,000,000. He asked whether it might be possible to obtain permission to spend available funds at an accelerated rate in anticipation of the submission of the deficiency bill.

SECRETARY BYRNES thought that such permission could not be obtained. He noted that what General Vandenberg had stated was that C.I.G. had \$12,000,000 and wanted \$22,000,000.

Dr. LANGER questioned whether any mechanism was to be available for reviewing this proposed budget.

GENERAL VANDENBERG stated that he had the details available. He noted, however, that comprehensive review meant that this information must be widely disclosed to personnel in three departments.

SECRETARY SULLIVAN felt that since the President's remarks indicated that he held N.I.A. responsible, they must know the details regarding any C.I.G. budget request.

At Secretary Byrnes' request, GENERAL VANDENBERG then made a brief report on C.I.G. activities. He noted that C.I.G. was taking over Foreign Broadcast Intelligence Service and all clandestine foreign intelligence activities. In addition, however C.I.G. is receiving daily requests to take over functions now being done by various State, War and Navy Committees. One example is the suggestion that C.I.G. centralize the handling of codes and ciphers to improve their security. Another example is the concern of the War Department about exchange of information with the British. The State-War-Navy Coordinating Committee has a subcommittee covering this exchange, but it handles only about 20 or 30 percent of the information actually exchanged. This subcommittee confines itself purely to secret matters, whereas the Army Air Forces believe that a central clearing house should be established where the bargaining value of this information may also be taken into account.

DR. LANGER pointed out that the SWNCC subcommittee deals only with technical military information. He feels, however, that the problem also involves such matters as the transfer of non-military information and the declassification of material. Unless these matters are centralized, each department will continue, as at present, going its own way.

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GENERAL VANDENBERG reported that he has already set up an Office of Special Operations. He has also established an Interdepartmental Coordinating and Planning Staff, but only on a skeleton basis because of his need for additional personnel.

SECRETARY PATTERSON felt that all of General Vandenberg's present problems should be solved if the Secretary of State can obtain help from the Bureau of the Budget.

GENERAL VANDENBERG stated his problems, briefly, were that he needed money, the authority to spend it, and the authority to hire and fire.

SECRETARY BYRNES felt there were really two problems: First, to find ways to handle the money now available, and second, to get whatever additional funds are required. He thought it would be difficult to get additional funds fifteen days after the fiscal year had begun. He questioned whether present funds should not be sufficient since the understanding was that C.I.G. was primarily continuing functions which have been previously performed.

GENERAL VANDENBERG explained that C.I.G. was now undertaking certain new functions and also expanding some existing ones. In answer to questions, General Vandenberg stated that he proposed to have about 1900 people in secret intelligence and a total of something less than 3000 in C.I.G. by the end of the fiscal year.

DR. LANGER stated that he agreed with almost everything that General Vandenberg had said, but that he was impressed with the imposing size of the proposed organization. He thought there should be a definite review of the program before a request for an additional \$10,000,000 is approved.

GENERAL VANDENBERG pointed out that there is a clear need for additional appropriations for intelligence in view of changing conditions. During the war there were American forces all over the world who were procuring information and intelligence in connection with military operations. These operations were not considered as intelligence activities, however, and the funds required for them were not charged to intelligence. These operations are now shrinking rapidly. It is necessary, therefore, to have intelligence agents all over the world to get the same information which during the war was handed to intelligence agencies on a silver platter.

SECRETARY PATTERSON agreed with this statement. He noted that in each theater of operations G-2 activities were merely a part of the Army's operations and were not considered to be part of the intelligence organization directed from Washington.

GENERAL VANDENBERG then discussed briefly his proposed organization chart for the Central Intelligence Group. He noted that there would be an Interdepartmental Coordinating and Planning Staff to assist in the coordination of all intelligence activities related to the national security. There would then be four offices to conduct C.I.G. operations, namely, Special Operations, Collection, Research and Evaluation, and Dissemination.

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After further discussion,

THE NATIONAL INTELLIGENCE AUTHORITY:

- a. Noted General Vandenberg's report on the Central Intelligence Group.
- b. Noted that the Secretary of State would discuss with the Bureau of the Budget the solution of the problems mentioned by General Vandenberg, and would report back to the Authority.
- c. Noted the organization of the Central Intelligence Group which General Vandenberg was planning to put into effect.

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