

## VI. HISTORY OF THE CENTRAL INTELLIGENCE AGENCY

### INTRODUCTION <sup>1</sup>

The current political climate and the mystique of secrecy surrounding the intelligence profession have created misperceptions about the Central Intelligence Agency. The CIA has come to be viewed as an unfettered monolith, defining and determining its activities independent of other elements of government and of the direction of American foreign policy. This is a distortion. During its twenty-nine year history, the Agency has been shaped by the course of international events, by pressures from other government agencies, and by its own internal norms. An exhaustive history of the CIA would demand an equally exhaustive history of American foreign policy, the role of Congress and the Executive, the other components of the intelligence community, and an examination of the interaction among all these forces. Given the constraints of time and the need to pursue other areas of research, this was an impossible task for the Committee. Nonetheless, recognizing the multiple influences that have contributed to the Agency's development, the Committee has attempted to broadly outline the CIA's organizational evolution.

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An historical study of this nature serves two important purposes. First, it provides a means of understanding the Agency's present structure. Second, and more importantly, by analyzing the causal elements in the CIA's patterns of activity, the study should illuminate the possibilities for and the obstacles to future reform in the U.S. foreign intelligence system.

The concept of a peacetime central intelligence organization had its origins in World War II with the Office of Strategic Services (OSS). Through the driving initiative and single-minded determination of General William J. Donovan, sponsor and later first director of OSS, the organization became the United States' first central intelligence body. Although OSS was disbanded in 1945 and its func-

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<sup>1</sup> This section is the summary version of a longer history to be published as an Appendix to the Committee's Final Report. This section and the longer history are based on four principal groups of sources. Since classification restrictions prevent citing individual sources directly, the categories of sources are identified as follows: (1) approximately seventy-five volumes from the series of internal CIA histories, a rich if uneven collection of studies, which deal with individual components of the CIA, the administrations of the Directors of Central Intelligence, and specialized areas of intelligence analysis. The histories have been compiled since the late 1940's and constitute a unique institutional memory. (2) approximately sixty interviews with present and retired Agency employees. These interviews were invaluable in providing depth of insight and understanding to the organization. (3) special studies and reports conducted both within and outside the Agency. They comprise reviews of functional areas and of the overall administration of the CIA. (4) documents and statistics supplied to the Select Committee by the CIA in response to specific requests. They include internal communications, budgetary allocations, and information on grade levels and personnel strengths.

tional components reassigned to other government agencies, the existence of OSS was important to the CIA. First, OSS provided an organizational precedent for the CIA; like OSS, the CIA included clandestine collection and operations and intelligence analysis. Second, many OSS personnel later joined the CIA; in 1947, the year of the CIA's establishment, approximately one-third of the CIA's personnel were OSS veterans. Third, OSS suffered many of the same problems later experienced by the CIA; both encountered resistance to the execution of their mission from other government agencies, both experienced the difficulty of having their intelligence analysis "heard," and both were characterized by the dominance of their clandestine operational components.

Despite the similarities in the two organizations, OSS was an instrument of war, and Donovan and his organization were regarded by many as a group of adventurers, more concerned with derring-do operations than with intelligence analysis. The post-war organization emerged from different circumstances from those that had fostered the development of OSS.

Following the War, American policymakers conceived the idea of a peacetime central intelligence organization with a specific purpose in mind—to provide senior government officials with high-quality, objective intelligence analysis. At the time of the new agency's creation, the military services and the State Department had their own independent intelligence capabilities. However, the value of their analysis was limited, since their respective policy objectives often skewed their judgments. By reviewing and synthesizing the data collected by the State Department and the military services, a centralized body was intended to produce national intelligence estimates independent of policy biases. "National" intelligence meant integrated interdepartmental intelligence that exceeded the perspective and competence of individual departments and that covered the broad aspects of national policy. "Estimates" meant predictive judgments on the policies and motives of foreign governments rather than descriptive summaries of daily events or "current intelligence."

Although policymakers agreed on the necessity for national intelligence estimates, they did not anticipate or consider the constraints that would impede achievement of their objective. As a result, the CIA assumed functions very different from its principal mission, becoming a competing producer of current intelligence and a covert operational instrument in the American cold war offensive.

The establishment of the Central Intelligence Agency coincided with the emergence of the Soviet Union as the antagonist of the United States. This was the single most important external factor in shaping the Agency's development. Of equal importance were the internal organizational arrangements that determined the patterns of influence within the Agency. In exploring the Agency's complex development, this summary will address the following questions: What institutional and jurisdictional obstacles prevented the Agency from fulfilling its original mission? To what extent have these obstacles persisted? In what ways have U.S. foreign policy objectives influenced priorities in the Agency's activities? What internal arrangements have determined the Agency's emphases in intelligence production and in clandestine

activities? What accounts for the continued dominance of the clandestine component within the Agency? How have individual Directors of Central Intelligence defined their roles and what impact have their definitions had on the direction of the Agency? What impact did technological developments have on the Agency and on the Agency's relationship with the departmental intelligence services?

This study is not intended to catalogue the CIA's covert operations but to present an analytical framework within which the CIA's policies and practices may be understood. The following section summarizes the Agency's evolution by dividing its history into four segments: 1946-1952; 1953-1961; 1962-1970; and 1971-1975. Each period constitutes a distinct phase in the Agency's development.

#### A. THE CENTRAL INTELLIGENCE GROUP AND THE CENTRAL INTELLIGENCE AGENCY: 1946-1952

The years 1946 to 1952 were perhaps the most crucial in determining the functions of the central intelligence organization. The period marked a dramatic transformation in the mission, size and structure of the new entity. In 1946 the Central Intelligence Group (CIG), the CIA's predecessor, was conceived and established as an intelligence coordinating body to minimize the duplicative efforts of the Departments and to provide objective intelligence analysis to senior policymakers. By 1952 the Central Intelligence Agency was engaged in independent intelligence production and covert operations. The CIG was an extension of Executive departments; its personnel and budget were allocated from State, Army and Navy. By 1952 the CIA had developed into an independent government agency commanding manpower and budget far exceeding anything originally imagined.

##### *1. The Origins of the Central Intelligence Group*

As World War II ended, new patterns of decisionmaking emerged within the United States Government. In the transition from war to peace policymakers were redefining their organizational and informational needs. As President, Franklin Roosevelt maintained a highly personalized style of decisionmaking, relying primarily on informal conversations with senior officials. Truman preferred to confer with his cabinet officers as a collective body. This meant that officials in the State, War and Navy departments were more consistent participants in Presidential decisions than they had been under Roosevelt. From October through December 1945, U.S. Government agencies engaged in a series of policy debates about the necessity for and the nature of the future United States intelligence capability.

Three major factors dominated the discussions. The first was the issue of postwar reorganization of the Executive branch. The debate focussed around the question of an independent Air Force and the unification of the services under a Department of Defense. Discussion of a separate central intelligence agency and its structure, authority, and accountability was closely linked to the larger problem of defense reorganization.

Second, it was clear from the outset that no department was willing to consider resigning its existing intelligence function and accompany-

ing personnel and budgetary allotments to a central agency. As departmental representatives aired their preferences, maintenance of independent capabilities was an accepted element in defining future organization. Coordination, not centralization, was the maximum that each Department was willing to concede.

Third, the functions under discussion were intelligence analysis and the dissemination of intelligence. The shadow of the Pearl Harbor disaster dominated policymakers' thinking about the purpose of a central intelligence agency. They saw themselves rectifying the conditions that allowed Pearl Harbor to happen—a fragmented military-based intelligence apparatus which in current terminology could not distinguish “signals” from “noise,” let alone make its assessments available to senior officials.

Formal discussion on the subject of the central intelligence function began in the fall of 1945. The Departments presented their separate views, while two independent studies also examined the issue. Inherent in all of the recommendations was the assumption that the Departments would control the intelligence product. None advocated giving a central independent group sole responsibility for collection and analysis. All favored making the central intelligence body responsible to the Departments themselves rather than to the President. Each Department lobbied for an arrangement that would give itself an advantage in intelligence coordination.

The Presidential directive establishing the Central Intelligence Group reflected these preferences. The Departments retained autonomy over their intelligence services, and the CIG's budget and staff were to be drawn from the separate agencies. Issued on January 22, 1946, the directive provided the CIG with a Director chosen by the President. The CIG was responsible for coordination, planning, evaluation, and dissemination of intelligence. The National Intelligence Authority (NIA), a group comprised of the Secretary of State, the Secretary of War, the Secretary of the Navy, and a personal representative of the President served as the Group's supervisory body. The Intelligence Advisory Board (IAB), which included the heads of the military and civilian intelligence agencies, was an advisory group to the Director of Central Intelligence (DCI).

Through budget, personnel, and oversight, the Departments had assured control over the Central Intelligence Group. The CIG was a creature of departments that were determined to maintain independent capabilities as well as their direct advisory relationship to the President. In January 1946 they succeeded in doing both; by retaining autonomy over their intelligence operations, they established the strong institutional claims that would persist for the lifetime of the Central Intelligence Agency.

## *2. The Directors of Central Intelligence, 1946-1952*

At a time when the new agency was developing its mission, the role of its senior official was crucial. The Director of Central Intelligence was responsible for representing the agency's interests to the Departments and for pressing its jurisdictional claims. In large part the strength of the agency relative to the Departments was dependent on the stature that the DCI commanded as an individual. The four DCIs

from 1946 to 1952 ranged from providing only weak leadership to firmly solidifying the new organization in the Washington bureaucracy. Three of the four men were career military officers. Their appointments were indicative of the degree of control the military services managed to retain over the agency and the acceptance of the services' primary role in the intelligence process.

Sidney Souers, the first DCI, served from January to June 1946. Though a rear admiral, he was not a military careerist but a business executive, who had spent his wartime service in naval intelligence. He accepted the job with the understanding that he would remain only long enough to establish an organization. Having participated in the drafting of the directive which created CIG, Souers had a fixed concept of the central intelligence function—one that did not challenge the position of the departmental intelligence components.

Under Lieutenant General Hoyt Vandenberg, CIG moved beyond production of coordinated intelligence to acquire a clandestine collection capability as well as authority to conduct independent research and analysis. Vandenberg was an aggressive, ambitious personality, and as the nephew of Arthur Vandenberg, Chairman of the Senate Foreign Relations Committee, exerted considerable influence on behalf of the CIG. In May 1947, Vandenberg was succeeded by Rear Admiral Roscoe Hillenkoetter. Two months after Hillenkoetter's appointment, the CIG was reconstituted as the Central Intelligence Agency. Hillenkoetter did not command the personal stature to successfully assert the Agency's position relative to the Departments. Nor did he possess the administrative ability to manage the Agency's rapidly expanding functions.

It was precisely because of Hillenkoetter's weakness that General Walter Bedell Smith was selected to succeed him in October 1950. Nicknamed "the American Bulldog" by Winston Churchill, Smith was a tough-minded, hard-driving, often intimidating career military officer who effected major organizational changes during his tenure. Smith's temperament and his senior military status made him one of the strongest DCIs in the Agency's history. He left the Agency in February 1953.

### *3. The Evolution of the Central Intelligence Function, 1946-1952*

The CIG had been established to rectify the duplication among the military intelligence services and to compensate for their biases. The rather vaguely conceived notion was that a small staff in the CIG would assemble and review the raw data collected by the departmental intelligence services and produce objective national estimates for the use of senior American policymakers. Although in theory the concept was reasonable and derived from informational needs, institutional resistance make implementation virtually impossible. The departmental services jealously guarded both their information and what they believed were their prerogatives in providing policy guidance to the President, making the CIG's primary mission an exercise in futility. Limited in the execution of its responsibility for coordinated estimates, the CIG emerged within a year as a current intelligence producer, generating its own summaries of daily events and thereby competing with the Departments in the dissemination of information.

An important factor in the change was the CIG's authorization to carry out independent research and analysis "not being presently performed" by the other Departments. Under this authorization, granted in the spring of 1946, the Office of Reports and Estimates (ORE) was established. ORE's functions were manifold—the production of national current intelligence, scientific, technical, and economic intelligence as well as interagency coordination for national estimates. With its own research and analysis capability, the CIG could carry out an independent intelligence function without having to rely on the departments for data. The change made the CIG an intelligence producer, while still assuming the continuation of its role as a coordinator for estimates.

Yet acquisition of a research and analysis role meant that independent production would outstrip coordinated intelligence as a primary mission. Fundamentally, it would be far easier to assimilate and analyze data than it had been or would be to engage the Departments in producing "coordinated" analysis.

The same 1946 directive which provided the CIG with an independent research and analysis capability also granted the CIG a clandestine collection capability. Since the end of the war, the remnant of OSS's clandestine collection capability rested with the Strategic Services Unit (SSU), then in the War Department. In the postwar dismantling of OSS, SSU was never intended to be more than a temporary body, and in the spring of 1946 SSU's duties, responsibilities and personnel were transferred to CIG along with SSU's seven overseas field stations and communications and logistical apparatus.

The transfer resulted in the establishment of the Office of Special Operations (OSO). OSO was responsible for espionage and counter-espionage. From the beginning the data collected by OSO was highly compartmented. ORE did not draw on OSO for its raw information. Instead, overt collection was ORE's major source of data.

Since its creation CIG had had two overt collection components. The Domestic Contact Service (DCS) solicited domestic sources, including travellers and businessmen for foreign intelligence information on a voluntary basis. The Foreign Broadcast Information Service (FBIS) an element of OSS, monitored overseas broadcasts. These components together with foreign publications provided ORE with most of its basic information.

The acquisition of a clandestine collection capability and authorization to carry out independent research and analysis enlarged CIG's personnel strength considerably. As of June 1946 the total CIG staff numbered approximately 1,816. Proportionately, approximately one-third were overseas with OSO. Of those stationed in Washington, approximately half were devoted to administrative and support functions, one-third were assigned to OSO, and the remainder to intelligence production.

The passage of the National Security Act in July 1947 legislated the changes in the Executive branch that had been under discussion since 1945. The Act established an independent Air Force, provided for coordination by a committee of service chiefs, the Joint Chiefs of Staff (JCS), and a Secretary of Defense, and created the National

Security Council (NSC). The CIG became an independent department and was renamed the Central Intelligence Agency.

Under the Act, the CIA's mission was only loosely defined, since efforts to thrash out the CIA's duties in specific terms would have contributed to the tension surrounding the unification of the services. The four general tasks assigned to the Agency were (1) to advise the NSC on matters related to national security; (2) to make recommendations to the NSC regarding the coordination of intelligence activities of the Departments; (3) to correlate and evaluate intelligence and provide for its appropriate dissemination and (4) "to perform such other functions . . . as the NSC will from time to time direct. . . ."

The Act did not alter the functions of the CIG. Clandestine collection, overt collection, production of national current intelligence and interagency coordination for national estimates continued, and the personnel and internal structure remained the same.

The Act affirmed the CIA's role in coordinating the intelligence activities of the State Department and the military—determining which activities would most appropriately and most efficiently be conducted by which Departments to avoid duplication. In 1947 the Intelligence Advisory Committee (IAC) was created to serve as a coordinating body in establishing intelligence requirements<sup>2</sup> among the Departments. Chaired by the DCI, the Committee included representatives from the Departments of State, Army, Air Force, the Joint Chiefs of Staff, and the Atomic Energy Commission. Although the DCI was to establish priorities for intelligence collection and analysis, he did not have the budgetary or administrative authority to control the departmental components. Moreover, no Department was willing to compromise what it perceived as its own intelligence needs to meet the collective needs of policymakers as defined by the DCI.

As the CIA evolved between 1947 and 1950, it never fulfilled its estimates function but continued to expand its independent intelligence production. In July 1949 an internal study conducted by a senior ORE staff member stated that ORE's emphasis in production had shifted "from the broad long-term type of problem to a narrowly defined short-term type and from the predictive to the non-predictive type." In 1949 ORE had eleven regular publications. Only one of these addressed national intelligence questions and was published with the concurrence or dissent of the other departments. Less than one-tenth of ORE's products were serving the purpose for which the CIG and the CIA had been created.

#### *4. The Reorganization of the Intelligence Function, 1950*

By the time Walter Bedell Smith became DCI in 1950, it was clear that the CIA's record on the production of national intelligence estimates had fallen far short of expectation. ORE had become a directionless service organization, attempting to answer requirements levied by all agencies related to all manner of subjects—politics, economics, science, and technology. The wholesale growth had only confused ORE's mission and led the organization into attempting analysis in areas already adequately covered by other departments. Likewise, the

<sup>2</sup> Requirements constitute the informational objectives of intelligence collection, e.g., in 1947 determining Soviet troop strengths in Eastern Europe.

obstacles posed by the Departments prevented the DCI and the Agency from carrying out coordination of the activities of the departmental intelligence components.

These problems appeared more stark following the outbreak of the Korean War in June 1950. Officials in the Executive branch and members of Congress criticized the Agency for its failure to predict more specifically the timing of the North Korean invasion of South Korea. Immediately after his appointment as DCI in October 1950, Smith discovered that the Agency had no current coordinated estimate of the situation in Korea. Under the pressure of war, demands for information were proliferating, and it was apparent that ORE could not meet those demands.

Smith embarked on a program of reorganization. His most significant change was the creation of the Office of National Estimates (ONE), whose sole purpose was to produce National Intelligence Estimates (NIEs). There were two components in ONE, a staff which drafted the estimates and a senior body, known as the Board of National Estimates, which reviewed the estimates, coordinated the judgments with other agencies, and negotiated over their final form.

Smith also attempted to redefine the DCI's position in relation to the departmental intelligence components. From 1947 to 1950 the DCIs had functioned at the mercy of the Departments rather than exercising direction over them. By formally stating his position as the senior member of the Intelligence Advisory Committee, Smith tried to assume a degree of administrative control over departmental activities. Nonetheless, the obstacles remained, and personal influence, rather than recognized authority, determined the effectiveness of Smith and his successors in interdepartmental relationships.

In January 1952, CIA's intelligence functions were grouped under the Directorate for Intelligence (DDI), ORE was dissolved and its personnel were reassigned. In addition to ONE, the DDI's intelligence production components included: the Office of Research and Reports (ORR), which handled economic and geographic intelligence; the Office of Scientific Intelligence (OSI), which engaged in basic scientific research; and the Office of Current Intelligence (OCI), which provided current political research. Collection of overt information was the responsibility of the Office of Operations (OO). The Office of Collection and Dissemination (OCD) engaged in the dissemination of intelligence as well as storage and retrieval of unevaluated intelligence.

The immediate pressures for information generated by the Korean War resulted in continued escalation in size and intelligence production. Government-wide demands for the Agency to provide information on Communist intentions in the Far East and around the world justified the increases. By the end of 1953 DDI personnel numbered 3,338. Despite the sweeping changes, the fundamental problem of duplication among the Agency and the Departments remained. DDI's major effort was independent intelligence production rather than coordinated national estimates.

##### *5. Clandestine Operations*

The concept of a central intelligence agency developed out of a concern for the quality of intelligence analysis available to policy-



makers. The 1945 discussion which surrounded the creation of the CIG focussed exclusively on the problem of production of coordinated intelligence judgments. Two years later, debates on the CIA in both the Congress and the Executive assumed only a collection and analysis role for the newly constituted Agency. Yet, within one year of the passage of the National Security Act, the CIA was charged with the conduct of covert psychological, political, paramilitary, and economic activities.<sup>3</sup> The acquisition of this mission had a profound impact on the direction of the Agency and on its relative stature within the government.

The suggestion for the initiation of covert operations did not originate in the CIA, but with senior U.S. officials, among them Secretary of War James Patterson, Secretary of Defense James Forrestal, Secretary of State George Marshall, and George Kennan, Director of the State Department's Policy Planning Staff. Between 1946 and 1948 policymakers proceeded from a discussion of the possibility of initiating covert psychological operations to the establishment of an organization to conduct a full range of covert activities. The decisions were gradual but consistent, spurred on by the growing concern over Soviet intentions.

By late 1946 cabinet officials were preoccupied with the Soviet threat, and over the next year their fears intensified. For U.S. policymakers, international events seemed to be a sequence of Soviet incursions. In March 1946 the Soviet Union refused to withdraw its troops from the Iranian province of Azerbaijan; two months later civil war involving Communist rebel forces erupted in Greece. In 1947 Communists assumed power in Poland, Hungary and Rumania, and in the Philippines the government was under attack by the Hukbalahaps, a communist-led guerrilla group. In February 1948 Communists staged a successful coup in Czechoslovakia. At the same time France and Italy were beleaguered by a wave of Communist-inspired strikes. Policymakers could, and did, look at these developments as evidence of the need for the United States to respond.

In March 1948 near hysteria gripped the U.S. Government with the so-called "war scare." The crisis was precipitated by a cable from General Lucius Clay, Commander in Chief, European Command, to Lt. General Stephen J. Chamberlin, Director of Intelligence, Army General Staff, in which Clay said, "I have felt a subtle change in Soviet attitude which I cannot define but which now gives me a feeling that it [war] may come with dramatic suddenness." The war scare launched a series of interdepartmental intelligence estimates on the likelihood of a Soviet attack on Western Europe and the United States. Although the estimates concluded that there was no evidence the U.S.S.R. would start a war, Clay's cable had articulated the degree of suspicion and outright fear of the Soviet Union that was shared by policymakers in 1948.

For U.S. officials, the perception of the Soviet Union as a global threat demanded new modes of conduct in foreign policy to supple-

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<sup>3</sup> Psychological operations were primarily media-related activities, including unattributed publications, forgeries, and subsidization of publications; political action involved exploitation of dispossessed persons and defectors, and support to political parties; paramilitary activities included support to guerrillas and sabotage; economic activities consisted of monetary and fiscal operations.

ment the traditional alternatives of diplomacy and war. Massive economic aid represented one new method of achieving U.S. foreign policy objectives. In 1947 the United States had embarked on an unprecedented economic assistance program to Europe with the Truman Doctrine and the Marshall Plan. By insuring economic stability, U.S. officials hoped to limit Soviet encroachments. Covert operations represented another, more activist departure in the conduct of U.S. peacetime foreign policy. Covert action was an option that was something more than diplomacy but still short of war. As such, it held the promise of frustrating Soviet ambitions without provoking open conflict.

The organizational arrangements for the conduct of covert operations reflected both the concept of covert action as defined by U.S. officials and the perception of the CIA as an institution. Both the activities and the institution were regarded as extensions of the State Department and the military services. Covert action was to serve a support function to foreign and military policy preferences, and the CIA was to provide the vehicle for the execution of those preferences.

In June 1948, a CIA component, the Office of Special Projects, soon renamed the Office of Policy Coordination (OPC), was established for the execution of covert operations. The specific activities included psychological warfare, political warfare, economic warfare, and paramilitary activities. OPC's budget and personnel were appropriated within CIA allocations, but the DCI had no authority in determining OPC's activities. Responsibility for the direction of OPC rested with the Office's director, appointed by the Secretary of State. Policy guidance—decisions on the need for specific activities—came to the OPC director from State and Defense, bypassing the DCI.

In recommending the development of a covert action capability in 1948, policymakers intended to make available a small contingency force with appropriate funding that could mount operations on a limited basis. Senior officials did not plan to develop large-scale continuing activities. Instead, they hoped to establish a small capability that could be activated when and where the need occurred—at their discretion.

#### *6. The Office of Policy Coordination, 1948–1952*

OPC developed into a far different organization from that envisioned by Forrestal, Marshall, and Kennan. By 1952, when it merged with the Agency's clandestine collection component, the Office of Special Operations, OPC had innumerable activities worldwide, and it had achieved the institutional independence that was unimaginable at the time of its inception.

The outbreak of the Korean War in the summer of 1950 had a significant effect on OPC. Following the North Korean invasion of South Korea, the State Department as well as the Joint Chiefs of Staff requested the initiation of paramilitary activities in Korea and China. OPC's participation in the war effort contributed to its transformation from an organization that was to provide the capability for a limited number of *ad hoc* operations to an organization that conducted continuing, ongoing activities on a massive scale. In concept, manpower, budget, and scope of activities, OPC simply skyrocketed. The comparative figures for 1949 and 1952 are staggering. In 1949 OPC's

total personnel strength was 302; in 1952 it was 2,812 plus 3,142 overseas contract personnel. In 1949 OPC's budget figure was \$4,700,000; in 1952 it was \$82,000,000. In 1949 OPC had personnel assigned to seven overseas stations; in 1952 OPC had personnel at forty-seven stations.<sup>4</sup>

Apart from the impetus provided by the Korean War several other factors converged to alter the nature and scale of OPC's activities. First, policy direction took the form of condoning and fostering activity without providing scrutiny and control. Officials throughout the government regarded the Soviet Union as an aggressive force, and OPC's activities were initiated and justified on the basis of this shared perception. The series of NSC directives which authorized covert operations laid out broad objectives and stated in bold terms the necessity for meeting the Soviet challenge head on. After the first 1948 directive authorizing covert action, subsequent directives in 1950 and 1951 called for an intensification of these activities without establishing firm guidelines for approval. State and Defense guidance to OPC quickly became very general, couched in terms of overall goals rather than specific activities. This allowed OPC maximum latitude for the initiation of activities or "projects," the OPC term.

Second, OPC operations had to meet the very different policy needs of the State and Defense Departments. The State Department encouraged political action and propaganda activities to support its diplomatic objectives, while the Defense Department requested paramilitary activities to support the Korean War effort and to counter Communist-associated guerrillas. These distinct missions required OPC to develop and maintain different capabilities, including manpower and support material.

The third factor contributing to OPC's expansion was the organizational arrangements that created an internal demand for projects. To correlate the requirements of State and Defense with its operations, OPC adopted a project system rather than a programmed financial system. This meant that OPC activities were organized around projects rather than general programs or policy objectives and that OPC budgeted in terms of anticipated numbers of projects. The project system had important internal effects. An individual within OPC judged his own performance, and was judged by others, on the importance and number of projects he initiated and managed. The result was competition among individuals and among the OPC divisions to generate the maximum number of projects. Projects remained the fundamental units around which covert activities were organized, and two generations of Agency personnel have been conditioned by this system.

### *7. OPC Integration and the OPC-OSO Merger*

The creation of OPC and its ambiguous relationship to the Agency precipitated two major administrative problems: the DCI's relationship to OPC, and antagonism between OPC and the Agency's clandestine collection component, the Office of Special Operations. DCI Walter Bedell Smith acted to rectify both problems.

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<sup>4</sup> Congress in 1949 enacted legislation exempting the DCI from the necessity of accounting for specific disbursements.

As OPC continued to grow, Smith's predecessor, Admiral Hillenkoetter, resented the fact that he had no management authority over OPC, although its budget and personnel were being allocated through the CIA. Hillenkoetter's clashes with the State and Defense Departments as well as with Frank G. Wisner, the Director of OPC, were frequent. Less than a week after taking office, Smith announced that as DCI he would assume administrative control of OPC and that State and Defense would channel their policy guidance through him rather than through Wisner. On October 12, 1950, the representatives of State, Defense and the Joint Chiefs of Staff formally accepted the change. The ease with which the shift occurred was primarily a result of Smith's own position of influence with the Departments.

OPC's anomalous position in the Agency revealed the difficulty of maintaining two separate organizations for the execution of varying but overlapping clandestine activities. The close "tradecraft" relationship between clandestine collection and covert action, and the frequent necessity for one to support the other was totally distorted with the separation of functions in OSO and OPC. Organizational rivalry rather than interchange dominated the relationship between the two components.

On the operating level the conflicts were vicious. Each component had representatives conducting separate operations at each overseas station. Given the related missions of the two, OPC and OSO personnel were often competing for the same agents and, not infrequently, attempting to wrest agents from each other. In 1952 the outright hostility between the two organizations in Bangkok required the direct intervention of the Assistant Director for Special Operations, Lyman Kirkpatrick. There an important local official was closely tied to OPC, and OSO was trying to lure him into its employ.

Between 1950 and 1952 Smith took several interim steps to encourage coordination between the two components. In August 1952 OSO and OPC were merged into the Directorate for Plans (DDP). The lines between the OSO "collectors" and the OPC "operators" blurred rapidly, particularly in the field, where individuals were called upon to perform both functions.

The merger did not result in the dominance of one group over another; it resulted in the maximum development of clandestine operations over clandestine collection. For people in the field, rewards came more quickly through visible operational accomplishments than through the silent, long-term development of agents required for clandestine collection. In the words of one former high-ranking DDP official, "Collection is the hardest thing of all; it's much easier to plant an article in a local newspaper."

To consolidate the management functions required for the burgeoning organization, Smith created the Directorate for Administration (DDA). From the outset, much of the DDA's effort supported field activities. The Directorate was responsible for personnel, budget, security, and medical services Agency-wide. However, one quarter of DDA's total personnel strength was assigned to logistical support for overseas operations.

By 1953 the Agency had achieved the basic structure and scale it retained for the next twenty years. The Korean War, United States foreign policy objectives, and the Agency's internal organizational arrangements had combined to produce an enormous impetus for growth. The CIA was six times the size it had been in 1947.

Three Directorates had been established. The patterns of activity within each Directorate and the Directorates' relationships to one another had developed. The DDP commanded the major share of the Agency's budget, personnel, and resources; in 1952 clandestine collection and covert action accounted for 74 percent of the Agency's total budget;<sup>5</sup> its personnel constituted 60 percent of the CIA's personnel strength. While production rather than coordination dominated the DDI, operational activities rather than collection dominated the DDP. The DDI and the DDP emerged at different times out of disparate policy needs. They were, in effect, separate organizations. These fundamental distinctions and emphases were reinforced in the next decade.

#### B. THE DULLES ERA: 1953-1961

Allen W. Dulles' impact on the Central Intelligence Agency was perhaps greater than that of any other single individual. The source of his influence extended well beyond his personal qualities and inclinations. The composition of the United States Government, international events, and senior policymakers' perception of the role the Agency could play in United States foreign policy converged to make Dulles' position and that of the Agency unique in the years 1953 to 1961.

The election of 1952 brought Dwight D. Eisenhower to the presidency. Eisenhower had been elected on a strident anti-Communist platform, advocating an aggressive worldwide stance against the Soviet Union to replace what he described as the Truman Administration's passive policy of containment. Eisenhower cited the Communist victory in China, the Soviet occupation of Eastern Europe, and the Korean War as evidence of the passivity which had prevailed in the United States Government following World War II. He was equally passionate in his call for an elimination of government corruption and for removal of Communist sympathizers from public office.

This was not simply election rhetoric. The extent to which the urgency of the Communist threat had become a shared perception is difficult to appreciate. By the close of the Korean War, a broad consensus had developed about the nature of Soviet ambitions and the need for the United States to respond. The earlier fear of United States policymakers that the Soviet Union would provoke World War III had subsided. Gradually, the Soviet Union was perceived as posing a worldwide political threat. In the minds of government officials, members of the press, and the informed public, the Soviets would try to achieve their purposes by the penetration and subversion of governments all over the world. The accepted role of the United States was to prevent that expansion.

<sup>5</sup> This did not include DDA budgetary allocations in support of DDP operations.

Washington policymakers regarded the Central Intelligence Agency as a primary means of defense against Communism. By 1953, the Agency was an established element of government. Its contributions in the areas of political action and paramilitary warfare were recognized and respected. It alone could perform many of the kinds of activities seemingly required to meet the Soviet threat. For senior officials, covert operations had become a vital element in the pursuit of United States foreign policy objectives.

At this time, the CIA attracted some of the most able lawyers, academicians, and young, committed activists in the country. They brought with them professional associations and friendships which extended to the senior levels of government. The fact that Agency employees often shared similar wartime experiences, comparable social backgrounds, and then complementary positions with other government officials, contributed significantly to the legitimacy of and confidence in the Agency as an instrument of government. Moreover, these informal ties created a tacit understanding among policymakers about the role and direction of the Agency. At the working level, these contacts were facilitated by the Agency's location in downtown Washington. Housed in a sprawling set of buildings in the center of the city, Agency personnel could easily meet and talk with State and Defense officials throughout the day. The CIA's physical presence in the city gave it the advantage of seeming an integral part of, rather than a separate element of, the government.

A crucial factor in securing the Agency's place within the government during this period was the fact that the Secretary of State, John Foster Dulles, and the DCI were brothers. Whatever the formal relationships among the State Department, the NSC, and the Agency, they were superseded by the personal and working association between the brothers. Most importantly, both had the absolute confidence of President Eisenhower. In the day-to-day formulation of policy, these relationships were crucial to the Executive's support for the Agency, and more specifically, for Allen Dulles personally in the definition of his own role and that of the Agency.

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No one was more convinced that the Agency could make a special contribution to the advancement of United States foreign policy goals than Allen Dulles. Dulles came to the post of DCI in February 1953 with an extensive background in foreign affairs and foreign espionage, dating back to World War I. By the time of his appointment, his view of the CIA had been firmly established. Dulles' role as DCI was rooted in his wartime experience with OSS. His interests and expertise lay with the operational aspects of intelligence, and his fascination with the details of operations persisted.

Perhaps the most important effect of Dulles' absorption with operations was the impact it had on the Agency's relationship to the intelligence "community"—the intelligence components in State and Defense. As DCI Dulles did not assert his position or that of the Agency in attempting to coordinate departmental intelligence activities.

This, after all, had been a major purpose for the Agency's creation. Dulles' failure in this area constituted a lost opportunity. By the mid-

dle of the decade the Agency was in the forefront of technological innovation and had developed a strong record on military estimates. Conceivably, Dulles could have used these advances as bureaucratic leverage in exerting some control over the community. He did not. Much of the reason was a matter of personal temperament. Jolly, gregarious, and extroverted in the extreme, Dulles disliked and avoided confrontations at every level. In doing so, he failed to provide even minimal direction over the departmental intelligence components at a time when intelligence capabilities were undergoing dramatic changes.

### 1. *The Clandestine Service*<sup>5a</sup>

It is both easy to exaggerate and difficult to appreciate the place which the Clandestine Service secured in the CIA during the Dulles administration and, to a large extent, retained thereafter. The number and extent of the activities undertaken are far less important than the impact which those activities had on the Agency's institutional identity—the way people within the DDP, the DDI, and the DDA perceived the Agency's primary mission, and the way policymakers regarded its contribution to the process of government.

Covert action was at the core of this perception. The importance of covert action to the internal and external evaluation of the Agency was in large part derived from the fact that only the CIA could and did perform this function. Moreover, in the international environment of the 1950's Agency operations were regarded as an essential contribution to the attainment of United States foreign policy objectives. Although by 1954 the Soviet threat was redefined from military to political terms, the intensity of the conflict did not diminish. Political action, sabotage, support to democratic governments, counterintelligence—all this the Clandestine Service could provide.

The Agency also benefited from what were regarded as its operational "successes" in this period. In 1953 and 1954 two of the Agency's boldest, most spectacular covert operations took place—the overthrow of Premier Mohammed Mossadegh in Iran and the coup against President Jacobo Arbenz Guzman of Guatemala. Both were quick and bloodless operations that removed two allegedly Communist-associated leaders from power and replaced them with pro-Western officials. Out of these early achievements both the Agency and Washington policymakers acquired a sense of confidence in the CIA's capacity for operational success.

The DDP's major expansion in overseas stations and in the establishment of an infrastructure for clandestine activities had taken place between 1950 and 1952. In the decade of the 1950's the existing structure made possible the development of continuous foreign intelligence, counterintelligence, political action, and propaganda activities.

Policymakers' perception of covert action as the CIA's primary mission was an accurate reflection of the Agency's internal dynamics. Between 1953 and 1962, the Clandestine Service occupied a preeminent position in the CIA. First, it had the consistent attention of the DCI.

<sup>5a</sup> The term "Clandestine Service" is used synonymously with the Deputy Directorate for Plans. Although Clandestine Service has never been an official designation, it is common usage in the intelligence community and appears as such in the Select Committee's hearings.

Second, the DDP commanded the major portion of resources in the Agency. Between 1953 and 1961 clandestine collection and covert action absorbed an average of 54 percent of the Agency's total annual budget.<sup>6</sup> Although this represented a reduction from the period of the Korean War, DDP allocations still constituted the majority of the Agency's expenditures. Likewise, from 1953 to 1961, the DDP gained nearly 2,000 personnel. On its formal table of organization, the DDP registered an increase of only 1,000. However, increases of nearly 1,000 in the logistics and communications components of the DDA represented growth in support to Clandestine Service operations.

Within the Agency the DDP was a Directorate apart. As the number of covert action projects increased, elaborate requirements for secrecy developed around operational activities. The DDP's self-imposed security requirements left it exempt from many of the Agency's procedures of accountability. Internally, the DDP became a highly compartmented structure, where information was limited to small groups of individuals based primarily on a "need to know" principle.

The norms and position of the Clandestine Service had important repercussions on the execution of the CIA's intelligence mission in the 1953 to 1962 period. Theoretically, the data collected by the DDP field officers should have served as a major source for DDI analysis. However, strict compartmentation prevented open contact between DDP personnel and DDI analysts. Despite efforts in the 1960's to break down the barriers between the Directorates, the lack of real interchange and interdependence persisted.

In sum, the DDP's preeminent position during the period was a function of several factors, including policymakers' perception of the Agency primarily in operational terms, the proportion of resources which the Clandestine Service absorbed, and the time and attention which the DCI devoted to operations. These patterns solidified under Dulles and in large part account for the DDP's continued primacy within the Agency.

## *2. Intelligence Production*

In the decade of the 1950's the CIA was the major contributor to technological advances in intelligence collection. At the same time DDI analysts were responsible for methodological innovations in strategic assessments. Despite these achievements, CIA's intelligence was not serving the purpose for which the organization had been created—informing and influencing policymaking.

By 1960 the Agency had achieved significant advances in its strategic intelligence capability. The development of overhead reconnaissance, beginning with the U-2 aircraft and growing in scale and sophistication with follow-on systems, generated information in greater quantity and accuracy than had ever before been contemplated. Basic data on the Soviet Union beyond the reach of human collection, such as railroad routes, construction sites, and industrial concentrations became readily available.

Analysts in the Office of National Estimates began reevaluating assumptions regarding Soviet strategic capabilities. This reevaluation resulted in reduced estimates of Soviet missile deployments at a time when the armed services and members of Congress were publicly

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<sup>6</sup> This did not include DDA budgetary allocations in support of DDP operations.



proclaiming a "missile gap" between the United States and the Soviet Union.

A final element contributed to the Agency's estimative capability: material supplied by Oleg Penkovsky. Well-placed in Soviet military circles, Penkovsky turned over a number of classified documents relating to Soviet strategic planning and capabilities. These three factors—technological breakthrough, analytic innovation, and the single most valuable Soviet agent in history—converged to make the Agency the most reliable source of intelligence on Soviet strategic capabilities in the government.

Yet the entrenched position of the military services and the Agency's own limited charter in the area of military analysis made it difficult for the Agency to challenge openly the intelligence estimates of the services. The situation was exacerbated by Dulles' own disposition. As DCI he did not associate himself in the first instance with intelligence production and did not assume an advocacy role in extending the Agency's claims to military intelligence.

Strategic intelligence, although a significant portion of the DDI's production effort, constituted a particular problem. A broader problem involved the overall impact of intelligence on policy. The CIA had been conceived to provide high-quality national intelligence estimates to policymakers. However, the communication and exchange necessary for analysts to calibrate, anticipate and respond to policymakers' needs never really developed.

The size of the Directorate for Intelligence constituted a major obstacle to the attainment of consistent interchange between analysts and their clients. In 1955 there were 466 analysts in ORR, 217 in OCI, and 207 in OSI. The process of drafting, reviewing and editing intelligence publications involved large numbers of individuals each of whom felt responsible for and entitled to make a contribution to the final product. Yet without access to policymakers, analysts did not have an ongoing accurate notion of how the form and substance of the intelligence product might best serve the needs of senior officials. The product itself—as defined and arbitrated among DDI analysts—became the end rather than the satisfaction of specific policy needs.

The establishment of the Office of National Estimates was an attempt to insure direct interaction between senior level officials and the Agency. However, by the mid-1950's even its National Intelligence Estimates showed signs of being submerged in the second-level paper traffic that was engulfing the intelligence community. Between 1955 and 1956 a senior staff member in ONE surveyed the NIEs' readership by contacting executive assistants and special assistants of the President and cabinet officers, asking if the NIEs were actually placed on their superiors' desks. The survey revealed that senior policymakers were not reading the NIEs. Instead, second and third-level officials used the estimates for background information in briefing senior officials. The failure of the NIEs to serve their fundamental purpose for senior officials was indicative of the overall failure of intelligence to influence policy.

### *3. The Community Coordination Problem*

Dulles' neglect of the community management or coordination aspect of his role as DCI was apparent to all who knew and worked with

him. His reluctance to assume an aggressive role in dealing with the military on the issue of military estimates was closely tied to his lack of initiative in community-related matters. Unlike Bedell Smith before him and John McCone after him, Dulles was reluctant to take on the military.

The development of the U-2 and follow-on systems had an enormous impact on intelligence-collection capabilities and on the Agency's relative standing in the intelligence community. Specifically, it marked the Agency's emergence as the intelligence community's leader in the area of overhead reconnaissance.

At a time when the CIA was reaping the benefits of overhead reconnaissance and when the DDI's estimates on Soviet missiles were taking issue with the services' judgments, Dulles could have been far more aggressive in asserting the Agency's position in the intelligence community and in advancing his own role as coordinator.

As the community became larger and as technical systems came to require very large budgetary allocations, the institutional obstacles to interdepartmental coordination increased. By not acting on the opportunity he had, Dulles allowed departmental procedures, specifically those in the military's technical collection programs, to become more entrenched and routinized, making later attempts at coordination more difficult.

The coordination problem did not go unnoticed during Dulles' term, and there were several attempts within Congress and the Executive to direct Dulles' attention to the DCI's community responsibility. The efforts were unsuccessful both because of Dulles' personal disposition and because of the inherent weakness of the mechanisms established to strengthen the DCI's position in the community.

In January 1956, President Eisenhower created the President's Board of Consultants on Foreign Intelligence Activities (PBCFIA). In May, 1961 it was renamed the President's Foreign Intelligence Advisory Board (PFIAB). Composed of retired senior government officials and members of the professions, the Board was to provide the President with advice on intelligence matters. As a deliberative body it had no authority over either the DCI or the community. Thus, the Board had little impact on the administration of the CIA or on the other intelligence services. The Board did identify the imbalance in Dulles' role as DCI, and in December 1956 and again in December 1958 it recommended the appointment of a chief of staff for the DCI to handle the Agency's internal administration. In 1960, the PBCFIA suggested the possibility of separating the DCI from the Agency to serve as the President's intelligence advisor and to coordinate community activities. Nothing resulted from these recommendations.

In 1957, the Board recommended the merger of the United States Communications Intelligence Board with the Intelligence Advisory Committee.<sup>7</sup> This proposal was intended to strengthen the DCI's

<sup>7</sup> The USCIB was established in 1946 to advise and make recommendations on communications intelligence to the Secretary of Defense. USCIB's membership included the Secretaries of State, Defense, the Director of the FBI, and representatives of the Army, Navy, Air Force, and CIA. USCIB votes were weighted. Representatives of State, Defense, the FBI, and CIA each had two votes; other members had one. Although the DCI sat on the Committee, he had no vote.

authority, and it resulted in the creation in the following year of the United States Intelligence Board (USIB) with the DCI as chairman.

Like the IAC, however, USIB was little more than a super-structure. It had no budgetary authority; nor did it provide the DCI with any direct control over the components of the intelligence community. The separate elements of the community continued to function under the impetus of their own internal drives and mission definitions. Essentially, the problem that existed at the time of the creation of the CIG remained.

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From 1953 to 1961 a single Presidential administration and consistent American policy objectives which had wide public and governmental support contributed to a period of stability in the Agency's history. The internal patterns that had begun to emerge at the close of the Korean War solidified. The problems remained much the same.

The inherent institutional obstacles to management of the community's intelligence activities combined with Dulles' failure to assert the Agency's and the DCI's coordination roles allowed the perpetuation of a fragmented government-wide intelligence effort. The CIA's own intelligence production, though distinguished by advances in technical collection and in analysis, had not achieved the consistent policy support role that the Agency's creation had intended to provide.

Dulles' marked orientation toward clandestine activities, his brother's position as Secretary of State, and cold war tensions combined to maximize the Agency's operational capability. In terms of policymakers' reliance on the CIA, allocation of resources, and the attention of the Agency's leadership, clandestine activities had overtaken intelligence analysis as the CIA's primary mission.

### C. CHANGE AND ROUTINIZATION: 1961-1970

In 1961 cold war attitudes continued to dominate the foreign policy assumptions of United States policymakers. In the early part of the decade American confidence and conviction were manifested in an expansive foreign policy that included the abortive Bay of Pigs landing, a dramatic confrontation with the Soviet Union over the installation of Soviet missiles in Cuba, increased economic assistance to underdeveloped countries in Latin America and Africa, and rapidly escalating military activities in Southeast Asia.

Although the American presence in Vietnam symbolized U.S. adherence to the strictures of the Cold War, perceptions of the Soviet Union began to change by the middle of the decade. The concept of an international monolith broke down as differences between the U.S.S.R. and China emerged. Moreover, the strategic arms competition assumed increased importance in relations between the two countries.

The CIA was drawn into each major development in United States policy. As in the previous decade, operations dominated policymakers' perceptions of the Agency's role. The United States' interventionist policy fostered the CIA's utilization of its existing capabilities as well as the development of paramilitary capabilities in support of American counterinsurgency and military programs. At the same time the Agency's organizational arrangements continued to create an independent dynamic for operations.

The most significant development for the Agency in this period was the impact of technological capabilities on intelligence production. These advances resulted in internal changes and forced increased attention to coordination of the intelligence community. The costs, quality of intelligence and competition for deployment generated by technical collection systems necessitated a working relationship among the departmental intelligence components to replace the undirected evolution that had marked the previous decade. Despite the Agency's internal adjustments and attempts to effect better management in the community, the CIA's fundamental structure, personnel, and incentives remained rooted in the early 1950's.

### *1. The Directors of Central Intelligence, 1961-1970*

John A. McCone came to the Central Intelligence Agency as an outsider in November 1961. His background had been in private industry, where he had distinguished himself as a corporate manager. He also held several government posts, including Under Secretary of the Air Force and Chairman of the Atomic Energy Commission. McCone brought a quick, sharp intellect to his job as DCI, and his contribution lay in attempting to assert his role and that of the Agency in coordinating intelligence activities among the Departments. Much of his strength in the intelligence community derived from the fact that he was known to have ready access to President Kennedy. McCone resigned from the Agency in April 1965, precisely because Lyndon Johnson had not accorded him similar stature.

Admiral William F. Raborn served as DCI for only a year. He left in June 1966, and his impact on the Agency was minimal.

Richard M. Helms came to the position of DCI after twenty years in the Clandestine Service. Just as Allen Dulles had identified himself with the intelligence profession, Helms identified himself with the Agency as an institution. Having served in a succession of senior positions, Helms was a first-generation product of the Agency, and he commanded the personal and professional respect of his contemporaries. Helms' orientation remained on the operations side, and he did not actively pursue the DCI's role as a coordinator of intelligence activities in the community.

### *2. The Effort at Management Reform*

The Bay of Pigs fiasco had a major impact on President Kennedy's thinking about the intelligence community. He felt he had been poorly served by the experts and sought to establish procedures that would better insure his own acquisition of intelligence. In short, Kennedy defined a need for a senior intelligence officer and in so doing assured John McCone an influential position in policymaking. Kennedy's definition of the DCI's position emphasized two roles: coordinator for the community, and principal intelligence adviser to the President. At the same time, Kennedy directed McCone to delegate the internal management of the Agency to a deputy director. Although McCone agreed with Kennedy's concept of the DCI's job and vigorously pursued the objectives, the results were uneven.

To carry out the management function in the Agency, McCone created a senior staff. The principal officer was the Executive Director-Comptroller, who was to assume responsibility for day-to-day ad-

ministratoin.<sup>8</sup> The arrangement did not free the DCI from continuing involvement in Agency-related matters, particularly those concerning the Clandestine Service. The nature of clandestine operations, the fact that they involved and continue to involve people in sensitive, complicated situations, demanded that the Agency's senior officer assume responsibility for decisions. A former member of McCone's staff estimates that despite the DCI's community orientation, he spent 90 percent of his total time on issues related to clandestine operations.

The establishment of the office of National Intelligence Programs Evaluation (NIPE) in 1963 was the first major effort by a DCI to insure consistent contact and coordination with the community. Yet, from the outset McCone accepted the limitations on his authority; although Secretary of Defense Robert McNamara agreed to provide him with access to the Defense Department budget (which still constitutes 80 percent of the intelligence community's overall budget), McCone could not direct or control the intelligence components of the other departments. The NIPE staff directed most of its attention to sorting out intelligence requirements through USIB and attempting to develop a national inventory for the community, including budget, personnel and materials. Remarkably, this had never before been done.

The most pressing problem for the community was the adjustment to the impact of technical collection capabilities. The large budgetary resources involved, and the value of the data generated by overhead reconnaissance systems precipitated a major bureaucratic battle over their administration and control. From 1963 to 1965, much of McCone's and the senior NIPE staff officer's community efforts were directed toward working out an agreement with the Air Force on development, production, and deployment of overhead reconnaissance systems.

In 1961 the Agency and the Air Force had established a working relationship for overhead reconnaissance systems through a central administrative office, whose director reported to the Secretary of Defense but accepted intelligence requirements through USIB. By informal agreement, the Air Force provided launchers, bases, and recovery capability for reconnaissance systems, while the Agency was responsible for research, development, contracting, and security. Essentially, the agreement allowed the Agency to decide which systems would be deployed, and the Air Force challenged the CIA's jurisdiction.

A primary mission was at stake in these negotiations, and the struggle was fierce on both sides. Control by one agency or another did not involve only budgets and manpower. Since the Air Force and CIA missions were very different, a decision would affect the nature of the reconnaissance program itself—tactical or national intelligence priorities, the frequency and location of overflights, and the use of data.

The agreement that emerged in 1965 attempted to balance the interests of both the Air Force and the CIA. A three-person Executive Committee (EXCOM) for the administration of overhead reconnaissance was established. Its members included the DCI, an Assistant Secretary of Defense, and the President's Scientific Advisor. The EXCOM reported to the Secretary of Defense, who was assigned primary administrative authority for overhead reconnaissance systems. The

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<sup>8</sup> Other changes included placing the General Counsel's office, the Audit Staff, and the Office of Budget, Program Analysis and Manpower directly under the DCI.

arrangement recognized the DCI's authority as head of the community to establish collection requirements in consultation with USIB; it also gave him responsibility for processing and utilizing data generated by overhead reconnaissance. In the event that he did not agree with a decision made by the Secretary of Defense, the DCI was given the right to appeal to the President.

The agreement represented a compromise between Air Force and CIA claims and provided substantive recognition of the DCI's national intelligence responsibility. As a structure for decisionmaking, it has worked well. However, it has not rectified the inherent competition over technical collection systems that has come to motivate the intelligence process. The development of these systems has created intense rivalry, principally between the Air Force and the Agency, over program deployments. With so much money and manpower at stake with each new system, each organization is eager to gain the benefits of successful contracting. As a result, the accepted solution to problems with the intelligence product has come to be more collection rather than better analysis.

After 1965 efforts to impose some direction on the community did not receive consistent attention from DCIs Raborn and Helms. The DCIs' priorities, coupled with the inherent bureaucratic obstacles and the burden of Vietnam, relegated the problem of coordination to a low priority.

### *3. The Intelligence Function*

Internally, the Agency was also adjusting to the impact of technical and scientific advances. In 1963, the Directorate for Science and Technology (DDS&T) was created. Previously, scientific and technical intelligence production had been scattered among the other three directorates. The process of organizing an independent directorate meant wresting manpower and resources from the existing components. Predictably, the resistance was considerable, and a year and a half passed between the first attempts at creating the Directorate and its actual establishment.

The new component included the Office of Scientific Intelligence and the office of ELINT (electronic intercepts) from DDI, the Data Processing Staff from DDA, the Development Projects Division (responsible for overhead reconnaissance) from the DDP, and a newly created Office of Research and Development. Later in 1963, the Foreign Missile and Space Analysis Center was added. The Directorate's specific functions included, and continue to include, research, development, operation, data reduction, analysis, and contributions to National Intelligence Estimates.

The Directorate was organized on the premise that close cooperation should exist between research and application on the one hand, and technical collection and analysis on the other. This close coordination along with the staffing and career patterns in the Directorate have contributed to the continuing vitality and quality of the DDS&T's work.

The DDP began and remained a closed, self-contained component; the DDI evolved into a closed, self-contained component. However, the DDS&T was created with the assumption that it would continue to rely on expertise and advice from outside the Agency. A number of

arrangements insured constant interchanges between the Directorate and the scientific and industrial communities. First, since all research and development for technical systems was done through contracting, the DDS&T could draw on and benefit from the most advanced technical systems nationwide. Second, to attract high-quality professionals from the industrial and scientific communities, the Directorate established a competitive salary scale. The result has been personnel mobility between the DDS&T and private industry. It has not been unusual for individuals to leave private industry, assume positions with DDS&T for several years, then return to private industry. This pattern has provided the Directorate with a constant infusion and renewal of talent. Finally, the Directorate established the practice of regularly employing advisory groups as well as fostering DDS&T staff participation in conferences and seminars sponsored by professional associations.

The Agency's intelligence capabilities expanded in another direction. Although in the 1953-1961 period, the Agency had made some contributions to military intelligence, it had not openly challenged the Defense Department's prerogative in this area. In the early 1960's that opportunity came. By 1962, Secretary of Defense Robert McNamara's dissatisfaction with the quality of military estimates led him to begin tapping the Agency's analytic capabilities. Specifically, McNamara requested special estimates from the Agency and included Agency personnel in community-wide exercises in long-term Soviet force projections. McNamara's initiatives provided the CIA with leverage against the military services' dominance in strategic intelligence. The Secretary's actions, together with McCone's insistence on the DCI's need for independent judgments on military matters, resulted in the Agency's expanded analytic effort in strategic intelligence.

In 1962, the Office of Current Intelligence established a military intelligence division, and five years later the military intelligence units of OCI and ORR were combined into a separate office, the Office of Strategic Research (OSR).

During this period economic intelligence grew in importance. In the decade of the 1950's economic research had concentrated on analysis related to the Soviet Union and its "satellites." With the emergence of independent African nations in the early 1960's, and the view that the U.S.S.R. would engage in political and economic penetration of the fledgling governments, demands for information on the economies of these countries developed. Likewise, the growing economic strength of Japan and the countries of Western Europe produced a related decline in the U.S. competitive posture and reflected the growing inadequacy of the dollar-dominated international monetary system. Economic analysts found themselves called upon for detailed research on these countries as trading partners and rivals of the United States. In 1967 an independent Office of Economic Research (OER) succeeded ORR.

#### *4. The Paramilitary Surge*

The Clandestine Service continued to dominate the Agency's activities during this period. In budget, manpower, and degree of DCI attention accorded the DDP, clandestine operations remained the CIA's most consuming mission. The policies and operational prefer-

ences of the Executive branch dictated the Agency's emphasis in clandestine activities.

Evidence of Communist guerrilla activities in Southeast Asia and Africa convinced Kennedy and his closest advisers of the need for the United States to develop an unconventional warfare capability. "Counterinsurgency," as the U. S. effort was designated, aimed at preventing communist-supported military victories without precipitating a major Soviet-American military confrontation.

As part of this effort, the Agency, under the direction of the Kennedy Administration, initiated paramilitary operations in Cuba, Laos, and Vietnam. Following the Bay of Pigs, attempts to undermine the government of Cuban Premier Fidel Castro continued with Operation MONGOOSE. Conducted between October 1961 and October 1962, MONGOOSE consisted of paramilitary, sabotage, and political propaganda activities. The Agency's large-scale involvement in Southeast Asia began in 1962 with programs in Laos and South Vietnam. In Laos, the Agency implemented air supply and paramilitary training programs, which gradually developed into full-scale management of a ground war. Between 1962 and 1965, the Agency worked with the South Vietnamese government to organize police forces and paramilitary units.

In the remainder of the decade, Vietnam dominated the CIA just as it did other government agencies. In both the DDP and the DDI, the CIA's resources were directed toward supporting and evaluating the U.S. effort in Vietnam. For the Agency and the DCI, it was a contradictory position, one which left the institution and the man vulnerable to the pressures of conflicting purposes.

On the one hand, the DDP was supporting a major paramilitary operation, which, at its peak in 1970, involved 700 people, 600 of whom were stationed in Vietnam, the rest at headquarters.<sup>9</sup> Stated in other terms, 12 percent of the DDP's manpower was devoted to Vietnam. Clearly, the Agency's stake in the operational side of the war was significant.

At the same time, the analysts were also drawn into the war. After the initiation of the bombing campaign against North Vietnam in 1965, the Agency began receiving requests for assessments of the campaign's impact. By 1966, both the Office of Research and Reports and the Office of Current Intelligence had established special staffs to deal with Vietnam. In addition, the Special Assistant for Vietnam Affairs (SAVA) staff was created under the direction of the DCI. The total number of DDI analysts involved was 69.

While the DDP effort was increasing in proportion to the American military buildup, DDI estimates painted a pessimistic view of the likelihood of U.S. success with successive escalations in the ground and air wars.<sup>10</sup> At no time was the institutional dichotomy between the operational and analytical components more stark.

The Agency's involvement in Southeast Asia had long-term effects on the institution. In particular, it determined the second-generation

<sup>9</sup> By 1965, the demands for personnel were so great that each DDP component was levied on a quota basis to contribute personnel.

<sup>10</sup> There were exceptions to this. The SAVA group produced some positive estimates of the bombing.



leadership group within the Agency. By 1970, the first generation of Agency careerists was beginning to reach retirement age and vacancies were opening in senior-level positions. In both the DDP and the DDI, many of those positions were filled by individuals who had distinguished themselves in Southeast Asia-related activities. In the Clandestine Service, men who spent considerable time in the Far East have gone on to become a former DCI, the present Deputy Director for Operations,<sup>11</sup> the present Chief of the Western Hemisphere Division, the Chief of the Counterintelligence Staff, and the present Deputy Chief of the Soviet/East European Division. On the DDI side, the present Assistant Deputy Director for Intelligence and the Chief National Intelligence Officer<sup>12</sup> were all involved in Vietnam assessments at the height of the war. Clearly, the rewards were considerable for participation in a major operation.

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The decade of the 1960's brought increased attention to the problem of coordinating intelligence activities in the community but illustrated the complex difficulties involved in effective management. Departmental claims, the orientation of the DCI, the role accorded him by the President, and the demands of clandestine operations all affected the execution of the coordination role. Although policymakers were inconsistent in their utilization of the Agency's intelligence analysis capability, all continued to rely heavily on the CIA's operational capability in support of their policies. That fact established the Agency's own priorities and reinforced the existing internal incentives. Despite the Agency's growing sophistication and investment in technological systems, clandestine activities continued to constitute the major share of the Agency's budget and personnel. Between 1962 and 1970 the DDP budget averaged 52 percent of the Agency's total annual budget.<sup>13</sup> Likewise, in the same period, 55 percent of full-time Agency personnel were assigned to DDP activities.<sup>14</sup> Essentially, the pattern of activity that had begun to emerge in the early 1950's and that became firmly established under Dulles continued.

#### D. THE RECENT PAST: 1971-1975

The years 1971 to 1975 were a period of transition and abrupt change for the CIA. The scale of covert operations declined, and in the Executive branch and at the senior level of the Agency growing concern developed over the quality of the intelligence product and the management of the intelligence community's resources. However, external pressures overshadowed initial attempts at reform.

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<sup>11</sup> In 1973 DCI James Schlesinger changed the name of the Clandestine Service from the Directorate for Plans to the Directorate for Operations (DDO).

<sup>12</sup> See page 123 of this section for discussion of National Intelligence Officers.

<sup>13</sup> This does not include the proportion of the DDA budget that supported DDP activities.

<sup>14</sup> This figure includes those individuals in the communications and logistics components of the DDA, whose activities were in direct support of the DDP mission.

By the start of the decade broad changes had evolved in American foreign policy. Dissension over Vietnam, the Congress' more assertive role in foreign policy, and shifts in the international power structure had eroded the assumptions on which U.S. foreign policy had been based. The consensus that had existed among the press, the informed public, the Congress, and the Executive branch and that had both supported and protected the CIA broke down. As conflicting policy preferences emerged and as misconduct in the Executive branch was revealed, the CIA, once exempt from public examination, became subject to close scrutiny.

### *1. The Directors of Central Intelligence, 1973-1975*

James R. Schlesinger's tenure as DCI from February to July 1973 was brief but significant. An economist by training and long an observer of the intelligence community through his extensive experience in national security affairs, Schlesinger came to the CIA with definite ideas on restructuring the management of the community and on improving the quality of intelligence. During his six month term he embarked on changes that promised to alter the DCI's and the Agency's existing priorities.

William E. Colby succeeded Schlesinger. An attorney, OSS veteran, and career DDP officer, Colby's background made him seem of the traditional operations school in the Agency. His overseas assignments included positions in Rome, Stockholm, and Saigon, where he was Chief of Station. Yet Colby brought an Agency-wide and community orientation to his term as DCI that was uncommon for DDP careerists. Soon after his appointment the Agency became the focus of public and Congressional inquiries, and most of Colby's time was absorbed in responding to these developments.

### *2. Efforts at Change*

Foreign affairs were a continuing priority in the Nixon Administration. Until 1971, Vietnam absorbed most of the time and attention of the President and his Assistant for National Security Affairs, Henry Kissinger. After 1971, both turned to a redefinition of U.S. foreign policy. Sharing a global view of U.S. policy, the two men sought to restructure relationships with the Soviet Union and with the People's Republic of China. It was Kissinger rather than Richard Helms who served as President Nixon's intelligence officer. Kissinger provided Nixon with daily briefings and relied on the staff of the National Security Council for intelligence analysis.

Both men's preference for working with (and often independently of) small, tightly managed staffs is well known. However, both were genuinely interested in obtaining more and better quality intelligence from the CIA. In December 1970, Nixon requested a study of the intelligence community. Executed by James Schlesinger, then Assistant Director of the Bureau of the Budget, the study resulted in the Presidential directive of November 5, 1971, assigning the DCI responsibility for review of the intelligence community budget. The intention was that the DCI would advise the President on community-wide budgetary allocations by serving in a last review capacity. The effort faltered for two reasons. First, Nixon chose not to request Congressional enactment of revised legislation extending the authority of the DCI. The

decision inherently limited the DCI's ability to exert control over the intelligence components. Thus, the DCI was once again left to arbitrate as one among equals. Second, the implementation of the directive was less energetic and decisive than it might have been. Helms did not attempt to make recommendations on budgetary allocations and instead, presented the President with the agreed views of the representatives of the departmental intelligence components. Furthermore, within the Agency, the mechanism for assisting the DCI in community matters was weak. Early in 1972 Helms established the Intelligence Community (IC) Staff as a replacement for the NIPE staff to assist in community matters. Between the time of the decision to create such a staff and its actual organization, the number of personnel assigned was halved.

It is likely that had James Schlesinger remained as DCI, he would have assumed a vigorous role in the community, and would have attempted to exercise the DCI's implied authority. Schlesinger altered the composition of the IC staff by reducing the number of CIA personnel and increasing the number of non-Agency personnel to facilitate the staff's contacts with the community. Schlesinger's primary concern was upgrading the quality of the Agency's intelligence analysis, and he had begun to consider changes in the Office of National Estimates. In addition, he made considerable reductions in personnel—with most of the cuts occurring in the DDO.<sup>14a</sup>

Under Colby, attempts at innovation continued. Colby abolished the Office of National Estimates and replaced it with a group of eleven senior specialists in functional and geographical areas known as National Intelligence Officers (NIOs). NIOs are responsible for intelligence collection and production in their designated fields, and the senior NIO is directly responsible to the DCI. The purpose of the NIO system was to establish better communication and interchange between policymakers and analysts than had been the case with the Office of National Estimates.

These changes were accompanied by shifts in emphasis in the DDO and the DDI. In the Clandestine Service the scale of covert operations was reduced, and by 1972 the Agency's paramilitary program in Southeast Asia was dissolved. Yet, the overall reduction did not affect the fundamental assumptions, organization, and incentives governing the DDO. Indeed, in 1975 clandestine activities still constituted 37 percent of the Agency's total budget.<sup>15</sup> The rationale remains the same, and the operational capability is intact—as CIA activities in Chile illustrated. While Soviet strategic capabilities remain the first priority for clandestine collection requirements, in response to recent international developments, the DDO has increased its collection activities in the areas of terrorism and international narcotics traffic—with considerable success.

In the DDI, economic intelligence has continued to assume increased importance and taken on new dimensions. In sharp contrast to the British intelligence service, which has for generations emphasized international economics, the DDI only recently has begun developing a capability in such areas as international finance, the gold market,

<sup>14a</sup> See footnote, p. 121.

<sup>15</sup> This does not include DDA budgetary allocations in support of DDO activities.

and international economic movements. The real impetus for this change came in August 1971 with the U.S. balance of payments crisis. Since that time, and with subsequent international energy problems, the demands for international economic intelligence have escalated dramatically.

The Agency's technological capabilities have made a sustained contribution to policymaking. By providing the first effective means of verification, CIA's reconnaissance systems facilitated the United States' participation in arms control agreements with the Soviet Union, beginning with the 1972 Interim Agreement limiting strategic arms.

In December 1974 these developments and the impetus for change begun under Schlesinger were overtaken by public revelations of alleged CIA domestic activities. What had been a consensual acceptance of the CIA's right to secrecy in the interests of national security was rejected. The Agency's vulnerability to these public revelations was indicative of the degree to which American foreign policy and the institutional framework that supported that policy were undergoing redefinition.

#### E. CONCLUSION

A brief history cannot catalogue the many shifts in the numerous CIA subdivisions over a period of nearly thirty years. Instead, this summary has attempted to capture the changes in the CIA's main functional areas. Sharing characteristics common to most large, complex organizations, the CIA has responded to, rather than anticipated, the forces of change; it has accumulated functions rather than redefining them; its internal patterns were established early and have solidified; success has come to those who have made visible contributions in high-priority areas. These general characteristics have affected the specifics of the Agency's development:

—The notion that the CIA could serve as a coordinating body and that the DCI could orchestrate the process did not take into account inherent institutional obstacles. Vested departmental interests and the Departments' control over budget and management choices frustrated the Agency's and the DCI's ability to execute the coordination function. These limitations exist today, when the resources and complexities of administration have escalated dramatically.

—The DDO and the DDI evolved out of separate, independent organizations, serving different policy needs. Strict compartmentation in the DDO reinforced the separation. The two components were not mutually supportive elements in the collection and analysis functions.

—The activities of the Clandestine Service have reflected not what the Agency can do well but what the demands of American foreign policy have required at particular times. The nature of covert operations, the priority accorded them by senior policymakers, and the orientation and background of some DCIs have made the clandestine mission the preeminent activity within the organization.

—The qualities demanded of individuals in the Clandestine Service—essentially management of people, provide the basis for bureaucratic skills in the organization. These skills account for the fact that those DCIs who have been Agency careerists have all come from the DDO.

—Growth in the range of American foreign policy interests and the DDI's response to additional requirements have resulted in an increased scale of collection and analysis. Rather than rectifying the problem of duplication the Agency has contributed to it by becoming yet another source of intelligence production. The DDI's size and the administrative process involved in the production of finished intelligence precluded close association between policymakers and analysts, between the intelligence product and policy informed by intelligence analysis.

The relationship between intelligence analysis and policymaking is a reciprocal one. The creation of the NIO system was in part a recognition of the need for close interaction between analysts and their clients. If intelligence is to influence policy and if policy needs are to direct intelligence priorities, senior policymakers must actively utilize the intelligence capabilities at their disposal. For policymakers not to do so only wastes resources and encourages lack of direction in intelligence production. Likewise, the Director of Central Intelligence or his successor for management of the community must assign priority attention to the roles of principal intelligence advisor to the President and head of the intelligence community. History has demonstrated that the job of the DCI as community manager and as senior official of the Agency are competing, not complementary roles. In the future separation of the functions may prove a plausible alternative.

Clandestine activities will remain an element of U.S. foreign policy, and policymakers will directly affect the level of operations. The prominence of the Clandestine Service within the Agency may moderate as money for and high-level Executive interest in covert actions diminish. However, DDO incentives which emphasize operations over collection and which create an internal demand for projects will continue to foster covert action unless an internal conversion process forces a change.

Over the past thirty years the United States has developed an institution and a corps of individuals who constitute the U.S. intelligence profession. The question remains as to how both the institution and the individuals will best be utilized.

