

The Origins of the CIA and the Non-Strategic Development of U.S. Political Warfare, 1946-47

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Over the past six decades the Central Intelligence Agency has become notorious for its covert political warfare capability.¹ However, the acquisition of an offensive capability was not even a consideration when the Agency was originally established during 1946 and 1947. Some historians have, to varying degrees, implied that the CIA was always intended to intervene abroad through clandestine political actions. For instance, historian Rhodri Jeffreys-Jones has contended “that covert political action was already on the agenda during the CIA’s 1946-47 gestation period.” Evidence of this has been located in Washington’s rapid development of political warfare machinery in the late 1940s to pursue an offensive programme of operations against Soviet power within the context of the early Cold War.² Continuity has also been suggested between American wartime efforts to subvert Nazism and the application of subversive operations against the Soviet bloc by American peacetime intelligence agencies through the prevailing existence of a “Donovan tradition” rooted in the wartime Office of Strategic Services.³

Recent scholarship has also increasingly addressed the gap in the historiography of broad Cold War narratives provided by prominent historians like John Lewis Gaddis and Melvyn Leffler. These grand narratives tend to give fleeting mention to the covert plane of the early Cold War, focussing instead on the overt world of diplomatic, economic and military policy.⁴ In the last decade several historians have begun to address this by exploring the origins of the CIA and the inauguration of the U.S. political warfare campaign against the Soviet bloc in the late 1940s.⁵

Despite much progress being made, important distinctions that characterised the emergence of American plans to subvert Soviet power in the late 1940s still require greater historical attention. The full political warfare capability was only sanctioned by Truman’s National Security Council (NSC) after the founding of the CIA. Under top-secret directives beginning with NSC 4-A and NSC 10/2 the Agency gradually evolved its political warfare capacity and mission. When originally founded the CIA and its forerunner CIG were established to undertake other roles and not to wage an offensive

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programme of operations abroad.⁶ There was significant discontinuity between wartime clandestine warfare and the founding of CIG/CIA, as well as between the Agency's nascent period and its experience as a political warfare unit. The distinction drawn out in this study illuminates the lack of a long-term approach by the United States towards waging political warfare. This in turn helps to demonstrate a fundamental but largely underestimated aspect of the early Cold War- that the American challenge to Soviet power in this period was often characterised by bureaucratic disorganisation and strategic incoherence.

On the organisational level, disunity undermined the creation of sound and centralised machinery to conduct political warfare operations.⁷ The fragmented bureaucracy exacerbated an even more significant flaw in the U.S. approach to the early Cold War. During the late 1940s policymakers in Washington failed to devise an effective peacetime political warfare strategy capable of successfully waging and winning the Cold War. Attempts were made, particularly by the famed head of the State Department's Policy Planning Staff George F. Kennan, to provide a strategic basis for an American political warfare campaign. But although Truman officials gradually authorised the means of waging a Cold War offensive against the Soviet bloc, this was never adequately tied into clearly defined and achievable methodologies and objectives.

The absence of a political warfare agenda at the CIA's outset is an important but often overlooked factor that impacted upon the application and success of the political warfare operations conducted later by the United States. It is striking that the Agency initially did not pursue a political warfare agenda, but in contrast, resisted such a role under Directors of Central Intelligence Roscoe Hillenkoetter and Walter Bedell Smith. Only when Allen Dulles was appointed DCI in early 1953 did the Agency finally and unequivocally embrace its mandate to undertake foreign subversive campaigns around the world as a "covert" arm of U.S. foreign policy. By then, the long-standing strategic failings underpinning the effort were seriously undermining the viability of these operations.

While the development of a political warfare agenda and capability came about before Dulles's directorship, its origins are surprisingly not entwined with those of the CIA. Instead its development was prompted primarily by the Departments of State, War and the Navy (reorganised into the Department of Defense in 1947) in the late 1940s amid concerns about the evolving post-war geopolitical situation. Despite emerging antagonisms between Moscow and Washington that heralded the onset of the Cold War era, in 1946 and 1947 a nascent Cold War strategy incorporating political warfare was completely overshadowed by internecine feuds within the bureaucracy of the Truman administration.

For the most part, prior to the formal creation of the CIA under the National Security Act of 1947, senior American policymakers did not conceptualise peacetime foreign policy outside the conventional structures of the diplomatic and military services. Thus little consideration was given to the formulation of plans to wage an offensive political warfare programme abroad. Increasing emphasis was instead given to developing capabilities to meet the Soviet challenge through diplomatic and economic measures and to improving the quality of intelligence on Soviet intentions and capabilities.

The establishment of a peacetime intelligence system was therefore not initially motivated by the perception of an acute Soviet threat.⁸ Government officials recognised the merits of peacetime intelligence long before the deterioration in U.S.-Soviet relations, although the creation of the Central Intelligence Group (CIG) in January 1946 fell well short of fulfilling Washington's peacetime requirements. The formation of this nominally centralised intelligence body generated extensive friction within the government bureaucracy among rival agencies that feared the usurpation of their own powers, undermining the potential effectiveness of CIG in its original form. During 1946 demand within the Truman administration grew for intelligence on Soviet intentions and capabilities, and this facilitated CIG's expansion, value and effectiveness within the community of government agencies. It was only later, when American policies began to be reconfigured towards the Cold War from mid-1947, that this agency was also linked to the perceived need to implement countermeasures against the Soviet threat to American interests in Europe.

Nonetheless, before 1947 plans for a future covert capability were discussed within the Truman administration. These initial studies only considered the wartime implementation of political warfare activities and were conducted in light of the Allied experience in World War Two. There was no attempt to link these explorations to a coordinated peacetime interventionist agenda or to CIG or any other civilian organisation. Interdepartmental studies conducted by the State-War-Navy Coordinating Committee (SWNCC) were strictly limited to psychological warfare, such as the uses of propaganda and other devices to affect enemy morale, rather than a broader political warfare campaign. Peacetime political warfare under the auspices of the CIA evolved later along a different trajectory. The National Security Council (NSC) assigned a peacetime psychological warfare capability to the fledgling CIA late in 1947 under the top-secret directive NSC 4-A. The bureaucratic and geopolitical factors that motivated this move did not converge before the statutory founding of the CIA in July 1947. Thus there was no longer-term strategic development of a peacetime political warfare programme against the Soviet Union prior to this point.

However, CIG's evolution into the CIA unwittingly provided the organisational machinery and the potential legal basis to implement political warfare in the future. Most significantly, espionage and counter-espionage functions were secretly approved by Congress and the executive, although no thought was initially given by either branch to expanding into offensive political warfare operations. The authorities affirming CIG/CIA's secret intelligence function contained loopholes that opened up the possibility for a broader capability. Prior to the passage of the National Security Act of 1947, these loopholes were not exploited by CIG, the National Intelligence Authority (NIA), the Intelligence Advisory Board (IAB) or the White House towards such a purpose.

Ironically, the determination of rival departmental intelligence agencies to emasculate CIG during its brief existence was a significant factor in the Agency's later acquisition of an interventionist capacity. CIG was compelled to expand from its meagre origins to survive in the cut-throat institutional environment. The need for statutory recognition inadvertently provided it with more credible legal authority to conduct political warfare than its competitors, but at no stage was the push for legislation linked to a move into operations. Legislation was regarded as essential to formalise its institutional position and protect its jurisdiction from jealous administrative predators.

In particular, CIG's expansion under its second director General Hoyt S. Vandenberg laid an institutional platform facilitating the later capacity to undertake political warfare. This was neither inevitable nor arrived at by design. But CIG's non-strategic growth ultimately shaped the CIA in ways that gave it an edge over rivals as an offensive operational unit. The incorporation of its espionage capacity in mid-1946 was most significant. The partial preservation of the wartime Office of Strategic Services (OSS) within the War Department's Strategic Services Unit (SSU) led to the formation of the Office of Special Operations (OSO) within CIG and a mandate to collect secret intelligence abroad and conduct counter-espionage activities. Ultimately, this provided the fledgling agency with the expertise and an operational base from which to expand into broader political warfare actions. Yet this potential capability was only harnessed later, when President Truman and the National Security Council called upon the CIA to engage in Cold War operations to undermine communist power initially in Western Europe but soon also behind the "iron curtain."

The Organisational Roots of Political Warfare: From OSS to CIG

The first formal suggestion for the United States to acquire a peacetime political warfare capability was made by General William "Wild Bill" Donovan, head of America's wartime intelligence and special operations organisation the Office of

Strategic Services.⁹ Towards the end of 1944 he sent several proposals to President Franklin D. Roosevelt outlining his vision for a peacetime centralised intelligence service in the hope of preserving OSS after the close of war against the Axis powers.

In October and November 1944 Donovan innocuously proposed that one function of the peacetime intelligence service should be to conduct “[c]landestine subversive operations” and “[s]ubversive operations abroad.”¹⁰ In Donovan parlance this meant political warfare, but at this stage the OSS chief was simply inserting the principle of a political warfare capability to mirror the functions carried out by OSS.¹¹ Donovan did not follow this up with a specific proposal for a peacetime political warfare programme. In any case his proposals fell on deaf ears, although his failure to win over President Roosevelt had nothing to do with passing reference to a peacetime covert political warfare capability. Donovan was primarily opposed because the Departments of State, War and Navy and the Federal Bureau of Investigation (FBI) suspiciously eyed his concept as a challenge to their existing powers.¹² This stemmed primarily from the wartime intelligence services within the departments, each of which was “jealous of its own sovereignty and jurisdiction.”¹³

The controversy surrounding Donovan’s call for a permanent centralised intelligence agency resulted in his proposals being leaked by a “rival” agency to the *Chicago Tribune* and *Washington Times-Herald* in February 1945.¹⁴ In light of public and Congressional fears that the United States was considering establishing an American “Gestapo” with unbridled domestic powers, Roosevelt shelved Donovan’s plans. This in turn ruled out any immediate deliberation on a foreign political warfare capability.¹⁵ Any hopes of weaving an OSS-type agency into the fabric of the peacetime foreign policy apparatus were dashed early on, as was the survival of any semblance of a “maverick operational culture.”¹⁶

OSS was dissolved by Executive Order 9621 on 20 September, 1945.¹⁷ Between the time of its dissolution and the creation of the Central Intelligence Group four months later, the concept of political warfare played no part in the planning for a peacetime centralised intelligence system.¹⁸ Even after the formation of CIG no agenda to inaugurate a peacetime political warfare campaign emerged until the autumn of 1947, once the CIA had been statutorily recognised.

CIG was created by presidential directive on 22 January, 1946.¹⁹ In its original form it was an institutionally enfeebled entity far from Donovan’s vision of a powerful, centralised, operational agency capable of conducting political warfare abroad. This resulted from the widely held fears within the departments that a centralised body would usurp the powers of existing departmental intelligence units.²⁰ Initially CIG was therefore

regarded as a coordinating mechanism rather than an independent agency.²¹ It did not command its own personnel, budget or facilities but was dependant on allocations from its departmental competitors. Moreover, it was placed under their authority with the department heads comprising the National Intelligence Authority, while the departmental intelligence chiefs held an “advisory” role on the Intelligence Advisory Board.²²

CIG’s first director Rear Admiral Sydney W. Souers accepted that its role was limited to “serving the departments under supervision and control of the department heads in the National Intelligence Authority.” Its diminished status was confirmed by the NIA when Secretary of State Byrnes, Secretary of the Navy Forrestal, Secretary of War Patterson and Truman’s personal representative in the NIA Admiral Leahy formally designated it a “cooperative interdepartmental activity” rather than an independent agency. Unwilling to relinquish their own intelligence functions and capabilities, State, War and Navy agreed to “adequate and equitable participation” in CIG’s activities through the NIA.²³ As noted by one historian, CIG was “a central authority in name only” at the outset.²⁴

Despite these beleaguered origins, the seeds of the CIA’s future operational capacity were contained within two clauses delineating CIG’s mandated functions and duties in the January 1946 directive.²⁵ The Group would perform “such services of common concern as the National Intelligence Authority determines can be more efficiently accomplished centrally.” It would also undertake “such other functions and duties related to intelligence affecting the national security as the President and the National Intelligence Authority may from time to time direct.”²⁶

Despite the hostility shown towards Donovan’s proposals, these loose authorities were carried over from them. They were not viewed by CIG and the NIA as a gateway to expanded powers, but a precedent was set whereby these clauses were retained in later authorities within the statutory formation of the CIA. These same authorities subsequently provided the legal loopholes by which the Truman administration authorised covert operations against Soviet and communist power in the Cold War from late 1947 onwards.

CIG’s Expansion: the Non-Strategic Development of a Potential Political Warfare Capacity

Although the formation and evolution of CIG has received substantial scholarly attention, this was also a notable period for laying significant platform foundations for the future conduct of the CIA in the Cold War. The seeds of an operational agency emerged early on as CIG grew in size and scope, but it is important to clarify that this was not

accompanied by an agenda or a strategic vision. CIG's foremost need was to address its weak position within the bureaucracy. To strengthen its value as a government office, from January 1946 to July 1947 it incrementally acquired new functions and duties, thereby enhancing its institutional life expectancy. This expansion inadvertently laid the organisational platform for the CIA's later capacity to conduct political warfare.

The energetic and highly effective expansion of CIG's functions, particularly under DCI Vandenberg, ensured an operational future for the Agency.²⁷ Vandenberg did not envisage a political warfare campaign against the Soviet bloc but instead faced the imminent prospect of CIG's institutional redundancy. Ten days into his new post Vandenberg began the task of carving out a role for the Group. In a draft NIA directive to the IAB on 20 June, 1946, he proposed "a redefinition of the functions of the Director of Central Intelligence which will give him the necessary authority to augment the Central Intelligence Group so that he may effectively perform his assigned missions."²⁸ In the first month of Vandenberg's tenure he received an additional \$10 million in funds to augment the CIG's existing \$12 million budget and was authorised to expand the Group's permanent staff from 165 to 3,000 people by the end of the fiscal year, just ten weeks away.²⁹

The most significant factor paving the way for its future interventionist role was CIG's acquisition of a secret intelligence capability. National Intelligence Authority Directive 5 authorised CIG to conduct "all organized Federal espionage and counter-espionage operations outside of [the] United States and its possessions for the collection of foreign intelligence information required for the national security."³⁰ This transformed CIG from a dependent "coordinating mechanism" into a semi-independent and operational organisation in its own right. Although political warfare was not envisaged when OSO was established, it shared methods of operation and foreign intervention with espionage and counter-espionage, as well as organisational and security needs. This provided a ready-made foundation for the CIA when it inherited CIG's limited but nonetheless practical base of expertise and experience from which to expand- a platform that competitor agencies lacked.

Following the approval of NIAD 5 CIG absorbed former OSS personnel including a very small nucleus of political warfare expertise. The main factor behind the transfer was administrative expedience rather than a planned expansion into political warfare actions abroad. When OSS was dissolved part of it had been transferred to the War Department and reorganised as the Strategic Services Unit as a holding measure until a permanent home could be found. Due to its interim status in the War Department SSU was vulnerable to federal spending cuts imposed after the war.³¹ Diminishing budget and resource allocations made it increasingly untenable to preserve the "facilities and assets

of OSS” that were deemed to be “potentially of future usefulness to the country.”³² By February 1946 SSU’s exasperated chief John Magruder resigned in protest at the heavy “attrition” of OSS assets. Magruder warned Secretary Patterson of the “urgent need for clarification of the status of the SSU if its assets [are] to be preserved. [. . .] the assets of the organization continue to be sapped by attrition of high grade personnel, and its morale lowered at a rate accelerated by continuing obscurity in the Unit’s future.”³³

Some OSS veterans like Philip Horton in France, Richard Helms in Germany, Alfred Ulmer in Austria and James Angleton in Italy did stay on to administer the skeletal post-war service. But many important members like Frank Wisner were lost because they either became disillusioned about the long-term career prospects in intelligence or because their salaries were simply not affordable.³⁴

Although Magruder personally believed in the principle of centralised peacetime intelligence “on the basis of national rather than departmental requirements,” the primary motivation for SSU’s transfer to CIG was to preserve the valuable intelligence networks across Europe, North Africa and the Middle East.³⁵ Therefore when Truman established CIG Magruder requested that the NIA obtain “at the earliest practicable date an objective analysis of the functions and assets of the SSU and an appraisal of their value for employment operationally in the Central Intelligence Group.” DCI Souers appointed a committee chaired by Colonel Louis J. Fortier to look into the matter which quickly approved Magruder’s recommendations that SSU be transferred to CIG based on “the national interest and the preservation of existing organization and facilities for tapping foreign intelligence systems [. . ..]”³⁶

A secret intelligence capability was finally organised within the Office of Special Operations under Donald Galloway on 11 July, 1946. Galloway was instructed to conduct “all organized Federal espionage and counterespionage operations outside the United States and its possessions for the collection of foreign intelligence information required for the national security.”³⁷ At the time of the transfer SSU employed 400 field officers as well as 260 staff in Washington and 1,432 in auxiliary roles, although not all of these were rehired by the new office.³⁸ Budgetary restrictions determined that OSO would be a modest undertaking, at least at the outset. DCI Vandenberg stipulated that “Only a limited number of carefully selected individuals formerly with Strategic Services Unit will be employed to inaugurate the program under the new auspices.”³⁹

Despite modest origins, CIG thereby acquired a base of interventionist expertise. This included a rudimentary nucleus of OSS political warfare specialists to ensure that “the necessary elements and assets for the paramilitary branches will not be lost.” This was deemed important to “preserve the capabilities for sabotage, support for underground

forces, [and] clandestine subversion of enemy morale.”⁴⁰ But there was no immediate peacetime role for this select group beyond undertaking analytical and training duties:

[A] nuclei of no more than nine persons from the Morale Operations Branch and three persons from the Special Operations Branch will be transferred to the Secret Intelligence Branch to process and study information on foreign developments in clandestine propaganda and sabotage and to preserve the techniques evolved by O.S.S. in the past war.⁴¹

The preservation of nine political warfare specialists in SSU represented a humble beginning for the capability that would swell the CIA’s ranks in just a few years. But in 1945-6 this eventuality was not envisaged, as Richard Helms later recalled:

The OSS political and psychological warfare operatives seemed spontaneously to have scattered at the end of the war. The fact that covert action had not figured in the discussions on how secret intelligence was to be organized and who would control it may have convinced the OSS Morale Operations specialists that there would be no role for them in the new organization. When Steve Penrose briefed me on my responsibilities in Central Europe, he made no reference to any covert action.⁴²

The dissipation of the majority of OSS’s political warfare agents back into civilian careers at the end of the war reflected the widespread assumption that life would revert back to pre-war peacetime conditions. In general, perceptions of the need for an anti-Soviet campaign were still marginally held within the Truman administration in the first year of peace.

The Onset of the Cold War: Psychological Warfare Planning for Wartime

Although U.S. policymakers did not call for a foreign political warfare programme in 1946, senior officials within the Truman administration began to identify an emerging threat posed by Russian power. Over time a consensus formed in Washington regarding the politico-ideological and military nature of the Soviet threat. Growing American anxiety stimulated the demand for a greater quantity and quality of intelligence on Soviet intentions and capabilities.⁴³

Historians have correctly identified that during the course of 1946 American officials attached increasing importance to gathering intelligence on the Soviet Union. However it should be emphasised that no thought was yet given to waging a covert political warfare campaign against Moscow within the Truman administration.⁴⁴ CIG was informed of the “urgent need to develop the highest possible quality of intelligence on the

U.S.S.R. in the shortest possible time.” To facilitate this, an interdepartmental “Planning Committee” was established to draw up “a plan to coordinate and improve the production of intelligence on the U.S.S.R.”⁴⁵ SSU/CIG organised itself to take a more active interest in the Soviet Union. In the spring of 1946 the Special Projects Division for the Soviet Union (SPD/S) was created under Harry Rositzke, forming the basis of OSO’s Soviet Operating Division in 1947. The increasingly suspicious nature of CIG estimates and analysis regarding Soviet intentions contributed to the general crescendo of anti-Soviet feeling in Washington.⁴⁶ However, efforts to establish contacts with groups resisting the rise of Soviet power in the east were, at this stage, isolated intelligence operations rather than assertive programmes to wage a Cold War in peacetime.⁴⁷

George F. Kennan, the State Department Russian specialist who later played a central role in developing a peacetime political warfare programme as Director of the State Department’s Policy Planning Staff, was in a position to influence the alarmist anti-Soviet tone of CIG reports following his recruitment as a “Special Consultant to the Director of Central Intelligence.”⁴⁸ Kennan famously expressed his own anxieties in the Long Telegram dispatched from the American embassy in Moscow in February 1946. Kennan did not regard Soviet military expansion as the primary threat to U.S. interests in Western Europe.⁴⁹ Instead he identified the “subterranean plane of actions undertaken by agencies for which Soviet Government does not admit responsibility” on the ideological-political level as particularly hazardous for the United States.⁵⁰

Kennan’s dire analysis of the Soviet politic-ideological threat reverberated around Washington. The details surrounding his role as a consultant to CIG remain murky but it is extremely unlikely that Kennan’s consultancy work went beyond informing the intelligence reports it disseminated on Russia. Kennan did not yet call for an American response to the Soviet challenge through covert political warfare operations of its own. He later acknowledged that in 1946 he believed the priority was to prevent the establishment of predominant communist influence in Western Europe. “When we have stabilized the situation in this way, then perhaps we will be able to talk with them [Russia] about some sort of a general political and military disengagement in Europe and the Far East- not before.”⁵¹ This did not yet entail concerted secret support to non-communists and efforts to discredit the left in either Western or Eastern Europe.

Reflecting a distinctive shift towards the Cold War, it was not until September 1946 that the U.S. Government compiled its first major Cold War policy review. Following a White House request for the opinions of senior officials regarding Soviet policies and intentions, two Truman aides Clark Clifford and George Elsey canvassed the Secretaries of State and Navy, Admiral Leahy, the Joint Chiefs of Staff, the Director of Central

Intelligence and other senior figures, before submitting the final paper to Truman. The opening lines of the Clifford-Elsey report were stark:

The gravest problem facing the United States today is that of American relations with the Soviet Union. The solution of that problem may determine whether or not there will be a third World War. Soviet leaders appear to be conducting their nation on a course of aggrandizement designed to lead to eventual world domination by the U.S.S.R. Their goal, and their policies designed to reach it, are in direct conflict with American ideals [. . .]

The report demonstrated an emerging consensus gravitating towards Kennan's views. U.S. policy should be to "resist vigorously and successfully any efforts of the U.S.S.R. to expand into areas vital to American security." Like Kennan's musings, this did not move beyond an early expression of the "containment" strategy for Western Europe. Therefore there was no call for offensive political warfare measures designed to undermine communist power within the Soviet bloc, indicating that this type of campaign had not yet entered official thinking.⁵²

During 1946 American officials became progressively more concerned that Soviet foreign policy harnessed to the strength of the Red Army was essentially expansionist and might therefore look to the territorial conquest of Western Europe and beyond.⁵³ The military was the first to express an interest in political warfare stemming from this anxiety about Soviet aggressive tendencies and was stimulated by the crises over Iran and Turkey in 1946.⁵⁴ Its initial exploration of CIG's capacity to undertake operations was based on broader strategic war planning. It did not therefore amount to a resurgent "maverick operational culture" under a "Donovan Tradition" but was strictly tied into the earliest phases of contingency war-planning at the beginning of the Cold War.⁵⁵

Surveys initiated in military circles into the operation of psychological warfare in 1946 were also limited to the preparation of plans and studies for use "in time of war or threat of war as determined by the President."⁵⁶ The early reports within the SWNCC 304 series were narrow in scope and not directly linked to the infant CIG.⁵⁷ Meanwhile State Department planning of peacetime measures did not begin until late 1947 and was conducted independently of the military-initiated analyses due to an emphasis on covert operations as actions short of war in "peacetime" rather than as wartime measures.⁵⁸ Despite the military's head-start, these separate State Department proposals quickly overtook its own studies in late 1947 and into 1948. The NSC's adoption of NSC 4-A and NSC 10/2 transformed the Truman administration's position on peacetime measures. These directives harnessed the CIA to a covert programme of political warfare against Soviet bloc countries as well as to counteract communist influence in the west.⁵⁹

The Pursuit of Intelligence Legislation and the Creation of the CIA

There is a tendency within the growing historiography of the covert Cold War to downplay the significance of the CIA's bureaucratic roots within CIG or to exaggerate strategic/operational ties between the two units in relation to political warfare operations.⁶⁰ It is important to emphasise that CIG's pursuit of statutory backing impacted on both the institutional fate of the CIA and strategically on future tactical/operational decisions over a political warfare capability. At the time the motivation behind the pursuit of intelligence legislation was purely administrative rather than strategic or operational. It was not linked to the expansion of offensive capabilities or an external Soviet/communist threat.

At the end of his tenure in June 1946, DCI Souers submitted a progress report to the NIA that set in motion a process ultimately resulting in the creation of the CIA. Souers advocated statutory backing to enhance CIG's position within the hostile bureaucratic environment. Having outlined the difficulties emanating from CIG's emasculation by its rivals, Souers recommended that CIG must "obtain enabling legislation and an independent budget as soon as possible." This was necessary so that the "urgently needed central intelligence operations may be effectively and efficiently conducted" and to gain "the necessary authority and standing to develop, support, coordinate and direct an adequate Federal intelligence program for the national security."⁶¹

Vandenberg too was motivated by institutional, non-strategic factors in his quest for intelligence legislation and was immediately thrust into managing a crisis when he replaced Souers as DCI. Three days into his post Vandenberg received a bleak assessment of the Group's standing from legal counsel Lawrence Houston. As presently arranged, Houston warned, "it is purely a coordination function with no substance or authority to act on its own responsibility in other than an advisory and directing capacity." In essence "CIG has no power to expend Government funds."

Even starker was Houston's description to Vandenberg of "Public Law 358, which in brief provides that no funds may be available to any agency or instrumentality which remains in existence for more than one year without a specific appropriation from Congress during that year." According to Houston this could mean that "after 22 January 1947, Departments could not even furnish unvouchered funds to the Director, CIG, and it would be questionable whether the Departments could furnish personnel and supplies paid for out of vouchered funds."⁶² If it continued to function solely under the authority of Truman's January 1946 directive, the lawful basis for CIG's existence would soon

expire. As Houston later described, CIG would be “technically illegal” without formal approval from Congress.⁶³

Vandenberg was instantly motivated by Houston and his deputy legal counsel John S. Warner to press for legislation. The cause was institutional survival not the expansion of capabilities tied into a political warfare strategy to undermine Soviet power.⁶⁴ Legislative recognition would affirm CIG/CIA’s lawful bureaucratic standing and assure its future access to appropriations.⁶⁵ The process put in train by this action ultimately culminated in the creation of the CIA the following summer.

Yet there was one final quirk in the story of the CIA’s origins. CIG submitted narrowly-focussed intelligence proposals to the White House legislative drafting team headed by Clark Clifford.⁶⁶ These proposals explicitly delineated the parameters of the future CIA’s functions and duties, including its secret intelligence mandate. A comprehensive delineation of the CIA’s approved functions implicitly limited the Agency’s powers beyond these activities without further specific sanction by Congress. Naturally there was no mention of political warfare as there was no agenda to undertake such measures at this stage.

This was therefore a potential legal obstacle that might block the CIA’s later conduct of political warfare, but it was inadvertently removed by circumstance before it ever caused headaches within the NSC. CIG proposals were eventually rejected during the drafting process of intelligence legislation in favour of a more generic authorisation. They were abandoned by the administration’s legislative drafting committee in favour of vaguely-worded authorities to provide flexible rather than restricted authority. But this related solely to CIG’s ability to conduct espionage and counter-espionage and came about when it became expedient to tack the intelligence provisions onto the major piece of legislation of that period, the merger bill to unify the Armed Services. The drafting committee was anxious not to include any controversial references to espionage that might jeopardise Congressional approval of the hard-fought over unification bill. The drafters also worried that detailed intelligence provisions in the unification legislation would precipitate a fresh round of arguments over the roles and missions of the various armed services, an issue still mired in considerable controversy.⁶⁷ More detailed intelligence provisions could be sought at a later date after the Department of Defense and the Agency had been founded.⁶⁸

CIG’s legislative liaison officer Walter Pforzheimer was informed by Charles Murphy that “all but the barest mention of CIA” would be omitted from the final bill. It was felt that “the substantive portions of the proposed CIA draft were too controversial and subject to attack by other agencies” while “the General Authorities were rather

controversial from a Congressional point of view [. . . .]”⁶⁹ Consequently the draft National Security Act condensed the extensive CIG proposal to just 30 lines.⁷⁰ The vague intelligence authorities were subsequently presented to Congress within the merger bill as an interim arrangement pending a separate and explicit CIA statute.⁷¹ This approach reassured sceptical congressmen that the loose authorities contained in the intelligence provisions would not lead to unforeseen powers for the CIA. As Richard Helms recalls, the provisions were “deliberately loosely written to avoid the dread words “espionage” and “counterintelligence.”⁷² Knowledge of this tacit arrangement was limited to a minority of congressional leaders.⁷³ This was not unusual in the running of Congress and in agreements reached between the executive and legislative branches. Matters of high secrecy and extreme sensitivity were commonly handled on a selective need-to-know basis.⁷⁴ The obvious need for security was heightened by recent public disclosures of the Soviet penetration of western atomic secrets.⁷⁵

Surprisingly however, the Soviet Union barely featured during the congressional debates over the National Security Act.⁷⁶ The main concerns over the intelligence provisions were about the possible abuse of the Agency’s domestic powers and (to a lesser extent) ethical concerns about conducting espionage. Consideration of the potential shift to political warfare was entirely overshadowed by the ubiquitous fear that an American Gestapo would emerge.⁷⁷ Such was the magnetism of the Gestapo peril that limitations on the Agency’s domestic powers were not extended to its foreign activities.

When the National Security Act was reviewed and debated on Capitol Hill for five months the intelligence provisions were extensively examined, primarily at committee level.⁷⁸ The principle of flexible interpretation- within acceptable boundaries agreed to in congressional committees- was subsequently enshrined by Congress only when it was satisfied that the CIA would perform similar functions and duties currently undertaken by CIG. Nonetheless this opened up a potential space for the executive branch to authorise the CIA to conduct political warfare operations without the need to directly consult Congress.

The National Security Act of 1947 was finally passed by Congress and signed into law by Truman aboard the *Sacred Cow* on 26 July, 1947. While explicit restrictions were placed on the Agency’s domestic powers, the provisions of the intelligence section were designed to provide contingent, flexible authority to the NSC in its sanctioning of the CIA’s foreign functions and duties. Although clandestine intelligence collection was all that was envisaged, these same authorities soon provided the executive branch with the legal basis to authorise political warfare. This was facilitated by “loophole” clauses in the final version of the National Security Act stipulating that “it shall be the duty of the Agency, under the direction of the National Security Council [. . .] to perform, for the

benefit of the existing intelligence agencies, such additional services of common concern that the National Security Council determines can be more efficiently accomplished centrally.” The Agency was also authorised “to perform such other functions and duties related to intelligence affecting the national security as the National Security Council may from time to time direct.”⁷⁹

In the 1970s, Clark Clifford denied in testimony to the Church Committee that there had been any intention among the drafters of the National Security Act to authorise the mobilisation of American peacetime political warfare:

Because those of us who were assigned to this task and the drafting responsibility were dealing with a new subject with practically no precedents, it was decided that the Act creating the Central Intelligence Agency should contain a “catch-all” clause to provide for unforeseen contingencies. Thus, it was written that the CIA should “perform such other functions and duties related to intelligence affecting the national security as the National Security Council may from time to time direct.” It was under this clause that, early in the operation of the 1947 Act, covert activities were authorized. I recall that such activities took place in 1948 and it is even possible that some planning took place in late 1947. It was the original concept that covert activities undertaken under the Act were to be carefully limited and controlled. You will note that the language of the Act provides that this catch-all clause is applicable only in the even that the national security is affected. This was considered to be an important limiting and restricting clause.⁸⁰

Clifford’s desire to give covert action a “venerable lineage” is understandable given the furore that erupted over the CIA’s manifold foreign political warfare activities most notably in the mid-1970s.⁸¹ But the evolutionary trajectory of CIG described within this article demonstrates that when the National Security Act was passed in July 1947, Congress and the executive branch did not intend for the Agency to undertake political warfare actions abroad.⁸² Instead they only envisaged a much more limited and “orthodox” foreign secret intelligence mission. Furthermore, no covert operational culture or tradition was already flourishing within CIG beyond OSO’s espionage role.⁸³ This notwithstanding, the years 1946-47 were significant as a formative period for the CIA and deserve inclusion as such in histories of U.S. political warfare in the early Cold War. In particular, CIG’s expansion into secret intelligence and its efforts to gain statutory backing were crucial in shaping the Agency’s future role. Culminating in the inclusion of “catch-all” legislative provisions, the Agency’s ambiguous mandate facilitated the adoption of unconventional peacetime capabilities within a matter of months of the National Security Act passing into law.

Ironically, the Agency resisted the Truman administration's impending call for it to shoulder responsibility for conducting foreign political warfare operations. Its defence *against* undertaking these covert activities derived from its interpretation of the intentions of the executive and congressional drafters of the National Security Act. "We do not believe," Houston advised DCI Hillenkoetter on 25 September, 1947, "that there was any thought in the minds of Congress that the Central Intelligence Agency under this authority would take positive action for subversion and sabotage."⁸⁴

Therefore, when the National Security Act was drafted and approved, it was by no means inevitable that the CIA would later become a "cold war department."⁸⁵ The convergence of deteriorating relations between the United States and the Soviet Union with the fumbled move towards intelligence legislation accidentally facilitated this. When the Truman administration eventually decided to conduct political warfare activities abroad the organisational foundations had already inadvertently been laid. Yet strategic uncertainties and internal bureaucratic rivalries over how to effectively wage the Cold War, rather than a lack of capabilities, still undermined and delayed the immediate orchestration of the campaign against communism in Europe by the Agency. But as historian Loch Johnson has colourfully described, the catch-all clauses came to dominate the rest of the authorities granted by Congress to the CIA, and the "tail" was soon wagging the "dog."⁸⁶

Endnotes

¹ John Ranelagh, Center for the Study of Intelligence [hereafter CSI], *The Origin and Development of the CIA in the Administration of Harry S. Truman* (Washington, D.C.: Center for the Study of Intelligence, 1995), 57, Len Scott, "Secret Intelligence, Covert Action and Clandestine Diplomacy," *Intelligence and National Security*, Vol. 19, No. 2 (Summer 2004), 328.

² Rhodri Jeffreys-Jones, "Why was the CIA Established in 1947?", Rhodri Jeffreys-Jones and Christopher Andrew (eds.), *Eternal Vigilance?: 50 Years of the CIA* (London: Frank Cass, 1997), 32-3.

³ Corke, Sarah-Jane, *US Covert Operations and Cold War Strategy: Truman, Secret Warfare and the CIA* (London: Routledge, 2008).

⁴ John Lewis Gaddis, *Strategies of Containment: A Critical Appraisal of Postwar American National Security Policy* (Oxford: Oxford University Press, 2005); *The United States and the Origins of the Cold War, 1941-1947* (London; New York: Columbia University Press, 1972); *We Now Know: Rethinking Cold War History* (Oxford: Clarendon Press, 1997); Melvyn P. Leffler, *A Preponderance of Power: National Security, the Truman Administration, and the Cold War* (Stanford: Stanford University Press, 1992).

⁵ In particular see Sarah-Jane Corke, *US Covert Operations and Cold War Strategy: Truman, Secret Warfare and the CIA* (London: Routledge, 2008); Peter Grose, *Operation Rollback: America's Secret War Behind the Iron Curtain* (Boston: Houghton Mifflin, 2000); Gregory Mitrovich, *Undermining the Kremlin: America's Strategy to Subvert the Soviet Bloc, 1947-1956* (London; Ithaca: Cornell University Press, 2000) and David F. Rudgers, *Creating the Secret State: The Origins of the Central Intelligence Agency, 1943-1947* (Lawrence: University Press of Kansas, 2000).

⁶ There is a wealth of literature on the debates within the Truman administration over peacetime intelligence and the creation of CIG/CIA. For example see Arthur B. Darling, *The Central Intelligence Agency: An Instrument of Government to 1950* (London; University Park: Pennsylvania State University Press, 1990); Jeffrey-Jones, *The CIA and American Democracy*; Anne Karalekas, *History of the Central Intelligence Agency* in William Leary (ed.), *The Central Intelligence Agency: History and Documents* (University: University of Alabama Press, 1984); Leonard Mosley, *Dulles: A Biography of Eleanor, Allen, and John Foster Dulles and their Family Network* (London: Hodder and Stoughton, 1978), Ranelagh, *The Agency*, Rudgers, *Creating the Secret State*, Smith, *The Shadow Warriors*, Smith, *OSS: The Secret History*, and Troy, *Donovan and the CIA*.

⁷ The best study of the ways in which bureaucratic disorganisation impacted upon U.S. approaches to the Cold War is Amy B. Zegart, *Flawed by Design: The Evolution of the CIA, JCS and NSC* (Stanford: Stanford University Press, 1999).

⁸ Richard Helms with William Hood, *A look Over My Shoulder: A Life in the Central Intelligence Agency* (New York: Random House, 2003), 66; L. Britt Snider, *The Agency and the Hill: CIA's Relationship with Congress, 1946-2004* (Washington, D.C.: Center for the Study of Intelligence, 2008), 259; Evan Thomas, *The Very Best Men: Four Who Dared: The Early Years of the CIA* (New York: Simon & Schuster, 1995), 28.

⁹ For more on Donovan's wartime Office of Strategic Services, see Bradley F. Smith, *The Shadow Warriors: O.S.S. and the Origins of the C.I.A.* (London: Deutsch, 1983); Richard Harris Smith, *OSS: The Secret History of America's First Central Intelligence Agency* (Berkeley: University of California Press, 1981); Thomas F. Troy, *Donovan and the CIA: A History of the Establishment of the Central Intelligence Agency* (Frederick: Aletheia Books, 1981).

¹⁰ For details of Donovan's October 1944 proposal "The Basis for a Permanent United States Foreign Intelligence Service" see "Legislative History of the Central Intelligence Agency- National Security Act of 1947," in *Central Intelligence Agency* (Office of Legislative Counsel, July 1965), 12-13. *William Donovan to President Roosevelt*, "Memorandum for the President," 18 November, 1944 including the "Substantive Authority Necessary in Establishment of a Central Intelligence Service," Troy, *Donovan and the CIA*, 445-7.

¹¹ Donovan had a track record of interpreting loosely defined functions expansively having taken OSS into the field of covert action without explicit authority during the war. This could well have given cause for concern to departmental intelligence chiefs anxious that he was now manoeuvring to steal some of their responsibilities once war had ended. See Smith, *The Shadow Warriors*, 68.

¹² Donovan might well have been more of a hindrance than a help to OSS's cause. John Ranelagh and Rhodri Jeffrey-Jones document Truman and his chief of staff Admiral William Leahy's distaste towards

Donovan. John Ranelagh, *The Agency: The Rise and Decline of the CIA* (Sevenoaks: Sceptre, 1988), 100 and 104, Rhodri Jeffreys-Jones, *The CIA and American Democracy* (London; New Haven: Yale University Press, 1989), 29. According to Tom Braden Major General George V. Strong, chief of the Army's G-2 intelligence group, privately described Donovan as a "mad man" while Undersecretary of State Dean Acheson wryly observed that "Donovan would have surprised no one if [. . .] he left one morning and returned the previous afternoon." Quoted in Tom Braden, "The Birth of the CIA", *American Heritage*, Vol. 28 (February 1977).

¹³ Ludwell Lee Montague, *General Walter Bedell Smith as Director of Central Intelligence: October 1950-February 1953* (University Park: Pennsylvania State University Press, 1992), 15-6.

¹⁴ Rear Admiral Hewlett Thebaud and Major General Clayton Bissell, Joint Security Control, to the Joint Chiefs of Staff, "Unauthorized Disclosure of the Contents of JCS 1181 and JIC 239/5," 13 February, 1945, RG 218, Leahy Papers, Box 21, NARA. Walter Trohan's article "Donovan Proposes Super Spy System for Postwar New Deal" in the *Washington Times-Herald* is available in RG 218, Leahy Papers, Box 21, NARA.

¹⁵ Montague, *General Walter Bedell Smith*, 21, Smith, *OSS: The Secret History*, 363.

¹⁶ For a contrasting view see Corke, *US Covert Operations and Cold War Strategy*, 5-6.

¹⁷ Executive Order 9621, "Termination of the Office of Strategic Services and Disposition of its Functions," 20 September, 1945, RG 218, Leahy Papers, Box 21, NARA.

¹⁸ See endnote 4.

¹⁹ Truman to the Secretaries of State, War, and Navy, 22 January, 1946, Michael Warner (ed.), *CIA Cold War Records: The CIA under Harry Truman* (Washington, DC: History Staff, Center for the Study of Intelligence, Central Intelligence Agency, 1994), Document 7, 29-32.

²⁰ On the bureaucratic melee CIG/CIA's long-serving legal counsel Lawrence Houston recalled that "[b]etween the September abolition of OSS and January 22, 1946, I witnessed one of the toughest bureaucratic fights- tougher than I'd ever seen before; as tough as anything I saw afterward- about the future of the intelligence services." The main point of conflict was between the State Department and the armed services according to Houston: "At the time, the State Department thought the conduct of peacetime intelligence impinged on foreign affairs, so they ought to be in charge; the army thought they were the pros and therefore they should be in charge; and the navy vaguely supported the army." Ranelagh, *The Agency*, 100. Also see Thomas Powers, *The Man who Kept the Secrets: Richard Helms and the CIA* (New York: Knopf, 1979), 27.

²¹ Truman wanted CIG to coordinate the activities of the departmental intelligence agencies and to produce national, trans-departmental intelligence estimate summaries- rather than to independently produce intelligence. In his memoirs Truman recollected that on "becoming President, I found that the needed intelligence information was not co-ordinated at any one place. Reports came across my desk on the same subject at different times from the various departments, and these reports often conflicted." Harry S. Truman, *Memoirs: Years of Trial and Hope*, Volume 2 (London; New York: Da Capo, 1987), 56. Karalekas describes the coordination role as an "exercise in futility" due to the superior institutional positions of the departments who resisted giving CIG their own intelligence data. Consequently expansion into intelligence production and research and analysis soon overtook CIG's primary functions of coordination and the dissemination of unbiased estimates- ironically it was easier to become a competitor in the intelligence "community" than to engage and organise the jealous departments. United States Senate, *Foreign and Military Intelligence, Book I, Final Report of the Select Committee to Study Governmental*

Operations with Respect to Intelligence Activities (Washington: United States Government Printing Office, 1976), 101, and Karalekas, *History of the Central Intelligence Agency*, 24-5.

²² As originally sanctioned CIG's primary functions were to accomplish the "correlation and evaluation of intelligence relating to the national security, and the appropriate dissemination within the Government of the resulting strategic and national policy intelligence." It should also plan "for the coordination of such of the activities of the intelligence agencies of [the] Departments as relate to the national security and recommend to the National Intelligence Authority the establishment of such over-all policies and objectives as will assure the most effective accomplishment of the national intelligence mission." The prerequisite of the departmental intelligence services was safeguarded through the provision that they were to proceed unaffected by the new arrangement under the authorisation within the directive that the "existing intelligence agencies of [the] Departments shall continue to collect, evaluate, correlate and disseminate departmental intelligence." See Truman Letter to the Secretaries of State, War and Navy, in Leary, *The Central Intelligence Agency*, 126-7.

²³ Minutes of the NIA's 2nd Meeting, 8 February, 1946, and National Intelligence Authority Directive 1, "Policies and Procedures Governing the Central Intelligence Group," 8 February, 1946, Warner *The CIA under Harry Truman*, Document 8, 33-7, Arthur B. Darling, "Central Intelligence under Souers," *Studies in Intelligence*, Vol. 12, No. 1, (Winter 1968), 55-6.

²⁴ Zegart, *Flawed by Design*, 224-5.

²⁵ Zegart demonstrates that initial design is pivotal in shaping an agency's developmental course as it "makes possible certain paths and rules out others." *Ibid.*, 7-8.

²⁶ Leary, *The Central Intelligence Agency*, 126-7.

²⁷ For more on Vandenberg's directorship, see Arthur B. Darling, "With Vandenberg as DCI, Part I: Some Functions Centralized," *Studies in Intelligence*, Vol. 12, No. 3, (Summer 1968), *idem.*, "With Vandenberg as DCI, Part II: Coordination in Practice," *Studies in Intelligence*, Vol. 12, No. 4 (Autumn 1968).

²⁸ Vandenberg's draft NIA directive to the Intelligence Advisory Board, 20 June, 1946, United States Department of State, *Foreign Relations of the United States* (hereafter *FRU*), *Emergence of the Intelligence Establishment, 1945-1950* (Washington, D.C: United States Government Printing Office, 1996) (available online), Document 156.

²⁹ Charles Christensen, "An Assessment of General Hoyt S. Vandenberg's Accomplishments as Director of Central Intelligence," *Intelligence and National Security*, Vol. 11, No. 4 (October 1996), 760.

³⁰ National Intelligence Authority Directive No. 5, "Functions of the Director of Central Intelligence", 8 July, 1946, *FRUS, Emergence of the Intelligence Establishment, 1945-1950*, Document 160.

³¹ The other component transferred after the dissolution of OSS, Alfred McCormack's Research and Analysis branch, fared little better in the State Department. Congress also slashed its budget under the post-war drive to demobilise. Bureau of the Budget Project Progress Report, "Intelligence and Internal Security Programs of the Government," April 1946, RG 51, *Bureau of the Budget*, Box 181, NARA.

³² Assistant Secretary of War John McCloy to the Director of the Strategic Services Unit John Magruder, "Transfer of OSS Personnel and Activities to the War Department and Creation of Strategic Services Unit," 26 September, 1945, *FRUS, Emergence of the Intelligence Establishment, 1945-1950*, Document 95.

³³ Magruder to Patterson, "Request for Determination of the Future Status of SSU," 4 February, 1946, *FRUS, Emergence of the Intelligence Establishment, 1945-1950*, Document 102. Also see C.I.G. Directive

No. 1, "Survey of the Activities of the Strategic Services Unit," 19 February, 1946, RG 218, *Leahy Papers*, Box 21, NARA.

³⁴ Wisner, who served with OSS in Romania and Germany and later headed the Office of Policy Coordination, resigned from SSU in disgust when Magruder's successor Colonel William Quinn rejected his proposal to buy 200 bicycles to allow Germans to move through the Russian zone of Berlin to record troop movements. Wisner dejectedly told him "You're cutting our throat." Evan Thomas, *The Very Best Men: Four Who Dared: The Early Years of the CIA* (New York: Simon & Schuster, 1995), 23.

³⁵ Memorandum by Magruder, "Establishment of Clandestine Collection Service for Foreign Intelligence," 14 February, 1946, *FRUS, Emergence of the Intelligence Establishment, 1945-1950*, Document 103. Also see Ranelagh, *The Agency*, 101.

³⁶ Memorandum from the Fortier Committee to DCI Souers, "Report of Survey of Strategic Services Unit under CIG Directive No. 1," 14 March, 1946, *FRUS, Emergence of the Intelligence Establishment, 1945-1950*, Document 105. The committee report emphasized the "emergency" need for US intelligence gathering on the Soviet Union, its "satellites" and its activities in other countries.

³⁷ Vandenberg to Assistant Director for Special Operations Donald Galloway, "Functions of the Office of Special Operations," 25 October 1946; Warner, *The CIA under Harry Truman*, Document 20, 87-9.

³⁸ Corke, *US Covert Operations*, 24.

³⁹ Vandenberg to Leahy, "External Activities of the Central Intelligence Group," 12 September, 1946, RG 218, *Leahy Papers*, Box 21, NARA.

⁴⁰ Corke, *US Covert Operations*, 20.

⁴¹ Magruder to McCloy, "Strategic Services Unit as of mid-October, 1945," 25 October, 1945, and Magruder to McCloy, "The Strategic Services Unit at the Beginning of November," 15 November, 1945, *FRUS, Emergence of the Intelligence Establishment, 1945-1950*, Documents 97 and 99. This corroborates Lawrence Houston's testimony before the Church Committee that although OSS units responsible for covert psychological and paramilitary activities were transferred to SSU along with the espionage capability, they were generally liquidated to only leave assets that were necessary for the purposes of peacetime intelligence. Foreign and Military Intelligence, Book I, Final Report, 483.

⁴² Helms, *A Look over My Shoulder*, 110.

⁴³ For instance the Clifford-Else report submitted to Truman in September 1946 declared the urgent need for better information on the Kremlin, stating that "[O]ur suspicion of the Soviet Union- and suspicion is the first step to fear- is growing. Suspicious misunderstanding of the Soviet Union must be replaced by an accurate knowledge of the motives and methods of the Soviet Government." "American Relations with the Soviet Union: A Report to the President by the Special Counsel to the President" (Clifford-Else report), September 1946, Arthur Krock, *Memoirs: Sixty Years on the Firing Line* (New York: Funk & Wagnalls, 1968), 419-82.

⁴⁴ Corke argues that traditional history holds that covert operations ended in 1945 and only restarted with the approval of NSC 4-A. It is important here to define "covert operations" because although secret intelligence was enacted by OSO long before NSC 4-A was approved, there is scant if any evidence that *political warfare* operations were also undertaken in this period. See Corke, *US Covert Operations*, 25-7.

⁴⁵ C.I.G. Directive No. 9 “Development of Intelligence on USSR,” undated, RG 218, Leahy Papers, Box 21, NARA. and Draft Central Intelligence Group Directive, “Development of Intelligence on U.S.S.R.,” 29 April, 1946, *FRUS, Emergence of the Intelligence Establishment, 1945-1950*, Document 148.

⁴⁶ CIG, ORE 1, “Soviet Foreign and Military Policy,” 23 July 1946, Vandenberg memorandum to Truman, 24 August 1946, Warner, *The CIA under Harry Truman*, Documents 15 & 18, 65-76, 81-3.

⁴⁷ SSU/OSO attempted to contact Finnish, Baltic and Polish anti-Soviet resistance groups in 1946-7. Corke, *US Covert Operations*, 21-2, Burton Hersh, *The Old Boys: The American Elite and the Origins of the CIA* (New York: Schribner’s, 1992), 178.

⁴⁸ DCI Vandenberg enthused that “the advice and assistance of Mr. Kennan, based upon his long and distinguished career, will contribute immeasurably to the accuracy and adequacy of the intelligence reports prepared by the Central Intelligence Group. The availability of his first-hand knowledge of conditions and affairs in the USSR and neighboring Eastern and Central European nations, is of primary importance to the effective accomplishment of the national intelligence mission.” Vandenberg to the Secretary of State, Secretary of War, Secretary of the Navy, and the Personal Representative of the President on the N.I.A., “Special Consultant to the Director of Central Intelligence,” 27 June, 1946, RG 218, Leahy Papers, Box 21, NARA.

⁴⁹ George Kennan, “Containment 40 Years Later: Containment Then and Now.” *Foreign Affairs*, (Spring 1987).

⁵⁰ Kennan to the Secretary of State, 22 February, 1946, *FRUS, Eastern Europe, the Soviet Union, 1946*, Volume VI (Washington, D.C: United States Government Printing Office, 1969), 696-709. An extremely interesting interpretation of Kennan’s use of language, particularly in the Long Telegram, can be found in Frank Costigliola, “‘Unceasing Pressure for Penetration’: Gender, Pathology, and Emotion in George Kennan’s Formation of the Cold War,” *The Journal of American History*, Vol.83, No. 4 (March 1997).

⁵¹ Kennan, “Containment 40 Years Later”_

⁵² See “American Relations with the Soviet Union,” 419-82. Also see Clark Clifford Oral History, HSTL, 374-7.

⁵³ This anxiety generated exhaustive intelligence studies of Soviet military strength levels. See Philip A. Karber and Jerald A. Combs, “The United States, NATO, and the Soviet Threat to Western Europe: Military Estimates and Policy Options, 1945-1963,” *Diplomatic History*, Vol. 22, No. 3 (Summer 1998).

⁵⁴ For instance Mark describes how the JCS approached OSO in July 1946 asking it to organise what was believed to be a large body of underground resistance to Soviet-directed communist rule in Romania that would be capable of hindering Soviet supply lines in the event of war. See Eduard Mark, “The War Scare of 1946 and its Consequences,” *Diplomatic History*, Vol. 21, No. 3 (Summer 1997), 387-8, 398-9, 406, 410-11, Leffler, *A Preponderance of Power*, 111-14.

⁵⁵ See Corke, *US Covert Operations*, 10, 25. At this stage SSU/CIG did not have a mandate or capability to conduct political warfare, instead focusing on running several secret intelligence networks mainly in Europe and the Near East. Meanwhile the State Department only began to envisage a role for peacetime political warfare measures from mid-1947 under Secretary of State George C. Marshall.

⁵⁶ See Edward Lilly, “The Development of American Psychological Operations 1945-1951,” 19 December, 1951, *United States Declassified Document Reference System* (henceforth *DDRS*) (Woodbridge, 1994) (available online), 35.

⁵⁷ In particular see SWNCC 304/1 "Psychological Warfare," 10 December, 1946, RG 218, Leahy Papers, Box 22, NARA and SANACC 304/15 "Review of SANACC Studies Pertaining to Psychological Warfare," undated, RG 59, PPS, Box 11A, NARA.. Also see Edward Lilly, "The Development of American Psychological Operations 1945-1951," 19 December, 1951, *DDRS*, and "The Postwar Development of Psychological Warfare and Special Operations," undated, *DDRS*.

⁵⁸ Edward Lilly, *Ibid.*, 43-4.

⁵⁹ NSC 4-A, "Psychological Operations," 17 December, 1947 and NSC 10/2, "Office of Special Projects," 18 June, 1948, Warner, *The CIA under Harry Truman*, Documents 35 & 43, 173-5 and 213-6.

⁶⁰ For instance whereas Grose and Mitrovich pay minimal attention to the CIG, Jeffrey-Jones and Corke over-emphasise operational continuity between the two groups. Corke, *US Covert Operations*, Grose, *Operation Rollback*; Jeffrey-Jones, "Why was the CIA Established in 1947?"; Mitrovich, *Undermining the Kremlin*. There have also been valuable historical studies of the bureaucratic evolution of U.S. peacetime intelligence in this period, with the best recent institutional study of the origins of the CIA being Rudgers, *Creating the Secret State*.

⁶¹ Souers to the National Intelligence Authority, "Progress Report on the Central Intelligence Group," 7 June 1946, Warner, *The CIA under Harry Truman*, Document 11, 41-51.

⁶² Houston to Vandenberg, "Administrative Authority of CIG," 13 June, 1946, *FRUS, Emergence of the Intelligence Establishment, 1945-1950*, Document 196. Darling points out that even the initial presidential directive founding CIG was "at best questionable" because Truman's wartime powers had by that time expired. Darling, "Central Intelligence under Souers," 55.

⁶³ According to Houston's recollections, this issue had been worrying the CIG leadership since at least February 1946: "We went to the books and found there was a statute which said there could not be an organization set up in the executive branch for more than one year without statutory background. There was no statutory background at all. That February we started to go to work and put together what might be legislation for a peacetime organization. The work was based quite a bit on Donovan's 1944 memo. We looked at all the legal problems we could think of that had turned up in the running of OSS and put them in a concept paper and a long administrative draft." Ranelagh interview with Lawrence Houston, 8 July, 1983, Ranelagh, *The Agency*, 106.

⁶⁴ See the comments made by Houston and Warner in CSI, *The Origin and Development of the CIA*, 65- 7.

⁶⁵ Snider, *The Agency and the Hill*, 159-60.

⁶⁶ The drafting committee comprised Clark Clifford (replaced by Charles Murphy in January 1947) representing the White House, Vice Admiral Forrest P Sherman, Deputy Chief for Naval Operations representing the Navy and Major General Lauris Norstad, Director of Plans and Operations, of the War Department General Staff. Other interest groups including CIG and the State Department could liaise with the drafting committee in matters relating to them, but were not officially represented reflecting the heavy emphasis given to the military aspect of the legislation.

⁶⁷ See Pforzheimer's comments in CSI, *The Origin and Development of the CIA*, 68.

⁶⁸ Troy, *Donovan and the CIA*, 389-90. Separate legislation specific to the CIA was subsequently approved under the Central Intelligence Agency Act of 1949, 20 June, 1949, printed in Warner, *The CIA under Harry Truman*, Document 53, 287-94.

⁶⁹ Pforzheimer Memorandum for the Record, "Proposed Legislation for C.I.G.," 28 January, 1947, Warner, *The CIA under Harry Truman*, Document 24, 105-9. Vandenberg corroborated the removal of "any and all controversial material insofar as it referred to central intelligence which might in any way hamper the successful passage of the Act." *Foreign and Military Intelligence*, Book I, Final Report, 484-5.

⁷⁰ Zegart, *Flawed by Design*, 181-2.

⁷¹ For instance see Vice Admiral Forrest P. Sherman's testimony to Senator Millard E. Tydings during Senate committee hearings and to Clarence J Brown before the House Committee on Expenditures in *the Executive Departments* in "Legislative History of the Central Intelligence Agency," 68-9 60-1 and 72-3.

⁷² Helms, *A look Over My Shoulder*, 81. Clifford corroborates this in his memoirs: "The "other" functions the CIA was to perform were purposely not specified, but we understood that they would include covert activities. We did not mention them by name because we felt it would be injurious to our national interest to advertise the fact that we might engage in such activities. We intended that these activities be separate and distinct from the normal activities of the CIA, and expected them to be limited in scope and purpose—thus the important limiting language, "affecting the national security." Clark Clifford (with Richard Holbrooke), *Counsel to the President: A Memoir* (New York: Random House, 1991), 169-70.

⁷³ In particular Representative John Taber who chaired the House Committee on Expenditures in the Executive Departments and Senator Chad Gurney who chaired the Senate Armed Services Committee were fully informed. For details of executive branch testimony at committee hearings relating to CIA's secret intelligence mandate, see "Legislative History of the Central Intelligence Agency," 76-9, 69-70, 73, 77-8 and 80-1, Ranelagh, *The Agency*, 116, Rudgers, *Creating the Secret State*, 139.

⁷⁴ This tradition dated back at least to the Manhattan Project. Barrett, *The CIA and Congress*, 20.

⁷⁵ Ranelagh, *The Agency*, 129.

⁷⁶ Jeffreys-Jones, *The CIA and American Democracy*, 40-1.

⁷⁷ Barrett, *The CIA and Congress*, 18-9, "Legislative History of the Central Intelligence Agency," 98; Troy, *Donovan and the CIA*, 388-9. This was ironic as long-standing fears within the executive branch had ensured that restrictions on domestic powers had consistently been included in all the proposals for a centralised intelligence service dating back to Donovan's original plan in 1944.

⁷⁸ For reviews of the Congressional debates over the CIA, see Barrett, *The CIA and Congress*, Jeffreys-Jones, *The CIA and American Democracy*, Karalekas, *History of the Central Intelligence Agency*, "Legislative History of the Central Intelligence Agency," Rudgers, *Creating the Secret State*, Smith, *The Shadow Warriors* and Troy, *Donovan and the CIA*.

⁷⁹ *The National Security Act of 1947* (Public Law 253- 80th Congress, Chapter 343-1st Session), Clifford Papers, Box 16, HSTL.

⁸⁰ *Foreign and Military Intelligence*, Book I, Final Report, 144.

⁸¹ Rudgers, "The Origins of Covert Action", 249.

⁸² Jeffreys-Jones, "Why was the CIA Established in 1947?" 32-3. Historians who disagree with this contention include Helms, *A look Over My Shoulder*, 66, Snider, *The Agency and the Hill*, 259, Thomas, *The Very Best Men*, 28.

⁸³ See Corke, *US Covert Operations*.

⁸⁴ Houston to Hillenkoetter, "CIA Authority to Perform Propaganda and Commando Type Functions," 25 September, 1947, *FRUS, Emergence of the Intelligence Establishment, 1945-1950*. Houston recommended that "neither M.O. ['Morale Operations'] nor S.O ['Special Operations'] should be undertaken by CIA without previously informing Congress and obtaining its approval of the functions and the expenditure of funds for those purposes"- although this advice was not taken up by the administration.

⁸⁵ This is the phrase used by DCI Walter Bedell Smith in a CIA staff meeting in October 1951, when he bemoaned the eclipsing of the CIA's intelligence functions by covert action. Office of the DCI Memo, "Staff Conference," 22 October, 1951, Warner, *The CIA under Harry Truman*, Document 72, 435-6. Bedell Smith himself argued that "the field of cold war covert activities, including guerrilla warfare" was "probably not envisaged at the time the National Security Act of 1947 [...] was framed." Bedell Smith Memo for the NSC, "Report by the Director of Central Intelligence," 23 April, 1952, Warner, *The CIA under Harry Truman*, Document 78, 457-64.

⁸⁶ Loch K. Johnson, *America's Secret Power: The CIA in a Democratic Society* (New York; Oxford: Oxford University Press, 1989), 16-19. Also see Jeffreys-Jones, *The CIA and American Democracy*, 41, Foreign and Military Intelligence, Book I, Final Report, 129, 131-2, 144, 153, 426.

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