

CHAPTER THREE

DIRECTORS

The first director of Central Intelligence was Rear Admiral Sidney Souers. The second was Lieutenant General Hoyt Vandenberg. The third, and first head of the CIA, was Rear Admiral Roscoe Hillenkoetter, sworn in on 1 May 1947. During the war Hillenkoetter had been Admiral Nimitz's intelligence officer in the Pacific region. He had also served four tours of duty as naval attache in France both before and after the war, and had witnessed at first hand the rise of the dictators and the beginnings of the cold war in Europe. He had made a thorough study of the writings of Marx, Lenin and Stalin and could quote from them at length. By appointing a military officer to run the CIA, Truman was placating military concern about giving intelligence secrets to civilians. The main U.S. experience of intelligence work had been in wartime when military requirements naturally are pre-eminent, so this concern was natural, particularly since most people in 1947 thought that World War III with the Soviet Union was likely to start before long.

Hillenkoetter had a calm, quiet manner which led some to conclude that he was indecisive, but this was to underrate both him and the enormous problems he faced as director of the new agency. His main aim was to establish the primacy of the CIA in the intelligence bureaucracy. Given the chronic feuding which had dogged the start of the agency and its predecessors and which still existed, this was an uphill task. What made Hillenkoetter's position even more difficult was the lack of clear policy guidelines from the President and the National Security Council. This was to remain a persistent problem for the agency.

When the new NSC proposed that the new DCI be made its executive agent, thus giving him day-to-day superiority over the other intelligence agencies, there was such an uproar from the State Department and the military that Hillenkoetter had to back down. This was to have serious implications, for it meant that almost from its inception the DCI never had the dominating position within the intelligence community that had clearly been intended. This, in turn, affected the CIA's position which depended upon the relationship between the President and the DCI. In Truman, Hillenkoetter was dealing with a President who was never clear what to do with the agency and was never prepared to give it the support necessary to establish its priority. That situation changed under Eisenhower and his DCI, Allen Dulles, who had a very close relationship. In the 1960's Kennedy and later Nixon were to give presidential backing to their DCI's as the overall head of the intelligence community but they never developed the practical means to enforce it. In the 1980's, although Reagan gave William Casey cabinet rank it was personal to Casey. It did not mean that the DCI had overall administrative control of intelligence.

During the first year Hillenkoetter had little respite from the CIA's bureaucratic rivals. There were bitter arguments with army intelligence over control of overseas agents. The State Department fiercely resisted the CIA's use of diplomatic cover and communications systems, a row which went on for decades. The FBI, still smarting over the loss of its South American bailiwick, did everything to frustrate the agency when it came to take over FBI offices

abroad. Files were burned and agents vanished with the explanation that the CIA was not sufficiently security conscious. J Edgar Hoover's enmity was unrelenting and the relationship between the two organisations remained frosty until his death in 1972.

As the cold war intensified, this bureaucratic bickering became less and less acceptable. In July 1948, a full year after the National Security Act, the New York Times described intelligence as "one of the weakest links in our national security" and criticised the feuding and rivalry among the various intelligence organisations. It was a particularly sensitive time for these criticisms to be aired. Besides the very tense international situation in Europe and the Far East, a presidential election was in the offing and Truman's prospects were considered dim. In August 1948 the House Un-American Activities Committee heard sensational allegations about communist infiltration of the government, notably the State Department. Truman could not afford accusations of slack security and he appointed a three-man commission to conduct a thorough investigation of the working of the agency. It consisted of Allen Dulles, William Jackson (a future deputy DCI) and Mathias Correa, who had been assistant to navy secretary James Forrestal during the war. All three were New York lawyers. They presented their report to the NSC in January 1949. It became known as the Dulles report, and was the blueprint for the CIA's future administration.

THE DULLES REPORT

The Dulles report called for the creation of five divisions to replace the multitude of ad hoc offices and sections in the CIA which aggravated a sense of disorganisation. The proposed divisions were estimates; research and reports, which would provide the raw material for estimates and monitor current intelligence information requiring speedy reporting and analysis; operations, including covert action, espionage and counterintelligence; administration, which would look after day-to-day housekeeping, and coordination, which would link the CIA to other government intelligence agencies.

Coordination, Dulles stressed, was the key. The agency was not just another intelligence service, its job was to coordinate and synthesise intelligence information. Dulles criticised the failure to promote inter-agency cooperation and coordination, a failure he said, which lay at the heart of the CIA's poor performance in centralising and coordinating the work of the other intelligence agencies to date. He saw the agency as being at the heart of policymaking.

Dulles' report coincided with another which had been commissioned by the United States intelligence board - the President's oversight body for all the government intelligence agencies - composed of the good and the great. It recommended that the DCI be recognised by the other agencies as having responsibility for the coordination of all intelligence functions and activities. Lawrence Houston, the CIA's general counsel, described it as a "devastating" blow to those who were trying to keep down the powers and authority of the CIA and the DCI, particularly officers in military intelligence. When Hillenkoetter read out the report, Houston recalled: "There was a deathly hush around the room, General Chamberlain, the G-2, looked up and said, 'Hilly, what's all this about? You're the boss.' And the

colonel down at the end of the table turned absolutely green."¹

THE 1949 ACT

In the wake of the Dulles and USIB reports, a Central Intelligence Agency Act was passed in 1949 which became the legal and administrative linchpin for CIA operations. It also set out the authority of Congress to regulate the CIA, although this authority was left deliberately vague when it came to the CIA's clandestine activities. This, and the political consensus of the time that the CIA was necessary and was doing necessary - if unpleasant - work, gave the agency considerable flexibility and freedom. It never had to account for its expenditure of discretionary funds (except to the President) and it could hire as many people as it wanted.

At the height of the cold war, it was tacitly accepted that Congress would not scrutinise the CIA too closely. When the cold war generation of congressman and senators began to move off stage in the late 1960's and early 1970's, and as the Vietnam war and Watergate broke down political habits and fuelled popular suspicions of government and secrecy, the agency's mystique seemed less impressive to their successors. But at the start, and for the first twenty years, the agency led a charmed life when it came to Congressional and public scrutiny.

BEDELL SMITH

In October 1950 Hillenkoetter was appointed commander of the Navy Task Force in Korea. He was succeeded by General Walter Bedell Smith, U.S. ambassador in Moscow, 1946-9, and formerly Eisenhower's wartime chief of staff. Smith was regarded by many in the CIA as perhaps the best director the agency ever had. Nicknamed "Beetle", Smith was a magnetic, shrewd and determined man. He made things happen. He had a notorious temper, which was exacerbated by stomach ulcers. Ray Cline, who had been in OSS and was one of the first CIA recruits, described him as a man "with broad experience and absolutely no tolerance for fools... He had an intimidating personality and was a perfectionist."² Largely self-educated, he had a photographic memory, encyclopedic knowledge, and shrewd judgment about people and ideas. Another senior agency official recalled with relish how Bedell Smith, using all the prestige of his previous military career, demolished the CIA's erstwhile rivals in the military. "He treated the generals and admirals... as schoolboys. He'd make fun of them in front of all of us. It was embarrassing sometimes."³

Smith's pugnacity was needed because his appointment occurred at a critical time for the agency. On 25 June 1950 North Korea had invaded the South, thus precipitating the Korean war. The agency had failed to give any clear warning about the invasion and there were emotive references to Pearl Harbor not just in an accusing press but in the highest Washington circles. The assumption was that the CIA's job was to monitor the whole world, whether or not what was happening affected U.S. interests. Bedell Smith determined upon the complete

1 Interview, Lawrence Houston, 9 November 1983.

2 Cline, op cit, pp 130-31.

3 18 July 1983.

overhaul of the agency, in particular its estimating procedures.

Drawing heavily on the Dulles report, Smith fundamentally provided the framework for the way the agency works today. He created three new directorates, each run by a deputy director, each focused firmly on the targets set for the agency by the National Security Act and the directives of the National Security Council. Each directorate was known by the initials of the post of the deputy director responsible, thus the directorate of intelligence was DDI; the directorate of plans (ie., operations, the covert action and espionage side of the house) was DDP; the directorate of administration was DDA, and so on.

ESTIMATES AND ANALYSIS

Research and analysis had been one of the most successful areas of OSS activity during the war. As the postwar situation in Europe and the Far East deteriorated and the demand for detailed and accurate reports increased, estimates acquired a crucial importance within the CIA. They were the responsibility of the office of reports and estimates, and from the start the CIA was actively conducting analyses relating to the foreign and military policies of the U.S. and its allies.

Estimates were (and still are), technically, the DCI's as the President's chief intelligence officer, and not the CIA's. But, in practice, since most of the intelligence in them came through the agency, and drafts of estimates were written by agency officers, they were recognised as the CIA's. They quickly developed a standard format. If another agency did not agree with the conclusions of the CIA, and if it felt strongly enough, then the disagreement and the reasons for it would be included as a footnote. An estimate was not intended to encompass all opinions but there was a marked preference for consensus. In a period when inter-agency cooperation was being stressed, this was understandable. In a directive of September, 1948, Hillenkoetter set out the bases for national intelligence estimates:

"Departmental participation in the preparation of national intelligence reports and estimates is undertaken to ensure that authorised recipients (a) are presented with intelligence that comprises all the best available expert knowledge and opinion; (b) are aware, in the case of disputed points, of the views of the departments on substantive matters within their special fields of responsibility and interest ... Dissent published in a national intelligence paper should present a distinct difference of opinion on which the CIA and the dissenting intelligence organisation have found it impossible to agree."⁴

The Dulles report came after Hillenkoetter's directive, and was equally concerned with the status of the estimates. It found that despite directives and good intentions, the system was not working:

"The principle of the authoritative national intelligence estimate does not yet have established acceptance in the government. Each department still depends more or less on its own intelligence estimates and establishes its plans and policies accordingly".⁵

4 CIA, "Policy Governing Concurrences in National Intelligence Reports and Estimates", directive, 13 September, 1948.

5 National Security Council, "The Central Intelligence Agency and National Organisation for intelligence", 1 January, 1949

This was the nub of the problem in coordinating intelligence. There was a widespread assumption that the cold war would become a hot war and thus estimates and reports by and large reflected military concerns. This meant that the CIA was competing with the military in areas where the military had greater expertise. It also led to a corresponding drive for consensus in order to minimise friction. At a time of intense inter-agency wrangling, the desire for consensus was understandable, but it was disputed by some within the agency, notably in ORE where morale was low following the failure to foresee the Korean war.

When Bedell Smith became DCI he had invited Professor William L Langer, the distinguished historian who had been in charge of OSS research and analysis, to take a sabbatical from Harvard and return to revamp the estimates and the estimating procedure. ORE produced huge surveys that read like academic dissertations. One early report on Norway, for example, was forty-one pages long with six chapters and five appendices. For all the laborious effort, it produced a mouselike conclusion, dismissing the possibility that Norway was a threat to peace as "extremely remote". The idea that estimates needed to be written for busy executives who needed crisp pointers to help them make decisions, was even more remote. Langer agreed to come. His agreement was symptomatic of the fact that in its first decades the agency could count upon the support of the American elites. Twenty years later when protests about the Vietnam war were at their height, the agency found great difficulty in attracting people from the Ivy League, and at the same time found that the consensus behind it in Congress was also fast disappearing.

Langer established a board of estimates as a judging panel of senior people, retired and serving, from academe and government service. The board scrutinised draft estimates produced by the DDI and the research that lay behind them, and would make recommendations and suggestions to the DDI. It also acted as a sounding board of senior people for the DCI, separate from the bureaucracy of the agency.

The success of the Smith-Langer partnership helped the agency to banish the aura of failure which had hung over it since the outbreak of the Korean war. The new estimates were sharp and concise and made a good impression on the President and his senior advisers.

William Bundy, who joined the agency as an analyst in 1951, recalled that Bedell Smith and Langer had a very clear idea of what was needed: "I remember one occasion when Bedell Smith said 'Don't start that research paper on China by saying 'China is a great land mass!' People could always get that from someone else... He was no great stylist, but he went straight to the heart of the matter. He and Langer would not take junk by way of drafting."⁶

The work of drafting estimates took place in the DDI. The DDI's work was not determined by the board of estimates, and was separate from it. Robert Amory, a Harvard Law School professor, left Boston to become DDI in 1952, staying in the job for the next ten years. He had responsibility for national estimates and current intelligence (the rapid analysis of information as it came in on a day-to-day basis), and produced a daily digest of intelligence for the President and his senior advisers. Within the DDI was the office of collection and dissemination (later becoming the CIA's central reference service), a

⁶ Interview, William Bundy, 21 July 1983.

computerised library of intelligence that provided the research backbone, and the office of national estimates (ONE), by far the most important of the DDI's units. It consisted of two sections, the board of estimates (known as the "college of cardinals"), and the estimates staff. The board, chaired by Langer, carefully scrutinised the reports and assessments compiled by the estimates staff. Once approved, the estimates were sent to the intelligence advisory committee which was composed the heads of military intelligence, the FBI, the State Department's office of intelligence and research, and the atomic energy commission. The committee was a forum for bureaucratic rivalries to be cancelled out, rather than a committee instrumental in shaping estimates.

This system lasted for twenty-five years and, as the Church committee investigating the CIA noted in 1976, was "by far the best analytical organisation for the production of finished intelligence within the government."⁷

The other offices within the DDI, research and reports, geographical research, scientific intelligence and current intelligence, provided the driving force of analysis and conducted most of the basic research for ONE. The effectiveness of their work was ample testimony to Donovan's foresight in 1941 when he correctly believed that the best brains in the country could make an important contribution to national intelligence. When Langer returned to Harvard in 1952, he was succeeded at the board of estimates by his deputy, Sherman Kent, who held the job for sixteen years and was widely acknowledged as the eminence grise of CIA research and analysis.

Kent was a stickler for accuracy, and under him the estimates became the accepted forum in Washington for the collective wisdom of the U.S. government on any subject. He sought to employ exact wording wherever possible, warning against the use of adjectives such as "possibly" and "probably", and giving certain words a numerical value. Thus if the word "likely" had to be used, it meant that there was a 60 per cent chance of something happening; "possibly" would mean a 30 per cent chance; "probably" would mean a 90 per cent chance, and so on. He fought to keep the estimates unsullied by political or personal pressures, determined that they be as objective as possible, even if policymakers did not like the conclusions.

Kent's policy worked at first, not least because of the respect the CIA had within government. But as time went on the monopolistic estimating position of the CIA caused friction with other agencies and departments. In efforts to reach peaceful working arrangements within the Washington bureaucracy, and to keep its position, CIA estimates gradually became less punchy and more bland. Because of this, in the 1980's the system was changed.

OPERATIONS

Covert operations and action, the province of the directorate of plans, was an area which, literally and metaphorically, had proved a minefield for the agency. Who was to control them? The answer to that question had been one of the most hotly

⁷ Final Report, I, p. 257.

fought issues between the CIA and its rivals.

At the beginning of 1949 the NSC created the blandly titled office of policy coordination (OPC) to combat Soviet and communist activity generally. It was paid for and staffed by the CIA but its head was appointed by the secretary of State and reported to him and the secretary of Defence, thus by-passing the DCI. It was a cumbersome arrangement and was complicated by its paralleling the CIA's office of special operations (OSO) in the DDP.

OPC was headed by Frank Wisner, a former OSS officer who had served in Germany in 1945. Wisner was a wealthy Wall Street lawyer from Mississippi and many of the people he recruited came from the same Ivy League-Wall Street-OSS background as he did. By temperament and background Wisner had a natural affinity for covert work and the derring-do ethos of the OSS permeated his group. OSO, by contrast, were more disciplined and career-oriented. Richard Bissell, who became DDP in 1958, described the differences between the two: "There were always two philosophies about clandestine operations ... OSO had an emphasis on high professionalism, with very tight security and the maintenance of espionage and counterespionage. OPC placed a great deal more emphasis on covert action and was probably less professional and secure."⁸

By 1952 the relationship between the two offices was becoming untenable. There were major salary differences between the two - OPC people were paid more than OSO - which caused serious disagreement and, worst of all, they regularly found themselves competing for the same agents. Smith successfully used his influence and insisted that OPC and OSO should merge within the CIA, arguing that since the agency was responsible for OPC's "quarters and rations" it should have responsibility for running OPC too. In July 1952, OSO and OPC were merged in the DDP. Frank Wisner became DDP with Richard Helms of OSO as his number two as chief of operations. The DDP absorbed about 60 per cent of the CIA's staff and 80 per cent of the CIA's budget.

ADMINISTRATION

Supporting the directorates of intelligence and plans was the directorate of administration which looked after personnel, day-to-day housekeeping, agency communications, logistical support for covert operations, as well as more routine tasks such as the audit section, the medical service and internal security and staff monitoring. Its job was a big one, occupying a substantial number of CIA staff, many of whom served abroad as part of CIA stations. Today it has a staff of over 5,000 people.

The DDA tried to institutionalize a freewheeling spirit in the agency career structure. People can choose the directorate they want to serve in, and systems are in place so that people can move from one directorate to another. But at the start, as one deputy director for administration recalled in 1984, snobbery and elitism were significant obstacles to orderly arrangements: "There was some animosity against the eastern establishment set. I can think of some people in pretty senior positions when I was serving through the years who felt their further advancement had been inhibited because they didn't go to this

⁸ Interview, Richard M Bissell, Jr., 18 July 1983.

school or that school or they weren't invited to this party or that party or their words weren't given sufficient credence because they were not part of the inner set. There was some of that, but it disappeared as time went by because you don't have the same kind of people today that you had twenty years ago. You take a hard look at the leadership of the agency today and you will find little hint of the eastern establishment - it's gone."⁹

⁹ Interview, 16 November 1984.