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AMENDMENTS TO STATE DEPARTMENT PLAN

It was apparent that the Secretaries of War and Navy had a number of objections to the McCormack plan, and in the absence of the Secretary of State Mr. McCormack made some revisions which he submitted on 15 December.

The paper is of particular significance because it brings out the reason for opposing the establishment of an independent agency which, it was felt, could not obtain budgetary support. It makes clear why, when the Presidential Directive was finally issued, financial support was to be drawn from the departments even though the independent existence of the CIG was established. It also demonstrates why the Central Intelligence Agency must be established by act of Congress if it is to achieve the financial independence which experience has demonstrated that it needs.

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December 15, 1945

MEMORANDUM FOR THE SECRETARY OF WAR
SECRETARY OF THE NAVY

SUBJECT: National Intelligence Authority.

After the meeting of the Secretaries of State, War and Navy on Tuesday, two questions were left for discussion:

- a. Whether the Executive Secretary of the Authority should be, as proposed, a State Department official;
- b. What should be the role and composition of the Advisory Groups or Boards who are to assist the Executive Secretary in discharging his functions.

Before leaving for Moscow, the Secretary of State instructed me to make every effort to resolve these issues with the Secretaries of War and Navy at an early date. This memorandum suggests modifications of the State Department's plan to meet the views of the War and Navy Departments.

It is proposed:

- a. To provide specifically that the Executive Secretary will represent the Authority as a whole, and not any one Department, and to make the provision enforceable by giving a majority of the Authority (e.g., the Secretaries of War and Navy) the power to remove the Executive Secretary; and
- b. To amend the provisions with respect to the Advisory Groups or Boards so that (1) the War and Navy Departments, if they wish, may appoint their Intelligence Chiefs as the Board members and (2) the Executive Secretary will be required to submit to the proper Advisory Board, for concurrence or comment, all recommendations for the intelligence program or for any operating plan designed to carry it out.

The proposed modifications of the Plan are listed in TAB A hereto. The considerations on which they are based are discussed below.

Status of the Executive Secretary

If there is to be an interdepartmental organization, rather than a separate entity outside the Departments, all personnel in the central agency, including the Executive Secretary, must hold office in one of the interested Departments. The State Department strongly believes, and it seemed to be the consensus at the meeting of the three Secretaries, that an independent budget for the central agency should be avoided for security reasons. Since passage of the Independent Offices Appropriation Act, 1945 (Public Law 358, 78th Congress), a non-departmental agency without an independent budget appears to be impossible. A copy of the relevant provision of the statute is attached as TAB B.

If the interdepartmental type of organization is approved, and the Executive Secretary must hold office in one of the Departments, it is suggested that the State Department is the logical one because of the responsibility of the Secretary of State in foreign affairs. In existing interdepartmental coordinating mechanisms for matters involving foreign policy it appears to be customary for the Director or Executive Secretary, as well as the Chairman, to be a State Department officer. That is so in each of the following cases:

Interdepartmental Committee on Cultural and Scientific Cooperation

Liberated Areas Committee

Executive Committee on Economic Foreign Policy

Petroleum Facilities Coordinating Committee

Interdepartmental Committee on Rubber

Committee on Trade Agreements

Interdepartmental Committee on Resumption of Communications with Liberated Areas

Special Committee on Communications.

Concern has been expressed by the War and Navy Departments that the Executive Secretary would regard himself as responsible to the State Department rather than to the Authority. The suggestion for meeting that point is to insert the following provision in the plan:

"The Executive Secretary, in his capacity as such, will be responsible to the Authority as a whole and may be removed by a majority vote of the Authority."

Advisory Groups or Boards

The State Department has proposed two "Advisory Groups," one for "Intelligence," composed of full-time representatives of the G-2, the DNI and the AC/AS-2, and the other for "Security," composed of full-time representatives of the Chief Coordinator, Treasury Enforcement Agencies, the AC of S, G-2, the DNI and the Director of the FBI. The War Department has expressed the view that these arrangements do not insure that the G-2, DNI and AC/AS-2 will be brought in as members of the team.

It was not the State Department's intention to minimize the role of the Service Intelligence Chiefs. It was thought that, since they would be represented in the central organization at every level, they would participate fully in the development of the national intelligence program and of all operating plans designed to carry it out.

Further, it was the State Department view, and it still is, that through a board of officers assigned full-time to the job of assisting the Executive Secretary, the G-2, DNI and A-2 would have a fuller and more effective participation in the central agency than if they sat merely as a "board of directors" holding occasional meetings and passing on finished papers. A full-time Advisory Group or Board would be part of the office of the Executive Secretary, would be familiar with the thinking of that office, would have time to study all plans and programs in detail and could do much to bring the Secretariat and the departmental intelligence agencies to a common point of view.

However, it is recognized that the War and Navy Departments have a right to specify who their representatives on the Advisory Boards will be, and it is therefore proposed to amend the plan so as to leave the War and Navy Departments and the Army Air Forces free to appoint their Intelligence Chiefs as part-time members or to appoint some other representatives as either full-time or part-time members, whichever may prove to be best.

It is also proposed, in order to relieve the Executive Secretary of the necessity of representing the State Department in discussions with the Advisory Boards, to add a State Department representative to each of the Boards.

Finally, it is proposed to make the role of the Advisory Boards explicit by means of the following provision:

"Before submitting to the Authority any recommendation for the intelligence program or any operating plan designed to carry out that program, the Executive Secretary shall submit such recommendations to the appropriate Advisory Board for concurrence or comment. If any member of the Advisory Board shall not concur in the recommendations, he shall have the right to submit a statement of his views to the Authority to be considered in connection with the recommendations."

Conclusion

It is hoped that the above-suggested modifications will meet the views of the War and Navy Departments, so that the modified plan can be submitted to the President as the agreed recommendations of the three Secretaries.

For the Secretary of State,

Alfred McCormack
Special Assistant.

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Suggested Modifications of Plan, dated
December 3, 1945, for "Establishment of
National Intelligence Authority."

Para 5: Insert after the third sentence (page 2, line 3):

"The Executive Secretary, in his capacity as such, will be responsible to the Authority and may be removed by a majority vote of the Authority."

Para 6: Substitute for the present paragraph the following:

"6. Advisory Boards. The Executive Secretary will be advised and assisted in the performance of his duties by two Advisory Boards, consisting of a representative of each of the following agencies:

"a. Advisory Board on Intelligence.

- (1) Department of State
- (2) War Department
- (3) Navy Department
- (4) Army Air Forces.

"b. Advisory Board for Security.

- (1) Department of State
- (2) Treasury Department
- (3) War Department
- (4) Navy Department
- (5) FBI"

Para 7: The following modification, not involved in the current discussion, is suggested in the interests of flexibility:

Amend the second sentence by adding the underlined words:

Each Committee will consist of an Assistant Secretary as Chairman, who will be detailed full-time from the agency, or from one of the agencies, having a primary responsibility or interest in that field.

Para 12: Change "Advisory Groups" to "Advisory Boards" and add the following at the end of the paragraph:

"Before submitting to the Authority any recommendation for the intelligence program or any operating plan designed to carry out that program, the Executive Secretary shall submit such recommendations to the appropriate Advisory Board for concurrence or comment. If any member of the Advisory Board shall not concur in the recommendations, he shall have the right to submit a statement of his views to the Authority to be considered in connection with the recommendations."

Para 15: In view of the amendment of paragraph 12, the provisions of paragraph 15 appear superfluous. Strike it out.

Para 16-18: Renumber as para 15-17.

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Extract from "Independent Offices Appropriation
Act, 1945."

"SEC. 213. After January 1, 1945, no part of any appropriation or fund made available by this or any other Act shall be allotted or made available to, or used to pay the expenses of, any agency or instrumentality including those established by Executive order after such agency or instrumentality has been in existence for more than one year, if the Congress has not appropriated any money specifically for such agency or instrumentality or specifically authorized the expenditure of funds by it. For the purposes of this section, any agency or instrumentality including those established by Executive order shall be deemed to have been in existence during the existence of any other agency or instrumentality, established by a prior Executive order, if the principal functions of both of such agencies or instrumentalities are substantially the same or similar. When any agency or instrumentality is or has been prevented from using appropriations by reason of this section, no part of any appropriation or fund made available by this or any other Act shall be used to pay the expenses of the performance by any other agency or instrumentality of functions which are substantially the same as or similar to the principal functions of the agency or instrumentality so prevented from using appropriations, unless the Congress has specifically authorized the expenditure of funds for performing such functions."