

**The Influence of the Central Intelligence Agency in the Formation of  
the Cold War; 1946-1949**

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I

The Central Intelligence Agency (CIA) went through many changes before it became the information empire that it is today. The office began as the wartime, Office of Strategic Services (OSS) 1942-1945, and was briefly known as the Central Intelligence Group (CIG) 1946-1947, before the creation of the CIA with the National Security Act of 1947. This massive transformation took place over only three years, caused a large gap in foreign intelligence, and led to CIA official's miscalculation of when the Soviet Union would acquire atomic weapons. CIA officials believed that it would be three years from 1945 before the Soviet Union had nuclear weapons, however the time span was actually much shorter than that. The leaders of the Central Intelligence Agency shaped the way the American people viewed communism and the Soviet Union by selecting the information that the agency would reveal to the American government and people. The Central Intelligence Agency used the fear of atomic energy to spurn America's negative view of the Soviet Union and the potential spread of communism. Atomic weapons were a device whose power the United States had witnessed with the bombing of Hiroshima and Nagasaki during World War II, and the enemy possessing this devastating power was frightening. The CIA used this fear to manipulate the United States into a fear and severe dislike of communism and the Soviet Union. This mistrust of communism and the Soviet Union served as a major catalyst for the duration of the Cold War and shaped the way the Cold War was fought.

## II

There is widespread debate regarding the postwar world and the role of the Central Intelligence Agency in escalating the Cold War. Roy Douglas in his book *From War to Cold War, 1942-1948* argues that it was doubt about Russia's long and short term objectives that led to the national security state and the evolution of the CIA. He argues that this doubt was fostered by the CIA and George Kennan. In February of 1946, Kennan sent an important dispatch to the White House, which stated that the Soviet leadership had learned to "seek security only in the patient, but deadly struggle for total destruction of their rival power."<sup>1</sup> This dispatch heightened American insecurities regarding communism. It was this fear that caused Truman to create the CIA and establish the national security state.

Rhodri Jeffreys Jones in her book *The CIA and American Democracy* stated that the conflict regarding national security was never resolved. She also argues that the CIA was established in 1947 with the sole purpose of fighting the Cold War. However, there were two factors that undermined the CIA's standing within the policy-makers hierarchy. She states that the first was the legitimacy of the agency. The CIA was charged with defending democracy all around the world, and the CIA suffered when it trampled democracy.<sup>2</sup> In other words, the agency was looked down upon when its' officials performed shady operations while "protecting" democracy. Secondly, Jeffreys-Jones argues that the CIA resorted to dirty tricks abroad and ran into political trouble that sapped the CIA's standing in Washington D.C. These factors weakened the agency's ability to make legislators listen to analysts. She argued that covert operations were

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<sup>1</sup> Roy Douglas, *From War To Cold War, 1942-1948*, (New York: St. Martin's Press, 1981), 10.

part of what escalated the Cold War, and provoked the Soviet Union to cling to power. In addition, the CIA used deception to convince the American people that communism was the enemy.<sup>3</sup> Jeffreys-Jones also argued that the CIA's standing depended upon the quality of its analysis and its power of persuasion. The success of the CIA depended on its ability to separate analysis from policy and advocacy from action. For example, the success of the CIA depended on its ability to differentiate between a policy of containment and the pursuit of clandestine methods in order to maintain that policy.

Jeffreys-Jones also argued that the CIA was, in some ways, a prisoner to democracy because the agency overstepped certain moral bounds, such as the use of clandestine methods and covert operations to accomplish goals of containment. This caused politicians to call for greater restraint. The CIA was a product of American mistrust, and the decision to establish the CIA had to wait two years due to the strength of its opposition. Once the CIA was formed, it became a big government weapon, which flourished with some assurance. In a sense, the CIA was the first democratically sanctioned secret service. The CIA skewed the information it received regarding Russia and convinced the American people that Stalin was not to be trusted.<sup>4</sup> This invoked the fear of the Soviet Union and the expansion of communism into the American people.

Thomas F. Troy in his book *Donovan and the CIA; A History of the Establishment of the Central Intelligence Agency* presents a different view regarding the formation of a new intelligence agency. He argues that Truman wanted a new intelligence agency that was better suited for peacetime intelligence than the OSS and he wished to change the leadership within

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2 Rhodri Jeffreys-Jones, *The CIA and American Democracy* (New Haven: Yale University Press), 2.

3 Jeffreys-Jones, 2.

4 Jeffreys-Jones, 6.

intelligence to better suit his needs. Truman had been Vice President for three months prior to the death of Roosevelt, and therefore had little current involvement in foreign affairs. Truman sought to eliminate Donovan, director of the wartime OSS, from his plans for a new intelligence agency, and ostracized Donovan from the planning process. His desire to create a new intelligence agency sparked widespread debate throughout the government, which brought forth several ideas of what this new intelligence agency should entail. However, it was the Joint Chiefs of Staff who made the final decision on the new intelligence agency. Troy argues that Truman pushed for the formation of a new intelligence agency out of desperation.<sup>5</sup> Truman needed knowledge on foreign intelligence quickly and he saw the CIA as the only means of acquiring it.

The formation of the OSS and the CIA sparked a great deal of conflict with rivaling agencies, namely the FBI. Mark Riebling traces this conflict in his book *Wedge; The Secret War Between the FBI and CIA*. Riebling argues that the conflict between the FBI and CIA stemmed from a struggle over control and power. Hoover wished to maintain his intelligence empire, and felt that the OSS and CIA were infringing upon his intelligence territory. CIA directors Vandenberg and Souers disapproved of the way in which Hoover carried out his fact finding missions, and were frustrated with Hoover's continuing efforts to gather foreign intelligence. However, Riebling argues, that the conflict was based on a need by both agencies for control and dominance in the intelligence world.<sup>6</sup> The conflict between the two agencies was consistent and intense throughout the postwar years, and it caused resentment toward the opposing agency during a time when it was crucial that they work together harmoniously.

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5 Thomas F. Troy, *Donovan and the CIA; A History of the Establishment of the Central Intelligence Agency* (Frederick, MD: University Publications of America, Inc., 1981), 15-33.

6 Mark Riebling, *Wedge; The Secret War Between the FBI and CIA* (New York: Alfred A. Knopf, 1994), 311-316.

Michael J. Hogan, in his book *A Cross of Iron*, argued that the Central Intelligence Agency had two convictions following the war, with regard to foreign policy. First of all, he argues that the elements of the current policy broke the past practice of American foreign policy, but did it with economic and institutionalized policies. Hogan also argued that bad policies by the CIA escalated the United States towards a garrison state, which was dominated by military leaders and by military purposes.<sup>7</sup> Both sides of this argument knew that a peacetime National Security State was in the making where none had existed before. These views were shaped by an ideology which provided a set of assumptions that emerged from the crisis of World War II and the beginning of the Cold War.

The ideology of national security shaped the way its supporters viewed the postwar world and America's place in it. Hogan argues that a lot of what went on during the first years of the Cold War was viewed as a fight between the new and old ways of thinking. In other words, it was a battle between the national security ideology and the old political culture. The national security ideology was the ideal that communism should and could be contained in order to ensure the "safety" of the United States. In other words, democracy was the only right and moral way to run a country. However, the old political culture had been more tolerant of communism and was a time where aristocracies. The outcome of this debate was a program of action that reconciled the differences between them; the CIA.<sup>8</sup> American leaders tried to negotiate the process of state making without forsaking their cherished values and convictions, and the result was the national security state.

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<sup>7</sup> Michael J. Hogan. *A Cross of Iron: Harry S. Truman and the Origins of the National Security State, 1945-1954* (New York: Cambridge University Press, 1998), 3.

The Cold War was a time when the United States and Soviet Union each mistrusted the intentions of the other. Each of these two countries preyed upon each other and, thereby, divided the world into polar opposites on either side of Winston Churchill's "iron curtain". Eastern and Western Allies were disentangling their interests during 1946 and retreating into separate compartments. On February 9, 1946 Stalin delivered a speech in which he declared that the "forces of imperialism and capitalism were still operating and the Soviet Union must arm to resist them. The Soviet people must build up their strategic industries in preparation."<sup>9</sup> Stalin's speech made the United States apprehensive of Soviet motives and intentions, and the United States did not respond to it well. In fact, in March of 1946, Churchill delivered a speech, with Truman by his side, in which he called for "strengthening of the United Nations and fraternal association between Britain and America."<sup>10</sup> Churchill's speech was a response to Stalin and the fear that conflict with the Soviet Union would be unavoidable. This caused increased tension and fear of communism within the United States, and made clear to political leaders the need for a foreign intelligence agency better equipped for peacetime intelligence than the wartime OSS.

### III

Franklin Delano Roosevelt established the Office of Strategic Services (OSS) on June 13, 1942, in the midst of World War II. The OSS had many responsibilities, including the gathering of secret intelligence, counter espionage, and the evaluation and synthesis of intelligence.<sup>11</sup> The OSS was the main military intelligence agency during the war, and agency staff members were in

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8 Hogan, *Cross of Iron*, 4.

9 Douglas, 136-138.

10 Douglas, 138.

11 William J. Donovan, "Memorandum for the President, 13 September 1945," in *CIA Cold War Records; The CIA Under Harry Truman* (Washington D. C.: History Staff for the Study of Intelligence Central Intelligence Agency, 1994),

charge of collecting secret foreign intelligence. This included the locating, screening, recruiting, and indoctrination of new operatives as OSS agents and personnel. Secret intelligence also included planning, mounting, and supporting clandestine military, political, economic, sociological, and scientific information, which included the cross-checking, evaluation, and processing of foreign military intelligence.<sup>12</sup> In addition, the OSS performed code-breaking facilities, which involved international eavesdropping. The OSS supplied good military information and employed almost 1,000 people by the end of the war.<sup>13</sup> The Office of Strategic Services was established and organized to collect and analyze primarily military intelligence. The OSS predicted the strategic moves of the enemies during the war, but was not equipped to handle peacetime intelligence collection and interpretation.

The conflict between the FBI (Federal Bureau of Investigation) and foreign intelligence began with the OSS. J. Edgar Hoover was Director of the FBI from May 10, 1924 until his death May 2, 1972. Hoover entered the Department of Justice on July 26, 1917, and rose quickly in government service. He led the Department's General Intelligence Division (GID) and, in November 1918, he was named Assistant to the Attorney General. When the GID was moved in the Bureau of Investigation (BOI) in 1921, he was named as Assistant Director of the BOI. On May 10, 1924, Attorney General Harlan Fiske Stone appointed the twenty-nine year old Hoover as Acting Director of the BOI and by the end of the year Hoover was named Director.<sup>14</sup> Hoover had established an intelligence regime within the FBI before the formation of the OSS, and the competition for information did not bode well for Hoover. He immediately began attacking the

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<sup>12</sup> John Magruder, "Assets of the OSS for Peacetime Intelligence Procurement, 15 January 1946," in *CIA Cold War Records*, 22-27.



OSS, and a long term conflict between the two intelligence agencies began.

In 1945, FBI agent William King Harvey discovered that Donovan's OSS was infiltrated with Soviet spies, including Julius C. Joseph at the Japanese desk and Duncan Lee who was a confidential legal assistant to Donovan. William Donovan was a Major General and was head of the OSS from June 13, 1942–October 1, 1945. Harvey discovered this through Elizabeth Bentley, a Soviet spy who had turned herself in to Harvey and the FBI. These Soviet spies were stealing important atomic and military secrets from the government. Harvey wanted to use Bentley as a double agent in order to catch the remainder of the Soviet spies within the government and the OSS. However, FBI Director J. Edgar Hoover, would not allow this as he was eager to inform Truman of Donovan's downfall. Hoover insisted on alerting the White House and departmental officials of Bentley's accusations, which undoubtedly damaged Donovan's reputation.<sup>15</sup> Hoover believed that the security of Donovan's OSS was weak. However, Hoover's over-eagerness to report the downfall of the OSS tipped off the suspected spies and allowed them to immediately stop any questionable activities and destroy any evidence that would implicate them as spies. The suspects were then moved from government jobs to higher paying non-risk jobs, and suffered virtually no consequences for their actions.

OSS officials believed that FBI agents needed to become more aggressive in counterintelligence against the Soviets, or they would lose the war against the KGB. This apparent lack of aggression by FBI agents led Truman to give the OSS primary control over the Soviet war. William King Harvey retired from the FBI following the capture of Elizabeth Bentley

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13 Jeffreys-Jones, 18.

14 Richard Gid Powers, *Secrecy and Power: The Life of J. Edgar Hoover* (New York: Collier Macmillan, 1987), 16.

15 Riebling, 88-89.

and was working for the OSS within weeks of his retirement from the FBI. This angered Hoover, who felt betrayed and began to accuse the OSS of “stealing” agents from the FBI.<sup>16</sup> For Hoover, going to the CIA from the FBI was almost as bad as going over to the Soviets. This became a major point of contention between foreign intelligence and the FBI that would carry over into the CIG and CIA.

Another point of contention between Donovan and Hoover was Donovan’s use of foreign born experts. Hoover objected to Donovan using foreign born experts because he felt it produced a platform for “coloration and biases”. In fact, Hoover scrawled on an October memo that the OSS was a “breeding ground for Commies”.<sup>17</sup> Needless to say, this infuriated Donovan and the OSS. Hoover also objected to Donovan’s use of homosexuals as agents of the OSS. Hoover considered homosexuals security risks on the basis of sexual preference because they could be bribed by the Soviets with the intent that they would “out” them if they didn’t cooperate. For example, Joseph Alsop had reportedly gone to both the FBI and the CIA and said that the KGB threatened to expose his homosexuality unless he did their bidding. Sexual preference thus became important in FBI investigations of prospective CIA employees. Another example of this is Donald Downs who was denied the necessary security clearance by the FBI based on the belief that he was “probably a pervert”.<sup>18</sup> This issue proposed major problems between the agencies, as Donovan did not appreciate his agents being denied necessary security clearance based on their sexual preference.

Due to the fact that the OSS was primarily a military establishment, President Truman

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16 Riebling, 89.

17 Riebling, 116-117.

18 Riebling, 117-118.

decided not to continue the OSS. On September 20, 1945 Truman issued an executive order disbanding the OSS as of October 1, 1945. This order dismantled the organization that Director William Donovan had built up.<sup>19</sup> One reason Truman disbanded the OSS was that he wished to downsize the United States intelligence arm. Truman also dissolved the OSS because he came into his presidency knowing absolutely nothing about foreign affairs, and thus did not see the need for a foreign intelligence agency.<sup>20</sup> Truman created a new United States foreign intelligence agency that was run by people that he knew and trusted, mainly Sidney Souers. Souers was a wealthy St. Louis businessman and Naval Reservist who rose to Deputy Chief of Naval Intelligence during the war. Admittedly, OSS director William Donovan pointed out in 1945, the United States needed an intelligence agency that would mirror the OSS, and perform the same function as the OSS, in producing intelligence regarding foreign relations.

After the dissolution of the OSS, Truman moved several OSS units into the State and War departments, and asked the State department to form a new interdepartmental organization to coordinate intelligence information for the President.<sup>21</sup> However, this task did not prove easy as American officials found it difficult to sort through policy options in order to harmonize their differences and plan for the post war world. The War and Navy departments found it impossible to agree on the presidential request for a comprehensive plan as to the size and composition of a postwar military establishment.<sup>22</sup> This conflict led to a series of different intelligence agencies, including the Central Intelligence Group (CIG) before the modern day CIA was established.

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<sup>19</sup>Jeffreys-Jones, 28.

<sup>20</sup> Central Intelligence Agency, *The Origin and Development of the CIA in the Administration of Harry S. Truman* (Washington D. C.: Center for the Study of Intelligence, 1995), 2.

<sup>21</sup>Michael Warner, ed. *The CIA Under Harry Truman; CIA Cold War Records* (Washington D.C.: History Staff Center for the Study of Intelligence Central Intelligence Agency, 1994), 1.

The Central Intelligence Group was a temporary placeholder for what would eventually become the Central Intelligence Agency. The CIG had many responsibilities that related to the gathering of foreign intelligence. The CIG was established on February 8, 1946, under the direction of Sidney Souers. Sidney Souers was a wealthy St. Louis businessman and Naval Reservist who had impressed Navy Secretary James Forrestal. Souers rose to Deputy Chief of Naval Intelligence during the war. President Truman read a mock proclamation and presented Souers with a black cloak and wooden dagger as the vestments and accessories of his new position as "director of centralized snooping." Truman placed immediate trust in Souers and stated that there was not a man he trusted more than Sidney Souers.<sup>23</sup> Truman's immediate trust in Souers moved the CIG toward independence. The Central Intelligence Group reported directly to the National Intelligence Authority, and could not perform intelligence operations without clearance from the National Intelligence Authority. The National Intelligence Authority consisted of the Secretaries of State, War, Army, and Navy as well as a personal representative to the President.<sup>24</sup>

One of the central components of the CIG was the Central Planning Staff, which planned the coordination of intelligence activities. A second component was the Central Reports Staff that was responsible for the production of national policy intelligence. Another component was the Chief Operational Service that was designated as the nucleus, from which an organization to perform services of common concern was to be built. Also included in the CIG was a small

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<sup>22</sup> Hogan, 25.

<sup>23</sup> Website first 100 days

<sup>24</sup>James S. Lay, "National Intelligence Authority, Minutes of NIA's 4<sup>th</sup> Meeting, 17 July 1946," in *CIA Cold War Records*, 56.

Secretariat that served the National Intelligence Authority and the Intelligence Authority. The responsibilities of the CIG included monitoring press and propaganda broadcasts of foreign powers and the collection of foreign intelligence information by clandestine methods. The CIG also was responsible for the production of intelligence studies of foreign areas, and basic research and analysis of intelligence subjects of common interest to all Departments, such as economics, geography, sociology, and biographical data.<sup>25</sup> The Central Intelligence Group was an intelligence office that was targeted for peacetime intelligence collection, whereas the OSS was targeted for the collection of foreign intelligence during war.

The major purpose of the CIG was to coordinate, evaluate, and disseminate intelligence and therefore prevent another attack like Pearl Harbor.<sup>26</sup> The first director of central intelligence was Rear Admiral Sidney Souers and he was expected to give Truman a *Presidential Daily Brief* every day that contained a digest of all the messages that came through the CIG regarding foreign and domestic affairs. The CIG helped the President deal, in an orderly fashion, with the mass amount of information on national security.<sup>27</sup> The CIG also adopted the Strategic Services Unit, the former espionage and counterintelligence staffs that the War Department had absorbed in early 1946, and therefore, Truman began to rely more heavily on the CIG.<sup>28</sup> The CIG began to grow in its influence and power in intelligence in large part due to the second Director of Intelligence, Lieutenant General Hoyt Vandenberg.

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<sup>25</sup> Sidney W. Souers, "Progress Report on the Central Intelligence Group, 7 June, 1949," in *CIA Cold War Records*, 41-51.

<sup>26</sup> Jeffreys-Jones, 34.

<sup>27</sup> Central Intelligence Agency, *Origin of CIA*, 4.

<sup>28</sup> Haynes, Richard S. *The Awesome Power: Harry S. Truman as Commander in Chief* (Baton Rouge, LA: Louisiana State University Press, 1973), 106.

Hoyt S. Vandenberg the nephew of powerful Republican Senator Arthur Vandenberg and General Eisenhower's intelligence chief since January of 1946 provided the CIG with the leadership and connections it needed. President Truman's aides persuaded Eisenhower to part with his new G-2, and Vandenberg became the second Director of Central Intelligence on June 10, 1946. Vandenberg was an ambitious officer who established monopolies for the CIG on clandestine collection, foreign counterintelligence, and the right to conduct independent research and analysis.<sup>29</sup> Vandenberg's aggressive personality was what Truman was seeking in order to further the role of the CIG in intelligence collection.

Vandenberg was the logical choice to be Souer's successor because he had a hand in the development of the CIG and was aggressive in his approach to central intelligence. Vandenberg was a man who loved a fight and after replacing Souers proposed a dramatic expansion of Central Intelligence. Vandenberg took office on June 10, 1946, and immediately set to work to give the CIG more independence. Vandenberg expanded the staff of the CIG from Souer's mere 80 to over 1800, one third of whom worked abroad. Vandenberg made the CIG's role more independent, than that of the OSS, and brought the CIG beyond coordinating information and moved it decisively into espionage.<sup>30</sup> By mid 1947, with the heavy influence of Vandenberg, the CIG became the nation's foremost intelligence organization, and the Director of Central Intelligence was often one of Truman's first appointments each morning, briefing him on the intelligence developments of the previous 24 hours. Vandenberg advocated for a stronger

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<sup>29</sup> Haynes, 113.

<sup>30</sup> Athan G. Theoharis. *The Truman Presidency: The Origins of the Imperial Presidency and the National Security State* (New York: Earl M. Coleman Enterprises, Inc. Publishers, 1979), 220.

intelligence agency that would work directly under executive order.<sup>31</sup> Truman began to rely substantially on the CIG and planned, with the influence of Vandenberg, to expand the agency's role even further through the use of covert operations and the interpretation and analysis of foreign information.

#### IV

Truman's decision to form a new intelligence agency was a decision that caused conflict between the War and Navy Departments as well as the FBI and National Security Council. The end of World War II resulted in a new and prominent role for the United States in world affairs, a new ideology of national security, the notion of anti-communism, and the doctrine of the containment of communism.<sup>32</sup> The end of the Second World War also enhanced the State Department's authority to organize civilian and military resources behind a permanent program of peacetime military preparedness.

There were several key players who had a hand in developing the new intelligence agency, including William Donovan, Sidney Souers, Hoyt Vandenberg, James Byrnes, and the Joint Chiefs of Staff. William Donovan was a Major General and was head of the OSS from June 13, 1942–October 1, 1945. The General recognized sooner than most and more clearly than anyone, America's need for a central intelligence organization. Starting from the premise that good intelligence work saves lives, he fashioned the OSS, America's first full-scale foreign intelligence service. The General didn't shy away from risk. He recognized that in the intelligence business,

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<sup>31</sup> Haynes, 110.

<sup>32</sup> Hogan, 23.

one can only minimize risk. Donovan embraced risk.<sup>33</sup> Donovan is the only American to have received our nation's four highest awards, The Medal of Honor, the Distinguished Service Cross, the Distinguished Service Medal and the National Security Medal. His decorated service and position as the former director of the OSS placed him in good position to aid in the development of the new intelligence agency.

A second major player in the development of the CIA was Hoyt S. Vandenberg. Vandenberg would eventually become the first director of the Central Intelligence Agency. Following the end of the war, Vandenberg became director of military intelligence (G-2) of the Army general staff, and in 1946, President Harry S. Truman appointed him director of the newly created Central Intelligence Agency (CIA). The next year he became vice-chief of staff of the recently independent Air Force, and in 1948, Truman appointed him chief of staff, United States Air Force, thereby making him the nation's highest ranking Air Force officer.<sup>34</sup> Vandenberg learned the value of coordinated collection and analysis as commander of the ninth Air Force in the European war.

James F. Byrnes played a key role in the development of the Central Intelligence Agency. Byrnes was Truman's Secretary of State. The State Department had taken over OSS units of Research and Intelligence following the dissolution of OSS. As the Secretary of State, Byrnes, was given free reign to utilize and dispose of his new acquisitions. On October 1, 1945 following the dissolution of OSS, Truman sent a letter stating that he wanted Byrnes to take the lead in the development of the new intelligence agency, which would permit complete coverage of the

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<sup>33</sup>Thomas F. Troy, *Wild Bill and Intrepid; Stephenson, Donovan and the Origin of CIA* (New Haven: Yale University Press, 1996), 23.



foreign intelligence field.<sup>35</sup> However, Byrnes and the State Department were not qualified to head up this task. Byrnes and the department had no idea how to proceed on this task, and enlisted the help of the Joint Chiefs of Staff.

The Joint Chiefs of Staff made the final decision regarding the new intelligence agency, and each member played an important role. These members included Gen. Henry H. Arnold, Adm. Ernest J. King, Adm. William D. Leahy, and Gen. George C. Marshall. It is important to note that each member was a high ranking military official. However, Marshall and Leahy played the largest roles in the development of the CIA. George C. Marshall was Army Chief of Staff and originally felt the Joint Chiefs of Staff (JCS) should not get involved in the controversial issue of new intelligence. However he soon realized that JCS involvement was inevitable.<sup>36</sup> William D. Leahy was the President of JCS and Chief of Staff to the Commander in Chief of the Army and Navy. Leahy played a critical role in the strategy, diplomacy and execution of the Second World War. Due to his wartime accomplishments, he received promotion to the rank of Fleet Admiral in December 1944. After Roosevelt's death in April 1945, Leahy continued in his posts, assisting President Harry S. Truman in bringing about final victory against Germany and Japan and then helped guide the nation in the early post-war years.<sup>37</sup> Both Marshall and Leahy played critical roles in the development and decision making process of forming a new intelligence empire.

Donovan's OSS was a foreign intelligence collection agency that was confined to foreign affairs, which is why Donovan argued that an expansion of the OSS would suffice for Truman's

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34 Jeffreys-Jones, 135.

35 Troy, *Donovan and CIA*, 272-302.

36 Troy, *Donovan and CIA*, 260, 304.

37 Jeffreys-Jones, 77-81.

vision of postwar intelligence. However, the OSS was an agency designed for war that operated under the Joint Chiefs of Staff. The OSS was charged with the responsibility of planning and direction of special services requested by the Joint Chiefs of Staff.<sup>38</sup> Although, the OSS performed the task of collecting foreign intelligence, the agency catered to war. Truman sought an agency that was suited to the postwar world, and the OSS was not that agency.

There were many competing ideas as to what the new intelligence agencies should entail. For example, many people, including William Donovan, believed that it should simply be an extension of the OSS, yet others believed that it should be an expansion of the FBI because the FBI had been actively involved in its opposition to Nazis and communism before and after World War II. In April of 1945, Donovan drafted what the basic characteristics that a modern American intelligence agency should entail, entitled “Principles, the Soundness of Which it is Believed Has Been Established by Our Own Experience and a First Hand Study of the Systems of Other Nations; Which Should Govern the Establishment of a Centralized United States Foreign Intelligence System”.<sup>39</sup> In his “Principles”, Donovan asserted that national policy must be based on knowledge of the abilities, and intentions of other nations. It is clear that Donovan sought an intelligence agency that catered to all governmental departments instead of focusing on the war departments, thus making the shift from war to peacetime intelligence.

He also stated that each governmental department should have its own intelligence bureau for the collection and processing of such information as was necessary to the functions and duties of each department. Donovan clearly stated that there must be a “national centralized foreign intelligence agency” independent of any government department because it had to serve all and

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<sup>38</sup> Warner, 4.

had to be free of the natural bias of an operating Department.<sup>40</sup> Donovan's plan for the new agency specified that the agency should be run by a director, appointed and supervised by the President and advised and assisted in the formulation of policy by a board consisting of the Secretaries of State, War, Navy, and Treasury. It should be established to serve all departments and should be charged with the collection of information bearing on the national interest and the production of "strategic interpretive studies."<sup>41</sup> Donovan was careful to include only the foreign field, and not the domestic field, of espionage, counterespionage, and special operations. Donovan's plan for the new intelligence agency was restricted only to that of foreign affairs, leaving domestic affairs to Hoover and the FBI.

Another point of view of what the new intelligence agency should consist of came from David Bruce, who was an agent of the OSS and worked closely with Donovan. Bruce stated that the new agency needed to base national policy on the acquisition and analysis on complete strategic intelligence by American minds free of any foreign bias. He also asserted that the agency required an independent staff of military men, diplomats, and scholars who were versed in foreign language and had worked in many other countries. He also believed that the new agency should coordinate information with other intelligence agencies, including the FBI.<sup>42</sup> Bruce's assessment of the agency was different than Donovan's, in that he found it necessary to incorporate domestic affairs into the new agency, and Donovan did not.

The Joint Chiefs of Staff had yet another view of the nature of the new intelligence regime. The Joint Chiefs of Staff, in proposal 1181/1, outlined the new intelligence group as being a

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39 Troy, *Donovan and the CIA*, 290.

40 Troy, *Donovan and CIA*, 290-291.

41 Troy, *Donovan and CIA*, 295-296.

“board” in the executive office, headed by a director appointed by the President, and charged with coordination, espionage, counterespionage, research, special intelligence, the containment of communism, and any other functions assigned by the President.<sup>43</sup> The OPD, Operations Division, War Department, was in concurrence with the Joint Chiefs of Staff plan adding that the strength of the position of the United States in the future depended on the establishment of a “super secret” espionage agency to obtain politico-military intelligence, which could be used in the formulation of foreign policies and strategic planning.<sup>44</sup> The Joint Chiefs of Staff and the OPD, also pointed out that with the advent of atomic weapons it was necessary to keep a close surveillance on any industrial effort in other countries. The Joint Chiefs of Staff and the OPD wanted an agency that was able to survey the progress of foreign countries and information regarding espionage and counterespionage, and were not opposed to using clandestine methods in order to maintain that information. The proposal put forth by the Joint Chiefs of Staff and the OPD’s proposal was the creation of the Central Intelligence Group.

One principle that CIA advocates, Hoyt S. Vandenberg and James R. Byrnes emphasized was bureaucratic continuity. Vandenberg and Byrnes argued that one of the lessons from the past was that the United States had too readily dismantled its spy networks in times of peace, which resulted in Japan’s surprise attack on Pearl Harbor.<sup>45</sup> These CIA advocates argued that the creation of a national security state was the only way to insure that another surprise attack would not happen. On the other hand, George M. Elsey, who was in charge of the White House map room and a personal representative to Truman, mounted a campaign against the formation of the

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42 Troy, *Donovan and CIA*, 290.

43 *Ibid*, 293-297.

44 Troy, *Donovan and CIA*, 310.

Central Intelligence Group because he argued that the agency would attempt to control the FBI and other intelligence agencies. Elsey also argued that the formation of the CIG would strengthen the powers of foreign intelligence and create a dominant superpower agency. What eventually emerged was the Central Intelligence Group, but the establishment of the CIG did not resolve the conflict over what the new intelligence agency should involve.

There were several policymakers involved in forming the Central Intelligence Agency, including President Truman, Col. Alfred McCormack, Sidney W. Souers, and the Joint Chiefs of Staff. Alfred McCormack was special assistant to Secretary of State James Byrnes and was in charge of foreign research and intelligence. McCormack drafted a plan, issued by the State Department that argued that the CIA should have complete control over America's intelligence. However, the Joint Chiefs of Staff argued that the CIA should provide the President with unbiased intelligence, approved by the State, War, and Navy Departments. It was decided by Truman that the plan submitted by the Joint Chiefs of Staff coincided more directly with what he envisioned for his intelligence agency.<sup>46</sup> Although the plan submitted by the Joint Chiefs of Staff was implemented, the debate over central intelligence was far from over. The establishment of the CIG managed only to quiet the debate for a short period of time.

A poll related to the debate on intelligence from 1945-1947 revealed that a majority of Americans agreed on the kind of intelligence agency they did not want. They did not want the mixing of foreign with domestic methods. Most wanted an intelligence agency that would protect the United States from surprise attack. General Hoyt S. Vandenberg and James F. Byrnes argued

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45 Jeffreys-Jones, 26.

46 Sidney W. Souers, "Memorandum for Commander Clifford, 27 December 1945," in *CIA Cold War Records*, 17-19.

that continuous peacetime intelligence was necessary if America was to be equipped to meet future crises. Truman portrayed the intelligence system of the 1930's as being weak, but at the same time praised William Donovan's wartime achievements.<sup>47</sup> However, when it came time to select a new Director of Intelligence Truman shunned William Donovan because he did not trust him.

## V

The conflict between the OSS and the FBI carried over into the newly formed Central Intelligence Group. Hoover thought CIG agents to be haughty and slack like fellows at a think tank, while his FBI agents were humble, disciplined, and "befitted American knights".<sup>48</sup> The personnel at the two agencies had no mutual respect for one another. For example, FBI correspondent to CIG Deke DeLoach thought that the CIG was just beginning and trying to find itself, which resulted in strong resentment. Hoover and Souers were now in direct competition to recruit the top agents. Hoover felt that the CIG was stealing prospective agents from the FBI, and wooing experienced personnel from the FBI. In fact, a number of agents left the FBI to join the CIG.<sup>49</sup> The conflict between the two agencies began with the competition for agents; however it went much deeper than that.

Thomas Powers, a current agent of the Central Intelligence Agency during this time, suggested that the cost incurred as a result of the decimation of the OSS, and two years of moving files and reorganizing intelligence, was a loss of intelligence. This loss of intelligence was due to many factors, mainly a lack of communication between the CIG and other intelligence

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<sup>47</sup>Jeffreys-Jones, 16.

<sup>48</sup>Riebling, 92.

<sup>49</sup>Riebling, 93.

agencies, namely the FBI. Hoover and the FBI were fearful that the CIA would become too powerful. The FBI feared the CIG because the Central Intelligence Group was the only intelligence organization that had access to all the raw materials and information of every governmental agency in the United States.<sup>50</sup> In an attempt to counteract the unlimited access to information, Hoover put restrictions on the information the CIG was able to acquire from the FBI. The CIG had to obtain permission directly from J. Edgar Hoover in order to have access to any information the FBI had obtained regarding foreign affairs.<sup>51</sup> This allowed Hoover to relinquish to the CIG only what he deemed necessary. Hoover was able to maintain control over information the FBI had obtained, which often meant CIG agents were starting from scratch obtaining information regarding foreign affairs.

## VII

Under Director of Intelligence Hoyt S. Vandenberg, one of the major points of contention between the Soviet Union and the United States at the beginning of the Cold War was the development of atomic energy. A key problem within the relationship of the United States and the Soviet Union was the fact that the United States had a monopoly on the atomic bomb. By giving the United States overwhelming military power the atomic bomb provoked the Soviet Union into a state of defensive aggressiveness.<sup>52</sup> Vandenberg argued in January of 1947 that the Soviet Union was in a position, in which they could move troops into and out of areas with relative ease. In addition he insisted that the Soviet Union's troops were ready for mobilization,

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<sup>50</sup> Lay, "Minutes of NIA's 4<sup>th</sup> Meeting", 56.

<sup>51</sup> Riebling, 76.

<sup>52</sup> Alonzo Hamby L. *Beyond the New Deal: Harry S. Truman and American Liberalism* (New York: Columbia

and that Stalin was creating the largest army the Soviet Union had ever possessed. Vandenberg stated this was because the Soviet Union was in fear of the United States, and the nuclear power the United States possessed.<sup>53</sup> The Soviet Union was intimidated by the military power of the United States. Thus, Stalin took action to protect his people and his country.

It was quite certain that the Soviet Union would in fact gain nuclear power; however, the United States did not want to risk the USSR obtaining it without the knowledge of America. When the Soviet Union developed nuclear weapons, the United States would lose their military edge, thus putting the Soviet Union at the same level militarily as the United States. This made it important to the national security state that America be informed when Russia gained nuclear power. The fear caused Secretary of War Henry Stimson to propose that the United States offer the Soviet Union partnership in atomic development and immediately share some, not all, of the atomic knowledge that the United States had developed on the 21<sup>st</sup> of September, 1946.<sup>54</sup> However, on October 8, 1946 Truman stated that the United States would not give any information on the atomic development of the United States to any other world powers.<sup>55</sup> Truman instead decided to put the Central Intelligence Group in charge of monitoring the progress of the Soviet Union towards acquiring nuclear energy. Truman objected to Stimson's proposal because he did not trust the Soviet Union. The threat of the Soviets gaining atomic power, without his knowledge, led Truman to increase the role of the CIG in foreign affairs.

Since the United States was not letting the Soviet Union in on their inner circle of atomic

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University Press, Columbia University Press, 1973), 98.

<sup>53</sup> Hamby, 99.

<sup>54</sup> Paul Boyer. "Some Sort of Peace: President Truman, the American People and the Atomic Bomb" in Lacey, Michael J. ed. *The Truman Presidency* (New York: Cambridge University Press, 1989) p. 176.

<sup>55</sup> Boyer, 177.



weaponry, America assumed that the USSR would not be able to obtain atomic weapons for a great deal of time. In fact, in a 1947 report, authorized by Vandenberg the CIG predicted that the Soviet Union would not acquire nuclear energy for at least three years.<sup>56</sup> It is important to note that at the time the CIG predicted the time when the Soviets would obtain atomic energy, the Soviet Union had already detonated an atomic weapon, on August 29, 1945; without the knowledge of the CIG. This is an example of the kind of slippage that occurs when organizations are in transition. The Soviet Union was able to acquire atomic energy before expected because of the atomic and military secrets Soviet spies had obtained from the OSS under the direction of Donovan. Hoover was quick to point the downfall out, yet again.

The fear of CIG dominance produced a division of labor between the CIG and the FBI. The CIG took care of foreign intelligence matters and the FBI took care of domestic intelligence matters. The CIG-FBI division produced rivalry and a lack of cooperation between the two agencies, and impaired counterintelligence and therefore reputed the CIG's resistance to KGB penetration and deception.<sup>57</sup> The domestic rivalry between the FBI and CIG prevented the CIG from making combined estimates of Soviet and American capabilities and strategies because the CIG was not able to evaluate the American side of things effectively.

The CIG shaped the views of the American government on many issues relating to the Cold War, notably the idea of containing communism. It was this ideal that led Deputy of Foreign Affairs George F. Kennan's to draft his containment thesis in February of 1946. George F. Kennan was the Charge d'affaires in Moscow and a Foreign Service officer who worked as a

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<sup>56</sup> Central Intelligence Agency "Origin and Development of CIA", 13

<sup>57</sup> Jeffreys-Jones, 250.

special consultant to the Director of Intelligence, Hoyt S. Vandenberg, especially on matters concerning the Soviet Union. By early 1946, Soviet depredations in Eastern Europe, significantly in Poland, had persuaded most United States policy makers that a lasting settlement with the Soviet Union was nearly impossible. In February of 1946 Kennan drafted the containment thesis from the vantage point based on the findings of the CIG and the United States embassy in Moscow. Kennan's containment thesis argued that the Soviet foreign outlook postulated an unrelenting hostility toward America and that the current phase of Soviet expansionism was "more dangerous and insidious than ever before."<sup>58</sup> According to Kennan, the Soviets favored peaceful coexistence only to give them a chance to recover from the war and as a low-cost means to subvert the United States.<sup>59</sup> Kennan also made it clear that the Soviet Union needed to be negotiated with and that if they did not respond to reason, then they would surely respond to force. Kennan also argued in his thesis that the United States administration needed to educate the public about the realities of Soviet power and intransigence in order to secure its allies against communist subversion and project a positive image of the United States to the world.

The perceived threat of the Soviet Union and communism to the democratic capitalist society of the western world began stretching out into the public arena. Kennan, who served as a special consultant to Vandenberg regarding Soviet affairs, doubted Russia's objectives in the long and short run. In February 1946, he sent a dispatch to the CIG arguing that the Soviet leadership had learned to seek security in a patient, but deadly struggle for the total destruction of Russia's enemy. Kennan played a key role in influencing Vandenberg and the CIG's view of Soviet

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<sup>58</sup> Robert A. Pollard, "The National Security State Reconsidered: Truman and Economic Containment, 1945-1950." in Lacey, Michael J. ed. *The Truman Presidency* (New York: Cambridge University Press, 1989), 210.

<sup>59</sup> Pollard, 211-212.

intentions towards gaining power and wiping out the United States. Truman did not implement Kennan's containment thesis for over a year, and when he did, he opted for a policy of economic containment through the Marshall Plan for economic recovery rather than military containment.<sup>60</sup> Kennan's assessment of the Soviet threat, along with the input of the CIG led to the fear of communism being spread into the public sector of the United States.

Kennan's containment thesis had a lasting impact in shaping American foreign policy. In his thesis, Kennan argued that the Soviet foreign outlook postulated an unrelenting hostility towards the West, and that the Soviets' only favored peaceful coexistence in order to recover from the War and as a low cost means to subvert the West.<sup>61</sup> Kennan had not intended to imply that the negotiations with the Soviets were not possible, or that Moscow's foreign policy was unalterably dedicated to war according to a set agenda. However, CIG policy makers, particularly director Vandenberg, hijacked Kennan's more militant passages to argue for tougher policies against the Soviet Union and a general increase in the United States defense programs.<sup>62</sup> For example, Truman's original policy of anti-communism was one of restraint and containment, however with the influence of Kennan and the CIG, Truman's policy soon turned to one of paranoia and aggression.

Another instance in which the CIG obtained information regarding the policies of the Soviet Union and their view towards the west came in July of 1946. On the 23<sup>rd</sup> of July 1946, the CIG released a report on Soviet foreign and military policy. This report disclosed information

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<sup>60</sup>Robert James Maddox, *From War to Cold War; The Education of Harry S. Truman* (Boulder, CO: Westview Press, 1988), 145.

<sup>61</sup> Pollard, 211.

<sup>62</sup> Pollard, 211.

that the CIG had obtained detailing the Soviet Union's view of the United States, and its immediate military capabilities, goals, and political objectives toward the United States. In this report, the CIG claimed that the Soviet government anticipated an inevitable conflict with the capitalist world, and that the Soviet Union sought to increase its own power while undermining the United States.<sup>63</sup> This report also disclosed that the Soviet Union needed to avoid such a conflict for the time being, due to the fact that they did not possess the resources to engage in any type of warfare. Nevertheless, according to the CIG, the Soviet Union would eventually insist on total domination in Eastern Europe.<sup>64</sup> This CIG report persuaded U. S. policy makers that a lasting settlement with the Soviet Union was nearly impossible, and that action must be taken in the containment of communism.

Another CIG report from August 12, 1946 depicted the Soviet Foreign policy as one of domination. CIG Director Vandenberg, however, realized that this was most likely not the ultimate goal of the Soviet Union, but argued that the Soviets were concerned with prestige and power in the east, expanding communism, and establishing themselves as a dominant world power. The August 12 report also suggested that for the present into the indefinite future, the fundamental thesis of Soviet foreign policy was the proposition that the peaceful coexistence of communist and capitalist states was, in the long run, impossible.<sup>65</sup> This view was also shared by United States policy makers, and was a major part of what originally caused the Cold War. Truman was heavily influenced by the CIG, and he believed that unless communism was contained and Soviet aggression controlled, the security of the United States was in jeopardy.

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<sup>63</sup>Central Intelligence Group, "Soviet Foreign and Military Policy," in *CIA Cold War Records*, 66.

<sup>64</sup>Central Intelligence Group, "Soviet Foreign and Military Policy" 69.

## VIII

Under Vandenberg's direction there was a widespread debate dealing with the expansion of the Central Intelligence Group into a separate governmental agency. On July 12, 1946, Vandenberg presented a report to Clark M. Clifford, Naval Aid to the President, that proposed the establishment of the CIA. However, Clifford pointed out that, by establishing a separate government agency for central intelligence, Vandenberg's plan was departing from Truman's original intentions for central intelligence. Lawrence Houston and James S. Lay argued that in order for the CIG to operate as originally intended, it must become an operating agency without a large staff of intelligence experts monitoring the activities of central intelligence.<sup>66</sup> This sparked the debate of expanding the CIG into a separate governmental agency that could take action, without first gaining the approval of the State, War, Navy, and Army departments.

The debate continued in a meeting of the National Intelligence Authority on July 17, 1946. During this meeting, Vandenberg argued that the CIG should have access to the raw materials collected by other American intelligence agencies, that directly pertained to the interests of the CIG. However, in order to accomplish this, the CIG needed to be able to see and screen all intelligence received on foreign and domestic affairs. Thus, the CIG required its own funds, and Vandenberg demanded the authority to hire and fire people as he saw fit. Vandenberg's proposal required enabling legislation to establish the CIG as an agency. Vandenberg also stated that in order for the CIG to perform its required responsibilities, the CIG budget, for 1947, must be expanded from 12 million dollars to 22 million dollars. Byrnes and Robert P. Patterson pointed

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<sup>65</sup>Ibid 70.

<sup>66</sup>George M. Elsey, "Memorandum for the Record, 17 July 1946" in *CIA Cold War Records*, 53-54.

out that the CIG was designed to conceal the amount of money the government spends on central intelligence. However, they stated that it was possible to convince the Congress to allow the increased budget, if they presented it as going toward “investigation abroad.”<sup>67</sup> Byrnes and Patterson proposed deceiving the Congress in order to achieve the financial goal for an expanded CIG. This example shows that central intelligence authorities would stop at nothing to achieve their goal of completely controlling foreign intelligence.

However, Admiral Leahy and Laurence Houston opposed the suggestions of Byrnes, Patterson and Vandenberg. Leahy and Houston argued that the CIG should remain small, and that establishing the CIG as a separate agency would violate Truman’s intentions for central intelligence. By the end of the meeting of the National Intelligence Authority in July of 1946, however, Leahy and Houston were persuaded that the CIG should be broadened.<sup>68</sup> The July 1946 meeting led to the drafting and proposal of the National Security Act, and marked a significant change in the way central intelligence was carried out.

Truman sent the National Security Act to Congress on February 26, 1947. Truman signed the completed legislation on July 26, 1947, and it took effect on September 18, 1947.<sup>69</sup> The National Security Act established the modern day Central Intelligence Agency. The National Security Act disbanded the National Intelligence Authority and placed the CIA under the direct control of the National Security Council. The National Security Act of 1947 assigned the CIA the tasks of gathering information, gathering activities of numerous government departments, evaluating the information received, and distributing the material to government officials on a

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<sup>67</sup> Lay, 55-61.

<sup>68</sup> Lay, 61.

<sup>69</sup> United States Government, “National Security Act of 1947; 26 July, 1947,” in *CIA Cold War Records*, 131

“need to know” basis.<sup>70</sup> It is clear that with the authorization of the National Security Act the CIA assumed a much more prominent role.

The National Security Act of 1947 broadened the CIA’s authority to collect and disseminate intelligence information. The role of the Central Intelligence Agency role expanded radically and almost immediately. The perception of the Soviet threat by Administration officials’ and Congress encouraged them to increasingly rely on the CIA for the conduct and execution of foreign policy objectives, such as the containment of communism. As opposed to the State Department, the CIA provided the tools for the secretive conduct of controversial policy and possessed the personnel willing to accomplish operations which officials in the Foreign Service and State Department were unwilling to perform for fear of crossing over the line of decency.<sup>71</sup> The CIA was involved in counter-espionage tactics that were based on deceit and many members of the State department were not comfortable performing them.

The initial role of the CIA was confined to psychological warfare, or a war of intelligence that was based on misconceptions and deceit. This deceit was not confined to the Central Intelligence Agency. It infiltrated the entire national security state. For example, on February 12, 1948 the National Security Council ordered the CIA to maintain the responsibility of the exploitation of “highly selective information” dealing with the United States business concerns and other non-governmental organizations dealing with foreign affairs.<sup>72</sup> The CIA was under direct order to select the information that was to be revealed to the United States, the government, and other foreign affairs agencies.

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<sup>70</sup>Ibid, 133.

<sup>71</sup>Theoharis, 219.

<sup>72</sup> National Security Council, “Directive No. 7”, in *CIA Cold War Records*, 177.

However, the CIA eventually began performing more complicated functions, including numerous covert operations. A covert operation is defined by the CIA as “a general term for secret efforts to influence or subvert a foreign adversary.”<sup>73</sup> The CIA began to transform to covert action operations rather than intelligence collection, which produced a dominant role for the CIA in American foreign policy in addition to intelligence. Truman authorized and encouraged the use of covert operations in early 1948 because he was fearful of Soviet domination in Europe. Covert operations included all measures of information and persuasion, and always concealed the action’s origin in the United States. The primary objective of the operations was to undermine the strength of foreign agencies and support United States policy.<sup>74</sup> The CIA began to focus on covert actions rather than intelligence collection. This was an especially dominant role for the CIA in American foreign policy.

The conflict between the intelligence agencies carried over into the CIA from the CIG. The division of labor between the CIA and FBI, in which the CIA took care of foreign intelligence matters, produced a rivalry between the two agencies that impaired cooperation and counterintelligence efforts and disabled the effectiveness of the CIA’s resistance to Soviet KGB penetration and deception. An example of this is the stolen atomic information that Soviets took directly from the United States.<sup>75</sup> The domestic rivalry between the FBI and CIA prevented the CIA from making combined estimates of Soviet and American capabilities and strategies because the CIA was not able to evaluate the American side of things effectively.

The conflict between the CIA and the FBI escalated in 1947 when Director of Central

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<sup>73</sup>Central Intelligence Agency, *Origin of CIA*, 28-29.

<sup>74</sup>Roscoe Hillenkoetter, “Additional Functions of the Office of Special Operations” in *CIA Cold War Records*, 191.

<sup>75</sup>Jeffreys-Jones, 250.



Intelligence Hoyt Vandenberg agreed to take over FBI assignments in the western hemisphere outside of the United States. In a February 1947 meeting of the National Intelligence Authority, Vandenberg stated that the CIA agents who replaced the FBI agents in South America were of the highest quality. He also argued that CIA agents did a better job of collecting information regarding affairs in South America than did their FBI counterparts. These claims aggravated existing animosity between the two agencies. CIA director Vandenberg insinuated that the FBI was not capable of performing the same tasks as the CIA and Hoover did not appreciate these claims. In the same 1947 meeting, the National Security Authority granted Vandenberg the authority to act for the American government in coordinating all federal foreign activities related to the national security of the United States to insure that the policies and objectives of the CIA as a whole were properly implemented and executed.<sup>76</sup> This step created more animosity between the FBI and CIA because it substantially increased the power of the CIA.

J. Edgar Hoover was upset over the FBI being removed from the western hemisphere, feeling that the CIA was infringing upon his jurisdiction in foreign and domestic affairs. On a number of occasions CIA agents attempted to embark on operations inside the United States, and Hoover soon reminded them that the CIA had to obtain clearances from him, so as not to upset ongoing FBI investigations.<sup>77</sup> The CIA, on the other hand, was critical of the FBI for moving on cases and making arrests without playing the cases out. There was often a natural conflict of interest in sharing a “prize catch” between the FBI and CIA. For example, in 1948 a former Soviet intelligence officer, Ivan Anisimov, was claimed by both organizations. The CIA got to

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76 Central Intelligence Agency, “National Intelligence Authority: Minutes of National Intelligence Authority’s Ninth Meeting, 12<sup>th</sup> July, 1947”, in *CIA Cold War Records*, 114-116.

77 Riebling, 93.

him first, and he was not shared with the FBI. The FBI reacted by placing Anisimov on surveillance, and attempted to take him into custody in a Washington restaurant. However, CIA personnel rushed to his defense and a brawl broke out between FBI and CIA agents.<sup>78</sup> The battle for control over intelligence between the CIA and Hoover's FBI had reached its peak and was no longer a battle kept under wraps, but was now apparent to the public. The *Washington Post* ran an article on the incident and before long news of it spread throughout the entire United States.

By the summer of 1948, the FBI-CIA feud had reached its peak. CIA agents leaked to the press that they believed the FBI had "burned files" that related to foreign relations in Latin America rather than turn them over to the CIA. It ran in the *Times*, and Hoover was angry at the accusations. The *Times* also got after the FBI for running loyalty checks on Central Intelligence Agency correspondents, reportedly forcing the CIA to hire its own security people at a considerable expense.<sup>79</sup> This caused the National Security Agency to form a commission to review the duties and relationship between the FBI and CIA.

Allen Dulles, a member of the National Security Council and a former member of the OSS was selected to head the commission to examine the Central Intelligence Agency and the FBI. The commission was called the Presidential Intelligence Survey Group. In 1949, Allen Dulles concluded that the CIA should be allowed to coordinate domestic counterintelligence. When Hoover heard Dulles' recommendation he countered that coordination of domestic spy-catching should be accomplished through a new Interdepartmental Committee on Internal Security (ICIS), to be chaired by a member of the FBI, and from which the CIA should be excluded.<sup>80</sup> The ICIS

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78 Riebling, 93-94.

79 Riebling, 94-95.

80 Riebling, 99.

was a committee to be chaired by Hoover and was aimed at keeping the CIA in its place. The National Security Council tried to placate Hoover by offering him a position on the Intelligence Advisory Committee. The Intelligence Advisory Committee was an interagency that would be chaired by the Director of Central Intelligence (DCI) in which both agencies would contribute to crisis estimates and the planning of secret operations on the domestic front. However, Hoover refused to work under the DCI, and the National Security Council soon gave up trying to budge Hoover.<sup>81</sup> Despite the efforts of the National Security Council and Allen Dulles, Hoover was able to maintain his monopoly over domestic intelligence.

As the CIA gained power within the government, the agency sought the support of the American people, in order to gain the financial backing and support they needed from the public. Publicity was necessary in order for the CIA to gain a proper measure of support and understanding from the American public. However, the nature of pro-CIA propaganda was sometimes unbalanced in a way that distorted the Agency's mission.<sup>82</sup> CIA propaganda during the Cold War helped to convince the American people of the perceived threat of the Soviet Union and of the need to contain communism. This was accomplished through the selection of evidence by the Central Intelligence Agency. By controlling the flow of information, the agency shaped the view Americans held about communism. This was an easy task for the CIA to accomplish because they had a monopoly of the information network regarding foreign affairs in the United States. Any other governmental organizations that conducted foreign intelligence operations were non governmental and were in direct contact with the CIA.<sup>83</sup> The CIA made sure that any

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<sup>81</sup> Riebling, 103.

<sup>82</sup> Jeffreys-Jones, 22.

<sup>83</sup> National Security Council, "Directive No. 7", 177.

information regarding foreign affairs was cleared through them before it reached the public, regardless of if it came directly from the CIA.

The establishment of the Central Intelligence Agency led to an increase in the amount of information to be collected regarding foreign affairs. The CIA had the ability to collect more information because of its dominance as an intelligence agency. The sheer volume of information that was accumulated by the CIA enabled the agency to selectively present information to the United States government. This selection of information by the CIA heightened the tensions of the Cold War. For example, in May of 1948 President Truman sent a personal representative of the CIA to the Russian zone. The report of the agent, whose name is classified, showed that the Russians were in the process of establishing a communist state under the surveillance of the Red Army.<sup>84</sup> This information is what the CIA chose to reveal to the United States. Any other information collected on this visit may never be fully known. It is impossible to know the information the CIA chose to reveal to the government because one of the primary functions of the CIA was to select information that would benefit the United States. In fact, in March of 1948, Truman directed central intelligence to “support United States foreign policy by influencing public opinion in a direction favorable to the attainment of United States objectives.”<sup>85</sup> The CIA’s job was to influence public opinion in order to benefit the goals of the United States, which inevitably required the selection of information.

Another example of the influence that the CIA had on American foreign policy is seen in a report entitled *Review of the World Situation as it Relates to the Security of the United States* that was given by the CIA to the National Security Council and President Truman on the 26 of

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<sup>84</sup>Douglas, 134-135.

September, 1947. The September 26<sup>th</sup> report indicated that among foreign powers, only the USSR was capable of threatening the security of the United States. This view shaped Truman's view of the Soviet Union as a perceived threat. This report also disclosed that the greatest danger to the security of the United States was the possibility of economic collapse in Western Europe, and likely resulting in the accession to power of communists.<sup>86</sup> This view nurtured America's fear of communism and fueled America's fire to stop communism from expanding.

## IX

The formation of the CIA was a detailed process that was riddled with conflict and deceit. President Harry Truman went into his presidency without much knowledge of foreign intelligence, and in order to maintain an appearance of knowledge regarding foreign affairs, Truman abolished the OSS and ostracized William Donovan from the new intelligence agency. I believe that Truman ostracized Donovan so that he could appear more knowledgeable than he really was. Truman already had J. Edgar Hoover to deal with. Hoover was established in the FBI long before Truman took over the presidency. Hoover was in control of the FBI's intelligence and was un-removable. Truman needed some leverage in order to cover up his lack of knowledge regarding world affairs; Donovan was removable. With the removal of Donovan, Truman was able to gain control of the CIA by putting Souers in as Director of Central Intelligence. Souers, was a man Truman trusted implicitly and with that trust Truman was able to achieve a seeming level of knowledge and forthcoming.

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85 Hillenkoetter, 191.

<sup>86</sup>Central Intelligence Agency, "Review of the World Situation as it Relates to the Security of the United States" in *CIA*

Truman was afraid to keep Donovan in power because Donovan was keen on foreign intelligence and the inner workings of it. Donovan's knowledge represented a threat to Truman because Truman did not want to appear naïve to the American government and public. Since, Hoover was irreplaceable; forming a new intelligence agency was Truman's only means of preserving his dignity. Following the formation of the CIA, Truman furthered his control of intelligence by giving many of the FBI's intelligence territories over to the CIA. This allowed Truman more control and better access to intelligence matters around the world.

Overall, the involvement of the Central Intelligence Agency in the origination of the Cold War was monumental. First of all, the transformation of the OSS to the CIA was a key factor in shaping the Cold War. Throughout the many alterations of American intelligence, a gap of information resulted that led to the miscalculation of when the Soviet Union would acquire atomic power. This transformation also saw a breakdown in security, which allowed Soviet spies to steal important atomic development information from the United States. These many transformations also caused a great deal of conflict between the CIA and the FBI and National Security Council. This conflict with the CIA led to the inability of the CIA to work with the FBI and thus gain access to information regarding the military and economic standings of the United States in regard to the Soviet Union. Within this transformation of the intelligence system the CIA was also given complete control over foreign intelligence, and thus had the ability to select the information they wished to reveal to the United States government. This selection of information allowed the CIA to shape America's views on communism and the Soviet Union. And because the CIA was in conflict with the FBI, its propaganda overemphasized the role of the agency in the Cold War in

order to enhance CIA prestige and power.

There are many issues that led to the development of the Central Intelligence Agency in 1947. One issue was doubt about Russia's long and short term objectives, which led to the national security state and the evolution of the CIA. This doubt was fostered by the CIA and George Kennan through his containment thesis. Another reason the CIA was established was for the purpose of fighting the Cold War. The CIA was charged with defending democracy all around the world; however, the CIA suffered when it trampled democracy through clandestine methods of containing communism. It is also argued that bad policies by the CIA escalated the United States towards a garrison state, which was dominated by military leaders and by military purposes. These views were shaped by an ideology which provided a set of assumptions that emerged from the crisis of World War II and the beginning of the Cold War.

It is also the case that Truman wanted a new intelligence agency that was better suited for peacetime intelligence than the OSS, and he wished to change the leadership within intelligence to better suit his needs. Truman sought to eliminate Donovan from his plans for a new intelligence agency, and ostracized Donovan from the planning process. His desire to create a new intelligence agency sparked widespread debate throughout the government, which brought forth several ideas of what this new intelligence agency should entail. Truman ostracized Donovan because he was much more knowledgeable regarding current foreign affairs. Donovan's knowledge represented a threat to Truman and in order to maintain the appearance of control, Truman removed Donovan from foreign affairs. Truman's desire to create a new intelligence agency sparked widespread debate throughout the government, which brought forth several ideas of what this new intelligence agency should entail. However, it was the Joint Chiefs of Staff who

made the final decision of the formation of the CIA. The formation of the CIA also sparked debate between the FBI and CIA. This conflict between the FBI and CIA stemmed from a struggle over control and power. Hoover wished to maintain his intelligence empire, and felt that the OSS and CIA were infringing upon his intelligence territory. This conflict infiltrated the entire transformation process of the CIA and continued to build throughout history.



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