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## Salvage and Liquidation

# The Creation of the Central Intelligence Group

[Michael Warner](#)

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*Editor's Note:* This article is an expanded version of one that appeared under the same title in the fall 1995 edition of *Studies in Intelligence*.

January 1996 marked the 50th anniversary of President Truman's appointment of the first Director of Central Intelligence (DCI) and the creation of the Central Intelligence Group (CIG), CIA's institutional predecessor. The office diary of the President's chief military adviser, Flt. Admr. William D. Leahy, records a rather unexpected event on 24 January 1946:

*At lunch today in the White House, with only members of the Staff present, RAdm. Sidney Souers and I were presented [by President Truman] with black cloaks, black hats, and wooden daggers, and the President read an amusing directive to us outlining some of our duties in the Central Intelligence Agency [sic], "Cloak and Dagger Group of Snoopers."[\(1\)](#)*

With this whimsical ceremony, President Truman christened Admiral Souers as the first DCI.

The humor and symbolism of this inauguration would have been lost on many veterans of the Office of Strategic Services (OSS), the big intelligence and covert

action agency that Truman had suddenly dismantled at the end of World War II, only four months earlier. CIG inevitably suffered (and still suffers) from comparisons with OSS. The Group began its brief existence with a phony cape and a wooden dagger. It was a bureaucratic anomaly with no independent budget, no statutory mandate, and staffers assigned from the permanent departments of the government. Nevertheless, CIG grew rapidly and soon gained a fair measure of organizational autonomy. The Truman administration invested it with the two basic missions of strategic warning and coordination of clandestine activities abroad, although interdepartmental rivalries prevented the Group from performing either mission to the fullest. Strategic warning and clandestine activities are the two basic missions of today's CIA. [\(2\)](#)

Historical accounts of Truman's dissolution of OSS and creation of CIG have concentrated on assigning credit to certain actors and blame to their opponents and rivals. [\(3\)](#) The passage of time and the gradually expanding availability of sources, however, promise to foster more holistic approaches to this subject.

The problem for the Truman administration that fall of 1945 was that no one, including the President, knew just what he wanted, while each department and intelligence service knew fully what sorts of results it wanted to avoid. With this context in mind, it is informative to view the formation of CIG with an eye toward the way administration officials preserved certain essential functions of OSS and brought them together again in a centralized, peacetime foreign intelligence agency. Those decisions created a permanent intelligence structure that, while still incomplete, preserved some of the most useful capabilities of the old OSS while resting on a firmer institutional foundation.

## From War to Peace

Before World War II, the US Government had not seen fit to centralize either strategic warning or clandestine activities, let alone combine both missions in a single organization. The exigencies of global conflict persuaded Washington to build a formidable intelligence apparatus in Maj. Gen. William J. Donovan's Office of the Coordinator of Information (renamed OSS in 1942), America's first nondepartmental intelligence arm. As such, it encountered resentment from such established services as the FBI and the Military Intelligence Division of the War Department General Staff (better known as the G-2).

General Donovan advocated the creation of a limited but permanent foreign intelligence service after victory, mentioning the idea at several points during the war.(4) President Roosevelt made no promises, however, and, after Roosevelt's death in April 1945 and the German surrender that May, President Truman felt no compulsion to keep OSS alive. He disliked Donovan (perhaps fearing that Donovan's proposed intelligence establishment might one day be used against Americans).(5) The President and his top military advisers also knew that America's wartime intelligence success had been built on cryptologic successes, in which OSS had played only a supporting role. Signals intelligence was the province of the Army and Navy, two jealous rivals that only barely cooperated; not even General Donovan contemplated centralized, civilian control of this field.

### Major-General William J. Donovan

Truman could have tried to transform OSS into a central intelligence service conducting clandestine collection, analysis, and operations abroad. He declined the opportunity and dismantled OSS instead. Within three years, however, Truman had overseen the creation of a central intelligence service conducting clandestine collection, analysis, and operations abroad. Several authors have concluded from the juxtaposition of these facts that Truman dissolved OSS out of ignorance, haste, and pique, and that he tacitly admitted his mistake when he endorsed the reassembly of many OSS functions in the new CIA. Even Presidential aide Clark Clifford has complained that Truman "prematurely, abruptly, and unwisely disbanded the OSS."(6)

A look at the mood in Washington, however, places Truman's decision in a more favorable light. At the onset of the postwar era, the nation and Congress wanted demobilization--fast. OSS was already marked for huge reductions because so many of its personnel served with guerrilla, commando, and propaganda units considered extraneous in peacetime. Congress regarded OSS as a temporary "war agency," one of many bureaucratic hybrids raised for the national emergency that would have to be weeded out after victory.(7) Indeed, early in 1945 Congress passed a law requiring the White House to seek a specific Congressional appropriation for any new agency operating for longer than 12 months.(8) This obstacle impeded any Presidential wish to preserve OSS or to create a permanent peacetime intelligence agency along the lines of General Donovan's plan--a path

made even slicker by innuendo, spread by Donovan's rivals, that the General was urging the creation of an "American Gestapo."[\(9\)](#)

Truman had barely moved into the Oval Office when he received a scathing report on OSS. (Indeed, this same report might well have been the primary source for the abovementioned innuendo) A few months before he died, President Roosevelt had asked an aide, Col. Richard Park, Jr., to conduct an informal investigation of OSS and General Donovan. Colonel Park completed his report in March, but apparently Roosevelt never read it. The day after Roosevelt's death, Park attended an Oval Office meeting with President Truman. Although no minutes of their discussion survived, Park probably summarized his findings for the new President; in any event, he sent Truman a copy of his report on OSS at about that time. That document castigated OSS for bumbling and lax security, and complained that Donovan's proposed intelligence reform had "all the earmarks of a Gestapo system." Park recommended abolishing OSS, although he conceded that some of the Office's personnel and activities were worth preserving in other agencies. OSS's Research and Analysis Branch in particular could be "salvaged" and given to the State Department.[\(10\)](#)

Donovan himself hardly helped his own cause. OSS was attached to the Executive Office of the President but technically drew its orders and pay from the Joint Chiefs of Staff (JCS). Donovan refused to compromise on his proposals with JCS representatives delegated to study postwar intelligence needs. He insisted that a permanent intelligence arm ought to answer directly to the President and not to his advisers.[\(11\)](#) The Joint Chiefs had already rescued Donovan once, when the G-2 had tried to subsume OSS in 1943. This time the White House did not ask the Joint Chiefs' opinion. The JCS stood aside and let the Office meet its fate.

## Taking the Initiative

The White House evidently concluded that the problem was how to create a new peacetime intelligence organization without Donovan and his Office. Many senior advisers in the Roosevelt and Truman administrations believed that the nation needed some sort of permanent intelligence establishment. The Bureau of the Budget took up this issue shortly before President Roosevelt's death, presenting itself to Roosevelt as a disinterested observer and creating a small team to study the government's intelligence requirements and recommend possible reforms. Soon

after he took office, Truman endorsed the Budget Bureau's effort.[\(12\)](#)

### [Donald C. Stone, Bureau of the Budget](#)

In August, the Budget Bureau began drafting liquidation plans for OSS and other war agencies, but initially the Bureau assumed that liquidation could be stretched over a period of time sufficient to preserve OSS's most valuable assets while the Office liquidated functions and released personnel no longer needed in peacetime. On 27 or 28 August, however, the President or his principal "reconversion" advisers--Budget Director Harold D. Smith, Special Counsel Samuel Rosenman, and Director of War Mobilization and Reconversion John W. Snyder--suddenly recommended dissolving OSS almost immediately.[\(13\)](#) Bureau staffers had already conceived the idea of giving a part of OSS, the Research and Analysis Branch (R&A), to the State Department as "a going concern." The imminent dissolution of OSS meant that something had to be done fast about the rest of the Office; someone in the Budget Bureau (probably the Assistant Director for Administrative Management, Donald C. Stone) quickly decided that the War Department could receive the remainder of OSS "for salvage and liquidation."[\(14\)](#) Stone told frustrated OSS officers on 29 August that important functions of the Office might survive:

*Stone stated that he felt that the secret and counterintelligence activities of OSS should probably be continued at a fairly high level for probably another year. He said he would support such a program.*[\(15\)](#)

Snyder and Rosenman endorsed the Budget Bureau's general plan for intelligence reorganization and passed it to Truman on 4 September 1945.[\(16\)](#) Donovan predictably exploded when he learned of the plan, but the President ignored Donovan's protests, telling Harold Smith on 13 September to "recommend the dissolution of Donovan's outfit even if Donovan did not like it."[\(17\)](#) Within a week, the Budget Bureau had the requisite papers ready for the President's signature. Executive Order 9621 on 20 September dissolved OSS as of 1 October 1945, sending R&A to State and everything else to the War Department. The Order also directed the Secretary of War to liquidate OSS activities "whenever he deems it compatible with the national interest."[\(18\)](#) That same day, Truman sent a letter of appreciation (drafted by Donald Stone) to General Donovan.[\(19\)](#) The transfer of

OSS's R&A Branch to the State Department, the President told Donovan, marked "the beginning of the development of a coordinated system of foreign intelligence within the permanent framework of the Government." The President also implicitly repeated Stone's earlier assurances to OSS, informing Donovan that the War Department would maintain certain OSS components providing "services of a military nature the need for which will continue for some time."[\(20\)](#)

OSS was through, but what would survive the wreck? The President probably gave little thought to those necessary "services of a military nature" that would somehow continue under War Department auspices. Truman shared the widespread feeling that the government needed better intelligence, although he provided little positive guidance on the matter and said even less about intelligence collection (as opposed to its collation). He commented to Budget Director Harold Smith in September 1945 that he had in mind "a different kind of intelligence service from what this country has had in the past," a "broad intelligence service attached to the President's office."[\(21\)](#) Later remarks clarified these comments slightly. Speaking to an audience of CIA employees in 1952, Truman reminisced that, when he first took office, there had been:

*...no concentration of information for the benefit of the President. Each Department and each organization had its own information service, and that information service was walled off from every other service.*[\(22\)](#)

Truman's memoirs subsequently expanded on this point, explaining what was at stake:

*I have often thought that if there had been something like coordination of information in the government it would have been more difficult, if not impossible, for the Japanese to succeed in the sneak attack at Pearl Harbor. In those days [1941] the military did not know everything the State Department knew, and the diplomats did not have access to all the Army and Navy knew.*[\(23\)](#)

### [John J. McCloy, Asst Secretary of War](#)

These comments suggest that Truman viewed strategic warning as the primary

mission of his new intelligence establishment, and as a function that had to be handled centrally. His remarks also suggest that he innocently viewed intelligence analysis as largely a matter of collation; the facts would speak for themselves, if only they could only be gathered in one place. That is what he wanted his new intelligence service to do.

The Budget Bureau itself had not proposed anything that looked much clearer than the President's vague notions. Bureau staffers wanted the State Department to serve as the President's "principal staff agency" in developing "high-level intelligence," after taking the lead in establishing the "integrated Government-wide Program."[\(24\)](#) At the same time, however, Budget Bureau officers wanted the departments to continue to conduct their own intelligence functions, rather than relegating this duty to "any single central agency." A small interagency group, "under the leadership of the State Department," could coordinate departmental intelligence operations.[\(25\)](#) This proposed program rested on two assumptions that would soon be tested: that the State Department was ready to take the lead, and that the armed services were willing to follow.

In the meantime, Donovan fumed about the President's decision yet again to Budget Bureau staffers who met with him on 22 September to arrange the details of the OSS's dissolution. An oversight in the drafting of EO 9621 had left the originally proposed termination date of 1 October unchanged in the final signed version, and now Donovan had less than two weeks to dismantle his sprawling agency. One official of the Budget Bureau subsequently suggested to Donald Stone that the War Department might ease the transition by keeping its portion of OSS functioning "for the time being," perhaps even with Donovan in charge. Stone preferred someone other than Donovan for this job and promised to discuss the idea with Assistant Secretary of War John J. McCloy on 24 September.[\(26\)](#)

Two days later, McCloy stepped into the breach. He glimpsed an opportunity to save OSS components as the nucleus of a peacetime intelligence service. A friend of Donovan's, McCloy had long promoted an improved national intelligence capability.[\(27\)](#) He interpreted the President's directive as broadly as possible by ordering OSS's Deputy Director for Intelligence, Brig. Gen. John Magruder, to preserve his Secret Intelligence (SI) and Counterespionage (X-2) Branches "as a going operation" in a new office that McCloy dubbed the "Strategic Services Unit" (SSU):

*This assignment of the OSS activities...is a method of carrying out the desire of the President, as indicated by representatives of the Bureau of the Budget, that these facilities of OSS be examined over the next three months with a view to determining their appropriate disposition. Obviously, this will demand close liaison with the Bureau of the Budget, the State Department, and other agencies of the War Department, to insure that the facilities and assets of OSS are preserved for any possible future use....The situation is one in which the facilities of an organization, normally shrinking in size as a result of the end of fighting, must be preserved so far as potentially of future usefulness to the country.*[\(28\)](#)

The following day, the new Secretary of War, Robert P. Patterson, confirmed this directive and implicitly endorsed McCloy's interpretation, formally ordering Magruder to "preserve *as a unit* such of these functions and facilities as are valuable for permanent peacetime purposes" [emphasis added].[\(29\)](#) With this order, Patterson postponed indefinitely any assimilation of OSS's records and personnel into the War Department's G-2.

### **Brig. Gen. John Magruder, OSS Dep. Director**

General Magruder soon had to explain this unorthodox arrangement to sharp-eyed Congressmen and staff. Rep. Clarence Cannon, chairman of the House Appropriations Committee, asked the general on 2 October about the OSS contingents sent to the State and War Departments and the plans for disposing of OSS's unspent funds (roughly \$4.5 million). Magruder explained that he did not quite know what State would do with R&A; when Cannon asked about the War Department's contingent, the general read aloud from the Secretary of War's order to preserve OSS's more valuable functions "as a unit."[\(30\)](#) Two weeks later, staffers from the House Military Affairs Committee asked why the War Department suddenly needed both SSU and the G-2:

*General Magruder explained that he had no orders to liquidate OSS (other than, of course, those functions without any peacetime significance) and that only the Assistant Secretary of War [McCloy] could explain why OSS had been absorbed into the War Department on the basis indicated. He said he felt, however,...that the objective*

*was to retain SSU intact until the Secretary of State had surveyed the intelligence field and made recommendations to the President.*

Committee staff implicitly conceded that the arrangement made sense, but hinted that both SSU and the remnant of R&A in the State Department ought to be "considerably reduced in size."[\(31\)](#)

Reducing SSU is just what was occupying the unit's new Executive Officer, Col. William W. Quinn:

*The orders that General Magruder received from the Secretary of War were very simple. He was charged with preserving the intelligence assets created and held by OSS during its existence and the disbandment of paramilitary units, which included the 101 Detachment in Burma and Southeast Asia and other forms of intelligence units, like the Jedburgh teams, and morale operations, et cetera. My initial business was primarily liquidation. The main problem was the discharge of literally thousands of people. Consequently, the intelligence collection effort more or less came to a standstill....*[\(32\)](#)

Magruder did his best to sustain morale in the Unit, keeping his deputies informed about high-level debates over "the holy cause of central intelligence," as he jocularly dubbed it. He suggested optimistically that SSU would survive its current exile:

*In the meantime I can assure you there is a great deal of serious thinking in high places regarding the solution that will be made for OSS [SSU]. I hope it will prove fruitful. There is a very serious movement under way to reconstruct some of the more fortunate aspects of our work.*[\(33\)](#)

Despite Magruder's and Quinn's efforts, the House of Representatives on 17 October lopped \$2 million from the OSS terminal budget that SSU shared with the Interim Research and Intelligence Service (IRIS), its erstwhile sister branch now set in the Department of State. The cut directly threatened both SSU and IRIS. The Truman administration eventually convinced Congress to drop the House's recision

and even increase funding for both pieces of OSS, but not until after several anxious weeks in SSU and the War Department.[\(34\)](#)

Institutional enemies closer to hand also seemed to threaten SSU's independence that fall. Just before Thanksgiving, McCloy warned Secretary Patterson that only "close supervision" could prevent the War Department bureaucracy from taking "the course of least resistance by merely putting [SSU] into what I think is a very unimaginative section of G-2 and thus los[ing] a very valuable and necessary military asset."[\(35\)](#) General Magruder told his lieutenants that SSU was quietly winning friends in high places, but repeatedly reminded staffers of the need for discretion, noting that "some people" did not like SSU "and the less said about [the Unit] the better."[\(36\)](#)

## Controversy and Compromise

McCloy (with Stone's help) had precipitated an inspired bureaucratic initiative that would eventually expand the Truman administration's options in creating a new intelligence establishment. Amid all the subsequent interagency debates over the new intelligence establishment that autumn, SSU preserved OSS's foreign intelligence assets for eventual transfer to whichever agency received this responsibility. The Truman administration waged a heated internal argument over which powers to be given to the new central intelligence service. The Secretaries of State, War, and Navy, who quickly agreed that they should oversee the proposed office, stood together against rival plans proposed by the Bureau of the Budget and the FBI. The Army and Navy, however, would not accept the State Department's insistence that the new office's director be selected by and accountable to the Secretary of State. The armed services instead preferred a plan outlined by the JCS back in September, which proposed lifting the new intelligence agency outside the Cabinet departments by placing it under a proposed National Intelligence Authority.[\(37\)](#)

### President Truman and Sidney Souers

This was the plan that would soon settle the question of where to place SSU. The JCS had been working on this plan for months, having been spurred to action by Donovan's 1944 campaigning for a permanent peacetime intelligence agency. In

September, JCS Chairman William Leahy had transmitted the plan (JCS 1181/5) to the Secretary of the Navy and the Secretary of War, who sent it on to the State Department, where it languished for several weeks. The plan proposed, among other things, that a new "Central Intelligence Agency" should, among its duties, perform:

*...such services of common concern as the National Intelligence Authority determines can be more efficiently accomplished by a common agency, including the direct procurement of intelligence.* [\(38\)](#)

This artful ambiguity--"services of common concern"--meant espionage and liaison with foreign intelligence services, the core of clandestine foreign intelligence. Everyone involved with the draft knew this, but no one in the administration or the military wanted to say such things out loud; hence, the obfuscation. [\(39\)](#) In any case, here was another function that the drafters of the JCS plan felt had to be performed, or at least coordinated, "centrally."

In December 1945, an impatient President Truman asked to see both the State Department and the JCS proposals and decided that the latter looked simpler and more workable. This decision dashed the Budget Bureau's original hope that the State Department would lead the government's foreign intelligence program. Early in the new year, Truman created the CIG, implementing what was in essence a modification of the JCS 1181/5 proposal. He persuaded Capt. (soon to be Rear Admiral) Sidney Souers, the Assistant Chief of Naval Intelligence and a friend of Navy Secretary Forrestal (and Presidential aide Clark Clifford) who had advised the White House on the intelligence debate, to serve for a few months as the first DCI. [\(40\)](#) The CIG formally came into being with the President's directive of 22 January 1946. Cribbing text from JCS 1181/5, the President authorized CIG to:

*...perform, for the benefit of said intelligence agencies, such services of common concern as the National Intelligence Authority determines can be more efficiently accomplished centrally.* [\(41\)](#)

Here was the loaded phrase "services of common concern" again, only this time the telltale clause "including the direct procurement of intelligence" had discreetly disappeared. (With minor editing, the phrase would appear yet again in the CIA's

enabling legislation, the National Security Act of 1947.)

Two days later, on 24 January, Truman invited Admiral Souers to the White House to award him his black cape and wooden dagger. Thanks in part to McCloy's order to preserve OSS's SI and X-2 Branches, the "cloak and dagger" capability--the "services of common concern" mentioned in the President's directive--was waiting in the War Department for transfer to the new CIG. General Magruder quietly applauded Souers's appointment as DCI, explaining to his deputies that SSU might soon be moving:

*With respect to SSU, we and the War Department are thinking along the same lines: that at such time as the Director [of Central Intelligence] is ready to start operating, this Unit, its activities, personnel, and facilities will become available to the Director, but as you know, the intent of the President's [22 January] directive was to avoid setting up an independent agency. Therefore, the Central Intelligence Group, purposely called the Group, will utilize the facilities of several Departments. This Unit will become something in the way of a contribution furnished by the War Department.* [\(42\)](#)

Assistant Secretary of War John J. McCloy had saved the foreign intelligence core of OSS in the SSU; all that was required was for the National Intelligence Authority to approve a method for transferring it. This the NIA did at its third meeting, on 2 April 1946. [\(43\)](#) The actual transfer of SSU personnel began almost as soon as CIG had acquired a new DCI, Lt. Gen. Hoyt S. Vandenberg, in June 1946. Vandenberg a month later was able to report matter of factly to the National Intelligence Authority that the tiny CIG had begun to take over "all clandestine foreign intelligence activities," meaning the much larger SSU. At that same meeting, Admiral Leahy also reminded participants (in a different context) that "it was always understood that CIG eventually would broaden its scope." [\(44\)](#)

## From Small Beginnings

An eminent historian once remarked that the crowning achievement of historical research is to attain an understanding of how things do not happen. To put it simply, history rarely offers up tidy events and clear motivations. President Truman did not follow a neat plan in founding the CIG. He implicitly imposed two

broad requirements on his advisers and departments in the fall of 1945: to create a structure that could collate the best intelligence held by the various departments, and to make that structure operate, at least initially, on funds derived from the established agencies. Indeed, the friction and waste in the process that resulted from this vague guidance prompted complaints that the President had acted rashly in dissolving OSS and ignoring the advice of intelligence professionals like Donovan.

In the fall of 1945, the President vaguely wanted a new kind of centralized intelligence service, but his Cabinet departments and existing services knew fairly specifically what kinds of central intelligence they did *not* want. Between these two realities lay the gray area in which the CIG was founded and grew in 1946. Truman always took credit for assigning CIG the task of providing timely strategic warning and guarding against another Pearl Harbor. CIG acquired its second mission--the conduct of clandestine activities abroad--in large part through the foresight of Donald Stone and John J. McCloy. These two appointees ensured that trained OSS personnel stayed together as a unit ready to join the new peacetime intelligence service. Within months of its creation, CIG had become the nation's primary agency for strategic warning and the management of clandestine activities abroad, and within two years the Group would bequeath both missions to its successor, the CIA.

The relationship--and tension--between the two missions (strategic warning and clandestine activities) formed the central dynamic in the unfolding early history of CIA. Many officials thought the two should be handled "centrally", although not necessarily by a single agency. That they ultimately were combined under one organization (CIG and then CIA) was due largely to the efforts of McCloy and Magruder. Nevertheless, it is clear from the history of the SSU that high-level Truman administration officials acted with the tacit assent of the White House in preserving OSS's most valuable components to become the nucleus of the nation's foreign intelligence capability. The President's actions do not deserve the charge of incompetence that has been leveled against them, but it does seem justified to conclude that Truman's military advisers deserve most of the credit for the creation of a CIG that could collect as well as collate foreign intelligence.

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## NOTES

(1) Diary of William D. Leahy, 24 January 1946, Library of Congress. Admiral Leahy was simultaneously designated the President's representative to the new, four-member National Intelligence Authority (CIA's oversight body). The other members were the Secretaries of State, War, and Navy.

(2) A recent unclassified statement to CIA employees entitled "Vision, Mission, and Values of the Central Intelligence Agency" identified the following as CIA's basic missions:"

We support the President, the National Security Council, and all who make and execute US national security policy by:

- Providing accurate, evidence-based comprehensive and timely foreign intelligence related to national security; and
- Conducting counterintelligence activities, special activities, and other functions related to foreign intelligence and national security as directed by the President."

(3) Several authors describe the founding and institutional arrangements of CIA. Three CIA officers had wide access to the relevant records in writing their accounts; see Arthur B. Darling, *The Central Intelligence Agency: An Instrument of Government, to 1950* (University Park, PA: Pennsylvania State University Press, 1990); Thomas F. Troy, *Donovan and the CIA: A History of the Establishment of the Central Intelligence Agency* (Washington, DC: CIA Center for the Study of Intelligence, 1981); and Ludwell Lee Montague, *General Walter Bedell Smith as Director of Central Intelligence: October 1950-February 1953* (University Park, PA: Pennsylvania State University Press, 1992), pp. 15-35. See also Bradley F. Smith, *The Shadow Warriors: OSS and the Origins of the CIA* (New York: Basic Books, 1983). B. Nelson MacPherson offers thoughtful commentary in "CIA Origins as Viewed from Within," *Intelligence and National Security*, 10 April 1995, pp. 353-359.

(4) Donovan's "Memorandum for the President," 18 November 1944, is reprinted in Troy, *Donovan and the CIA*, pp. 445-447.

[\(5\)](#) Richard Dunlop, *Donovan: America's Master Spy* (Chicago: Rand McNally, 1982), pp. 467-468. See also Troy, *Donovan and the CIA*, p. 267.

[\(6\)](#) Clark Clifford, it bears noting, played little if any role in the dissolution of OSS; see *Counsel to the President: A Memoir* (New York: Random House, 1991, p. 165). William R. Corson calls the affair a "sorry display of presidential bad manners and shortsightedness"; *The Armies of Ignorance: The Rise of the American Intelligence Empire* (New York: Dial Press, 1977), p. 247.

[\(7\)](#) The Bureau of the Budget had warned Donovan in September 1944 that OSS would be treated as a war agency to be liquidated after the end of hostilities. See Troy, *Donovan and the CIA*, pp. 219-220.

[\(8\)](#) The legislation was titled the "Independent Offices Appropriation Act of 1945," Public Law 358, 78th Congress, Second Session.

[\(9\)](#) For an indication of the mixed Congressional attitudes toward OSS, see Smith, *The Shadow Warriors*, pp. 404-405.

[\(10\)](#) The Park report resides in the Rose A. Conway Files at the Harry S. Truman Library, "OSS/Donovan" folder; see especially pp. 1-3 and Appendix III. Thomas F. Troy has pointed to strong similarities between the Park report and Walter Trohan's "Gestapo" stories in the *Chicago Tribune*; see *Donovan and the CIA*, pp. 267, 282.

[\(11\)](#) Montague, *General Walter Bedell Smith*, pp. 19-21. For more on Donovan's refusal to compromise, see Troy, *Donovan and the CIA*, pp. 270-271.

[\(12\)](#) George F. Schwarzwald, Division of Administrative Management, Bureau of the Budget, project completion report, "Intelligence and Internal Security Program of the Government" [Project 217], 28 November 1947, National Archives and Records Administration, Record Group 51 (Bureau of the Budget), Series 39.35, "Progress Reports," Box 181, p. 5.

[\(13\)](#) George Schwarzwald recorded several years later that the Budget Bureau

learned on 24 August that OSS would be dissolved; see his 1947 progress report on Project 217, cited above, p. 9.

**(14)** Donald C. Stone, Assistant Director for Administrative Management, Bureau of the Budget, to Harold Smith, Director, "Termination of the Office of Strategic Services and the Transfer of its Activities to the State and War Departments," 27 August 1945, reproduced in C. Thomas Thorne, Jr. and David S. Patterson, editors *Emergence of the Intelligence Establishment*, US Department of State, *Foreign Relations of the United States* series (Washington, DC: Government Printing Office, 1996), pp. 22-23. Hereinafter cited as *FRUS*.

**(15)** G.E. Ramsey, Jr., Bureau of the Budget, to Deputy Comptroller McCandless, "Conference on OSS with Don Stone and OSS representatives, Aug. 29," 29 August 1945, National Archives and Records Administration, Record Group 51 (Bureau of the Budget), Series 39.19, "OSS Organization and Functions," Box 67.

**(16)** Smith, Rosenman, and Snyder to Truman, "Termination of the Office of Strategic Services and the Transfer of its Activities to the State and War Departments," 4 September 1945, Official File, Papers of Harry S. Truman, Harry S. Truman Library, Independence, Missouri.

**(17)** The quoted phrase comes from Harold Smith's office diary for 13 September 1945, in the Franklin D. Roosevelt Presidential Library, Hyde Park, New York.

**(18)** Executive Order 9621, 20 September 1945, *FRUS* pp. 44-46

**(19)** Stone's authorship is noted in Corson, *Armies of Ignorance*, p. 246.

**(20)** Harry S. Truman to William J. Donovan, 20 September 1945; Document 4 in Michael Warner, *The CIA under Harry Truman* (Washington, DC: CIA, 1994) p. 15. See also Troy, *Donovan and the CIA*, pp. 302-303.

**(21)** Harold Smith's office diary entries for 13 and 20 September 1945, Roosevelt Library.

**(22)** Truman's speech is reprinted as Document 81 in Warner, *The CIA under*

*Harry Truman*, p. 471.

[\(23\)](#) Harry S. Truman, *Memoirs, Volume II, Years of Trial and Hope* (Garden City, NY: Doubleday, 1956), p. 56.

[\(24\)](#) Quoted phrases are in Snyder, Rosenman, and Smith to Truman, 4 September 1945.

[\(25\)](#) Harold D. Smith to Harry S. Truman, "Transfer of Functions of the Office of Strategic Services," 18 September 1945, Official File, Papers of Harry S. Truman, Harry S. Truman Library.

[\(26\)](#) G.E. Ramsey, Jr., Bureau of the Budget, to the Assistant Director for Estimates, Bureau of the Budget, "Disposition of OSS," 24 September 1945, *FRUS*, pp. 51-52.

[\(27\)](#) For McCloy's advocacy of a centralized intelligence capability, see Kai Bird, *The Chairman: John J. McCloy, the Making of the American Establishment* (New York: Simon & Schuster, 1992), pp. 129-130.

[\(28\)](#) John J. McCloy to John Magruder, OSS, "Transfer of OSS Personnel and Activities to the War Department and Creation of Strategic Services Unit," 26 September 1945, *FRUS*, pp 235-236.

[\(29\)](#) Robert P. Patterson to John Magruder, 27 September 1945, National Archives and Records Administration, Record Group 319 (Army Intelligence), Decimal File 1941-48, 334 OSS, box 649, "Strategic Services Unit" folder.

[\(30\)](#) US House of Representatives, House Appropriations Committee, "First Supplemental Surplus Appropriation Recision Bill, 1946," 79th Cong., First Sess., 1945, pp. 615-625.

[\(31\)](#) John R. Schoemer, Jr., Acting General Counsel, Strategic Services Unit, memorandum for the record, "Conference with representatives of House Military Affairs Committee," 19 October 1945, CIA History Staff HS/CSG-1400, item 14, unclassified.

[\(32\)](#) William W. Quinn, *Buffalo Bill Remembers: Truth and Courage* (Fowlerville, MI: Wilderness Adventure Books, 1991), p. 240.

[\(33\)](#) SSU Staff Meeting Minutes, 23 October 1945, National Archives and Records Administration, Record Group 226 (OSS), Entry 190, WASH-DIR-OP-266 (microfilm M1642), Roll 112, folder 1268. General Magruder made his "holy cause" quip at the 29 November meeting.

[\(34\)](#) SSU Staff Meeting Minutes for 19 October, 30 October, and 20 December 1945. Harry S. Truman to Sam Rayburn, Speaker of the House of Representatives, 7 November 1945, reprinted in US House of Representatives, "House Miscellaneous Documents II," 79th Cong., 1st Sess., serial set volume 10970, document 372, with attached letter from Harold D. Smith, Director of the Bureau of the Budget, to President Truman, dated 6 November 1945. First Supplemental Surplus Appropriation Recession Act, 1946, Public Law 79-301, Title 1, 60 Stat. 6, 7, (1946).

[\(35\)](#) McCloy to Patterson, "Central Intelligence Agency," 13 November 1945, National Archives and Records Administration, Record Group 107 (War Department), Entry 180, Files of the Assistant Secretary of War, box 5, "Intelligence" folder.

[\(36\)](#) SSU Staff Meeting Minutes for 1 November, 6 November, and 29 November 1945.

[\(37\)](#) Troy, *Donovan and the CIA*, pp. 297-300, 315, 322.

[\(38\)](#) JCS 1181/5 is attached to William D. Leahy, memorandum for the Secretary of War and Secretary of the Navy, "Establishment of a central intelligence service upon liquidation of OSS," 19 September 1945; Document 2 in Warner, *The CIA under Harry Truman*, p. 5.

[\(39\)](#) The term "services of common concern" apparently originated with OSS's General Magruder and was adopted by a JCS study group; Troy, *Donovan and the CIA*, p. 233.

[\(40\)](#) Truman, *Memoirs*, pp. 55-58. See also William Henhoeffler and James Hanrahan, "Notes on the Early DCIs," *Studies in Intelligence* (spring 1989), p. 29; also Clifford, *Counsel to the President*, p. 166.

[\(41\)](#) President Truman to the Secretaries of State, War, and Navy, 22 January 1946; *FRUS*, pp. 179-179

[\(42\)](#) SSU Staff Meeting Minutes, 29 January 1946; Magruder praised Souers's appointment at the 24 January meeting.

[\(43\)](#) National Intelligence Authority, minutes of the NIA's third meeting, 2 April 1946, CIA History Staff HS/HC-245, National Archives and Records Administration, Record Group 263 (CIA), History Staff Source Collection.

[\(44\)](#) National Intelligence Authority, minutes of the NIA's fourth meeting, 17 July 1946; Document 13 in Warner, *The CIA under Harry Truman*, pp. 56-59.

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