A Riddle, Wrapped in a Mystery, Inside an Enigma:
The Formation of a Modern Peacetime U.S. Intelligence Structure, 1943-1949

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2010 Senior Thesis
Submitted April 12, 2010
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For Babullie
Secrecy is the first essential in affairs of the State.
— Armand Jean du Plessis, Cardinal de Richelieu, Chief Minister to King Louis XIII
Abstract

By the end of the Second World War, American intelligence organizations were mounting extensive efforts against Soviet communications, despite the official designation of the USSR as an ally. Meanwhile, the USSR never ceased its tradition of espionage, which dated back to tsarist times. However, at the end of the twentieth century, many of the historians who acknowledge the significance of SIGINT (signals intelligence) in the Second World War, ignore intelligence almost completely in their histories of the Cold War. Intelligence is particularly ignored in historiography of the origins of the Cold War. In effort to draw a link between the two scholarships of the Cold War, this thesis, by focusing of the formative period of the Cold War, argues that between 1943 and 1949, intelligence had brief window of opportunity to influence early American policy toward the Soviet Union, but failed to do so as result of internal and external factors.
Introduction

One of the things that kept the Cold War scary was the lack of understanding on each side of the mentality of the other. Through the amassing and analysis of secret intelligence, each side attempted to make things a little less scary.

— Robert Gates, Former Director of Central Intelligence, quoted in The Great Cold War.

In August 1942, at a lavish state dinner bidding farewell to Prime Minister Churchill on the occasion of his first visit to Moscow, Joseph Stalin rose to his feet and made a somewhat enigmatic comment, “I should like to propose a toast that no one can answer. It is to intelligence officers. They cannot answer, because no one knows who they are, but their work is important.” Stalin's toast was answered to his delight by the swashbuckling United States Naval Attaché and member of the Office of Naval Intelligence, Captain Jack Duncan, who proposed: "If we make mistakes, it is because we know only what you tell us – and that's not much.”

Duncan’s response embodies the quintessential American anxiety at the close of World War II – what was Stalin thinking? The Soviet Union, under Stalin’s regime, remained a rigidly closed society and the lack of transparency left the United States with only a very limited idea of what was going on in the Soviet Union. Almost prophetically, Duncan’s retort conveyed the central role intelligence would come to play in unmasking Soviet intentions during the Cold War. For the duration of the war whether intelligence was a vehicle for foreign policy or just reinforced dominant trends remains uncertain, but during the formative years of the Cold War,

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the intelligence community had a unique opportunity to influence the trajectory of the Cold War.

This thesis, by focusing on the formative period of the Cold War, argues that between 1943 and 1949, intelligence had the potential to influence early American policy toward the Soviet Union, but failed to do so as a result of internal and external factors. Based on what we now know, the Soviet Union wanted to avoid conflict leading to nuclear war at all costs. The enigmatic and closed nature of the Soviet Union, which at times made it appear more antagonistic than it actually was, was particularly unnerving to an open society like the United States. An attempt at understanding the Soviet Union, its inner workings, its intentions and its capabilities could have contributed to an early easing of tensions and thus influenced the course of the Cold War. The Soviet Union refused to open its doors and offer up information consequently intelligence became the default method with which the U.S. tried to decipher the Soviet Union. However, in order to unravel the taciturn ally, the U.S. intelligence community would have to make certain fundamental changes from the militarily focused, decentralized system of World War II. Yet, it would take many years to figure out a proper modern peacetime intelligence structure, and the inability to create efficient and effective cooperation early on was costly to the U.S. intelligence effort and thereby to the quelling of U.S.-Soviet tensions.

The historical record, such as it exists today, shows that throughout the Cold War, the spies of the CIA and its European partners produced relatively little in the way of hard intelligence about what was going on inside the Soviet Union. Regardless of this deficient effort, Western policy towards the Soviet Union was profoundly influenced by the availability and reliability of intelligence on its nuclear weapons and delivery systems. Meanwhile, on the Soviet
front, Moscow’s cryptographers managed to read a considerable amount of the world’s diplomatic traffic, and on the military front, Soviet intelligence had some extraordinary cryptographic triumphs. Despite the numerous Soviet spies that managed to penetrate the U.S. border, the Soviets could not discern the intentions of the heads of state, illustrating that while self-deception in assessment of intelligence did afflict the Soviet Union and the United States, ideological preconceptions and psychological blinders were more attuned with a secretive totalitarian regime like the Soviet Union. United States foreign policy, led by the inexperienced Truman who relied heavily on his aides for direction was open to discourse – especially during the formative period of the Cold War.

U.S. intelligence had a brief window of opportunity, more precisely between 1943 and 1949, during which it was free of preconceived notions about the Soviet Union. A properly functioning intelligence mechanism had during this period, had a fighting chance at easing the looming Cold War conflict. The general climate in the West during World War II was one of bending over backward to trust the Russians. The Soviet Union’s valiant effort against Germany and Stalin’s dissolution of the Comintern in 1943, led many informed observers, including those in the United States, to believe that Stalin had altered the ideological orientation of his own regime. Although top officials remained unsympathetic towards communism, communism no longer appeared to be a monolithic organization directed from the Kremlin. Stalin’s commitment to socialism in one country seemed to have removed the chief impediment to postwar cooperation with the capitalist world.  

2 Whether or not experts judged the situation accordingly is irrelevant to the fact that the United States remained open to postwar cooperation as illustrated by Roosevelt’s “grand design,” which included the Soviet Union as a main actor.

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As the years progressed, the prospect of avoiding Cold War confrontation with the Soviet Union looked bleak. On 29 October 1948, or Black Friday, the Russian government and military executed a massive change of all of their cipher systems, leaving American cryptologists at a loss for solutions and beginning an eight year intelligence drought on Soviet activities. Although reliable intelligence was hard to come by, the analytic arm of the intelligence structure could still function by drawing high-level analysis from public information and thus still held the potential to influence U.S. policy. By late August 1949 the Soviet detonation of the atomic bomb coupled with ongoing espionage trials resulted in a rapid and irreversible confrontation between the two postwar superpowers. Historians Campbell Craig and Sergey Radchenko place the atomic bomb at the forefront of the Cold War and explore how the bomb figured into the origins of the Cold War. They conclude that the political implications of the atomic bomb hastened and intensified the U.S.-Soviet confrontation. They claim the bomb had three decisive effects upon American foreign policy. Primarily, it encouraged Roosevelt and Truman to adopt an uncompromising position with respect to the Soviet Union, in the mistaken belief that the Russians would accede to an American preponderance highlighted by its monopoly over the atomic bomb. Secondly, the revelations of atomic espionage made open cooperation with the Soviet, especially on atomic issues, a matter of domestic political suicide for Truman in late. Finally, the unique dangers raised by the atomic bomb led Truman and his advisers to conclude that genuine collaboration with the Soviet Union, even if it were politically possible, had become too difficult to pursue. American leaders resigned themselves early to a bipolar confrontation with the Russians, earlier than they would have done had there been no such atomic bomb.

The Soviet Union was now on equal footing with the United States in terms of nuclear power and Truman could no longer wield the bomb as a political tool to force the Soviet Union
into agreeing with an international order organized on American terms. Moreover, the Soviet possession of the bomb took Americans by surprise even those in the know had not expected the Soviets to complete the project until at least 1953. The resulting intelligence failure seriously questioned not only the intelligence agencies’ reliability but also their credibility.

Historiography of the Cold War is vast so I will focus on questions surrounding the origins of the Cold War and the role of intelligence during the Cold War. Historiography of the origins of the Cold War is typically divided into three camps: the traditional, the revisionist and finally the post revisionist approach. The traditional view argues that it was America’s duty to keep the evils of communism at bay. Arthur Schlesinger voices a quintessential orthodox view; “the Cold War was the brave and essential response of free men to communist aggression.” The aggressive and expansionist actions of Stalin and the Soviet Union caused the breakup of the Grand Alliance and, consequently, the Russians were assigned responsibility for the Cold War. The Revisionists hold that the Soviet Union and Stalin were not solely responsible for the postwar confrontation. They concede that American foreign policy was neither passive nor simply reactive prior to 1947. The United States had its own economic and strategic agenda, which it actively, if not always successfully, pursued. Post-revisionist historians are commonly viewed as synthesizers of the traditionalist thesis and the revisionist antithesis. They accept that the United States used economic instruments to secure political ends, while Stalin is painted as an opportunist who exploited any opening to advance Russian national influence. John Lewis Gaddis, the seminal post-revisionist concludes that the “Cold War grew out of a complicated interaction of external and internal developments inside both the United States and the Soviet Union…Leaders of both superpowers sought peace but in doing so…made resolution of

differences impossible." In other words, they hold both sides accountable for planting the seeds of the Cold War.

Since the fall of the Soviet-aligned Eastern-bloc and the collapse of the Soviet Union in 1991, numerous documents have been declassified and continue to be released, peeling back the secret layers of the Cold War. The Freedom of Information Act (FOIA) under which scholars and others can request declassification of documents, coupled with the expiration of the thirty-year statutory time stamps for security of classified documents, puts us in a position to begin to develop an even deeper understanding of the Cold War and its origins.

Perhaps showing the most improvement in releasing documents have been America’s two leading intelligence agencies the Central Intelligence Agency (CIA) and the National Security Agency (NSA). Since the early 1990s the CIA has declassified and released a great deal of documentation on a wide range of intelligence collection activities such as communications intercepts and decryptions in the late 1940s, U-2 over flights in the late 1950s, and satellite reconnaissance of the USSR in the 1960s and 1970s. The CIA has also released most of its National Intelligence Estimates (NIEs) pertaining to the USSR. The CIA’s Center for the Study of Intelligence (CSI) has demonstrated the agency’s commitment to understanding and furthering the study of issues related to intelligence by publishing anthologies of declassified documents with brief editorial commentary. The documentary compilations include items pertaining to important episodes of the Cold War. In 2009 the NSA released a set of twenty-four documents entitled The Secret Sentry, which reveal the inner workings and intelligence gathering operations

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4 Gaddis, Origins of the Cold War, pp. 361.
of the NSA. The same year in response to a declassification request by the National Security Archive, the NSA declassified large portions of a four-part “top-secret Umbra” study written and researched by NSA historian Thomas Johnson, *American Cryptology during the Cold War*. Despite major redactions, the internal history discloses much new information about the agency’s history and the role of signals intelligence (SIGINT) and communications intelligence (COMINT) during the Cold War.

These documents expose histories of the Cold War, which ignore the use and abuse of intelligence as incomplete ones. Although secret intelligence is just part of the larger picture of the Cold War, it is an important component that is becoming increasingly difficult to omit. There is a vast literature dealing with intelligence activities during the Cold War, but almost all of it is descriptive of particular intelligence operations or organizations, mainly those of the United States and the Soviet Union, without an attempt to tie these events into the larger scheme of the Cold War.

In a similar vein, the role of intelligence has been almost entirely ignored by scholars of Cold War origins. The reason almost certainly, is that the subject of espionage got so quickly tied to the spread of McCarthyism that historians refused to take it seriously. The fact that some cases were exaggerated led to easily to the assumption that all had been. The use of intelligence was only realized in the latest of the three Cold War scholarships, and even the post-revisionists view intelligence with reservations. John Lewis Gaddis, the father of post-revisionism, argues that few

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events in the history of the Cold War would have come out differently had intelligence not existed. However declassification of documents post publication of his article in 1989 raise serious problems for Gaddis’ argument. Even at the end of the 20th century many of the historians who acknowledged the significance of SIGINT in the Second World War ignored it completely in their studies of the Cold War. Though such deficiency by leading historians is due partly to the over-classification of intelligence archives, Christopher Andrews, a historian of international relations and intelligence services claims:

They derive at root from what psychologists call cognitive dissonance – the difficulty all of us have in grasping new concepts which disturb our existing view of the world. For many 20th century historians, political scientists and international relations specialists, secret intelligence has been just such a concept. It is of course naïve to assume, as some spy writers have done, that the most secret sources necessarily provide the most important information. But it is also naïve to suppose that research on 20th century international relations and authoritarian regimes, can afford to neglect the role of intelligence agencies. As a new century dawns the traditional academic disregard for intelligence is in serious, if not yet terminal, decline. A new generation of scholars has begun to emerge, less disoriented than most of their predecessors by the role of intelligence and its use (or abuse) by policymakers. A vast research agenda awaits them. Similarly, historian and former advisor to the Department of State on the Soviet Union, Raymond L. Garthoff calls on historians who study the Cold War to give more attention to the study of intelligence. He identifies two ways to look at how intelligence influenced the Cold War, at the micro and the macro level. At the micro level historians try to understand how intelligence influenced particular episodes or events during the Cold War. At the macro level is the question of the role of intelligence in affecting the general course or even outcome of the

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Cold War. Most attention thus far has been focused on intelligence at the micro level as it is easier to visualize, to focus on and to evaluate.\(^\text{10}\)

Garthoff outlines three categories that limit the attempts to evaluate the influence of intelligence on the course of the Cold War. The first is the sources of information, which are not only limited by residual secrecy but also by the absence of such sources on many important matters – or even the intentional obfuscation of sources. Secondly, the perception and misperception of adversaries makes it difficult to assess whether intelligence assessments were actually helpful or mere reiterations of preconceived notions. In other words was information distorted to fit what the adversaries already thought about one another? Finally, there exists the problem of determining the role of intelligence information and assessments in policymaking – was relevant and timely intelligence available and if so was it effectively brought to bear and was it accepted and used by policymakers.\(^\text{11}\) Thus far the limitations of evaluating intelligence on a macro level have produced two scholarships. Many believed during the Cold War and now that alarmist assessments were justified or at least beneficial in spurring the adoption of unilateral and allied military and political countermeasures that helped to prevent the war. Others have argued that the most negative overall impact of intelligence assessments during the Cold War (in both the United States and the Soviet Union) was to exacerbate tension and to sustain an unnecessary extent of arms competition, which in turn helped perpetuate the Cold War.\(^\text{12}\)

Two problems arise from the way previous scholarships have treated this Cold War question. The first obvious one is that the study of intelligence is not receiving enough attention and the second is that the dominant micro-macro paradigm of looking at intelligence is omitting


\(^{11}\) Ibid. pp. 38.

one very important scholarship – namely the role intelligence played in the origins of the Cold War. The origins cannot be defined as a particular event and thus are not explored on a micro level, while the macro scholarship focuses mainly on intelligence estimates of Soviet military and nuclear capabilities once the Cold War was already underway. Gaddis explains the historical process as one that:

Begins with the framing of questions, even if one lacks the evidence to answer them. It is not too soon, therefore, to begin to assess what we know about the impact of the ‘intelligence revolution’ on postwar diplomacy, and to begin to ask the most useful of historian’s interrogatories: what difference did it all make? From the answers, we may at least be able to perceive the boundaries of our ignorance with respect to this subject, and perhaps to identify an agenda for future research.13

Another historically important question to is: what difference could have intelligence made? The purpose of this thesis then is not to evaluate the role of intelligence during the origins of the Cold War, but rather it asks the question of how the limitations of intelligence operations came to be as they were, and whether or not these limitations were avoidable.

Just as intelligence analysis involves integration of open and secret information, so historiography requires integrating new evidence with information and analysis available from the past. Thus, by synthesizing previous arguments and new documents into a context that analyzes intelligence during the formative years of the Cold War, it will merge the two different scholarships of the Cold War. Historicizing the intelligence agencies and looking at the potential of intelligence, identifying necessary changes to achieve this potential and at the factors that contributed to early failures to do so, will show that intelligence agencies could have played a much more prominent role. It does not take for granted that intelligence’s inability to affect the course of development of the Cold War, thereby placing intelligence up for consideration as a contributing factor to the origins of the Cold War. Exactly what role intelligence played in the

origins – if any is not entirely clear. Although, I do think a strong argument could be made for intelligence being a contributing factor in the Cold War, as the origins have much to do with lack of information and resulting assumptions, but I leave that question to future historians.

The postwar target required the collation, integration and analysis of information from all sources, including secret information obtained by clandestine espionage and technical means of intelligence collection. Realizing that the shift from wartime intelligence to peacetime intelligence required restructuring and refocusing was essential to continued success in the intelligence arena. Section one illustrates that at the close of World War II, U.S. policymakers began to explore the option of developing a permanent foreign intelligence system in peacetime that would continue the intelligence functions performed by the wartime Office of Strategic Services (OSS), the armed forces, and the Federal Bureau of Investigation (FBI). However, individual agencies clung to the archaic decentralized military structure hindering efforts at progress. The section will trace the development of the intelligence structure from the last years of WWII to the creation of the National Security Agency and the Central Intelligence Agency in 1952, in an attempt to illustrate the warring nature of intelligence agencies and the bureaucratic infighting that prevented much needed centralization. It will show the formative period of the Cold War as one of trial and error, trials that intelligence efforts could not afford.

The Army, the Navy and the FBI agreed in only arena – the common desire to protect their departmental prerogatives from outside interference. In 1946 external pressure to cooperate and fear of losing resources forced compliance toward the creation of a small analytical agency, the Central Intelligence Group (CIG), which was set up to collate and analyze intelligence collected by the rest of the intelligence community. Meanwhile, President Truman, always skeptical of intelligence and quite frankly a bit confused by it, simply wanted a more orderly
system of providing him with intelligence reports. Section two will discuss the issue of centralization in further detail highlighting how unwillingness to cooperate and lack of a clearly defined aim of intelligence led to duplicated efforts and detracted from an important analytic aspect of the CIG, which was necessary as the United States intelligence agencies experienced much difficulty in gathering hard intelligence on the Soviet Union. The proceeding section will culminate in the failure of the United States to identify Soviet development of the atomic bomb, an analytic mishap that devastated potential of intelligence to influence policy.

President James Madison warned in 1822, "A popular government without popular information or the means of acquiring it is but a prologue to a farce or a tragedy or perhaps both." But a democratic popular government with secret popular information can also lead to tragedy. Democracy, during the Cold War, helped to further undermine the ability to obtain and use information, hindering the U.S. from achieving anywhere near the level of success the Soviet intelligence and counterintelligence had enjoyed. Thus, section four will discuss the secret nature of intelligence and by analyzing one of the most successful U.S. cryptologic efforts, VENONA alongside the FBI’s successful investigation of the Gouzenko affair; it will shed light on why the political context within which it was exposed in the United States made future intelligence victories extremely difficult.

The final section will use the Soviet intelligence structure as a comparison to tie together all the loose ends and show a framework that was extremely adept at gathering intelligence, while emphasizing yet another obstacle to U.S. intelligence efforts – the highly successful and experienced Soviet intelligence and counterintelligence network.

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I. Bureaucratic Wrangling and the Struggle for Centralization

I consider this whole subject of intelligence to be one of the most far-reaching problems of interdepartmental coordination that we currently face. My own gloomy opinion is that it will not be solved in an orderly fashion and that we will go through the usual two, three or more reorganization stages--God bless bureaucracy.

— Harold D. Smith, Director of the Bureau of the Budget, 1946

On 24 October 1952, James Lay Jr., executive secretary of the National Security Council (NSC), placed a buff file folder with a “Top Secret” cover sheet stapled to its front on President Harry S. Truman’s desk. Inside the folder rested a document titled “Communications Intelligence Activities.” Truman opened the document to the rear and endorsed it where a tab indicated the president’s signature was required. Unbeknownst to many in Washington, the president had just presided over the creation of the National Security Agency (NSA).15

The creation of the NSA represented a fundamental shift in character of the United States communications intelligence (COMINT).16 By making COMINT a national responsibility, it signaled the end of the era of exclusive military control of COMINT resources. It came with a realization that the old decentralized infrastructure with warring agencies was no longer capable of maximally serving United States’ security interests. As tensions between the Allies and the Soviet Union intensified, full cooperation of all intelligence agencies was necessary for cryptologic efforts to successfully confront the Soviet problem, the U.S. had to overcome the disorganized nature of American intelligence and integrate disparate and antagonistic agencies.


16 COMINT is a sub-category of signals intelligence that engages in dealing with messages or voice information derived from the interception of foreign communications. It should be noted that COMINT is commonly referred to as SIGINT, which can cause confusion when talking about the broader intelligence disciplines. The US Joint Chiefs of Staff defines it as technical information and intelligence derived from foreign communications by other than the intended recipient. Signals and communications intelligence regularly involves cryptology and cryptanalysis to decipher intercepted messages.
By tracing the evolution of the military agencies dealing with COMINT issues from WWII until the creation of the NSA, this section will illuminate the period as one of self-study and organizational experimentation with no predestined course for intelligence agencies. Realizing that the question for the Joint Chiefs of Staff was not whether or not to modernize intelligence but rather how to go about doing so, reveals that the trajectory of American intelligence was by no means decided upon. In other words, an effective intelligence agency was not far from the imagination or grasp of U.S. officials, but agencies were caught up in bureaucratic melodrama – warring and distrust between the agencies ultimately delayed efforts to establish a unified cryptologic apparatus, resulting in duplicated efforts, lack of resources and manpower, a failure to produce optimal intelligence to the heads of state and ultimately a failure to quell American-Soviet tensions. By the time the NSA was created, intelligence had missed its window of opportunity. The Russians changed all their cipher machines with newer more sophisticated machines, as the Cold War lines were being drawn, the NSA was helpless as it would take another thirty years for American and British cryptanalysts to solve the new machines.

Codebreaking was central to the American intelligence effort during World War II. In September 1940, a small Army team broke a Japanese diplomatic cipher machine called PURPLE. In February 1942, the Navy broke the Japanese Fleet Operational Code JN25, just in time to gain valuable information for the Battle of Coral Sea. Despite the strength of American intelligence, the Army and Navy were constantly at odds over the control of cryptology, propelled by old antagonism and suspicion.17

17 Johnson, Thomas R. American Cryptology During the Cold War 1945-1989 [Electronic]. Unless otherwise noted all background information is extracted from this source.
During WWII, U.S. Army and Navy COMINT organizations intercepted and processed foreign military and nonmilitary communications for intelligence purposes. The services operated individually, and conducted their own intercept and decoding activities, with each service determining its own intercept targets and priorities, decrypted or translated whatever communications could be exploited. The disjointed effort served both organizations well. Intelligence was gathered to better grasp wartime intentions and capabilities of the enemy, in order to prepare preventive measures. The Army was only interested in ground operations and the Navy was content with being prepared to counteract naval missions.

Diplomatic traffic was a different story. As the only real interest to nonmilitary consumers such as the Department of State and the White House, the coverage of diplomatic traffic was always the top priority for both the Army and the Navy who recognized the need for budgetary support from these influential consumers. Each organization saw the production of diplomatic traffic as necessary for their survival, and as a result neither was willing to give up diplomatic traffic. Ultimately threatened by the increased intelligence activity following the attack on Pearl Harbor, the Navy capitulated and on 30 June 1942, agreed to transfer the entire diplomatic problem to the Army for the duration of the war. The main factor contributing to this decision was the wartime concentration on naval warfare in the Atlantic and Pacific, which forced the Navy, with limited personnel and resources to place its emphasis on naval problems. However, it was always clear that the agreement was just a convenient wartime arrangement made to eliminate other agencies from the cryptanalytic field, and restrict the COMINT activities of the FBI. As the war came to a close, the issue of control of diplomatic traffic arose yet again. The situation had changed entirely. Neither the Army nor the Navy were preoccupied with
military targets as they had been during the war.\textsuperscript{18}

In addition to the question of diplomatic traffic, the close of World War II introduced other problems. The disaster at Pearl Harbor forced discussion for the establishment of a truly, centralized, permanent intelligence agency amongst the Joint Chiefs of Staff around 1943. Many policymakers had respect for COMINT but worried about the management and control of this valuable resource. As the Joint Chiefs of Staff committees placed emphasis on the need for much closer cooperation by the COMINT producers, the agencies themselves began to worry that the state would reduce funding if they did not agree to cooperate. Recurring proposals for centralization of intelligence activities caused the COMINT authorities in each service to recognize that a disunited COMINT structure would be more vulnerable to takeover in the event that centralization of intelligence was actually forced upon them. Moreover, recalling the earlier parallel from WWI – the end of the war brought dwindling resources and inability to provide for future COMINT needs – both Army and Navy policymakers became apprehensive about the effect of demobilization on their COMINT organizations.\textsuperscript{19} It is important to note that the above were all pragmatic reasons for integrations. There was no strong desire on behalf of the agencies to integrate for actual intelligence purposes; they failed to see the Soviet problem as a national one. All collaborative measures were aimed at maintaining sovereignty under the guise of cooperation where mutual interest rested in the desire to remain autonomous rather than to share intelligence operations. The Army and Navy were driven by two objectives during the closing days of the war. The first was to find a way to protect existing COMINT resources from drastic budget cuts. The second was to continue collaboration with the British on the Soviet problem. By early 1945 there emerged a dominant view among the allied nations that the Soviet Union was a

\textsuperscript{18} Burns, Thomas L.. \textit{The Origins of the National Security Agency 1940-1952(U).} V. 1, Fort Meade: Center of Cryptologic History, 1990, pp. 1-17.

\textsuperscript{19} Argument is from Burns, \textit{The Origins of the NSA}, pp. 19.
potentially hostile and expansive power. Since both nations recognized the mutual benefits of their earlier collaborative efforts, they agreed to investigate the feasibility of establishing some form of postwar collaboration on the Soviet problem.

With the hopes of achieving these aims, the services set up an unofficial working committee known as the Army-Navy Communication Intelligence Coordinating Committee (ANCICC) in April 1944. The committee’s mission involved policy, planning and technical matters. The ANCICC lacked the authority to make decisions on controversial or critical issues, and the Army-Navy Communications Intelligence Board (ANCIB), a higher level board with broader authority to discuss COMINT problems independently form other form of intelligence, was established on 10 March 1945 by General George C. Marshall, Chief of Staff of the US Army and Admiral Ernest J. King, Chief of Naval operations. The Army-Navy ANCIB was established to avoid duplication of effort in COMINT matters and to ensure full exchange of technical information and intelligence between the services. It also included a self-restricting provision that required the unanimity of agreement on issues requiring a decision by the board, illustrating the lack of true interest in cooperation. This rule enabled the military COMINT structures to appear to coordinate operations on voluntary basis without, in fact, yielding any of their independence. By simply exercising its veto power, a service could prevent the implementation of any controversial proposal. In later years, the rule of unanimity developed into a major problem for the entire intelligence community.20

The U.S. Army undertook project of reading Soviet weather stations called RATTAN in late 1942 with a unit of just two people; by January 1944 a tremendous increase in volume of traffic swelled the unit to twenty-five people. At some point the prior to April 1945, the U.S.

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Navy became involved in the operation. An April 1945 Navy summary of the RATTAN project, insisted that as a result of the volume of traffic received study of the material would require several additional moths of study with present personnel, suggesting that more people devoted to the effort would accelerate progress of the study. In a time period crucial to establishing the trajectory of the Cold War, the U.S. needed to gather as much information as possible as fast as possible to even get a glance at true Soviet intentions and capabilities. COMINT collaboration with the British was vital to the WWII cryptologic success, thus a continued partnership with their wartime ally seemed reasonable.

On 15 August 1945 representatives of the Army-Navy Communications Intelligence Board and the London Signals Intelligence Board (LSIB) informally approved the concept of establishing U.S.-U.K. cooperation on the RATTAN problem. Following the U.S.-U.K. understanding of 1945, at the bequest of the U.S., the cover name BOURBON replaced RATTAN and came to identify the joint collaboration to exploit Soviet communications. This was neither a seamless nor an easy agreement to come to. Because the Army and Navy agreed to bilateral cooperation with the British as opposed to the individual agreements they made during WWII, divergent personalities within the two agencies made consensus on the extent of the partnership difficult.

The War Department strongly favored full exchange with the British of all RATTAN intercept material as did George Marshall, U.S. Army Chief of Staff. Meanwhile, in a top secret memorandum dated on 21 May 1945, Joseph N. Wagner of OP-20-G, the Navy cryptologic

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organization, which was notorious for wanting to keep material within their circle, suggested a limited partnership with the British. Despite the possibility of an increase in the volume of raw traffic on which solutions of ciphers depended, an increase in overall code-breaking effort and an increase in overall collateral information for the project, Wagner pushed for an agreement in which exchange of information was restricted to raw material and intelligence rather than techniques and technical progress, arguing that “our [U.S.] technical superiority over the British in the field of ULTRA intelligence has, in our opinion, been definitely proved. If communication intelligence activities are given adequate support in the future, there is no reason why this superiority should not continue and possibly increase.” Wagner’s arrogance failed to comprehend the scope of the new target and to realize that the continuation of past success would require much more than sufficient funding and resources. \(^{23}\)

The clash of personalities did not only exist amongst different agencies, interagency opinions conflicted as well. United States Navy Chief of Staff, Charles M. Cook Jr., opposed any and all cooperation with the British. \(^{24}\) Hewlett L. Thebaud, Commander in Chief of the U.S. Navy, on the other hand, insisted on full collaboration with the British urging that “although it is ardently to be hoped that we shall continue effectively in the communications intelligence field in the post-war period, there is nothing in our past history and little in current trends to show that we shall be allowed to continue our present productive effort. The British, on the other hand, are


almost certain to.”25 Thebaud expressed genuine concern over the future of U.S. cryptology. OP-20-G personnel cuts between May and June 1945, may have aroused enough concern among other leaders to finally accept partial collaboration with the British on 15 August 1945, three months after initial discussions.

The deliberation process coupled with the technicalities of exchanging information with the British and imminent changes to the ANCICC structure impeded an opportunity to penetrate the Soviet mindset. To achieve a greater degree of efficiency and to avoid costly duplication the Army and Navy had to set up their own self-governing mechanisms and although they formed a policy board (ANCIB) and a working level committee (ANCICC) they still basically functioned as independent units in the COMINT arena, and when it came to making decisions in a timely manner the ANCIB-ANCICC design was only another obstacle.

As the services moved into the postwar period, they began to realize that peacetime operations only brought new problems to COMINT operations. As the perceived hostility of the Soviet Union toward the Western powers grew, the Army and Navy prepared to refocus on Soviet targets, and with the realignment came new issues. What were the new collection priorities? What were the interests and roles of the nonmilitary consumers? How would the intercept and processing of Soviet material be divided between the services? In an effort to answer these questions in late 1945, the Army and Navy incorporated a civilian agency, the Department of State, into the ANCIB structure by creating the State-Army-Navy Communications Intelligence Board (STANCIB). On 22 April 1946, STANCIB issued the Joint Operating Plan (JOP) creating two new key positions that governed the conduct of COMINT

operations: the Coordinator of Joint Operations (CJO) and the chairman of the working committee (STANCICC) of the COMINT policy board (STANCIB). Although, the new structure under the JOP did help to resolve some disagreements, the rule of unanimity prevailed. As a result the plan created new bureaucratic channels and a dichotomy of authority between the CJO and the individual service authorities and thus served as obstacles to real cooperation. The real result of the JOP was the survival of separate Army and Navy COMINT agencies rather than increased partnership. The Army and Navy refused to fully grasp the potential intelligence benefits of joint operations and because positions created by the JOP were alternated between Army and Navy officials each acted in the interest of maintaining autonomy. 26

Nowhere was the confusion and disarray of America’s COMINT establishment more apparent than in the method it used for selecting targets. The United States Communications Intelligence Board (USCIB) 27 sent out a monthly intelligence requirement form to representatives of the Army, Navy and Air Force intelligence units along with the CIA, FBI and State Department. The chart-like form had a list of countries and subheadings of different target items (weapon systems, troop movements, and so forth); the members rated the priority of each target on a scale of 1 to 5, with 5 being the highest priority. The results were tabulated and assigned to various intercept stations. Not only was this way of identifying targets overly broad, but it also neglected to allocate targets to specific communications channels ultimately leading to a failure to convert intelligence needs into clear COMINT targets. The most dramatic illustration of this weakness was the inability of COMINT to warn of the Korean invasion. The CIA considered South Korea to be the fifth

26 Burns, The Origins of the NSA, pp. 30-35.
27 Formerly STANCIB – changed its name in June 1946.
most volatile area in the world, but was incapable of communicating it properly through the USCIB's intelligence requirement form.28

Incessant governmental changes to the COMINT structure continued to characterize the period between 1946 and 1949 as both the president and congress began to view intelligence matters as a national responsibility. In 1946 President Truman established a National Intelligence Authority (NIA) and a Central Intelligence Group (CIG). In 1947, Congress passed the National Security Act, which resulted in further realignment of the national intelligence structure by terminating the NIA and CIG. It established a National Security Council to serve in an advisory capacity to the president, and a Central intelligence Agency to be headed by a director of intelligence, who reported to the president. It also called for a Secretary of Defense and recognized the Air Force as a separate department. Thus, a third military COMINT organization, U.S. Air Force Security Services (AFSS), was now competing for COMINT resources and for the assignment of cryptanalytic targets and tasks. The net result of these actions was not unification, but an acceleration of the controversy within the intelligence community over the control of COMINT structure, exposing sharp divisions that existed among the members of intelligence agencies.29

When President Truman issued a directive creating the National Security Agency, he acknowledged that communications intelligence was a national responsibility rather than one of purely military orientation. He appeared to understand that the postwar period presented a new problem and he realized that the agencies themselves, involved in anachronistic compartmentation practices and the absence of any dominant central authority, tended to foster

29 Burns, The Origins of the NSA, pp. 57.
an atmosphere of independence and isolation among the services and could not be trusted to carry out a united effort. After a six-year postwar period of self-study and organizational experimentation, the COMINT community was still groping for answers to a number of major questions. He understood he had to make an authoritative decision. However, the executive order came too late.

On the afternoon of Friday, 29 October 1948, a day known within the NSA today as Black Friday, the Russian government and military executed a massive change of virtually all of their cipher systems and even with the most centralized effort, it would take the NSA another thirty years to start break the new Soviet ciphers. Black Friday killed off virtually all of the productive intelligence sources that were then available to them regarding what was going on inside the Soviet Union and more importantly it began an eight-year period when reliable intelligence about what was occurring inside the USSR was practically nonexistent. It would eventually be discovered that William, Weisband, a forty-year-old Russian linguist with the Army Security Agency (ASA), reported everything he knew about the ASA’s Russian codebreaking efforts to the KGB. For security reasons, Weisband was not put on trial for espionage.  

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II. Methods and Problems of Defining Modern Intelligence

The problem for the Truman administration that fall of 1945 was that no one, including the President, knew just what he [himself] wanted, while each department and intelligence service knew fully what sorts of results it wanted to avoid.


When Truman ascended to presidency on 12 April 1945, he entered the White House almost entirely ignorant of its affairs. Of all of the affairs of the government, intelligence was probably the one about which he knew least, leading him to harbor a confused suspicion of peacetime intelligence agencies and occasionally likening them to ‘Gestapos.’ On 20 September 1945 Truman issued an executive order liquidating the wartime Office of Strategic Services (OSS). Almost synchronously, he ordered his Secretary of State to “take the lead in developing a comprehensive and coordinated foreign intelligence program for all Federal agencies concerned with that type of activity [intelligence]. This should be done through the creation of an interdepartmental group, heading up under the State Department, which would formulate plans for my approval.”

Thus, at the close of World War I.I., U.S. policymakers began to explore the option of developing a permanent peacetime foreign intelligence agency that would continue the intelligence functions performed by the wartime OSS, the FBI and the armed forces. After

34 Memorandum From the Director of the Office of Strategic Services (Donovan) to President Truman, Washington, August 25, 1945, Truman Library, Miscellaneous Material Filed by the Administrative Assistant in the President’s Office, Office of Strategic Services. Secret. Also available in Foreign
much bureaucratic wrangling, the Truman administration created the Central Intelligence Group (CIG) the predecessor to the Central Intelligence Agency (CIA).

The previous section exposed the rivalries and egoism of the individual COMINT agencies as detrimental to necessary centralization of communications intelligence. Bureaucratic infighting, however, was by no means limited to the field of cryptanalysis; the COMINT agencies’ stubborn refusal to cooperate complicated the operations of other intelligence arms, in particular interfering with the Central Intelligence Group’s ability to perform its analytic functions. Individual agencies shuddered at the thought of sharing information, partly a result of their indoctrination into an antiquated competitive intelligence model rather than a modern collaborative version, but also due in part to the nature of intelligence itself. Intelligence’s success rests, among other things, in its secrecy. Almost instinctively agencies were hesitant to share information and activities with subjects over whom they had no control, this included the CIG. Further fueling the agencies’ suspicion was a lack of common definition among policymakers of what intelligence should be and analogously the precise role of the CIG. Weak direction failed to establish a proper identity for the CIG, resulting in the inability to garner the respect from other agencies to fulfill its managerial role.

Explicitly, the CIG was to “accomplish the correlation and evaluation of intelligence relating to national security, and the appropriate dissemination within the government of the resulting strategic and national policy intelligence.”35 To execute this goal, the CIG was to provide the president and other top policymakers with estimates that interpreted world events and forecasted future developments while addressing their implications for the United States. In

doing so, the estimates were to help policymakers think through the issues affecting the nation and allow for more comprehensive, rational responses.

The United States faced in the USSR an adversary it believed was bent on world domination. In particular, during the formative period of the Cold War, President Truman struggled to understand the menacing behavior of the Stalin-led Soviet Union. U.S. intelligence was pressed to focus much of its attention on the Soviet Union and attempted to understand its leaders, discern their intentions, and calculate the capabilities of the closed totalitarian society. Although, the U.S. intelligence community provided U.S. policymakers with a wealth of information and analysis, Truman realized in his first year of presidency that policymakers required regular, timely intelligence reporting. The then present intelligence structure, which lacked an overarching national intelligence organization, was incapable of correlating and evaluating national security questions in an efficient manner. The president wanted to relieve himself of the chore of reading the mounds of cables, reports and other papers that constantly flooded his desk, and it was to this end that the CIG was created in 1946.\(^{36}\)

With the signing of the directive on coordination of foreign intelligence on January 22, 1946, a peacetime national intelligence system was finally established. However, it only really existed on paper. There was no agreed view of how the new system should work or what it should do, and the armed forces, alarmed that the new organization would make them obsolete, evaded cooperation. Their refusal to comply with the new agency enlarged the scope of the CIG and thus diverted resources from its intended analytical function. The CIG’s and later the CIA’s insufficient analytic effort would bring about one of the greatest intelligence blunders of the early Cold War period – the failure to predict the timing of Stalin’s atom bomb.

The CIG had two functions, to plan and coordinate all federal intelligence projects and to make high-level intelligence estimates of foreign situations for the President and senior government officials. The estimates were supposed to be accurate and timely responses to foreign situations and the end product of the correlation and evaluation of analyses produced by the departmental intelligence organizations; this included the Army, Navy and Department of State among others. Although the concept of the CIG was reasonable, institutional resistance, similar to that outlined in the previous section, made implementation of this concept impossible. The military resented having to provide military data to a civilian agency and felt that civilians could not understand, let alone analyze military intelligence data. No less hostile to the CIG’s intelligence-producing authority was the Department of State, which almost immediately challenged CIG on the issue of access to the President.  

The military services and the Department of State jealously guarded their preexisting control of information and their role as policy advisors to the president. As resources were being cut, it is logical to conclude that one of the reasons for hostility towards the new organization was the desire to remain the preeminent producer of intelligence in the eyes of top policymakers. A mentality of constant suspicion caused other agencies to look at the CIG as a competitor rather than a partner. Moreover, the nature of the intelligence process itself is very secretive. Intelligence agencies were inclined to stick to the tradition of strictly guarding and controlling information, disseminating it only on a need-to-know basis. They were accustomed to being the sole arbiters of who read their data and when they read it, and in an environment of arrogance and pride naturally, no other organization was capable of making the appropriate dissemination decisions in their eyes. Although the War and Navy Departments eventually assigned officers to

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the CIG, they never granted CIG access to U.S. military data. Perhaps the CIG could have been more assertive in demanding cooperation but with no predecessor or model from whom to learn, the CIG was not able to involve the departmental agencies into the process and thus failed to attain its first objective.

In order to achieve the second objective, the CIG’s Director of Central intelligence, Lieutenant General Hoyt S. Vandenberg, created the Office of Reports and Estimates (ORE) on 8 October 1946. Technically, the ORE’s primary function was not to perform intelligence research, but to correlate and to evaluate intelligence coming in from diverse sources. Essentially the intelligence structure was to be conceived as a pyramid, with ORE sitting at the peak responsible for national judgments based on analyses from the departmental intelligence services located below it in the pyramid. The resulting products were to be reports known as intelligence estimates – finished analyses drawing upon the resources of the entire Intelligence Community. The goal was to prevent the lack of communication and coordination of intelligence that was believed to have led to disaster at Pearl Harbor in 1941, by implanting an analytical concept that focused more on the broad national-level perspective rather than developments in specific fields.\textsuperscript{38}

There were a few obstacles to achieving this objective as well. Firstly, as a branch of the CIG, the ORE continued to depend heavily on the Department of State despite its own clandestine collection capability in the Office of Special Operations (OSO). This was in part because the OSO’s intelligence product was highly compartmented and not accessible to ORE, and in part because the ORE still lacked ready access to military intelligence.

Secondly, a mechanism for producing strategic and national policy intelligence had yet to

be devised, and no common definition of the term had been established. As Roosevelt’s successor Truman enjoyed no power or reputation in American politics and as such he possessed no experience in foreign affairs at all. When Truman came into office he was entirely dependent upon the experiences and expertise of the advisers and cabinet members that Roosevelt had often excluded from policymaking. He was neither able nor willing when he became president to assume the kind of personal control Roosevelt had wielded over the direction of American foreign policy. As a result, the CIG received two distinct directives regarding what sorts of intelligence estimates to produce, one from Truman and one from his advisors. Truman, learning on the job, focused entirely upon immediate problems. Consequently, he wanted the CIG to produce a current daily intelligence publication that would contain all information of direct interest to him. Truman’s aides and advisors disagreed with him and authorized the CIG to produce national intelligence.39 When Truman asked CIG for a daily intelligence summary40, Secretary of State James F. Byrnes protested that such information was not intelligence within the jurisdiction of the Central Intelligence Group. Truman remained adamant about receiving the daily summaries and so two directives that outlined the CIG’s duties were issued. Directive No.1, issued on 8 February 1946, decreed the CIG to “furnish strategic and national policy intelligence to the President and the State, War and Navy Departments.”41 Directive No. 2, also issued on the same day, charged that the Director of Central Intelligence was to give first priority to the “production of daily summaries containing factual statements of the significant

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40 Definition of a Daily Summary from the Department of State: a report prepared in message form at the joint force headquarters that provides higher, lateral, and subordinate headquarters with a summary of all significant intelligence produced during the previous 24-hour period. The “as of” time for information, content, and submission time for the report will be as specified by the joint force commander
developments in the field of intelligence and operations related to the national security and to foreign events for the use of the president.”

Rather than conceding to the new demands and diverting some of the Department of State’s resources towards helping the ORE produce national estimates, Byrnes insisted that his department provide the President with daily policy analysis. The result: Truman received *Daily Summaries* from both CIG and the Department of State.

The President’s interest in the Daily Summaries, coupled with limited resources meant that the production of current intelligence became dominant. An internal CIG memo stated that “ORE special Estimates are produced on specific subjects as the occasion arises and within the limits of ORE capabilities after current intelligence requirements are met…Many significant developments worthy of ORE Special Estimates have not been covered…because of priority production of current intelligence, insufficient personnel, or inadequate information.”

Rather than producing coordinated national estimates, it became primarily a current intelligence producer. It produced situation reports describing developments in various countries or discussions on ongoing implementation of Soviet regional policies or likely Soviet Reactions to U.S. actions. Essentially, the CIG failed in accomplishing its second purpose.

President Truman’s failure to acknowledge the importance of predictive estimates was crucial to delaying the production of a high-level, centralized intelligence producer. Yet the uncompromising position of the military agencies and the Department of State cannot be overlooked. ORE, as a new agency with no predecessor had difficulty asserting itself enough in the estimate process as it was unable to coordinate the intelligence body and the lack of

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cooperation on the part of the departmental agencies only isolated ORE further, contributing to its general failure to function as a producer of coordinated, high-level estimates.  

The predominance of a current, situational focus suggests a preoccupation with answering the mail, which was detrimental to the longer range, more comprehensive intelligence assessments which the nation’s central intelligence organization might have been expected to produce. Nowhere does one see the kind of comprehensive, formative intelligence documents produced by CIA’s Office of National Estimates (ONE) in the 1950s or 1960s or by the National Intelligence Council in the 1970s. Moreover, the predominantly political tone of many of the estimates, especially the situation reports, suggests a duplication of intelligence functions better performed by the Department of State.

The creation of the Central Intelligence Agency in 1947, with the passage of the National Security Act, did not greatly alter the situation. The CIA did evolve and develop into an intelligence producer yet it would take many years of trial and error for the CIA to effectively fulfill its coordinating and estimative functions. Secretary of State Byrnes prophetically warned:

In our government today there is no permanent agency to take over the functions which OSS will have then ceased to perform. These functions while carried on as incident to the war are in reality essential in the effective discharge by this nation of its responsibilities in the organization and maintenance of peace…It is not easy to set up a modern intelligence system. It is more difficult to do so in time of peace than in time of war.

The lack of specific targets during postwar period contributed to a general confusion as to how a centralized intelligence agency should be arranged and what tasks it should be responsible for. Nonetheless, one thing was certain, when confronted by an enigmatic power like the Soviet

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46 Argument of Donald P. Steury in *Watching the Bear*

47 Letter From Director of the Office of Strategic Services (Donovan) to the Director of the Bureau of the Budget (Smith), Washington, August 25, 1945, Document 3 in *FRUS 1945-1950 Emergence of the Intelligence Establishment*, Special Volume.
Union, policymakers needed to know as much as possible as soon as possible. Truman proclaimed “it is my desire, and I hereby direct, that all Federal foreign intelligence activities be planned, developed and coordinated so as to assure the most effective accomplishment of the intelligence mission related to the national security.” Either other agencies did not have the same desire or they did not believe the CIG was capable of establishing this end, at any rate they did not even grant the CIG a chance at success.

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III. Stalin, the Bomb and Analytic Miscalculations

I cannot forecast to you the action of Russia. It is a riddle, wrapped in a mystery inside an enigma; but perhaps there is a key.

—Winston Churchill, 1939

In the early postwar years intelligence gathering could have been the key to Russia, the entire world was looking for. But the failure of the CIG’s analytic function culminated in a failure to predict the proper date for Soviet detonation of the atomic bomb, ultimately undermining intelligence efforts and questioning their credibility. Inspection of available information and the subsequent reorganization of the CIA’s analytical structure suggest that the failure to offer a valid timeline for Soviet nuclear development was brought about by a lack of analysis rather than a lack of information.

Duplicated efforts, perpetuated by the antagonistic nature of the military and the Department of State, detracted from analysis – a highly valuable tool of assessment. The CIG was able to produce just four estimates on the Soviet Union in 1946. Only, the very first estimate – ORE 1: Soviet Foreign and Military Policy (23 July 1946) – was representative of the kind of high level estimate of foreign situation the CIG was created to produce, but it stands out as virtually unique among the crop of estimates the ORE churned out. Two of the remaining four were analyses of Soviet Bloc propaganda and the other, ORE 3/1: Soviet Capabilities for the Development and Production of Certain Types of Weapons and Equipment, published on 31 October 1946, “was just two pages long and it contained the first of a series of wrong-headed projections concerning the development of Soviet atomic weapons capabilities.”

49 ORE 2/1: Analysis of Soviet-Controlled German Broadcasts, 24 July 1946; ORE 2: Analysis of Soviet Foreign Propaganda Broadcasts, 23 July 1946.
ORE 3/1 presents an estimate of Soviet capabilities in the development and production, during the next ten years, of certain weapons and equipment. With respect to the atomic bomb it reports that, “our real information relating to this subject is meager. It is probable that the capability of the U.S.S.R. to develop weapons based on atomic energy will be limited to the possible development of an atomic bomb to the stage of production at some time between 1950 and 1953.” Continued analysis of the question of Soviet atomic capabilities pushed ORE to estimate that the Soviets would have at atomic bomb around mid-1953. Mid-1953 appear again as the most probable date in a report disseminated on 24 August 1949, five days before the Soviets exploded their first atomic bomb. 51

There are various hypotheses as to why the intelligence community miscalculated the detonation of Stalin’s bomb. Naturally it was a difficult task as Soviet security measures made relying on open sources virtually impossible, at the same time this made a concerted, centralized intelligence effort with extensive analysis all the more necessary. Evidence suggests that individual bits of information indicating that Soviet scientists were a lot closer to the completion of an atomic bomb was available to intelligence officials, the failure was not so much a result of lack of data but rather a failure to piece everything together – a lack of analysis. Intelligence officials simply did not devote enough study and analysis to the bomb itself. Of the eighty estimates written between 1946 and 1949, not one is entirely devoted to the discussion of the Soviet atomic bomb. 52

The earliest prediction was derived by “taking into account the past performance of Soviet and Soviet-controlled German scientists and technicians, our own past experience, and

estimates of our own [the United States] capabilities for future development and production.”

Any estimate based solely on these factors underestimated the role that Stalin’s vehement desire for the bomb played in its production. Moreover, it failed to allow for whatever benefits the Soviets derived from information made public after the war, from Soviet espionage, from captured German scientists and simply from knowing that creation of such a bomb was indeed possible.

The availability of uranium was crucial to the analysis of Soviet atomic production. The Soviet Union was known to lack high-grade uranium ore and was seen by many scientists to be a principal factor handicapping Moscow's atomic-energy program. However, the Soviet Union had other resources at its disposal that would mitigate the lack of uranium ore. The Soviets found another source of uranium in the Ural Mountains and were exploiting it by 1946. The Western intelligence analysts had no idea that these deposits existed but they were exposed to indirect evidence that would have led analysts to infer the Soviet Union had access to high levels of uranium. By 1947 U.S. intelligence was informed that the Soviet Union was importing an unusual amount of distilled metallic calcium per month, and exceptionally pure calcium could be used to separate uranium metal from uranium ore – there was no non-nuclear use for so much pure calcium. ORE paid little attention to this evidence and clung to their mid-1953 prediction. Additionally the Soviets were able to recruit German scientists at the end of World War II, and the U.S. was aware of German scientists in the Soviet Union through intercepted letters written to their families in East Germany. Regardless, analysts judged that Moscow’s lack of high-grade

53 ORE 3/1
uranium ore negated any advantage the Soviet Union might have gained from German scientists.\textsuperscript{54}

Perhaps the most glaring evidence that the Soviet Union was closer to production of the atom bomb was the simultaneous revelation by the FBI and the Army Signals Agency that Soviet spies had penetrated the Manhattan Project in 1945 and 1946. Although, the extent of the infiltration would not become obvious until later, it is incredible that he ORE did not believe that the Soviets had derived any benefit from their espionage activities, a belief held at least until 1950. \textsuperscript{55}

Therefore, it was not the overall intelligence process, with its focus on collection, but intelligence analysis, the ability to assemble, integrate, and derive meaning from the full range of information collected that had failed to warn of the Soviet atomic bomb. CIA historian reflects on the failure:

> In retrospect, it seems incredible that ORE should have paid so little attention to information such as that coming out of Bitterfield [referring to information on the Soviet Union’s alternate source of uranium]. The reporting was timely, detailed, and derived from a source with excellent access.\textsuperscript{56}

However, as previously discussed, the CIG represented an agency that was in complete disarray and unable to direct its attention towards innovative analysis. Considering the state of affairs of the CIG, the blunder should not come as such a surprise.

The Central Intelligence Agency’s broad interpretation of Soviet actions may have had something to do with why so little attention was focused on the atomic bomb. The Agency believed that regardless of how menacing the Soviet Union might appear they had no intention of


\textsuperscript{56} Steury, \textit{How the CIA Missed Stalin's Bomb}, pp. 6.
leading an attack against the West.\textsuperscript{57} CIA historian, Woodrow Kuhns, even goes so far as to conclude that not focusing on the bomb and insisting that the Soviet Union was unlikely to attack calmed Western nerves in the fearful years of the Cold War. However, the analysis that the Soviet Union was not going to attack has nothing to do with the task of intelligence to provide estimates on the Soviet Union’s atomic power. Even if it were unlikely that the Soviet Union would pursue a physical attack on the West, this would not preclude Moscow from using the bomb as bargaining power or to impose political force.

IV: Successes or Failures? Reassessing Intelligence Achievements

The necessity of procuring good intelligence is apparent and need not be further urged – All that remains for me to add is, that you keep the whole matter as secret as possible. For upon Secrecy [sic], Success [sic] depends in most Enterprises [sic] of the kind, and for want of it, they are generally defeated, however well planned and promising a favorable issue.

— George Washington, First President and First Intelligence Chief of the United States, 1777

In the most ironic of conclusions, the United States’ greatest counterintelligence effort actually hindered the potential of intelligence to quell U.S.-Soviet tensions. Simultaneously, the FBI and the Army Security Agency (ASA) were unraveling massive Soviet espionage rings in the United States, Canada and Great Britain. So successful was the project that by the late 1940s almost all Soviet spies had been uncovered and purged from their governmental posts in the United States. However, intrinsic to intelligence is secrecy. Within reach of a tremendous breakthrough, intelligence agencies vehemently guarded the secrets and discoveries of their operational success. Both the ASA’s Venona and the FBI’s Gouzenko affair put Truman in a demanding predicament – should he expose the source of the espionage accusations or was it more important to protect the sources and methods used to break codes? Truman ultimately submitted to George Washington’s advice. Retrospectively, Truman’s decision backfired:

The tacit decision to keep the translated messages secret carried a political and social price for the country. Debates over the extent of Soviet Espionage in the United States were polarized in the dearth of reliable information then in the public domain…with the prospect of war with the Soviet Union a real possibility, military and intelligence leaders almost certainly believed that any cryptologic edge that America gained over the Soviets was too valuable to concede – even if it was already known to Moscow. Historians Campbell Craig and Sergey Radchenko argue that espionage has two key effects upon the origins of the Cold War and the bomb’s central role in it. First, it provided a kind of communication channel between the two sides, telling Russia early on of the American project

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and informing the Americans that the Soviets knew. Secondly, it exacerbated tensions between
the two nations not only because of its political explosiveness, but also because it undermined
the possibility of international atomic control, leaving the two sides with no plausible alternative
to the old way of power politics.  

When discussing the bomb in terms of espionage and the effect that the discovery of
atomic espionage had on U.S.-Soviet relations, then it is not so much the bomb that is at issue
but rather the means with which espionage activities were uncovered and the political
environment within which they were exposed. The primary players in this development were the
FBI, the Army Security Agency and the nature of U.S. democracy. The United States political
apparatus became an inhibitor of intelligence success once that success had been undertaken. In
order to understand how an intelligence victory became an inhibitor it is necessary to evaluate
the sort of ‘success’ that can be attributed to these operations. Closer inspection will reveal that
although, both cryptanalytic efforts of Venona and the investigation of the Gouzenko affair
demonstrated sheer human genius, the results did not offer the kind of predictive or insightful
intelligence the U.S. situation required, and thus allowed the political environment to thwart
future intelligence from easing U.S.-Soviet tensions. The unsubstantiated charges of communism
led to fear and distrust of the government and without full disclosure on the part of the U.S.
government, McCarthyism and was able to take center stage in American society.

VENONA is the most recent code name for the US-UK exploitation of encrypted KGB
and GRU communications of the period 1941-48. The Venona project, headed solely by the
ASA, started in 1943 working on a message traffic encrypted using a one-time pad. The
communications were encrypted by first using values in a codebook, which gave numerical

59 Argument drawn from Craig, Campbell and Sergey Radchenko, The Atomic Bomb and the Origins of
values to words, and then enciphering those numbers from one-time pads, in other words, by taking the numbers from the pads and adding them to the numbers from the codebook. Such a system was unbreakable unless the cryptanalyst had access to the one-time pads or could replicate the pads. The third possibility was that the pads might somehow be misused or reused – that is how Venona was cracked. The Russians reused one-time pads. The break was possible because of what came to be called manufacturer’s reuse, meaning that sometime after the German invasion of Russia on 22 June 1941, the KGB’s pad generating center manufactured extra sets of pads, probably because of the pressures of the rapid German advance and the emergency conditions. However, the reuse meant that one extra set of key pads was produced. Instead of one set of the pad being manufactured for the user in the field and one for that user’s headquarters in Moscow, there were two sets with two users and two headquarters using the same set. It was a matter of finding the match. It was a grueling process, but a noteworthy effort led by Meredith Garner, a bookkeeper and linguist, led to a major break into a KGB message.60

The Army Security Agency (ASA) began deciphering Soviet telegrams accumulated after the signing of the Nazi-Soviet Pact of Non-Aggression. In 1943 General Marshall hoped that reading Soviet messages might provide the intelligence needed to facilitate the opening of a second front, or at the worst it would reveal if Stalin was negotiating a separate peace with Hitler. Regardless of the results, Marshall believed these telegrams to be of vital importance in obtaining better information on Soviet intentions. Moreover, U.S. leaders hope that information found in the Soviet telegrams would give the U.S. some insight into Stalin’s mind during the peace talks of Paris, Yalta and Potsdam.61 Colonel Carter W. Clarke, Deputy Chief of the


61 Schecter, Jerrold and Schecter, Leona Sacred Secrets: How Soviet Intelligence Operations Changed
Military Intelligence Service expressed, “all those associated with and against us with the end
purpose of enabling an American peace delegation to confront problems of the peace table with
the fullest intimate knowledge possible it is to secure of the purposes and attitudes, overt and
covert, of those who will sit opposite them.”

Most of the traffic was not read until long after the messages were sent. Thus, Venona
was not a real-time nor a near real-time operation – it ran until 1980 and at that point
cryptanalysts were still working on messages sent between 1941 and 1948. Because Venona was
a project that remained frozen in time, it never did achieve its intended purpose. The results of
the deciphering did not come in time to settle doubts about Stalin’s plans for a separate peace
with Germany nor did they reveal military matters on the eastern front; the Venona breakthrough
did not even happen in time for the peace table meetings. Yet, VENONA is considered one of
the most successful cryptologic undertakings of the Cold War. The information gained through
these transactions provided U.S. leadership insight into treasonous activities of government
employees. The Venona messages would reveal that more than 200 Americans in government
and war industries were secretly working for the Soviets, either as assets, sources of information
who were serving the communist cause, or as recruited agents who took orders and payment
from the NKVD (Narodnyy Komissariat Vnutrennih Del – People’s Commissariat for Internal
Affairs) and GRU (Glavnoye Razvedyatelnoye Upravleniye – Foreign Military Intelligence
Directorate).

On 5 September 1945, the defection of a Soviet embassy code clerk in Ottawa, Canada
gave the FBI its analog of Venona. The FBI in Washington learned of Igor Gouzenko’s defection

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62 6 May 1942 note to Al McCormack quoted in Benson, Robert L. and Cecil J. Phillips, *History of
on 8 September 1945 and immediately joined forces with Britain and Canada in interrogations. In mid-1945 FBI director J. Edgar Hoover wrote a memorandum to his top aides. The Gouzenko affair, as it came to be known, was to be their “no. 1 project and every resource should be used to run down all angles very promptly.” The FBI began to uncover those agents identified by Gouzenko and to remove them from government posts. Meanwhile, without knowledge of the Gouzenko affair, the ASA was simultaneously uncovering the same atomic spy ring through Venona decryptions. It was not until 1947 and 1948 that the first collaborative efforts took place.

In May 1947 Gardner realized that he was reading KGB messages showing massive Soviet espionage in the United States. With Gardner’s realization a new technicalities arose, namely who should have access to this information and how it should be disseminated. The ASA believed complete and utter secrecy was vital to the endeavor. On 30 August 1947, Gardner drafted a special report, which he distributed to a handful of senior ASA officials. The report outlines the urgent need to uncover codenames of people mentioned in VENONA decryptions. Although the messages were readable texts, the Soviets took one more precaution by donning people, locations and geographical features with Klichki, or cover names. In the concluding remarks, Gardner says, “in its present state the traffic tends to arouse curiosity more than it does to satisfy it. This unsatisfactory state of affairs makes it imperative that this report be supplemented.” What Gardner was hinting at was the need for a collaborative effort with the FBI. Carter Clarke, deputy of G-2 the Military Intelligence Division in the Army, provided that cooperation only a year later when he asked an FBI liaison officer for a list of KGB and GRU covernames. The FBI unbeknownst to the NSA impaneled a federal grand jury in Manhattan to

63 Hoover to Tamm, Ladd and Tolson, Memo, 11 Sept. 1945, Section 1, Igor Gouzenko File 100-342972-serial 37, FBI Reading Room Washington DC.
64 VENONA: New York 1751-1753 to Moscow, 13 December 1944
probe the espionage charges leveled by several defectors from Soviet intelligence organs; as a result they obtained a list over 200 codenames, which it eventually shared with the ASA.

Although, Clarke’s actions prompted joint action by cryptanalysts and investigators that endures to the present day, the delay is simply another illustration of poor initial intelligence integration efforts, agency competition and the difficulty of dealing with top-secret material. British liaison officers learned of the breakthrough even before the FBI was notified. Meredith Gardner kept the British up to date on all developments, establishing a profitable US-UK effort – one that stood to gain from earlier coordination with the FBI. Furthermore, not all agencies responded with the same fervor as the FBI did. When decoded material suggested that Soviet spies had infiltrated the State Department, Clarke directed Oliver Kirby, a VENONA cryptanalyst, to bring the material to their attention. Rather than receiving Kirby’s information with alarm, the Department of State rejected the possibility of Soviet spies among them.66

Thus, Venona material played a key, but by no means exclusive role in catching atomic spies. Most of the evidence came from the FBI, and although Venona frequently confirmed what the FBI had suspected, it was never used in court. Not only were two agencies, working on the same case but they were both diverting attention and resources from the Soviet target. It became the Soviet target in America, which was not what the intelligence agencies needed to produce if they were to understand Soviet intentions. There was nothing about this information that was predictive. Moreover, the results of the investigation while important to remove communist elements from the government told nothing the U.S. didn’t already know – Stalin wanted the bomb. The bombing of Hiroshima and Nagasaki in August 1945 “destroyed Stalin’s expectation

66 Kirby quoted in Schecter & Schecter, Sacred Secrets, pp. 135.
of being second to none among the great powers.” Not to mention, these investigations were not contributing factors to the CIG’s estimates of when the Soviets would have a fully functioning nuclear device.

Venona was truly a magnificent achievement of human determination, but despite advancements in the field of cryptology, the Venona operation did not contribute much to assisting the overall intelligence goal of gaining a better understanding of the Soviet. Uncovering spy rings and learning that the Soviet Union was stealing secrets about the atomic bomb made the US more wary of their former ally, while disclosing little about their intentions and capabilities. Confirmation rather than warning or alert was the most frequent contribution of the decrypts. None of the decrypts uncovered Soviet progress on the atomic bomb nor did they give explicit reasons as to what the Soviets intended to do with the bomb – were they planning on using it, or would they relegate it to the realm of political armor.

The Gouzenko case was not announced until February 1946 and although the quiet purge in Washington did remove officials involved in Soviet espionage from government posts, the information provided by a former KGB courier, Elizabeth Bentley, which was corroborated by the Gouzenko testimony, did not become public knowledge until her appearance before the House Un-American Activities Committee, more than two years later. Naturally, U.S. officials were reticent to publicize the Gouzenko-Bentley revelations until they had been verified, but the hesitation also suggests that the Truman administration was reluctant to accept the implication of

the revelations on the future of Soviet-American relations.\textsuperscript{68} As late as September 1946, Truman could order that a report on Soviet intentions prepared by his aide, Clark Clifford, not be circulated within the government even on a top secret basis for fear of what the consequences might be.\textsuperscript{69}

There are two things to keep in mind while evaluating the influence of Venona and the Gouzenko affair that go hand in hand. The first is the unbelievable secrecy with which both operations were carried out and the second is the political environment within which the secret was being held. Very few people knew of the Venona operation, even Vice President Harry S. Truman was kept in the dark. On June 4, 1945, General Clarke, head of Army intelligence (G-2), briefed Truman on US Army efforts to penetrate secret Soviet messages. President Truman did not respond favorably to the report, saying that it sounded “like a fairy story.” Truman was wary of the methods being used to uncover text and wondered how and if they could be verified. He realized that the government could not prosecute without producing witnesses in court. Moreover, Truman knew about the ambiguities of code breaking and their dangerous political sensitivity. He was plagued with questions of how decoded messages should be interpreted and when they should be revealed. Was it more important to protect sources and methods used to break the codes and follow the espionage trail or to come forward and define the threat and tell the American public how it was being contained?\textsuperscript{70}

Herein lays the problem of transplanting intelligence efforts into America’s public arena. Cryptology during World War II was largely targeted at military and navy operations. It played a

\textsuperscript{68} Gaddis, *Intelligence, Espionage and Cold War Origins*, pp. 197.


\textsuperscript{70} Schecter & Schecter, *Sacred Secrets*, pp. 112.
role that was predictive and afforded the U.S. a type of security through preemptive attack and the ability to avoid disasters like Pearl Harbor. The secrecy surrounding code breaking was sacrosanct because reading Japanese and German operational messages directly affected the outcome of major battles in the Pacific and on the Russian front. Venona decrypts and similarly the Gouzenko investigation presented a fresh problem; since they were deciphered too late for their intended purpose they took on a new role – identifying spy rings within the US government. At this point very few preemptive measures could be taken, but rather proactive ones of removing infiltrated spies. Yet in a society that boasts human rights, all actions had to be justified. The American democracy struggled to preserve civil liberties and due process while ascertaining the extent of clandestine penetrations by the intelligence services of the communist regimes.

Furthermore, Truman believed he still needed the Russians to help defeat the Japanese and thus reading the Soviets’ internal messages had far different implications since the effort echoed distrust with a wartime ally. He could not weaken the wartime alliance with embarrassing testimonials of espionage. Truman worried that new revelations of Soviet espionage would be used to support congressional allegations of communists in government, which would be a huge liability for the Democrats in the upcoming congressional elections. Truman repeatedly denounced allegations that charged Roosevelt administrations figures, Alger Hiss and Harry Dexter White, of being secret Communists despite their appearance under covernames in decrypted Venona messages.  

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71 There is clear indication that White was following Moscow Center’s instructions in an NKVD memorandum dated April 15, 1944: “MAY [Stepan Apresian, NKVD rezident in New York] reported 14 April that LAWYER [codename for Harry Dexter White] following our instructions passed through ROBERT [Silvermaster] attained the positive decision of the Treasury Department to provide the Soviet side with the plates for engraving German occupation marks, namely the consent was given to produce
affair in particular was a GOP “red herring.”\textsuperscript{72} At his own bequest and with the direction of his close advisors, Truman never made a public statement regarding spies.\textsuperscript{73}

There is some debate as to whether or not Truman was fully briefed on the findings of the VENONA program or if he simply did not grasp its significance. Regardless, Schecter and Schecter conclude that the nation would pay for Truman’s failure to expose Soviet intelligence networks within the US. “By treating the successes of VENONA as a fairy story, the president ceded control of communist influence in the US government to the political enemies from who he hoped to keep it secret. The result turned America inward against itself, creating a paroxysm of name calling, finger pointing, and informing on former party members of suspected communists.”\textsuperscript{74} The political environment forced Truman to relinquish any negotiations for cooperation with the Communist superpower. Consequently, intelligence lost its influential capacity and became a means to justify or enhance the existing foreign policy agenda. Ultimately, the VENONA disclosures and the Gouzenko investigations had exacting domestic political consequences and made thunderous strides in the field of cryptanalysis but had very little operational value in the way of intelligence.

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\textsuperscript{73} George M. Elsey, Memorandum for Mr. [Clark M.] Clifford, 16 August 1948, Harry S. Truman Library, Clark M. Clifford papers, “Attorney General – White House/President, 1948,” box 83.

\textsuperscript{74} Schecter & Schecter, \textit{Sacred Secrets}, pp.118.
VI. Sizing up the Enemy: The Soviet Intelligence Apparatus

Whatever Stalin’s suspicions may have been, neither the United States nor Great Britain was ever in a position to mount – or even to contemplate mounting – any remotely comparable operation against the Soviet Union.
- John Lewis Gaddis, Intelligence, Espionage and Cold War

A 1946 FBI report of the Soviet intelligence apparatus remarked that, “the Soviets are not in any sense of the word novices at conducting secret intelligence. The modus operandi, however, is not novel or different from that of any other country where diplomatic relations exist.” Then, why were the Soviets so much more successful than their Western counterparts at intelligence collection? The Soviet Union did have a few built in advantages when compared to its Western counterparts during the first half decade of the Cold War. The edge included monitoring a nation, namely the U.S. that was a relatively open society with open sources of information and a longstanding tradition of spying, however it was not immune to the inherent difficulties of intelligence gathering – regardless of country or organization the secret nature of intelligence is an invariant. Rather, Soviet success rested in clearly defined operational targets and goals of intelligence; a centralized bureaucracy and finally an ideological base that was used as an effective recruitment agent. Thus, the most basic elements contributing to the prosperity of Soviet intelligence were not in any way unattainable in the United States.

Before we can begin to unravel the factors behind Soviet success, a proper understanding of “intelligence success” must be established. A clearly defined notion of what intelligence is what it does and how it works eludes most historians and intelligence experts. CIA historian, Michael Warner, offers the following after an arduous and comprehensive analysis: intelligence

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is secret, state activity to understand or influence foreign entities.\textsuperscript{76} While this definition most certainly appears to be an accurate description of what the U.S. understanding of intelligence should have been during the Cold War, the Soviet Union had more clearly demarcated picture of what intelligence organs should produce – it’s first reason for success.

Soviet intelligence was merely an appendage of the Communist party, and thus its understanding of what intelligence was, was exactly what the party dictated, and I use party loosely as it more properly refers to Stalin and his close advisors than any large group of people. Thus to evaluate Soviet success is to determine whether or not the Soviet intelligence community helped to further the ends of the communist party. The Kremlin had two goals between 1943 and 1949 – the capitulation of Eastern Europe to communism, and the possession of the atomic bomb. Was Soviet intelligence successful? The answer is a resounding yes.

Soviet intelligence, unlike those Western governments, which created competing intelligence and security bureaucracies, was designed to serve the ruling party.\textsuperscript{77} As such, the party was able to impose a centralized bureaucracy that delegated tasks and established targets, and individual organs followed suit. The prescribed goal with respect to the United States was to obtain complete information regarding the atomic bomb and as such it became the “No. 1 espionage project.”\textsuperscript{78} Having clearly defined ends facilitates the evaluation of successes and failures and makes resulting reorganization easier. During the early postwar transition to peacetime intelligence, the United States’ effort lacked an explicit purpose. While the U.S.

\textsuperscript{76} See Warner, Michael, \textit{Wanted: A Definition of “Intelligence.”} Center for the Study of Intelligence, v46i3a02p; Laqueur, Walter, \textit{A world of Secrets The Uses and Limits of Intelligence}, New York, NY, Basic Books, 1985.
\textsuperscript{78} J. Edgar Hoover to Fredrick B. Lyon, 24 September 1945, Central Intelligence Agency, Igor Gouzenko File.
intelligence structure was trying to figure itself out and each department pushed for its respective goals, the Soviet Union was maximizing its intelligence potential towards one.

Although, the internal history of the KGB refers to decisions as made by “the party,” the Soviet Union did not have an analog of the ANICB.\(^79\) There were no committees or subcommittees. All intelligence activities occurring inside and outside the Soviet Union were coordinated by G.M. Malenkov, a member of the Political Bureau of the All Union Communist Party of Bolsheviks, also a member of the Central Committee of the same organization. He was the head of all intelligence activity and Military Intelligence, Naval Intelligence, the NKVD and the political apparatus were all ultimately responsible to him.\(^80\)

The Soviet intelligence apparatus was not immune to the bureaucratic infighting that plagued the United States. Igor Gouzenko reported that, “there are numerous jurisdictional clashes, particularly between the Military and the Naval Intelligence organizations and the NKVD. All such matters are referred to Malenkov.”\(^81\) It appears that although some decentralization remained, the intelligence apparatus was a microcosm of the larger totalitarian Soviet government. All matters were directed Malenkov, and decisions made by one individual rather than the ANICB or some other version of the committee, requiring unanimous consent, are far more likely to be efficiently decided upon.

The most striking disparity between Anglo-American and Soviet wartime behavior with respect to intelligence has to do with spying.\(^82\) An FBI report in 21 October 1946 entitled

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\(^80\) John Edgar Hoover to Fredrick B. Lyon, 24 September 1945, Central Intelligence Agency, Igor Gouzenko File.

\(^81\) John Edgar Hoover to Fredrick B. Lyon, 24 September 1945, Central Intelligence Agency, Igor Gouzenko File

\(^82\) Gaddis, “Intelligence, Espionage, and Cold War”, pp. 195.

stresses the importance of the party in Soviet success:

Soviet espionage has one clear cut advantage over that practiced by any other country within the borders of the United States. This advantage centers in the existence of an open and active Communist Party whose members are available for recruitment for any phase of activity desire…in almost every instance Soviet espionage agents, particularly sub-agents are recruited from among individuals closely associated with the Communist Party…who in the main are native born Americans or individuals not native born but sufficiently familiar with the American way of life to avoid detection.\textsuperscript{83}

While, Russia’s valiant effort over fascist Germany fostered a sympathetic attitude towards communism, this is not to suggest that intelligence would have only been fully successful in an atmosphere of communism, but rather that a strong ideology can help in the recruiting process, furthering the ends of intelligence. The discovery of over two hundred Soviet agents in the United States alone shows that ideology was indeed an effective recruiting agent.

Between 1943 and 1949 the United States failed in the above three respects, resulting in an intelligence effort that was far from reaching its full potential. A number of factors contributed to the limitations of intelligence, but above all the overriding element, was a failure to fully grasp with sufficient immediacy what the modern peacetime intelligence picture should look like. Further fueling the general confusion was a man, completely ignorant of intelligence, responsible for reorganizing it in the backdrop of already contentious bureaucratic infighting and disagreement.

In January 1946, Truman managed to solve the thorny problem of a centralized intelligence agency by establishing the National Intelligence Authority (NIA) and the Central Intelligence Group (CIG). To celebrate the occasion, Truman held an eccentric White House

lunch during which he presented his guests with black cloaks, black hats and wooden daggers. He then called to Rear Admiral, Sydney W. Souers, the chief architect of this reorganization and future Director of Central Intelligence, and announced that Souers was to become the “Director of Centralized Snooping.”\textsuperscript{84} Whereas Stalin’s toast for intelligence officers recognized the importance of intelligence officials, Truman’s comic ritual indicates that he still did not take the idea of American peacetime intelligence seriously. On 1 January 1949, a report known as the Dulles Report to investigate the CIA came to the following conclusion, “the principal defect of the Central Intelligence Agency is that its direction, administrative organization and performance do not show sufficient appreciation of the Agency’s assigned functions, particularly in the fields of intelligence coordination and the production of intelligence estimates.”\textsuperscript{85} Without a clear idea of what intelligence was or should be U.S. policymakers were unable to develop an appropriate theory as to how it should work, resulting in a period of hands on trial and error and a missed window of opportunity.

Moreover, by keeping the decoded messages secret, Truman made it more difficult to bring known cases to court. However, this was not a one way decision; the ASA never wanted knowledge of the top secret initiative to go public. Nevertheless, the unsubstantiated charges led to fear and distrust of the government, and opened the way for the aberration of Senator Joseph McCarthy and his Red witch-hunt. During the next fifty years, the Cold War between the United States and the Soviet Union was intensified by the domestic battles between the left, embittered by McCarthyism, and the right, angered by the government’s failure to expose the full extent of Soviet espionage in America.

Moscow’s possession of the atomic bomb created what came to be known as the Soviet strategic threat, more precisely the dangers to U.S. national security identified as being present or evolving in nuclear weapons programs of the Soviet Union. Once the Cold War was under way, intelligence did not have the opportunity to be as influential, as rarely again was it free to assess uninhibited data, as most resources were delegated to measuring the scope of the Soviet threat through military and nuclear capabilities.\(^{86}\)

As problems that hindered early intelligence continued to bedevil later efforts, consistent scrutiny of intelligence became the norm; between 1949 and 1976 at least eight reports were commissioned to investigate the state of intelligence affairs, and attempt to reform it.\(^{87}\) During the 1950s, bureaucratic infighting continued even in the newly created agencies. Relations between senior officials at the CIA and NSA were at times so bad that they impeded cooperation between the two agencies. The CIA deliberately cut the NSA out of the Berlin Tunnel operation, with NSA’s director, General Ralph Canine, finding out about the operation from the *New York Times* after the Soviets discovered the Tunnel in April 1956. Technical questions and issues of resources also continued to plague COMINT agencies. By the early 1960s, the NSA was beginning to encounter information overload as more and more intercepted messages were stored in huge warehouses of magnetic tapes and the volume of unprocessed tape became difficult to manage technically.\(^{88}\)

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The 1960s and the 1970s had their share of both intelligence failures and success. The Cuban Missile Crisis of 1962 was a major strategic intelligence failure for NSA. SIGINT provided no warning of the presence of Soviet nuclear-armed intermediate and medium-range ballistic missiles in Cuba prior to their discovery by U-2 reconnaissance aircraft. Moreover, because the analytic arm of intelligence was not developed early on, intelligence failures such as the bomber and missile ‘gap’ crises, as well as the failure to anticipate the fall of the Shah in Iran in 1979, were able to materialize. However the same year brought success to the CIA, ten days before the Soviet Union invaded Afghanistan on 28 December 1979, U.S. intelligence agencies provided specific warning of the invasion. Even though the 1970s were a period of lower budgets and dramatic personnel reductions for NSA, it regained some degree of access to Soviet encrypted communications during the late 1970s.\(^\text{89}\)

Afterword

I was seldom able to see an opportunity until it had ceased to be one.
—Mark Twain

The attacks of 11 September 2001 are a not too distant reminder of the ramifications of intelligence failures. The publication of the 9/11 Commission Report, the war in Iraq, and the subsequent negotiation of the Intelligence Reform and Terrorism Prevention Act of 2004 have provoked the most intense debate over the future of American intelligence since the end of World War II. The 9/11 Commission Report precipitated sweeping amendments to the National Security Act of 1947. 90

I hate to repeat one of the most time-honored clichés, but it must be said – history does indeed repeat itself. Since the beginning of World War II, presidents and a host of other officials have puzzled over the uncertain scope and role of the U.S. intelligence establishment. Our nation will continue to encounter new political problems and threats, and consequently new intelligence targets. As in the past, periodic reforms, especially in times of crises or immediately after, will be undertaken to reorganize it or redirect the path of its development because “intelligence is too large, too complicated, and too important either to fix at a stroke or to leave alone.” 91 But to understand the intelligence community and its limitations today requires an understanding of its evolution and the basal elements responsible for its limitations – and only after acquiring such knowledge can we begin adequate reform.

91 Ibid, pp. 43.
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