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DRAFT OF SPEECH BY THE DIRECTOR OF CENTRAL INTELLIGENCE BEFORE THE NAVAL WAR COLLEGE, Newport, Rhode Island, 23 August 1947.

I thank you for the privilege accorded me of being here this morning to discuss some aspects of intelligence and, particularly, the organization of the Central Intelligence Agency and its relation to other agencies and departments of the Government. With the cuts in appropriations for all branches of the armed forces, this year, the subject of intelligence becomes increasingly vital. From present indications, these conditions will continue to exist, certainly, for the next few years. It is axiomatic that the more the actual combat forces are reduced, the greater the role that must be played by intelligence if the national security is to be maintained.

I understand that this past week has been given over to intelligence, particularly from the departmental view. Today, I shall endeavor to discuss intelligence on the national scale.

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In discussing with you the subject of national intelligence, I want to commence by recalling to mind the chaotic condition of our intelligence before World War Two. As a result of this, President Truman, by Executive Order, dated 22 January 1946, established the Central Intelligence Group. This, in turn, is being succeeded by the Central Intelligence Agency, established under the National Security Act of 1947. The functions of the Agency I wish to present in some detail, so that you may understand it as a vibrant, going concern, rather than another group of Washington letters. Before discussing our task with you, however, there are certain things I wish to say as background.

I think it can be said without successful challenge that before Pearl Harbor we did not have an intelligence service in this country comparable to that of Great Britain, or France, or Russia, or Germany, or Japan. We did not have

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one because the people of the United States would not accept it. It was felt that there was something un-American about espionage and even about intelligence generally.

All intelligence is not sinister, nor is it an invidious type of work. There are many ways of illustrating just what intelligence is -- beyond the cold definition of the word. A manner which I have found particularly helpful is to consider the intelligence estimate of a nation as a kind of super jigsaw puzzle. When first seen, the pieces of this picture are all confused; the analysts start working and eventually there emerges a partial solution, about 75% of the puzzle. This part is the pieces that are available from overt sources, books, charts, periodicals, radio broadcasts, technical surveys, photographs, commercial surveys, general information, etc. Now, we have 75% of a picture, showing that much of the capabilities and potentials of our target country. There are still gaps and omissions and to fill these we must resort to clandestine

Conclusion

and covert methods. By use of such means we can get perhaps 15% more, thus making our picture 90% complete. At this point, by deduction we can get perhaps 5% more. * * * * * * * * * The final 5% is most probably unattainable as it consists of ideas and policies not even formulated, existing only in the minds of the leaders of our target country. However, the 95% we do have should give, within narrow limits, the potential, the capabilities, and the probable and possible intentions of our target.

The Joint Congressional Committee to investigate the Pearl Harbor attack reached many pertinent conclusions regarding the short-comings of our intelligence system and made some very sound recommendations for its improvement. We are incorporating many of these into our present thinking. The Committee showed that some very significant information had not been correctly evaluated. It found that some of the

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evaluated information was not passed on to the field commanders. But, over and above these failures were others, perhaps more serious, which went to the very structure of our intelligence organizations. I am talking now of the failure to exploit obvious sources; the failure to coordinate the collection and dissemination of intelligence; the failure to centralize intelligence

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functions of common concern to more than one department of the Government, which could more efficiently be performed centrally; and the failure of the services to make intelligence an attractive and important officer career.

The Committee recommended that intelligence work have centralization of authority and clear-cut allocation of responsibility. It found specific fault with the system of dissemination then in use -- or, more accurately, the lack of dissemination of intelligence to those who had vital need of it. It stated that "the security of the nation can be insured only through continuity of service and centralization of responsibility in those charged with handling intelligence." It found that there is no substitute for imagination and resourcefulness on the part of intelligence personnel, and that part of the failure in this respect was "the failure to accord to intelligence work the important and significant role

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which it deserves." The Committee declared that "efficient intelligence services are just as essential in time of peace as in war."

In the Central Intelligence Group, and in its successor Agency now created, must be found the answer to the prevention of another Pearl Harbor.

As the United States found itself suddenly projected into a global war, immense gaps in our knowledge became readily apparent. The word "intelligence" quickly took on a fashionable connotation. Each new war-time agency -- as well as many of the older departments -- soon blossomed out with intelligence staffs of their own, each producing a mass of largely uncoordinated information. The resultant competition for funds and specialized personnel was a monumental example of waste. The War and Navy Departments developed full political and economic intelligence staffs, as did the Research and Analysis

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Division of the O.S.S.. The Board of Economic Warfare, and its successor, the Foreign Economic Administration, also delved deeply into fields of economic intelligence. Not content with staffs in Washington, they established subsidiary staffs in London and then followed these up with other units on the continent.

When, during the war, for example, officials requested a report on the steel industry in Japan or the economic conditions in the Netherlands East Indies, they had the reports of the Board of Economic Warfare, G-2, O.N.I. and the O.S.S. from which to choose. Because these agencies had competed to secure the best personnel, it was necessary for each of them to back up its experts by asserting that its particular reports were the best available, and that the others might well be disregarded.

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President Roosevelt established the Office of Strategic Services for the purpose of gathering together men of exceptional background and ability who could operate in the field of national, rather than departmental, intelligence. In weighing the merits of the O.S.S., one should remember that it came late into the field. It was a stop-gap. Over-night, it was given a function to perform that the British, for instance, had been developing since the days of Queen Elizabeth. When one considers these facts, the work of the O.S.S. was quite remarkable and its known failures must be weighed against its successes. Moreover, it marked a crucial turning point in the development of United States intelligence. We are now attempting to profit by their experiences and mistakes.

Having attained its present international position of importance and power in an unstable world, the United States should not, in my opinion, find itself again

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confronted with the necessity of developing its plans and policies on the basis of intelligence collected, compiled, and interpreted by some foreign government. It is common knowledge that we found ourselves in just that position, as regarded the European Theater, at the beginning of World War Two. For months we had to rely blindly and trustingly on the superior intelligence system of the British. Our successes prove that this trust was generally well placed. However, in matters so vital to a nation having the responsibilities of a world power, the United States should never again have to go hat in hand, begging any foreign government for the eyes -- the foreign intelligence -- with which to see. We should be self-sufficient. The interests of others may not be our interests.

The need for our own coordinated intelligence program has been recognized in most quarters. The Pearl Harbor disaster dramatized that need and stop-gap

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measures were adopted. As the war drew to a close, the President directed the Joint Chiefs of Staff to study the problem and draft recommendations for the future. The solution offered by the Joint Chiefs of Staff was referred to the Secretaries of State, War, and the Navy. The program which they evolved resulted in an Executive Directive from President Truman, dated 22 January 1946.

This Executive Directive established the National Intelligence Authority. It consists of four voting members -- the Secretaries of State, War and the Navy, and the President's personal representative, at this time his Chief of Staff, Fleet Admiral Leahy. A fifth member -- without a vote -- is the Director of Central Intelligence. The National Intelligence Authority was directed to plan, develop and coordinate all Federal foreign intelligence activities, so as "to assure the most effective accomplishment of the intelligence mission

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related to the national security."

The President's Directive also provided for a Central Intelligence Group as the operating agency of the National Intelligence Authority. The Director of Central Intelligence was charged in the Directive -- and is now charged by law -- with certain basic functions, which I shall describe to you in some detail, so that you may have a clearer picture of our activities. These functions are assigned to us under the provisions of Section 102 of the National Security Act of 1947 -- the so-called armed services unification bill -- which was passed in the last days of the Congressional session just concluded.

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With this background, I would like to discuss with you the pertinent provisions of the National Security Act of 1947, insofar as they affect the intelligence picture. This Act establishes -- for the first time on a legal basis -- a National Security Council, the function of which is to advise the President on the integration of foreign, domestic and military policies relating to the national security. The Council is to be presided over by the President himself, or by any member he may designate. Its membership is composed of the President, the Secretaries of State, Defense, the Army, the Navy, the Air Force, and the Chairman of the National Security Resources Board, together with certain others who may be appointed at the option of the President.

The Central Intelligence Agency is established under this Council. To all intents and purposes, therefore, the National Security Council will take the

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place of the National Intelligence Authority, which is specifically abolished by the Act. The law does not set forth the powers of the Council as they relate to our Agency, in the manner in which the President's original Executive Order delineated the powers of the National Intelligence Authority in relation to the Central Intelligence Group. However, the fact that the Agency is placed under the Council would appear to give the Council the same general authorities for directing the planning, development, and coordination of all Federal foreign intelligence activities which the National Intelligence Authority had before it.

The Act specifically provides for a Director of Central Intelligence, who is to be appointed by the President, by and with the advice and consent of the Senate, from either civilian or military life. Certain additional safeguards are then included, so that the Director shall not be subject to the usual supervision,

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restrictions and prohibitions which apply to members of the armed services. It further states that he is not to possess or exercise any supervision, control, powers or functions -- other than those he would exercise as Director -- over any component of the armed services. These clauses were included in order to assure to the satisfaction of the Congress that the Director would be free from undue service politics and influence.

One of the most important provisions of the Act vests in the Director the right to terminate the employment of any employee of the Agency, whenever it appears that such termination is necessary in the interests of the United States. It can be readily understood that, in an Agency such as ours, where security is paramount, this right is among the most necessary that we could have. Under normal Civil Service procedures, it is ~~virtually impossible~~ difficult to remove a person for inefficiency, or for those borderline loyalty

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cases where the sensitivity of an Agency such as ours would normally require termination. On the other hand, this places a very heavy responsibility on us, in regard to civil liberties, which cannot be lightly exercised. Nonetheless, it is vital to the successful and secure performance of our duties.

The law specifically provides that our Agency shall have no police, subpoena, law enforcement powers, or internal security functions. This provision was also in the old Executive Order, and it is one which we are very happy to have included in the law. [redacted] -- [redacted] --

We have consistently urged that Central Intelligence have nothing whatsoever to do with police powers or functions connected with the internal security of the United States. The internal security functions are properly a part of the work of the F.B.I., and we have no desire whatsoever to interfere with this. It is a burden which we do not wish to assume.

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During the Congressional hearings which preceded the passage of this Act, Central Intelligence was under attack [redacted] as a possible and incipient Gestapo. We held that this argument had no basis in fact, since a Gestapo can arise only when police powers and intelligence are combined in one organization. We pointed out time and again that our interests are solely in the field of foreign intelligence. Therefore, as I have said, we welcome this provision in the law which eliminates any possibility that our organization will merge intelligence with the police power, or assume any functions relative to the internal security of the United States.

And now I wish to discuss with you certain provisions of the law relating to the specific duties of the Agency. These duties were enacted "for the purpose of coordinating the intelligence activities of the several Government departments and agencies in the interest of national security."

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In other words, -- bearing in mind the great powers to recommend the integration of foreign, domestic and military policies of this Government which have been assigned to the National Security Council -- it becomes apparent that the Central Intelligence Agency is to serve as the intelligence advisor to the Council on all matters respecting national intelligence.

The next duty imposed upon us by the Act is to make recommendations to the Council for the coordination of the intelligence activities of the Government insofar as they relate to the national security. Under the President's Executive Order, the Director of Central Intelligence was assisted by what was known as the Intelligence Advisory Board. This Board consists of the Special Assistant to the Secretary of State for Research and Intelligence [redacted], the Director of Intelligence of the War Department General Staff, [redacted] the Chief of Naval Intelligence, [redacted] and the Assistant Chief of Air Staff - 2 -

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[redacted]. While there is no specific statutory provision for the continuance of the Intelligence Advisory Board, the law permits the appointment of necessary advisory committees, and we will maintain this Board and continue to lean on it for advice in all phases of our activities. It enables us to keep in close and intimate contact with the departmental intelligence agencies of the Government. In addition, provision is made to invite the heads of other intelligence agencies of the Government than those mentioned above, to sit as members of the Advisory Board on all matters which would affect their agencies. In this manner, the Board serves to furnish the Director with the benefits of the knowledge, advice, experience, viewpoints, and over-all requirements of the departments with respect to intelligence. These recommendations, when adopted, can serve as the basis of many of the Director's recommendations to the Council for the coordination

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of our Government's intelligence activities.

This planned coordination is of particular importance in determining primary fields of intelligence responsibilities of the various departments and agencies. We are -- in the fields of collection, production, and dissemination -- working to prevent overlapping functions; that is, to eliminate duplicate roles and missions, and to eliminate duplicate services in carrying out these functions.

The next paragraph of the law provides for the correlation and evaluation within the Government of intelligence relating to the national security. This is a major component of a successful Central Intelligence Agency, coming under the broad general heading of production, and including the evaluation, correlation and interpretation of the foreign intelligence information gathered for the production of intelligence. It involves the process of systematic and critical examination of intelligence information for the purpose of determining its usefulness, credibility and accuracy.

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It involves the synthesis of the particular intelligence information with all available related material. It involves the process of determining the probable significance of evaluated intelligence.

Information gathered in the field is sent to the department responsible for its collection. This material is necessary to that department, in the course of its day-to-day operations. Each department must have personnel available to digest this information and put it to such use as is necessary within that department. The heads of Government departments and agencies must be constantly informed of the situation within their own fields to discharge their obligations to this country. With this departmental necessity, Central Intelligence will not interfere. Each department must evaluate and correlate and interpret that intelligence information which is within its own exclusive competence and which is needed for its own departmental use.

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The importance of research to the Central Intelligence Agency becomes evident when we start to deal with intelligence on a national as distinguished from a departmental level. The research provided by the central agency must be turned to the production of estimates in the field of national intelligence. National intelligence is that composite intelligence, interdepartmental in character, which is required by the President and other high officials and staffs to assist them in determining policies with respect to national planning and security in peace and in war, and for the advancement of broad national policy. National intelligence is in that broad political - economic - military area, of concern to more than one agency. It must be objective, and it must transcend the exclusive competence of any one department. Such an estimate as I have just described was prepared by us on the situation in Turkey at the time when the President expounded the doctrine of aid to Turkey. This particular study now serves as the

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basic handbook for our mission in Turkey.

One of the greatest contributions which a Central Intelligence Agency makes is the preparation of national intelligence estimates. Previously, if the President desired an over-all estimate of a given situation, he had to call, for example, upon the War Department, which would furnish him with the military and air picture; the Navy Department, which would present an estimate of the naval potentialities and capabilities; and on the State Department, which would cover the political and sociological picture. But nowhere would there be an over-all estimate. [redacted]. Each department would, of necessity, present an estimate slanted to its own particular field. Now it falls to the Central Intelligence Agency to present this over-all picture in a balanced, national intelligence estimate, including all pertinent data. From this the President and appropriate officials can draw a well-rounded picture on which to base their policies. And it should

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be clearly borne in mind that the Central Intelligence Agency does not make policy.

The estimates furnished in the form of strategic and national policy intelligence by the Central Intelligence (Agency) Group fill a most serious gap in our present intelligence structure. These estimates should represent the most comprehensive, complete and precise national intelligence available to the Government. Without a central research staff producing this material, an intelligence system would merely resemble a costly group of factories, each manufacturing component parts, without a central assembly line for the finished product.

The Act also charges us with the appropriate dissemination of national intelligence within the Government. Indeed, dissemination is always a major component of a successful intelligence operation. You will recall that one of the great faults found by the Joint Congressional [redacted] Committee was the failure

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of appropriate dissemination of some of the wonderful intelligence we had available to us. Just as there is no purpose in collecting intelligence information unless it is subsequently analyzed and worked into a final product, so there is no sense in developing a final product if it is not disseminated to those who have need of it. The dissemination of intelligence is mandatory to those officials of the Government who need it to make their decisions.

A Central Intelligence Agency, properly cognizant of the intelligence requirements of the various departments and agencies, is best equipped to handle the dissemination to all departments of the national intelligence material to meet these requirements. The complexities of intelligence, the immensities of information available virtually for the asking, are so great that this information must reach a central spot for orderly and efficient dissemination to all possible users within the Government.

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Special mention is made in the unification act of the fact that the departments and other agencies of the Government shall continue to collect, evaluate, correlate and disseminate departmental intelligence. A little earlier I mentioned to you the distinction between departmental intelligence on the one hand and national intelligence on the other. We have seen, as I have previously stated, how two of the major components of intelligence -- namely, production and dissemination -- are handled in Central Intelligence. I now wish to turn for a few minutes to the third major component -- collection.

The role of the Central Intelligence Group (Agency) is to coordinate this collection of foreign intelligence information and to avoid wasteful duplication. The State Department should collect political, economic and sociological intelligence in its basic field. The Department of the Navy should devote its efforts primarily to the collection of naval intelligence should

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be no reason, for example, for the military attache to furnish the ~~War Department~~ Department of the Army with detailed political and politico - economic analyses. This material should be collected by the State Department. If a military attache should receive political information, he should hand it right across the desk in the embassy to the appropriate member of the Foreign Service, and vice versa.

We are engaged in making continual surveys of all Government agencies to ascertain their requirements in foreign intelligence. When two or more agencies have similar or identical requirements, the collection effort for one can be made to satisfy all others. The only additional action necessary is the additional dissemination.

In determining, apportioning and allocating the primary field of responsibility among the various agencies of the Government, it is useful to note one additional factor. After this mass of material has been studied and evaluated, certain gaps in the over-all picture will

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be readily apparent. A centralized intelligence agency, intent on completing the national intelligence picture, must have the power to send out collection directives and request further material to fill these gaps. Once the initial field of collection is delineated, the responsibility for securing the additional information can be properly channeled and apportioned. Central intelligence, however, needs the authority granted originally by the President's Directive, and now by [redacted] legislation, to coordinate all this foreign intelligence collection.

I feel it is safe to say that in peace time approximately 75 per cent of the foreign intelligence information necessary to successful operation can and should be collected by overt means. By overt means I mean those obvious, open methods which require, basically, a thorough sifting and analysis of the masses of readily available material of all types and descriptions.

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Into the United States there is funnelled so vast an amount of information from so many varied sources that it is virtually staggering. It encompasses every field of endeavor -- military, political, economic, commercial, financial, agricultural, mineral, labor, scientific, technical, among others -- an endless and inexhaustible supply.

If we fail to take advantage of these vast masses of material, we are deliberately exposing the American people to the consequences of a policy dictated by a lack of information. We must realize also that we are competing with other nations who have been building up their intelligence systems for centuries to keep their leaders informed of international intentions -- to inform them long before intentions have materialized into action.

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Among the primary collecting agencies in the field of foreign intelligence are the military, air and naval attaches of the defense establishment, and the Foreign Service officers of the State Department. The Central Intelligence Group (Agency) can not and will not supplant these people. They do most valuable work in the field of collection. As national aims and needs in this field are established, their value will be increasingly apparent. This will be particularly true as the boundaries of departmental collection become firmly defined, and wasteful duplication and overlap are eliminated or reduced.

As I stated, it is not the province of the Central Intelligence Group (Agency) to take over departmental collection activities. This is the type of collection which can best be done by the experts of the departments in their various fields.

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The law provides one section which establishes the right of the Agency to collect certain intelligence material, and I shall quote this section verbatim: "To perform, for the benefit of existing intelligence agencies, such additional services of common concern as the National Security Council determines can be more efficiently accomplished centrally." This section is written primarily to allow the Agency to engage in foreign clandestine operations -- to give to the United States, for the first time, the espionage system which is, unfortunately, made necessary by conditions in the world today. In addition, it allows us to perform certain collection and other functions which would otherwise have to be done individually by each of the intelligence agencies of the Government -- State, War, Air, Navy and the rest. However, when these functions are performed centrally, the savings and services derived are considerable. As a result, the various agencies welcome the benefits gained from such

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centralization and no longer wish to perform these functions themselves. I will cite you two examples.

We have taken over the exploitation of captured foreign documents. These functions were formerly performed, in connection with Japanese documents, by the Washington Document Center, a joint service venture. Similarly, we have taken over the German Document Center, formerly operated by the War Department. It has been felt that this type of function can be most economically and efficiently performed by a central agency such as ours, for it pools the skilled linguistic personnel and the dissemination functions.

Secondly, we have assumed responsibility for the operation of the [redacted] which monitors approximately two million words of foreign broadcasts a day. This service rested with Federal Communications Commission during the war, and was subsequently transferred to the War Department.

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The War and Navy Departments are both big users of this material, but the State Department is perhaps the biggest user of the three. Therefore, this function was an unwarranted burden on any one departmental budget. It was finally determined to centralize the operation in the Central Intelligence Group as one which could best be performed centrally. Thus many agencies of the Government receive this service. I hasten to add that the monitoring of foreign broadcasts is becoming an increasingly important source of information. It is able to bring in valuable information a great deal faster than normal attache channels. Moreover, a continual study of a country's broadcasts over a protracted period of time brings further intelligence which can be secured by no other means.

To give an example of the worth of this monitoring, I can cite the fact that when the Secretary of State, General Marshall, went to Moscow last March, he requested

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and we furnished him with a daily roundup of 500 words on Soviet broadcasts regarding the German and Austrian treaties. When the President, shortly after General Marshall's departure, enunciated the Truman Doctrine, we added monitoring reports of foreign reaction to the Doctrine to our daily roundup for the Secretary in Moscow.

When the Secretary returned home, Ambassador Smith -- who had found these summaries most helpful -- [redacted] that we continue them, and we currently furnish him 1500 to 2000 words a day.

Another interesting sidelight of the service rendered by the [redacted] occurred in the recent trial of Douglas Chandler for treason. You will recall that, during the war, Chandler broadcast for the Nazis from Berlin under the name of "Paul Revere." Many of these broadcasts were maintained by [redacted] during the war, and served as the bulk of the evidence which has just convicted Chandler for life.

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Finally, I have stated that this section of the law, which instructs us to perform certain functions centrally, is used as a cloak to hide the right to operate the clandestine services of the United States which have been assigned to us by the National Intelligence Authority.

The collection of this information has been over-dramatized, and unfortunately over-publicized. However, I believe we should frankly acknowledge the need for and provide the means of collecting that intelligence which can be obtained only by clandestine methods. In this we only follow, late by many years, the policy and example of every major foreign power. When properly provided for and established, these operations must be centralized in one organization. The experience of the British Secret Intelligence Service over hundreds of years proves this. The Germans violated this principle -- as did the Italians and the Japanese -- with disastrous results for themselves.

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Failure always marks a multiplicity of intelligence organizations. Study of many intelligence systems throughout the world, talks with those who have operated in the field of secret intelligence for long periods of time, and post-war interrogations of high intelligence officials in the Axis countries, have shown conclusively that when there are separate services, the result is chaos, so far as production of information is concerned. Internal bickering, with continual sniping, develops between the various services. There were too many German spy organizations, each of them jealous of the other. They all developed a policy of secrecy, so that each might be the one to present some juicy tidbit of information to the leaders. Coordination went out the window.

If the United States is to [redacted] enter clandestine operations abroad, then such operations should be centralized in one agency

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to avoid the mistakes indicated, and we should follow the experience of the intelligence organizations of other countries which have proven successful in this field.

In conclusion, I would point out that what we have done since January 1946 is an attempt to bring order out of the chaotic conditions in which intelligence found itself before and during the war. In my opinion, the field of intelligence has at last reached the stage where it offers to the graduates of this College and to members of any of the armed forces a service career second to none in importance. If my remarks today have helped in any way to focus your attention upon that fact, I will have accomplished my purpose.

To those officers of the armed services who turn their thoughts to intelligence as a career, I can only say that their decision will be of maximum service to this country. We of

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Central Intelligence are looking forward not only to continuing our work, but to developing and improving it, now that we have been established by Congress as a permanent agency.

In conclusion, I understand that I shall be allowed a few minutes' rest. Following that, I shall be glad to throw myself on your mercy for the questions I am told you have in store for me.

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