Intelligence Organizations and the Termination of World War Two

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On the 70th anniversary of the conclusion of World War Two, this report shall investigate the interrelation between intelligence and the termination of war. We can readily understand that policymakers and military leaders require various types of intelligence when deciding upon whether to launch a war, in order to carefully consider the benefits versus the costs of resorting to war. As Gordon Craig has argued, national leaders tend to focus their attention on how to start and win wars, rather than on how to terminate them. The same can be said when Japan decided to launch a war against the United States, Britain, and the Netherlands in 1941. The leaders of the Japanese Army and Navy painstakingly collected intelligence on routes of advance down the Malay Peninsula and on the U.S. fleet in Pearl Harbor. These leaders, however, had no interest in how to terminate the war. In fact, oftentimes they even made erroneous assessments of the situation at the outbreak of war. According to Michael Howard, most of the wars that occurred up to 1964 were the result of wrong assessments of the situation.[1] As shown by the role played by the issue of weapons of mass destruction in the outbreak of the recent Iraq War, perhaps the situation may not have really changed since then.

The role of intelligence becomes even more opaque during the process of war termination. If wartime leaders always made rational decisions, they would decide to surrender once their military forces suffered a defeat in a decisive battle which eliminated all possibility of victory. In reality, wartime leaders almost never make such rational decisions. In other words, the only thing that can be said with certainty is that the role of intelligence during the process of war termination differs from war to war. In the case of World War Two, in which intelligence, especially signals intelligence, played a crucial role, intelligence contributed to Allied tactical victories, but it is unclear what role it played during the process of war termination. This is because intelligence is one of the many intertwining factors that are considered by wartime leaders when they decide to terminate a war. This makes it extremely difficult to isolate its role during the process of war termination.

On the other hand, war termination as viewed from the perspective of intelligence organizations presents a different picture. This perspective, furthermore, differs between the intelligence organizations of the victors and the losers. Intelligence organizations on the losing side tend to conceal their wartime intelligence activities, as the organizations will inevitably be saddled with the responsibility of losing the war if these activities come to light. At the conclusion of World War Two, Reinhard Gehlen and other German Army intelligence officers buried their classified documents in the European Alps before scattering themselves to avoid capture as a group. Additionally, when Japanese intelligence officers became certain that the

1 Michael Howard, *The Causes of Wars* (Harvard University Press, 1984), p. 22.

Pacific War would end, they burned their documents, and thereafter sealed their lips regarding their wartime activities.[2] Several years ago I had an opportunity to interview former members of the Japanese military who had been involved in signals intelligence. They revealed to me that even today, they feared being tracked down by the U.S. Government.

Intelligence organizations on the winning side face their own postwar problems. Not only will they have less of an opportunity to conduct intelligence activities, they will usually also have to downsize their organizations that have expanded during wartime. Thus, as a war approaches its end, intelligence organizations tend to start making moves to secure their own survival. If intelligence organizations fail to make these moves, they will meet the same fate as the U.S. Cipher Bureau following World War One. Henry Stimson, then U.S. Secretary of State, dissolved the organization because he felt that "Gentlemen do not read each other's mail."[3] Enraged by this, Herbert Yardley, a cryptologic officer in the Bureau, exposed the inside story of signals intelligence in a book entitled The American Black Chamber.

A similar realignment of intelligence organizations took place in the 1990s when the Cold War came to an end. Between 1990 and 1995, the entire U.S. intelligence budget was slashed by 16%, forcing 20,599 intelligence officers out of their jobs. The budget for intelligence activities relating to the Soviet Union, which accounted for 58% of the entire intelligence budget in the 1980s, plummeted to a mere 13% in 1993.[4] In addition, while roughly 75% of the satellites orbiting the Earth around 1990 were reportedly made in the United States, this share fell to 23% by 1995.[5] The situation was the same across the Atlantic Ocean in Britain, where the Government ordered a 20% reduction in the budget of the Government Communications Headquarters (GCHQ), which was responsible for conducting signals intelligence activities. Such a steep budget cut was the first in the history of the GCHQ. In short, the termination of a war often means downsizing or budget reductions for intelligence organizations.

It would be interesting to examine in this light how intelligence organizations on the Allied side dealt with the conclusion of World War Two, a war that was fought on an unprecedented scale. In particular, U.S. and British signals intelligence services were rapidly expanded during the war, and contributed significantly to their countries' victories. For example, the U.S. Army Signals Intelligence Service (SIS), which consisted of around 400 personnel before World War Two, expanded to as many as 10,000 by the end of the war. The Government Code and Cypher School (GC&CS) under Britain's Foreign Office likewise expanded by a similar magnitude. While it can be said that these rapid organizational expansions contributed to the Allied victory, it was clear to everyone that these organizations would be subject to postwar realignment. The GC&CS, which Prime Minister Winston Churchill once referred to as "the goose that lays the golden egg," saw the number of its personnel decrease by 8,000 due to the

2 Ken Kotani, *Japanese Intelligence in World War II* (Osprey Publishing, 2009), p. 1.

3 David Kahn, *The Codebreakers* (Macmillan, 1968), p. 360.

4 Matthew Aid, "The Time of Troubles: The U.S. National Security Agency in the 21st Century," Roger George and Robert Kline (eds.), *Intelligence and the National Security Strategist* (Rowman and Littlefield Publishers, 2006), p. 185.

5 Michael Herman, *Intelligence Power in Peace and War* (Cambridge University Press, 1996), p. 341.

conclusion of the war; the plan was to downsize to roughly 1,000 persons.[6]

In response to these plans, organizations made moves to ensure their survival. Especially after Germany's surrender on May 7, 1945, U.S. and British intelligence agencies began to take steps that looked ahead to the postwar world. In Britain, the Secret Intelligence Service (MI6) under the Foreign Office merged with the Special Operations Executives that had specialized in special operations missions in the European continent during the war. MI6 even attempted to place under its control the GC&CS, which had been enormously successful in decrypting the German military's Enigma code. This move, however, ended in failure.[7]

Meanwhile, various moves that looked ahead to the postwar world were also made in the United States. The most pressing question at hand was how to integrate the Army and Navy's signals intelligence activities, which had previously been conducted independently by each service. On April 18, 1944, the Army-Navy Communications Intelligence Coordinating Committee (ANCICC) was established to oversee the Army and Navy's respective signals intelligence activities, in what was finally a step forward towards the integration of these activities. ANCICC became a forum in which a broad range of matters pertaining to the Army and the Navy's signals intelligence was reviewed, including the sharing of each other's decryption methods and deciphered intelligence, as well as the distribution of intelligence. At last, the Army and the Navy's intelligence organizations, which had long been unable to work with each other, managed to establish collaborative arrangements.[8] At this point in time, the separate signals intelligence activities of the Army and the Navy were integrated at the service level, but not yet at the national level.

American and British intelligence organizations thus underwent this realignment that looked ahead to the postwar world. This raises the following question: what was the purpose of this realignment? At the time, the Soviet threat was already becoming evident. It was therefore perfectly legitimate to maintain intelligence agencies for collecting intelligence on the Soviet Union. Soviet counterespionage activities were extremely clever, however, and it was hard to envision that AMERICAN. and British intelligence agencies could successfully send spies to the Soviet Union to collect intelligence. It was then that signals intelligence began to draw attention. Due to the Soviet's extremely robust codes, it was deemed more reasonable for the United States and Britain to maintain their cooperative wartime relations even after the war, rather than to make independent efforts to collect intelligence on the Soviet Union.

Going back in time to July 1942, it is said that Geoffrey Stevens of the GC&CS was astounded to learn upon his visit to the SIS's headquarters in Arlington Hall, that the SIS was intercepting all communications of the Soviet Embassy in Washington, D.C. Subsequently, in February 1943, Col. Carter Clarke of the SIS led a full-scale effort to decipher Soviet codes. In addition, Britain began efforts to decipher Soviet codes in 1944. As the war neared its end, the United States and Britain were sometimes able to decipher some of the Soviet codes. This

6 Richard Aldrich, *GCHQ* (Harper Press, 2010), p. 68.

7 Keith Jeffery, *MI6* (Bloomsbury, 2010), p. 609.

8 Thomas Burns, *The Origins of the National Security Agency 1940-1952* (Center for Cryptologic History, National Security Agency, 1990), pp. 15-16.

intelligence indicated that a large number of Soviet spies had penetrated the United States and Britain.

Beginning on April 25, 1945, delegates from 45 Allied countries met in San Francisco for a meeting to establish the United Nations. The SIS established a signals intelligence facility at the Army base in Presidio to intercept the communications of the delegates. The purpose of this signals intelligence effort was to intercept Soviet communications in order to confirm the intentions of the Soviet delegation, as well as identify Soviet spies that had penetrated the United States. Although this was the SIS's first experience in intercepting the communications of so many countries in the United States, most of the communications were intercepted and deciphered. Edward Stettinius, U.S. Secretary of State, acknowledged this achievement by saying to Maj. Gen. Clayton Bissell, Chief of the SIS's headquarters, that Signals intelligence "has been of the greatest value to the State Department officials."[9] This signals intelligence activity of the U.S. Army demonstrated the importance of signals intelligence in peacetime, as well as its high degree of effectiveness against the Soviet Union.

The East-West intelligence struggle had thus already commenced by the end of the Pacific War. Around the time that Japan surrendered on August 15, 1945 and the war drew to a close, all antennas for AMERICAN. and British signals intelligence were reoriented from Germany and Japan to the Soviet Union.[10] For example, Forest Moor base in Yorkshire, Britain, Andersen base in Singapore, and the Allied forces that had advanced to Germany and Japan all began to orient themselves towards the communications of the Soviet Union.

The postwar Soviet threat was recognized not only by intelligence organizations and the military, but also by American and British politicians. According to George Howe, an expert on the history of the National Security Agency, "United States and British leaders were aware before the end of hostilities that, as soon as the conditions of peace were being determined, the Soviet Union would act not as an ally but as an adversary."[11] When World War Two concluded with the surrender of Japan, the United States and Britain agreed to take their signals intelligence cooperation against the Soviet Union to the next stage. This project was code named "Bourbon". Unlike his predecessor Franklin Roosevelt, President Wilson Truman did not initially attach much importance to intelligence. Gradually, however, Truman came to recognize the value of intelligence, and on September 12, following Japan's surrender, Truman personally ordered the military to hold talks regarding intelligence cooperation with Britain in the postwar world.

The foundation of Anglo-American intelligence cooperation had already been established by the BRUSA Agreement that was signed in May 1943.[12] This agreement set forth that the United States would mainly be in charge of Japanese codes, while Britain would primarily be in charge of German and Italian codes. This agreement was reached, however,

9 Stephen Schlesinger, *Act of Creation – The Founding of the United Nations* (Westview Press, 2003), p. 93.

10 Burns, p. 33.

11 George F. Howe, *The Early History of NSA*, p. 12. https://www.nsa.gov/public_info/_files/cryptologic_spectrum/early_history_nsa.pdf

12 War Department, June 10 1943, EO12958, *NSA (National Security Agency)*; Agreement between British GC&CS and US War Department, HW50/13, *TNA (The National Archive, UK).*

because of wartime necessity; furthermore, the two countries had not yet trusted each other, and the content of the agreement was far from comprehensive. The British had concerns about American operational inefficiency as well as intelligence leaks, as the U.S. Army and Navy conducted decryption separately and did not have good relations with each other. On the other hand, the United States distrusted "perfidious Albion," the cunning British, suspecting that it was still concealing something from the United States. Above all, the United States was concerned that the British GC&CS would eventually begin deciphering American codes, and the United States constantly harbored this suspicion.[13]

It follows that American and British efforts to achieve intelligence cooperation in anticipation of the postwar world were not simply an extension of their wartime cooperation. Rather, they were an attempt at forging new cooperative relations in peacetime. On October 15, 1945, Sir Edward Travis, Director of GC&CS, and the intelligence services of the U.S. Army and Navy held talks at the U.S. Navy Department in Washington, D.C. Participants at the talks included Harry Hinsley, who went on to become an official historian of British intelligence. First, Travis proposed to conclude a treaty that codified the specifics of comprehensive cooperation on Soviet codes between American and British communications intelligence agencies.[14] Travis' proposal called for Anglo-American cooperation from the stage of interception and deciphering. The British side, which felt the Soviet threat more acutely, was enthusiastic about comprehensive intelligence cooperation against the Soviet Union. In contrast, Maj. Gen. Clayton Bissell, the U.S. Army delegate, was less inclined to rush to decipher Soviet codes, given that the postwar foreign and security policies of the U.S. Government had not yet been established.

On December 13, the U.S. Army and Navy agreed to add the Department of State to the Army-Navy Communication Intelligence Board in order to integrate the relevant domestic organizations. The State Department thus became the first non-military organization to become involved in signals intelligence. Based on this agreement, the State-Army-Navy Communications Intelligence Board, headed by Army Lt. Gen. Hoyt Vandenberg, was established on January 13, 1946.[15] Talks took place on the details, including Army-Navy-State cooperation on decryption, the recipients of signals intelligence, and the order of priority of intercept work.

Meanwhile, Britain looked beyond cooperation with the United States, and planned to build a global signals intelligence network, with its sights set on the postwar world. GC&CS Director Travis visited Australia and New Zealand as early as April 1945 to discuss postwar cooperation in signals intelligence. Travis' concept was to continue, after the war, the wartime signals intelligence activities of the Commonwealth countries, namely Canada, Australia, and New Zealand, and incorporate these activities into the Anglo-American signals intelligence network. On February 22, 1946, a Commonwealth signals intelligence review conference was held. Signals intelligence authorities from the aforementioned three countries and the head

13 Lee Gladwin, "Cautious Collaborators: The Struggle for Anglo-American Cryptanalytic Co-operation 1940-43," *Intelligence and National Security*, Vol. 14, No. 1 (Spring 1999).

14 Joint meeting of Army-Navy communications intelligence, November 1, 1945, *NSA*.

15 Memo for members of STANCICC, January 22, 1946, *NSA*.

of the Far East Combined Bureau who had intercepted, in Ceylon, the communications of the Japanese military, attended the meeting and considered the future establishment of a signals intelligence network. These countries affirmed that Britain, on behalf of the Commonwealth countries, would begin the negotiations on a signals intelligence agreement with the United States.

On March 5, 1946, the UKUSA Agreement was signed by the American delegate, Lt. Gen. Vandenberg, and the British delegate, Army Col. Patrick Marr-Johnson.[16] This agreement was precisely what served as the basis of postwar Anglo-American communications intelligence cooperation. Its fundamental principles are upheld to this day. The major difference between the UKUSA Agreement and the BRUSA Agreement, which was signed between the United States and Britain during World War Two, is as follows. Whereas the latter was signed out of the necessity created by the prosecution of the war, the former was an effort to maintain wartime cooperation even in peacetime, which was a preventive measure in response to forecasts of future tensions with the Soviet Union.[17] Maj. Gen. Charles Cabell, U.S. Air Force Director of Intelligence, praised the UKUSA Agreement, saying that a perfect intelligence exchange system has been established between the United States and Britain.[18] This agreement established the UKUSA arrangements that still remain to the present day. Due to the establishment of this system, soon after the war the United States and Britain commenced a Soviet code deciphering project called "Venona," and succeeded in deciphering the Soviet Union's difficult and sophisticated codes. Through this successful effort, American and British political leaders learned and were astonished that many Soviet partners and spies had penetrated their Government and administrative organizations.

Conclusion

When the end of World War Two came into sight, American and British intelligence organizations attempted to prepare for the threat of a possible contest with the Soviet Union. They did so by continuing to maintain the organizations' wartime cooperative relations even in the postwar world. Their logic was that as the Soviet Union would pose a threat to the West in the postwar era, intelligence needed to be collected on the Soviet Union, and therefore, it was wiser to keep the intelligence organizations that had been established during World War Two. This logic was supported by the intelligence that the organizations obtained through the deciphering of Soviet codes and communications. In addition, American and British political leaders endorsed this intelligence concept.

It can be said that this was an entirely correct choice, also from the perspective of organizational survival or self-preservation. However, the following question needs to be asked: was a contest with the Soviet Union unavoidable as of 1945? If one assumes that the West could have coexisted with the Soviet Union, the activities of U.S. and British intelligence

16 British-US Communication Intelligence Agreement, March 5, 1946, *NSA*.

17 Christopher Andrew, "The Making of the Anglo-American SIGINT Alliance," Hayden Peake and Samuel Halpern (eds.), *In the Name of Intelligence* (NIBC Press, 1994).

18 Aldrich, p. 96.

agencies may have needlessly intensified the contest with the Soviet Union. This point is important to consider when reflecting on the origin of the Cold War as well. There are various theories regarding the origin of the Cold War, including the theory that attributes the beginning of the Cold War to the Soviet's adoption of hardline foreign policies, such as the Berlin blockade. Another theory attributes the start of the Cold War to Western countries excessively pressuring the Soviet Union. It can be said that American and British intelligence organizations were quick to identify the Soviet Union as a threat, and established measures to counter this threat without examining the subsequent diplomatic posture of the Soviet Union.