

The Development of U.S. Intelligence During the Cold War

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It was not until after World War II that the U.S. Government established a comprehensive intelligence system that included new intelligence agencies with civilian personnel. President Franklin D. Roosevelt had organized military intelligence agencies before and during the war, but a comprehensive and cooperative framework of intelligence agencies was put in place only after the war.

The period before and during the war saw the establishment of intelligence elements of the U.S. Army and Navy, the Office of Strategic Services (OSS), and the Federal Bureau of Investigation (FBI). At the same time, the National Security Branch (NSB) of the FBI, a law enforcement agency, has been tasked with counterintelligence before and after the war.

Although often referred to as the forerunner of the Central Intelligence Agency (CIA), the OSS during World War II, unlike the CIA, was a military intelligence agency under the command of the Joint Chiefs of Staff. After the war, the United States reinforced its civilian intelligence agencies. In order to establish the Bureau of Intelligence and Research (INR), a new civilian intelligence agency under the State Department, staff and assets such as records of the Research and Analysis (R&A) Branch of the OSS were transferred to the INR. The U.S. Army's Signal Intelligence Service and the U.S. Navy's Communication Special Unit, both of which engaged in the interception of encoded communications of Japan's Ministry of Foreign Affairs under the program known as "Magic" as well as Nazi Germany's Enigma code before and during World War II, were dissolved after the war to establish the National Security Agency (NSA). The NSA is tasked with the overall handling of signals intelligence (SIGINT) and has developed into the largest intelligence agency in the United States, boasting nearly 100,000 personnel at one time. The NSA is currently also in charge of cyberspace, with NSA Director Paul M. Nakasone, a third-generation Japanese U.S. Army four-star general, serving concurrently as Commander of the U.S. Cyber Command.

This paper aims to outline the development and operation of the massive U.S. Intelligence Community, which currently encompasses 18 intelligence agencies, including those working in various specialized fields, that began with the establishment of the CIA, INR, and other civilian intelligence agencies in the United States during the postwar Cold War period.

The paper will examine in turn the following five issues that had a significant impact on the reforms made to the organization of U.S. intelligence agencies during the Cold War and in the years immediately following the Cold War: (i) President Harry Truman's enactment of the National Security Act; (ii) the implementation of oversight (i.e., surveillance and supervision) of intelligence activities in response to covert operations that precipitated regime change in various regions; (iii) the end of the Cold War and expansion of information disclosures; (iv) the reform of the Intelligence Community to prevent the recurrence of large-scale terrorist attacks

such as the September 11 attacks, which resulted in as much damage as the attack on Pearl Harbor; and (v) the expansion of intelligence agencies.

1 Enactment of the National Security Act

The National Security Act signed into law by President Harry Truman in 1947 established the comprehensive foundation for the postwar military, national security, and intelligence systems. This framework has been preserved to this day, with partial reforms made throughout the Cold War era and in the years immediately following the Cold War.

The new agencies created through the Act were the CIA, the U.S. Air Force, the newly established U.S. Department of Defense that included the Air Force, an expanded Joint Chiefs of Staff, and the National Security Council (NSC) in the White House. Under this system, the NSC brings together the Chairman of the Joint Chiefs of Staff, the top military officer; the Secretary of Defense, a civilian; the Secretary of State; and the Director of the CIA, the top intelligence agency, to discuss important affairs and make major decisions related to national security. The Assistant to the President for National Security Affairs is one of the closest aides to the President. He or she serves as a kind of executive secretary of the NSC. This post has played a very important role historically, although it is not legally required to be confirmed by the Senate. The NSC is supported by the Intelligence Community in the background.

After the War, the U.S. Army, Navy, and Air Force, including the Marine Corps, which is part of the Navy, have an intelligence agency each. The Department of Defense also established its own intelligence agency, the Defense Intelligence Agency (DIA).

Conclusions of the “Investigation of the Pearl Harbor Attack”

In reality, postwar U.S. intelligence agencies, including the CIA, were set up in response to the attack on Pearl Harbor by Japanese forces during the war. The goal was to avoid repeating the mistake of failing to prevent the attack on Pearl Harbor despite some fragmented intelligence concerning the attack gathered in advance.

The first task the U.S. Government and Congress started right after the war was launching investigations into why the United States had failed to prevent the attack on Pearl Harbor. Rumors had been swirling within the United States that the late President Franklin Roosevelt had tricked Japan into attacking a defenseless Pearl Harbor in order to draw the United States into the war.

On August 29, just two weeks after the end of the war, President Truman released the report of a joint investigation conducted by the Army and the Navy, which found the commanders responsible for the lack of readiness to defend Pearl Harbor.

The U.S. Congress was not satisfied with the report, and on September 6, four days after the Japanese Instrument of Surrender was signed aboard the USS Missouri in Tokyo Bay, the U.S. Senate voted to open an investigation through the Joint Committee on the Investigation of the Pearl Harbor Attack (the “Pearl Harbor Committee”), which passed the U.S. House of Representatives on September 11.

The final report released the following year on June 20, 1946, noted that “officers, both in Washington and Hawaii, were fully conscious of the danger from air attack” and that there were “errors of judgment and not derelictions of duty.” It also rejected the theory that Roosevelt had tricked Japan into attacking Pearl Harbor.

The report left many questions unanswered. Among them, the report noted interdepartmental misunderstanding and the “prejudices” of various departments surrounding intelligence. It also recommended centralizing “operational and intelligence work” and drawing more “clear-cut” lines of responsibility among intelligence agencies and for intelligence analysis. These recommendations were eventually incorporated in the formulation of the National Security Act.

Following its passage in both the House and the Senate, the National Security Act was signed into law by the President on July 26, 1947, giving rise to a new organization. It can be said that the CIA was born out of the failure to prevent the Pearl Harbor attack.

A system for leading the world

The enactment of the National Security Act brought about the establishment of three new national security organizations in addition to the State Department: the NSC, the CIA, and the civilian Secretary of Defense.

The Secretary of Defense was tasked with leading the Department of Defense, which combined the Army and the Navy with the newly formed Air Force.

The U.S. military had established organizations and consultative bodies such as the Joint Chiefs of Staff, the OSS, and the State-War-Navy Coordinating Committee (SWNCC) during the war. However, after the war, Truman continued to oppose the parallel existence of the Department of War and the Department of the Navy, a position he had adopted since he was a senator. He believed that with the consolidation of the Army, the Navy, and the Air Force into one department, there would be no need to fear the next Pearl Harbor attack.

It can be said that this new system was designed to allow the United States to excel in foreign policy, military operations, as well as intelligence gathering, on the basis of its determination to take on the role of leading the world, as opposed to its previous isolationist stance.

However, the road to the enactment of the National Security Act was a bumpy one.

Both the Army and the Navy were opposed to the merger and firmly believed that the establishment of the NSC sufficed for their coordination.

For some time, Truman had expressed concerns regarding the risk of the new intelligence agencies developing into entities similar to the Gestapo.

In addition, the FBI, which was tasked with counterintelligence, opposed the creation of the CIA as it feared that its authority would be diluted.

In response to the opposition against the creation of the CIA, Secretary of the Navy James Forrestal (later the first Secretary of Defense) and Chief of Staff of the U.S. Army George Marshall (later Secretary of State) argued that it was vital for intelligence to be part of U.S. postwar peacetime foreign policy. It was also decided that daily reports would be

provided to the President with an “eyes only” designation.

Thus, a lengthy debate in Congress came to an end, and the National Security Act was enacted.

Director of Central Intelligence

If Roosevelt, Truman’s predecessor, was a personnel-oriented President who handpicked suitable individuals for particular appointments, Truman was an organization-centric President. Roosevelt appointed his old friend William Donovan as Coordinator of Information in July 1941, and in the following year, he created the OSS, the forerunner of the CIA, and appointed Donovan as Director.

In contrast, Truman abruptly disbanded the OSS in September of the year following the end of the war. This was in part due to Truman’s personal dislike of OSS Director Donovan, but also because he determined that wartime intelligence agencies were no longer necessary. Truman had perceived the triumph of wartime intelligence largely in terms of successful codebreaking.

In October of the following year, Truman created the Strategic Services Unit (SSU) from the two remaining branches of the OSS, and in February 1946, the Central Intelligence Group (CIG) was provisionally established to take over the SSU by gathering a small number of intelligence experts from various departments. Rear Admiral Sidney Souers, a Navy officer appointed to lead the CIG, went on to become the first head of the CIA when it was established in July 1947 under the National Security Act.

The challenging period leading up to the birth of the CIA as a full-fledged organization tasked with foreign intelligence is evident from the fact that it took around two years from the abolition of the OSS to the establishment of the CIA, during which time the situation became so chaotic that two different organizations, the SSU and the CIG, had to be formed in turn to address the situation, attesting to the strong opposition within the government toward the establishment of the CIA described above.

At the same time, it should be noted that the Director of the CIA was conferred the official title of “Director of Central Intelligence.” He was not only Director of the CIA but also the director of the Intelligence Community as a whole, with the intention that he would serve as the head of this community.

2 Rapid expansion of covert operations

The NSC decision

Like the OSS, the CIA was supposed to gather and analyze intelligence and to conduct covert operations. However, the National Security Act did not contain explicit provisions related to such covert operations.

In reality, the escalation of the Cold War led to the establishment of specific features that enabled the smooth functioning of the new security agencies and intelligence organizations.

The inaugural meeting of the NSC at the end of 1947 featured a discussion on the use

of “psychological warfare” to prevent the penetration of communism into Western Europe, especially its expansion into Italy. The NSC prepared a policy proposal, NSC 4-A, which authorized the CIA to intervene in the Italian general election in the following year, 1948.

However, this proposal was scrapped after George Kennan, the first Director of Policy Planning at the State Department (who became U.S. Ambassador to the Soviet Union in later years), pointed out the policy flaws in it. On June 18, 1948, a new proposal called NSC 10/2 was formulated, which was approved by President Truman and became the first document in the United States to set out the definition of covert operations and the reasons for conducting such operations as follows.

- In the interests of world peace and U.S. national security, the overt foreign activities of the U.S. Government must be supplemented by covert operations.
- These operations serve to counter the vicious covert activities of the USSR, its satellite countries, and Communist groups.
- Covert operations include propaganda, economic warfare, sabotage, assistance to underground resistance movements, guerrillas, and refugee liberation groups, as well as support of anti-communist elements.

The Office of Policy Coordination (OPC) was established as the agency tasked with conducting these covert operations. Organizationally, the OPC functioned at first as an independent organization separate from the CIA for a period of around two years, and it is said that its various operations were not supervised or controlled in any particular way. The OPC was then subsumed into the CIA in October 1950 following the outbreak of the Korean War, and it was merged with the Office of Special Operations (OSO), the operational branch of the CIA, to become the Directorate for Plans (DDP) in 1952.

The number of OPC personnel grew rapidly throughout the Korean War, from 302 at its inception to 2,812 in 1951, a nearly tenfold increase, with the number of overseas offices increasing nearly seven times from 7 to 47 over the same period.

At a meeting held on October 23, 1952, the NSC approved NSC 10/5, in addition to NSC 10/2 three years earlier. NSC 10/5 recognized the immediate expansion of covert operations as a “national responsibility” and approved the intensification of such operations around the world.

Covert operations in Japan initially involved 60 to 70 OSO personnel based in Tokyo and 50 to 100 OPC personnel based in Yokosuka, who carried out their respective work. The OPC personnel were said to have been tasked with operations aimed at supporting anti-communist guerrillas who were thought to be in mainland China.

In 1952, Frank Wisner, the legendary and powerful spy who headed the OPC, hatched a plot to plant a bomb in a passenger car in the event that Premier Joseph Stalin attended a four-power summit proposed by France. Desmond FitzGerald had also reportedly advanced a plan to assassinate Cuban Prime Minister Fidel Castro with a poisoned pen.

Further expansion of covert operations

Subsequent administrations, however, began to explore ways to carry out oversight (supervision) of covert operations.

The Dwight Eisenhower administration inaugurated in January 1953 established the Operations Coordinating Board (OCB) to pursue oversight of covert operations. On March 15, 1954, President Eisenhower approved NSC 5412, which required the CIA to consult with the OCB when conducting covert operations.

NSC 5412/2, formulated on December 28, 1955, further required the CIA to consult with representatives appointed by the Secretary of State and Secretary of Defense of the rank of Assistant Secretary or higher, as well as a representative of the President, regarding covert operations.

Initially, these consultative forums were known as meetings of the “5412 Committee,” but after 1957, this group was renamed the Special Group, a high-level committee that oversaw and controlled covert operations.

It is clear that the Special Group was established in anticipation of the Japanese general election that would be held in May 1958.

Under the John F. Kennedy administration, the Special Group deliberated on the Cuban Missile Crisis of 1962 as well as plans to overthrow the Castro regime. In June 1964, after Kennedy’s assassination, the Johnson administration renamed the Special Group to the “303 Committee.” This committee was then renamed the “40 Committee” under the Nixon administration, and its name and composition were changed yet again to the Operations Advisory Group under the Ford administration, the NSC Special Coordination Committee under the Carter administration, and finally to the National Security Planning Group under the Reagan administration.

In reality, however, the “5412 Committee,” “303 Committee,” and “40 Committee” functioned as agencies that actively made decisions regarding covert operations instead of supervisory bodies that provided oversight of the appropriateness of covert operations.

Assassination plots and the Church Committee’s aggressive pursuit

The U.S. Congress launched an investigation into the Watergate scandal in 1972 following a scoop by *Washington Post* reporter Bob Woodward and others that destabilized the government. President Richard Nixon was eventually forced to resign in August 1974.

This incident also led to congressional scrutiny of the CIA’s overzealous covert operations. The investigations conducted by the Senate Select Committee to Study Governmental Operations with Respect to Intelligence Activities (the Church Committee), chaired by Democratic Senator Frank Church, revealed some startling facts.

The report published in 1975 referred to the following four cases of assassination or attempted assassination of foreign heads or high officials of government that involved CIA covert operations.

1. Prime Minister Patrice Lumumba of Zaire (now Democratic Republic of the Congo): In the fall of 1960, U.S. President Dwight Eisenhower expressed deep concerns about Prime Minister Lumumba. This was interpreted as an assassination order by CIA Director Allen Dulles, who directed CIA operatives to send poison to the country and attempt to gain access to Lumumba. Lumumba's assassination in 1961 was carried out without the CIA's involvement.
2. Prime Minister Fidel Castro of Cuba: The United States plotted to assassinate Castro between 1960 and 1965 and attempted to make use of the American Mafia and Cuban exiles to carry out the plan.
3. President Ngo Dinh Diem of South Vietnam: The President and his brother Ngo Dinh Nhu were killed during a coup d'état by South Vietnamese military generals. Although the United States supported the coup, no evidence suggests that the United States wanted the assassination to take place. The killing of the Ngo brothers did not involve the United States.
4. René Schneider, Commander-in-Chief of the Chilean Army: René Schneider, Commander-in-Chief of the Chilean Army, died of gunshot wounds on October 25, 1970, three days after resisting a kidnapping attempt. His death and kidnapping attempt could be attributed to his opposition to a military coup aimed at preventing the inauguration of Salvador Allende as President. The U.S. Government continued to provide assistance to anti-Allende military forces in the form of money and automatic rifles.

In addition, the CIA had also carried out covert operations aimed at overthrowing foreign leaders of the governments in Iran, Indonesia, and other countries, but no investigation could be conducted because the U.S. Government refused to disclose the relevant information.

The public revelation of these incidents sparked a huge outcry, and Republican President Gerald Ford, who had issued President Nixon a pardon that granted him immunity against criminal prosecution, lost the 1976 presidential election. Jimmy Carter, a Democrat, was elected as President.

The Intelligence Oversight Act was passed and signed into law in September 1980 under the Carter administration, granting Congress oversight of intelligence agencies for the first time in history. This Act established Select Committees on Intelligence in both the House and the Senate in the form of standing committees tasked with the role of oversight similar to the Church Committee.

There has also been a well-established practice in recent years of briefing the Gang of Eight, which includes the chairs and ranking members of both the Senate and House Intelligence Committees from both the Democratic Party and Republican Party, on behalf of Congress regarding covert operations in advance.

In addition, executive orders were signed by President Ford on February 19, 1976, and by President Ronald Reagan on December 4, 1981, prohibiting the United States from being involved in the assassination of foreign leaders.

3 Collapse of the Soviet Union, end of the Cold War, and information disclosures

Coexistence of “democracy” and “secrecy”

The collapse of the Soviet Union and the end of the Cold War at the end of 1991 led to a debate in the U.S. Congress on whether the CIA was still necessary. In particular, Democratic Senator Daniel Moynihan made headlines when he expressed the view that the State Department’s intelligence agencies could adequately replace the CIA’s functions even in the absence of the CIA.

In response, the CIA countered the view that it could be dispensed with by continuously disclosing information in an unprecedented manner. Documents such as the above-mentioned NSC 10/2 were disclosed under these circumstances.

For several years starting from 1993, the CIA held a series of symposiums, to which the media, think tanks, diplomats, and experts from universities were invited. I was stationed in Washington, D.C., at the time during my third stint in the United States working for a news agency, and I attended these symposiums whenever I could. These events, where secret documents on a particular subject were disclosed and discussions were held on the subject, were extremely instructive. However, even these symposiums were insufficient to convince the public.

To this day, U.S. intelligence agencies still maintain the principle that documents related to covert operations can be kept secret, and they will likely be perpetually confronted with the conflict between the competing notions of “democracy” and “secrecy.” The question of how to strike the right balance between “democracy” and “secrecy” is one that must be answered with reference to the changing times. It is quite possible that this balance will continue to be tipped further toward disclosures, or “democracy,” moving forward.

4 The September 11 attacks and the reform of intelligence agencies

The September 11 attacks that could have been prevented

The 2001 September 11 attacks in the United States, which resulted in a similar level of casualties and damage as the attack on Pearl Harbor, posed a serious challenge to intelligence agencies.

These attacks could have been prevented if the CIA and FBI had adopted the appropriate countermeasures. That the intelligence agencies should be deemed accountable was even clearer in this case than in the case of Pearl Harbor. The CIA had detected the prior entry of the 19 perpetrators of the September 11 attacks into the United States, and had their locations been continued to be tracked by close cooperation between the CIA and FBI, the attacks could have been stopped before they happened.

Reform of intelligence agencies

After the attacks, the U.S. Congress and the President established a ten-member bipartisan National Commission on Terrorist Attacks Upon the United States chaired by former New Jersey Governor Thomas Kean, and a highly fact-based final report was released in 2004. I will not recount the facts presented in the report, but I would like to touch on the proposed reform of intelligence agencies under the report's recommendations.

The first recommendation was to replace the position of Director of Central Intelligence by a Director of National Intelligence. The Director of National Intelligence will be tasked with (i) managing national intelligence centers to be established on specific subjects of interest and (ii) managing the national intelligence program and overseeing the various intelligence agencies.

The second recommendation was for the Director of the CIA to (i) rebuild the CIA's analytic capabilities and (ii) reinforce its human intelligence (HUMINT) capabilities.

The final report was released in a presidential election year in which President George W. Bush was seeking reelection. He promptly endorsed these recommendations and proposed the establishment of the new position of Director of National Intelligence (DNI), which was approved by Congress.

These recommendations were passed and enacted under the Intelligence Reform and Terrorism Prevention Act of 2004, effectively establishing the DNI as the leader of the Intelligence Community (IC).

The Director of the CIA, who had previously been conferred the title of Director of Central Intelligence, was relieved of the role of leading the IC, and reverted to being the Director of the Central Intelligence Agency both in name and in practice.

With this, the three established national intelligence centers—National Counterproliferation and Biosecurity Center (NCBC), National Counterintelligence and Security Center (NCSC), and National Counterterrorism Center (NCTC)—which comprise personnel seconded from various agencies, were placed under the supervision of the DNI. This was no doubt the most extensive reform of intelligence agencies implemented since the National Security Act of 1947.

The current DNI is Avril Haines (the first female DNI), who concurrently serves as Chairman of the National Intelligence Council (NIC), making it clear that the DNI heads the Intelligence Community. The Intelligence Community itself was first legally recognized through an executive order issued by President Ronald Reagan in December 1981, and this reform further clarified its mission.

Criticism of the war on terror

Many people around the world are now aware that the September 11 attacks were the work of the international terrorist organization Al-Qaeda, and that a multinational force led by the U.S. military invaded Afghanistan, which had been sheltering Osama bin Laden, the leader of Al-Qaeda.

However, it was a major failure on the part of U.S. intelligence agencies for the United

States to go to war against Iraq based on false intelligence being circulated as a result of these debates alleging that the attacks were masterminded by Iraq and that Iraq had developed weapons of mass destruction.

In addition to this failure of the war on terror, incidents involving human rights abuses and the use of torture such as waterboarding at the Abu Ghraib prison in Iraq to extract forced confessions from suspected terrorists came to light.

In view of this, several offices were established under the direction of the DNI to provide oversight with respect to issues such as human rights, privacy, equal employment opportunity, diversity, and the Inspector General.

5 Expansion of intelligence agencies and information leakage in a high-tech era

The bloat in the IC

The IC has grown so massive that it now consists of as many as 18 intelligence agencies (nine of which are under the Department of Defense), including the Office of the Director of National Intelligence (ODNI), as outlined below.

Independent agencies: the Office of the Director of National Intelligence (ODNI) and the Central Intelligence Agency (CIA)

Agencies under the Department of Defense: the Defense Intelligence Agency (DIA), the National Geospatial-Intelligence Agency (NGA), the National Reconnaissance Office (NRO), the National Security Agency (NSA), and the intelligence elements of the Army, Navy, Marine Corps, Air Force, and Space Force

Agencies under other departments: the Department of Energy's Office of Intelligence and Counter-Intelligence; the Department of Homeland Security's Office of Intelligence and Analysis and U.S. Coast Guard Intelligence; the Department of Justice's Federal Bureau of Investigation (FBI) and the Drug Enforcement Administration's Office of National Security Intelligence; the Department of State's Bureau of Intelligence and Research; and the Department of the Treasury's Office of Intelligence and Analysis

According to an article in the *Washington Post* on October 3, 2010, there were as many as 854,000 people with "Top Secret" security clearances. In addition, the total budget of intelligence-related agencies rose to \$86.4 billion (around ¥12,096 billion) in 2022, based on figures published annually by the ODNI. This points to the bloat within the intelligence agencies.

At the same time, intelligence has become increasingly digitalized and high-tech in nature. Toward the end of the war on terror, a CIA paramilitary group carried out a drone strike to take out a major terrorist during the presidency of Barack Obama, which proved to be quite effective. However, there were also some U.S. citizens among those identified as major terrorists, which posed a major problem in regard to the state's legal authority to kill its own citizens without due process.

Information leakage

Another major problem was a series of massive digital information leakages. In 2010, some 250,000 diplomatic cables were downloaded by a U.S. soldier from a military communications network at a base in Iraq and leaked through the information disclosure website WikiLeaks. Some of these contained scandalous content, forcing various countries to respond.

Another leak involved documents of intelligence agencies downloaded by Edward Snowden, a former NSA contract employee. There are issues with the current system to protect the confidentiality of intelligence, and the IC could encounter problems typically faced by giant organizations moving forward.

Surveillance of China and Russia undermined by the war on terror

On the geopolitical front, some have started to point out that one of the major problems in recent years has been the decline in vigilance toward China and Russia as a result of the focus on the war on terror following the September 11 attacks in 2001. Indeed, the challenging global circumstances today are a symbolic representation of the very problems facing U.S. intelligence agencies.