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Foreign Relations of the
United States, 1945-1950

Emergence of the Intelligence Establishment

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David S. Patterson
General Editor Glenn W. LaFantasie

411. Memorandum for the Record

Washington, January 19, 1950.

SUBJECT

CIA Daily Staff Summary (Blue Book)

In the course of conversation on other matters, Bill Sheppard, Jim Lay, and I discussed the CIA daily top secret Intelligence Summary.

Lay pointed out among other things that the whole project stems from a considered decision by the old NIA (Committee of the Secretary of State and Service Departments, etc., in charge of Intelligence) whose decision it was, following the desires of the President, that the CIA produce such a summary, that the summary be both operational and intelligence. The NIA also specifically approved the distribution list.

Lay also pointed out that regardless of our views of the merits of the Staff Summary, every indication is that the President likes it and wants it. Furthermore, there is no indication that the President is aware of or disparages the fact that it is duplicative of State Department cables and information summaries sent directly to him from the Department.

Lay also said incidentally that Dennison is the staff officer in the White House who usually shows it to the President without comment and that the CIA encloses the original cable with the staff summary of the cable.

In answer to a question, Lay discounted the possibility that there was any thought the Staff Summary would serve as a "check" upon the flow of information to the President; that by having another source of information, the President could be assured that he received everything. It was pointed out that such a view, if held, was fallacious in any event because the Department controlled the information going to CIA. Lay felt that the CIA was not in the least aware that they may be jeopardizing their flow of State cables by producing a summary which (a) contained large amounts of policy which was the responsibility of the State Department (b) failed to include military intelligence (c) distributed throughout the Government State Department information over which the Department itself should have the control.

Source: National Archives and Records Administration, RG 59, Records of the Department of State, Records of the Bureau of Intelligence and Research: Lot 58 D 776, State-CIA Relationship 1949-1956. Confidential. Drafted by Howe. Appended to the source text is a handwritten "Note for file" by Sheppard dated January 27 which reads as follows: "In conversation with Howe and Barnes it was decided: (1) State now has sufficient control over the content of the daily summary. (2) In view of the CIA situation & the President's interest, (3) We should now do nothing to rock the boat. W.S.S."

Lay saw no reason why constructive suggestions and recommendations might not be made to improve the Staff Summary, but such should be formulated within the framework of the knowledge that the President favors the Staff Summary.

Note: Lay was most cooperative and friendly in discussing this project, and the information and views which he gave should be treated confidentially. F. H.)

412. Memorandum for the Record

Washington, January 31, 1950.

SUBJECT

OSO-OPC Relationship

In conversation with Magruder and for part of the time with Joyce and Krentz, considerable discussion of the various facets of the problem was taken up. It was finally decided that both Magruder and Howe would try a hand at a paper which could be used as a modification of NSC 10/2, on the basis of which further discussions on the precise details could go forward not only between NME with State, but also with Hilly and Wisner.

The general principle on which the redraft of 10/2 should be based was that there would be one Assistant Director for Operations. Under the Assistant Director for Operations there would be three divisions:

1. The Contacts Branch.
2. A "rough stuff" branch which would plan sabotage, counter-sabotage, guerilla activity and logistics for such activity, but would not carry out any operations itself. If operations of this nature were called for, they would be done under the clandestine operations area offices.
3. Clandestine Operations Branch. This would combine the functions of espionage, counter-espionage, and those positive operations in the political, economic and psychological field, short of "rough stuff,"

Source: National Archives and Records Administration, RG 59, Records of the Department of State, Records of the Bureau of Intelligence and Research: Lot 58 D 776, State-CIA Relationship 1949-1956. Top Secret. Drafted by Howe. The source text indicates that a copy was sent to William J. Sheppard, one of the special assistants to the Secretary.