

George Kennan and the Inauguration of Political Warfare

by
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Abstract

This article examines the role played by George Frost Kennan in the development and execution of early American covert operations. The author argues that Kennan played a crucial role not only in the development of NSC 10/2: Office of Special Projects but also in the expansion of these activities during the years 1948 through 1950. In this case, as in so many others, the corresponding shift in American Cold War strategy owed more to the personality and belief system of one man than to changes in the international system.

INTRODUCTION

On 17 March 2005, George Frost Kennan passed away at the age of 101. During his 27 years of formal public service he served in a number of government positions including aid and interpreter to William Bullitt, the first American Ambassador to Moscow, after the US embassy was reopened in 1933; *chargé d'affaires* under Ambassador Averell Harriman from 1944 to 1946, also at the Moscow embassy; the first deputy for foreign affairs at the National War College in 1946; and head of Secretary of State George Marshall's Policy Planning Staff, from March 1947 to December 1949, where he played an instrumental role in the creation of the discourse of "containment." Kennan then went on to serve as the American Ambassador to the Soviet Union in 1952 and Yugoslavia in 1961. In addition to his public service, he was the author of 22 books and numerous articles.¹ He also won the Pulitzer Prize in history and in 1989 he was awarded the Medal of Freedom by President George H.W. Bush.

Not surprisingly, then, over the years a number of books and articles have appeared that have highlighted various aspects of his career.² Despite the array of sources available, however, Kennan remains to this day somewhat of an enigma: in large part because he was so successful in controlling his public image.³ As a result, significant gaps remain in the historical record.⁴ For example, very

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little is known about the role he played in the development of early American covert operations. Aside from a few modest remarks over the years, in which he tended to downplay his involvement, Kennan has been circumspect in detailing his part in the development of these operations.⁵ Scholars have for the most part followed his lead.⁶ My objective in this article is to help clarify the role he played in the development of these activities.⁷

BACKGROUND

The traditional argument has always been that in December 1947 the United States initiated limited “psychological warfare operations” as covert operations were termed at the time under NSC 4-A or “the Report to the National Security Council by the Executive Secretary of Psychological Operations.” Six months later, the story goes, because of international events — the Soviet invasion of Czechoslovakia, the war scare of March 1948, and the Berlin Blockade — the Truman administration decided to increase the scope and pace of these activities. As a result, in June 1948 the National Security Council passed “NSC 10/2: Office of Special Projects.” Thereafter, we are told, American covert operations dramatically expanded. In contrast to these arguments, however, I suggest that external events played only a small role in the release of NSC 10/2.⁸ Instead, I believe that the sudden push for a “political warfare capability” — and the subsequent expansion of American covert operations, which took place between 1949 and 1950 — owes more to the personality, perception, and ego of George Kennan than any other factor. In this case, as in some many others, the evolution of American Cold War strategy was the result of domestic factors not international events.⁹

Under the National Security Act the CIA was set up to coordinate, evaluate, and disseminate intelligence information. In the summer of 1947, it remained unclear whether it would conduct “psychological warfare operations,” or covert operations. As political scientist Amy Zegart correctly pointed out, these types of activities were never explicitly authorized by the National Security Act.¹⁰ And scholars have long debated what role (if any) they were to have in the postwar era. Until recently, the “orthodox” argument has always been that when Truman established the CIA in 1947 he did not intend it to have an operational capability. However, despite the president’s apparent ambivalence, there were a number of high profile government officials who lobbied for the extension of these activities in the post-war world. Secretary of War James Forrestal first brought the question up for discussion in mid-1947, when he asked Admiral Roscoe Hillenkoetter, Director of Central Intelligence, whether operations, such as psychological warfare, sabotage, and support for underground resistance movements, fell under the CIA’s purview as defined by the National Security Act. At the time Hillenkoetter responded in the negative. In the face of Forrestal’s continued prodding, however, he turned to the CIA’s legal counsel, Lawrence

Houston, for guidance. Houston agreed with Hillenkoetter's reading of the act and argued, despite the vague language employed in Section 102 of the CIA's charter, black propaganda and other forms of special operations, "would be an unwarranted extension" of the CIA's mandate.¹¹ Houston's legal opinion, which should have ended speculation, instead opened the issue for debate. The central question became, if the CIA was not going to claim these activities, under whose auspices should they be placed?

International events did force the administration to deal with this question in late 1947. During the first and second meetings of the National Security Council (NSC), in November, the crisis in Italy took centre stage. On the verge of economic and political collapse Italy was important to the United States only within the context of rising Soviet-American hostility. Otherwise, due to its political, economic, and military weakness, it was considered a "strategic liability."¹² At the time the Christian Democratic Party under Prime Minister Alcide de Gasperi controlled the Italian government. However, since the end of the Second World War the Communist Party had been actively exploiting the severe economic problems that engulfed the country.¹³ As a result, it had significantly gained strength. In 1946, it also united with the Italian Socialist Party to form "the Peoples Bloc." By 1947, the Peoples Bloc had over two million members and controlled 19 percent of the seats in parliament.¹⁴ Determined to stem the flow of communism in Western Europe those present at the first meeting of the National Security Council explored how best to ensure the election of a "democratic" Italian government in the elections scheduled for the next year. Consequently, the first statement of American objectives toward Italy, or "NSC 1/1: The Position of the United States With Respect to Italy," which was completed on 14 November 1947, stated that the United States should "actively combat communist propaganda in Italy by an effective information program and by all other practical means."¹⁵

A plan was quickly drawn up to furnish psychological, political, and military aid.¹⁶ Although the use of both overt and covert psychological warfare operations was understood to be a critical part of this plan it remained unclear who would execute the operations.¹⁷ At the second NSC meeting, which took place in December, it was decided that these operations would be placed under the auspices of the Department of State. State received these activities by default because no other government department wanted them.¹⁸ Over the next month a psychological warfare paper, initially prepared by the Special Studies and Evaluation Committee within the State-War-Navy-Coordinating Committee (SWNCC), was rewritten and presented at the third meeting of the NSC as, "NSC/4: The Coordination of Foreign Information Measures."¹⁹ The paper stated that overt information activities should be placed under the Assistant Secretary for Public Affairs and charged the State Department with overseeing all psychological operations during times of peace. However, at this meeting Secretary of State George Marshall vehemently opposed this plan. It was not that

he morally disapproved of psychological operations, but rather that he worried that the State Department's international credibility would be tarnished if American operations became public.²⁰ As a result, the job was turned over to the CIA. At this time the decision was also made to separate information activities and psychological warfare in much the same manner as had occurred during the Second World War when President Roosevelt divided these operations between the Office of War Information (OWI) and the Office of Strategic Services (OSS). Thus, a secret annex to NSC 4, known today as NSC 4-A, was added. It stated that while the State Department would oversee "informational activities," the CIA would execute "covert psychological operations" or "black" operations.²¹ In contrast to open or white operations, black operations consist of any operation that was not to be attributed to the United States government.

On 22 December 1947, the same day that NSC 4-A was approved, a special operations group from the CIA was sent to Italy under the direction of famed spymaster James Jesus Angleton, another OSS veteran. Angleton's primary responsibility was to transfer American dollars surreptitiously to various front organizations for use in the upcoming election the following year. All told, the administration spent somewhere between \$10 and 20 million dollars on "anti-Communist propaganda" and other political operations.²² In March 1948, for example, the State Department's radio station, Voice of America, began an extensive propaganda campaign. Celebrities like boxer Rocky Graziano, Eleanor Roosevelt, Dinah Shore, Frank Sinatra, and Bing Crosby made a series of radio appeals to the Italian people.²³ They stated that if the communists were victorious in the elections not only would Italians be unable to receive economic gifts from abroad, but also the European Recovery Program could also be terminated.²⁴ Eventually, the Catholic Church also became involved in the program and American priests began telling their parishioners to write letters to relatives in Italy alerting them to the dangers of voting communist in the forthcoming elections. Although Pope Pius XII originally took an ambivalent position on the election — largely because of his suspicion of democracy — he eventually changed his mind and threatened to impose religious sanctions and refuse absolution to those who planned to vote communist.²⁵ The movie *Ninotchka* was also re-released in the hopes that it too could be used to convince Italians not to vote communist. Starring Greta Garbo and Melvyn Douglas it satirized life under communism.²⁶ American psychological warfare operations also extended beyond propaganda, however, to a number of other activities, including the bribery of public officials and transfer of funds to political parties. Military aid and a mass migration campaign were also employed.²⁷

All of these tactics were ultimately successful and on 20 April 1948, the Christian Democratic Party won the national election by securing 48.5 percent of the popular vote.²⁸ Although de Gasperi was once again forced to form a coalition government, the perceived success of US operations in Italy produced a "sense of omnipotence, of confidence that the Free World could successfully

engage in political warfare against communist subversion.”²⁹ Shortly thereafter the CIA shifted its attention to the Soviet target. It was at this point that the issue of who should control these activities once again came to a head. George Kennan, the new director of George Marshall’s Policy Planning Staff, first began to voice his concerns about the command and control of these operations the same month that NSC 4-A was drafted. This was despite the fact that the CIA’s Special Procedure Group was not officially up and running until three months later.³⁰

KENNAN AND INTELLIGENCE OPERATIONS

Kennan had a long, if somewhat murky, interest in the development of American intelligence operations. In the summer of 1942, for example, he was sent to Portugal as Counselor of the Legation. However, his real job, as he told an audience at the National War College in 1947, was to coordinate American intelligence activities.³¹ What he actually did in Portugal and what role he played in intelligence operations between 1942 and 1946 still remains a mystery. However, the available evidence suggests that he remained active.³² For example, in June 1946, for reasons that still remain unclear, Director of Central Intelligence, Hoyt S. Vandenberg, appointed him as the “Special Consultant for Intelligence” for the Central Intelligence Group. Moreover, of the three copies made of NSC 4-A, one of them went to him: the other two copies went to the president and to the DCI.

Kennan did not, however, have a great deal of confidence in the Director of Central Intelligence at the time, Roscoe Hillenkoetter, whom historians have characterized as a “weak and ineffective,” with “little taste for the bureaucratic infighting or empire building.”³³ The relationship between the two men came to a head March 1948 when the CIA failed to predict the riots that took place in Bogotá, Columbia. The ensuing debacle left Secretary of State George Marshall caught between two warring factions in the streets of Bogotá. Kennan blamed Hillenkoetter for the fiasco and the relationship between the two men never recovered.³⁴ However, it was Hillenkoetter’s decision to ignore Kennan’s advice on the planning of two psychological operations directed at the Soviet Union in the same month that ultimately led to Kennan’s determination to control covert operations.

The story begins on 22 December 1947, just after the release of NSC 4-A, when Hillenkoetter instructed Thomas C. Cassidy, an ex-banker from Chicago and one of William Donovan’s most trusted aides, to organize a foreign information branch with the Office of Special Operations (OSO). This group was subsequently renamed the Special Procedures Group (SPG) and Col. Donald H. Galloway, another holdover from the Office of Strategic Services, was made the Assistant Director for Special Operations. Although, the SPG came into existence on 1 January 1948 it was not until two months later that it was ready to

undertake operations. However, as Galloway and Cassidy set out to develop psychological warfare operations they found there was no statement of objectives, or corresponding strategy available to guide their planning. Although James Forrestal had been lobbying for a clear, concise report on which operational planning could be based since early 1947, no such guidance was available.³⁵

Forrestal was not alone. A number of government offices, including the Central Intelligence Group, deluged the State Department with requests for guidance.³⁶ Although their desire for instructions was continually rebuffed, in May 1947, General Dwight Eisenhower formed a little-known organization to study concepts of security in light of the atomic age. This group also brought pressure to bear on the State Department. It appears that those working on the project found it extremely difficult to develop military strategy without a clear idea of what American objectives were in the Cold War. As a result, in February 1948, three colonels from Eisenhower's Advanced Study Group (ASG) met with representatives of the Policy Planning Staff (S/P) and requested a report that outlined US objectives. When Kennan refused to undertake the project — apparently he hated writing these papers because they “demanded an elucidation of imponderables that defy close analysis”³⁷ — Forrestal interceded and the job subsequently was given to the NSC senior staff. One month later the report was completed. It did not, however, have the State Department's support.

“NSC 7: The Position of the United States With Respect to Soviet Dominated World Communism,”³⁸ became the American government's first official statement on the Soviet Union. Its central conclusion was that, “a defensive policy cannot be considered an effective means of checking the momentum of Soviet expansion.” Asserting that the “defeat” of communism was “vital to the security of the United States,” the authors argued that the administration should take the lead in organizing a world-wide “counter-offensive” aimed at strengthening anti-communist forces in the West and at undermining the strength of the communist forces in the East.³⁹ In line with these objectives, NSC 7 suggested that the United States should intensify its fledgling anti-communist information campaign and “develop and at the appropriate time carry out, a coordinated program to support underground resistance movements in countries behind the iron curtain, including the USSR.”⁴⁰

Not surprisingly, given the myth of containment that was developing in the aftermath of the release of Kennan's infamous article the previous summer, a number of people within the State Department were unhappy with the strategy set forth in NSC 7. Kennan argued at the time that it represented a significant break with previous American policy on two points.⁴¹ First, he argued, it illustrated the acceptance of a strategy designed to undermine Soviet power and influence in both Eastern Europe and the Soviet Union through covert means. Second, he stated, it provided a new program to establish underground resistance movements behind the Iron Curtain. The offices of the American Republic,

European Affairs, Near Eastern Affairs, and United Nations Affairs, voiced their concerns as well. And the Joint Chiefs of Staff also raised a number of complaints.⁴² However, no one disagreed with the shift to the new “counter-offensive strategy” outlined. Rather they believed that the conclusions set forth in the paper were too general to be of any use.⁴³

Because of the controversy that developed Kennan decided to place the report in “indefinite abeyance” until he and Marshall had had a chance to hammer out “some of the problems implicit in its conclusions.”⁴⁴ However, given the numerous requests for policy guidance that continued to inundate the staff it was subsequently decided that the report should be forwarded to the NSC as “an initial paper” and that it would be followed up by specific guidelines at a later date. However, the follow-up never occurred. Thus, as drafted, NSC 7 outlined a new, albeit undefined, “counter-offensive” strategy for waging cold war on the Soviet Union. This strategy was, of course, significantly different from the “strategic vision” outlined by Kennan in July 1947.⁴⁵ Not surprisingly, there was a great deal of confusion within the administration about what US policy actually was. Although NSC 7 suggested that something could be done to combat Soviet hegemony in Eastern Europe through the use of psychological warfare operations and resistance groups, it left open the question of just what these tactics were designed to achieve. It also failed to address the issue of US capabilities — or more to the point the lack thereof — behind the Iron Curtain.

Under pressure from the military to get things going, however, Cassidy and Galloway immediately began to plan operations designed to “encourage the freedom-loving elements in those countries that have been over-run by Communism.”⁴⁶ The first campaign they put together was code named PROJECT UMPIRE. Its goal was to beam propaganda into the Soviet Union and Eastern Europe by way of a transmitter strategically placed in West Germany. One month later, they proposed a second operation, code named PROJECT ULTIMATE, which would drop propaganda leaflets behind the Iron Curtain using weather balloons. Under Secretary of State Robert Lovett initially gave his approval for both operations.⁴⁷

Less than a week after Cassidy and Galloway had received Lovett’s go-ahead, however, the Policy Planning Staff withdrew State’s support, telling Cassidy that the “time was not ripe” for a campaign designed to use such “incendiary” propaganda.⁴⁸ It was Kennan who ordered the operations cancelled. At the time he stated that the operations about to be undertaken were too “aggressive.” He also asked SPG to explain who would be operating the radios used in PROJECT ULTIMATE and what was going to be said.⁴⁹ Legitimate questions certainly, but they were classified as operational details and Cassidy had always maintained that he did not have to discuss operational details with the State Department. In the face of Kennan’s veto Cassidy turned to Galloway and Hillenkoetter for advice on how to resolve the situation. He pointed out that the

pamphlets he planned to use in PROJECT ULTIMATE were in no way as incendiary as those being currently employed in the Italian campaign.⁵⁰ After reviewing the entire situation Hillenkoetter told Cassidy to ignore Kennan and go ahead with the operations, which were scheduled to begin in April 1948.⁵¹ The DCI based his decision to defy Kennan on his understanding that, although under NSC 4-A he was required to “consult,” with the State Department, he was not required to “defer” to them.⁵² Armed with the DCI’s approval Cassidy continued to develop operations in line with the objectives outlined in NSC 7.⁵³

What happened next is of critical importance to understanding the evolution of American covert operations in the Cold War. Less than a month after Hillenkoetter told Cassidy to go ahead with the operations a proposal for a new agency that would conduct covert operations appeared. On 3 May 1948, a paper titled “The Inauguration of Organized Political Warfare,” was circulated within the National Security Council. The available evidence suggests that Kennan not only had an active role in its drafting but actually spearheaded the project. Indeed, according to Arthur Darling, the first in-house historian of the CIA, the paper was, “vintage Kennan.”⁵⁴ However, that said, John Paton Davies, one of Kennan’s subordinates on the Policy Planning Staff, probably wrote the initial draft of the paper.⁵⁵ Irrespective of who actually wrote the “The Inauguration of Political Warfare,” Kennan’s fingerprints were all over it. This was true of the majority of Policy Planning Staff papers released during this period. Not only did Kennan compose the majority of these papers but he also rarely allowed a paper to be released without his explicit approval. Moreover, although all papers emanating from the Policy Planning Staff were supposed to include dissenting views if they existed within the department, they rarely did so.⁵⁶ Kennan ruled his staff with an iron fist.

In “The Inauguration of Political Warfare” paper the author stated that a new, independent organization to plan and conduct “political warfare” should be set up and defined the term “political warfare” as “the employment of all the means at a nation’s command, short of war, to achieve its national objectives.” He went on to note that these operations should be both overt and covert, and include political alliances, economic policies, and the encouragement of underground resistance organizations.⁵⁷ Under the plan four operations were outlined. The first operation listed was the development of “Liberation Committees” across Europe. They were defined as organizations designed to act as foci of national hope and revive a sense of purpose among political refugees from the Soviet world; provide inspiration for continuing popular resistance within the countries of the Soviet world; and serve as a potential nucleus for all-out liberation movements in the event of war.⁵⁸

The report also proposed supporting “indigenous Anti-Communist elements in the threatened countries of the free world” and undertaking “preventative direct action in Free Countries.”⁵⁹ It also advocated the use of “direct

action,” a euphemism for covert operations employed at the time to protect critical American infrastructure. The paper also called for the destruction of similar infrastructure programs critical to the Soviets.⁶⁰ The last operation listed suggested that paramilitary operations, guerrilla units, sabotage forces, subversive operations, and rebellions be used to subvert the Soviet bloc.⁶¹ To conduct these operations the author suggested that a new organization should be set up under a new Director of Special Studies who would be nominated by the Department of State and appointed by the NSC. However, while the report stated that the director would be responsible to the State Department the authors made it clear that he should not be formally associated with it.⁶²

Here is where the story gets interesting. In the report all of the operations outlined were defined as “political warfare operations” instead of “psychological warfare operations” or psychological operations, which had been the norm until this time. Indeed, this was the first time the word “political warfare” appeared in any post-war discussion of American operational planning. In fact, during the Second World War, American officers dismissed the term “political warfare” because it was seen as “too British.”⁶³ Yet, in May 1948, the decision was made to replace the term “psychological operations” with “political warfare;” the question is, of course, why? In her official history of the Central Intelligence Agency completed for the Church Committee, Anne Karalekas tells us that the shift from psychological operations under NSC 4-A to political warfare under NSC 10/2 was significant because the “latter meant the direct intervention in the electoral process of sovereign governments, rather than attempts to influence public opinion activities through the media.”⁶⁴ Until recently, this distinction was the accepted norm. The traditional argument has always been that the United States only began to conduct political warfare in June of 1948, after the passage of NSC 10/2. Yet, American intervention in the Italian elections and French labor disputes were well underway by the time NSC 10/2 appeared. By definition these operations were political interventions, not psychological operations.⁶⁵ Thus, Karalekas’s distinction would seem to be erroneous. And indeed it was. Instead, the sudden push to adopt NSC 10/2 must be understood within the context of Kennan’s determination to control covert operations and remove these activities from DCI Hillenkoetter’s control. CIA in-house historian Arthur Darling made this point explicitly when he argued that, for all practical purposes, the phrases “psychological warfare” and “political warfare” were “interchangeable. It better suited [Kennan’s] argument to use ‘political’ rather than ‘psychological’ [because] political matters are by tradition that particular concern of the Department of State.”⁶⁶

At this point the reader may be wondering why, given the ongoing Soviet blockade of Berlin (June 1948-May 1949), which began almost a week after the passage of NSC 10/2, would Kennan advocate the use of covert operations to undermine Soviet power. After all, in the spring and summer of 1948 many Americans believed they were on the verge of World War Three. Yet, neither

Kennan nor the majority of those in the State Department believed that the Soviets would go to war against the United States. In terms of the crisis in Berlin the only danger, according to Kennan, was a miscalculation. Understanding Kennan's philosophy on the nature and degree of the Soviet threat is crucial to comprehending why he took a leading role in the development of these operations. Had he believed that war was probable he never would have advocated these campaigns.⁶⁷

Kennan received additional help to have these operations removed from Hillenkoetter's control from the Dulles Survey Group. In February 1948, Truman had appointed three men to look at the performance of the CIA as a whole. The group was set up because neither Secretary of Defense Forrestal nor Sidney Souers, Executive Secretary of the National Security Council, had the time to supervise the CIA's operations. As a result, the president decided to assemble a group of outside consultants who would "check up" on the agency from time to time.⁶⁸ It was hoped that this procedure would prevent many of the problems that had developed during the Second World War. Set up under the direction of Allen Dulles, the other members of the Survey Group included William H. Jackson and Mathias F. Correa. The point man in the group, however, was Dulles. Kennan and Dulles were good friends. They frequented the same social gatherings and had met a number of times in the recent past to discuss how covert operations might be employed in the Cold War. Thus, it should come as no surprise that the Survey Group was strongly prejudiced against Hillenkoetter from the start.

Although an investigation of covert operations was not within the mandate of the group, given the controversy that was brewing over the control of these operations, coupled with Dulles' wartime experience in the area and his friendship with Kennan, the "Survey Group" offered to include a small section on operations. And in an auspicious sign of things to come, they submitted the report on these activities one day after offering to do so. Today, the timing remains somewhat questionable, especially when put in the context of Kennan's behind-the-scenes machinations. In the report Dulles argued that American covert operations in the Cold War should be expanded. However, he pointed out that a central planning and coordination staff was essential. He added that it would be extremely dangerous for American interests to have several uncoordinated operations going on behind the Iron Curtain.

To prevent the numerous problems he envisioned Dulles strongly recommended that the Director of Central Intelligence have intimate knowledge of all operational details. But he went on to note that, given Hillenkoetter's weak and ineffective leadership, he did not feel this particular DCI was up to the task at hand. Thus, he concluded that in the present circumstances American interests would be better served by placing all political warfare operations in a new organization.⁶⁹ Dulles' conclusions virtually echoed Kennan's recommendations, which reached the National Security Council less than a week later.

On 19 May 1948, Kennan wrote a memo to Robert Lovett and George Marshall in which he argued that, although all political operations should be housed within the CIA, with “respect to both personalities and organization” this was not the favored solution at the present time. Instead, he recommended that they “let the CIA sleeping dog lie” and an independent organization be set up, which could at “a later date could be incorporated into CIA.”⁷⁰ He even went so far as to suggest that if the changes he wanted were not adopted it would be better for the United States to give up conducting such operations completely rather than leave them as they were.⁷¹

Both reports were discussed in detail during the 11th meeting of the National Security Council, which took place on 20 May 1948.⁷² Although Kennan did not personally attend this meeting, given the controversy that was brewing all covert operations within the SPG were put on hold.⁷³ However, Hillenkoetter for his part did not take Kennan’s interference lying down.⁷⁴ And he too resorted to the name game in order to strengthen his, and by default the CIA’s, position. In all of his replies to Kennan’s proposal he consistently substituted the term “psychological” for “political” warfare.⁷⁵ Secondly, although he had initially lobbied against the CIA controlling these operations he now argued that it would be foolhardy to set up another independent group that would only duplicate the operations already being planned.⁷⁶ As he noted, quite correctly it appears in retrospect, Kennan’s plan would “establish a staff function providing for AUTHORITY in a delicate field of operations — without the RESPONSIBILITY.”⁷⁷ As time went on Hillenkoetter’s concerns continued to mount. On 8 June 1948, he wrote to James Lay saying, “since State evidently will not go along with CIA operating this political warfare thing in any sane or sound manner, we should go back to the original concept . . . let State run it and let it have no connection with us at all.”⁷⁸ The bureaucratic conflict was taking a toll on the DCI.

Yet, Kennan was not initially successful in having these operations removed from under Hillenkoetter’s control as the final draft, NSC 10/2: Office of Special Projects, called for a new office to be set up under the DCI’s auspices. However, an important caveat was added, which stated that the “Director of Special Projects” was to be nominated by the Department of State. While Kennan was not satisfied with this option in the long-term, he was forced to compromise in the short-term, because an agreement had to be reached quickly in order to secure additional funds before Congress adjourned for the summer.⁷⁹ Given the closing window of opportunity, on 18 June, he formally withdrew his opposition to the new NSC paper. He told Lovett and Marshall that he might as well agree to the new proposal because, as he put it, “it was probably the best arrangement” they could get at this time.⁸⁰

In order to solidify the agreement and make it more palatable to Kennan, Forrestal and Lovett came up with an additional compromise. Although there would be no new agency and the CIA would continue to conduct covert opera-

tions, both Cassidy and Galloway were replaced. Since they had been the worst offenders their removal would be considered a face-saving gesture for Kennan. Everyone agreed and the new Chief of Plans position was offered, on Kennan's recommendation, to Allen Dulles. Unwilling to serve in the number two slot below Hillenkoetter, however, Dulles declined the offer. It was subsequently given to Frank Wisner whom Dulles had recommended. Wisner came over to the CIA from his position as Assistant Secretary of State for Occupied Areas. At the time he was thought to be "State's Man" and many believed that the SPG's "free wheeling" days were over. They were wrong.

Wisner replaced Cassidy in August 1948. The SPG was abolished and the Office of Policy Coordination (OPC) was set up in its place. NSC 4-A was cancelled and NSC 10/2 instructed Wisner to conduct propaganda, economic warfare, preventative direct action, and subversion. Included under the heading of subversion was assistance to guerrilla and refugee liberation groups.⁸¹ However, NSC 10/2 also clearly stated that the DCI should oversee the development of these operations. Although the situation appeared to be resolved, the story did not end here because Kennan remained committed to having covert operations removed from under Hillenkoetter's command. As a result he viewed NSC 10/2 as a flawed document and not surprisingly he continued his campaign to remove Hillenkoetter from the operational process.

In August 1948, two months after NSC 10/2 was signed, Kennan called a meeting in order to "clarify" the lines of authority under NSC 10/2. Assembled at the August meeting were Kennan, Hillenkoetter, Wisner, Sidney Souers, Executive Secretary of the National Security Council, Col. Yeaton (representing the military), and Robert Blum from the Policy Planning Staff. Despite the meeting's informality, a "memorandum of the conversation" was taken and each participant was asked to sign it as they departed.⁸² It could not have been a pleasant experience for the DCI given the animosity between him and the director of the Policy Planning Staff; and it is quite clear from reading the minutes that Kennan and Wisner had him ambushed from the start.

Kennan began the discussion by telling Hillenkoetter that he wanted "specific knowledge not only of the objectives of every operation, but of the procedures and methods involving political decisions." Kennan then made it clear that he alone would decide which projects were "politically desirable." Hillenkoetter agreed, but added that under these new restrictions the State Department must be willing to accept "political responsibility" for all operations and provide additional guidance, as needed, throughout each project's duration. Hillenkoetter stated that this had not been the case in the past and as a rule operations had been turned over to him by State without the required political guidance. Kennan assured him that this would no longer occur and he would be "personally accountable."⁸³

Frank Wisner then took the floor. Apparently he did not think much of

Hillenkoetter either, whom he later characterized as an “amiable lightweight.” Like Kennan, Wisner directed his comments to the DCI telling him that, given the nature of his work, it was of the utmost importance that he, Wisner, had direct access to both the State and Defense Departments without having to pass through the CIA’s administrative hierarchy. Hillenkoetter again agreed with the proviso that he be kept informed of all “important” decisions.⁸⁴ And herein lay the rub; the agreement reached at the meeting ensured that the DCI would be removed from the policy loop on all decisions not deemed by Wisner to be important. According to Michael Warner, another CIA in-house historian, this procedure gave the OPC a substantial amount of latitude within which to work and had the unintended consequence of making it “a quasi independent entity.”⁸⁵ Between August of 1948 and June of 1950, when Walter Bedell Smith, finally replaced Hillenkoetter and brought OPC firmly under his command, Frank Wisner and his men were able to function as an independent operating unit. OPC’s independence “went so far that OPC’s intelligence requests were handled by the CIA as requests for a separate agency.”⁸⁶

CONCLUSION

Although a number of mechanisms were subsequently put in place to provide strategic guidance to the OPC, they were unsuccessful. For example, on 14 June 1948, Kennan set up what became known as the 10/2 Panel. It consisted of two representatives: one from State, George Kennan, and one from the military, Joseph McNarney. Their job was to provide policy guidance to the Office of Policy Coordination. After the meeting in August, Kennan also assigned Robert Joyce and John Davies, two members of the Policy Planning Staff, to act as a liaison between his office and that of the Director of Plans in order to ensure that guidance was in fact given. However, throughout this period there was “no formal mechanism whereby individual projects” were discussed or approved.⁸⁷ Although Wisner met with Kennan once a week, their discussions were “very general and allowed for the maximum opportunity for project development.”⁸⁸ Given that Kennan was “the prime mover” in the establishment of OPC, it was unlikely that he “discouraged the overall direction of an organization he helped to build.” The same can be said for the military representative on the 10/2 Panel who was “very sympathetic” to OPC concerns.⁸⁹ As one observer later lamented, the meetings between Kennan, McNarney, and Wisner often “degenerated into a sort of stereotyped chore for all concerned.”⁹⁰ And in the end the 10/2 Panel “failed to provide a continuing element of review and evaluation” for covert operations during the early years of the Cold War.⁹¹ The lack of guidance was made worse by the operational culture that developed within OPC. Although Kennan believed that Wisner would serve him faithfully, the new director of plans “quickly developed an institutional loyalty to OPC and its mission.”⁹² Infused by William Donovan’s spirit, Wisner went on to run OPC as an inde-

pendent body. As one CIA deputy inspector later recalled, Frank Wisner and his staff “arrogated themselves total power, with no inhibiting precedent. They could do what they wanted, just as long as the “higher authority,” as we called the president, did not expressly forbid it . . . They had a heaven sent obligation and God knows, what opportunity.”⁹³ In the words of intelligence aficionado, Tom Braden, OPC was able to “run wild.”⁹⁴ In the end Kennan co-opted the process and indirectly contributed to the dramatic growth in American covert operations that took place in 1949 and 1950. Although a number of senior government officials, including those involved in the Dulles Survey Group, made it clear that unless the DCI was kept in the operational loop problems would develop, Kennan allowed his personal feelings for Hillenkoetter to overshadow their words of caution. Moreover, although he had accepted responsibility for ensuring that US covert operations were in line with American foreign policy, in August 1948, he failed to do his job. It is no surprise then, that Kennan did all he could to ensure that this episode remained one of the least discussed in American Cold War history.

ENDNOTES

1. See, George F. Kennan, *American Diplomacy* (Chicago, IL: University of Chicago Press, 1951); George F. Kennan, *Realities of American Foreign Policy* (Princeton, NJ: Princeton University Press, 1954); George F. Kennan, *Russia, the Atom, and the West* (Oxford: Oxford University Press, 1958); George F. Kennan, *Soviet-American Relations, 1917-1920, Vol. II: The Decision to Intervene* (Princeton, NJ: Princeton University Press, 1958); George F. Kennan, *Russia and the West under Lenin and Stalin* (London: Hutchinson, 1961); George F. Kennan, *Memoirs: 1925-1950* (Boston, MA and Toronto: Little, Brown and Company, 1967); George F. Kennan, *From Prague after Munich: Diplomatic Papers, 1938-1940* (Princeton, NJ: Princeton University Press, 1968); George F. Kennan, *The Marquis de Custine & His “Russia in 1839”* (Princeton, NJ: Princeton University Press, 1971); George F. Kennan, *Memoirs: 1950-1963* (Boston, MA and Toronto: Little, Brown and Company, 1972); George F. Kennan, *The Decline of Bismarck’s European Order: Franco-Russian Relations, 1875-1890* (Princeton, NJ: Princeton University Press, 1979); Miles D. Harlow and George C. Maerz, eds., *Measures Short of War: The George F. Kennan Lectures at the NWC 1946-47* (Washington, DC: National Defense University Press, 1991); George F. Kennan, *The Nuclear Delusion: Soviet-American Relations in the Atomic Age* (New York: Pantheon, 1982); George F. Kennan, *The Fateful Alliance: France, Russia, and the Coming of the First World War* (New York: Pantheon Books, 1984); George F. Kennan, *Sketches from a Life* (New York: Pantheon Books, 1989); George F. Kennan, *Around the Cragged Hill: A Personal and Political Philosophy* (New York: W. W. Norton, 1993); George F. Kennan, *At A Century’s Ending: Reflections 1982-1995* (New York: W. W. Norton, 1996); and George F. Kennan, *An American Family: The Kennans — The First Three Generations* (New York: W. W. Norton, 2000).
2. See, for example, John Lewis Gaddis, *Strategies of Containment: A Critical Appraisal of Postwar American National Security* (New York: Oxford University Press, 1982); Barton D. Gellman, *Contending with Kennan: Towards a Philosophy of American Power* (New York: Praeger, 1984); David Mayers, *George Kennan and the Dilemmas of US Foreign Policy* (New York: Oxford University Press, 1988); Walter Hixson, *George Kennan: Cold War Iconoclast* (New York: Columbia, 1989); Anders Stephenson, *George Kennan and the Art of Foreign Policy* (Boston, MA: Harvard University Press, 1989); and Richard L. Russell, *George F.*

- Kennan's Strategic Thought: The Making of an American Political Realist* (Westport, CT: Praeger, 1999).
3. For a discussion of how carefully Kennan protected his public image, see Frank Costigliola, "Unceasing Pressure for Penetration: Gender, Pathology, and Emotion in George Kennan's Formation of Foreign Policy," *Journal of American History* 83, no. 4 (March 1997), pp. 1309-39.
 4. There is a chance that the release of Kennan's diaries will shed more light on his views. However, I imagine that these too will have been carefully edited. The diaries will be made available at the Mudd Library at Princeton University. Historian John Lewis Gaddis is also working on an authorized biography of Kennan that should be released within the next year. Gaddis' work may clarify further Kennan's involvement in early American covert operations.
 5. Kennan does not mention his role in the development of these activities in his memoirs nor is there any information available in his private papers at the Mudd Library. The most extensive document collection published on his role is available in Thomas Thorne Jr., David S. Patterson, and Glen W. Lafantasia, *Emergence of the Intelligence Establishment, 1945-1950*, US Department of State, Special Volume (Washington, DC: US Government Printing Office, 1996), hereafter cited as FRUS/EI.
 6. The most extensive coverage can be found in Wilson Miscamble, *George F. Kennan and the Making of American Foreign Policy, 1947-1950* (Princeton, NJ: Princeton University Press, 1992), pp. 178-212; and Doug Selvage, "George Kennan and the Birth of OPC," unpublished paper, presented to the SHAFR Conference, (Washington, DC, 1996). Miscamble, however, does not discuss Kennan's role in the drafting of NSC 10/2. On this topic, see Gregory Mitrovich, *Undermining the Kremlin: America's Strategy to Subvert the Soviet Block, 1947-1956* (Ithaca, NY: Cornell University Press, 2000), pp. 18-21; Peter Grose, *Operation Rollback: America's Secret War Behind the Iron Curtain* (Boston, MA: Houghton Mifflin Company, 2000), pp. 106, 122; and Scott Lucas, *Freedom's War: The American Crusade Against the Soviet Union* (New York: New York University Press, 1999), pp. 60-61.
 7. This article is part of a larger manuscript titled *The Truman Administration, and 'The Inauguration of Political Warfare': The Stories Behind America's First Cold War Covert Operations* (London: Routledge, forthcoming).
 8. The details of this story are available in Arthur Darling's history of the Central Intelligence Agency available at the National Archives in College Park, MD. See Arthur Darling, *The Central Intelligence Agency: An Instrument of Government*, NACP, RG 263, Chap. 7. Unfortunately, in the published version of Darling's history this story does not appear; in 1990 it was still classified. See Arthur B. Darling, *The Central Intelligence Agency: An Instrument of Government, to 1950* (University Park, PA: Penn State Press, 1990), pp. 269-70.
 9. For one of the best works on this subject, see Bruce Cumings, *The Origins of the Korean War: The Roaring of the Cataract, 1947-1950* (Princeton, NJ: Princeton University Press, 1990).
 10. Amy Zegart, *Flawed By Design: The Evolution of the CIA, JCS and NSC* (Stanford, CA: Stanford University Press, 1999), p. 186.
 11. See Houston to Hillenkoetter, 25 September 1947, FRUS/IE, p. 623.
 12. SR-15, January 1948, Documents of the Central Intelligence Agency, 1946-1976, Reel 1.1, Harriet Irving Library, University of New Brunswick.
 13. See Marc Lazar, "The Cold War Culture of the French and Italian Communist Parties," *Intelligence and National Security* 18, no. 2 (Summer 2003), pp. 213-24.
 14. George C. McGhee, Special Assistant to the Under Secretary of State for Economic Affairs, Memorandum of Conversation between Mr. Clayton and the Italian Prime Minister, Foreign Relations of the United States (hereafter FRUS), 1947, vol. 3, p. 848; See also George Kennan, *Memoirs, 1925-1950*, p. 331.

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15. The first draft appeared a month earlier but was subsequently redrafted with minor revisions in November. See "NSC 1/2: The United States Position With Respect to Italy," FRUS, 1948, vol. 3, pp. 724-26.
16. See David W. Ellwood, "The Propaganda of the Marshall Plan in Italy in a Cold War Context," *Intelligence and National Security* 18, no. 2 (Summer 2003), pp. 225-26.
17. This strategy was outlined in detail in NSC documents dealing with Italy. See "NSC 1: The Position of the United States With Respect to Italy," 14 November 1947, Documents of the NSC, Reel 1. Harriet Irving Library, University of New Brunswick. "NSC 1/2: The Position of the United States with Respect to Italy," Documents of the NSC, Reel 1.4; "NSC 1/3: Position of the United States With Respect to Italy in Light of Communist Participation in the Government by Legal Means," Documents of the NSC, Reel 1.
18. See Memorandum of discussions, 2nd NSC Meeting, 14 November 1947, FRUS/IE, p. 638. One paragraph or 2 1/2 lines from this meeting still remains classified.
19. "NSC 4: The Coordination of Foreign Information Measures," 17 December 1947, FRUS/IE, p. 640-42.
20. Arthur Darling interview with James Lay, National Archives College Park (hereafter cited as NACP), Record Group (hereafter cited as RG) 263, Box 12, File 25.
21. The word "warfare" had been dropped again because of Marshall's objections to the use of the term. "NSC 4-A: A Report to the NSC by the Executive Secretary of Psychological Operations," 9 December 1947, HSTL, PSF, NSC, Box 203, or NACP, RG 263, Box 1, File NSC 4-A.
22. For a discussion of American operations in Italy, see James E. Miller, "Taking Off the Gloves: The United States and the Italian Elections of 1948," *Diplomatic History* 7, no. 1 (Winter 1983); Sallie Pisani, *The CIA and the Marshall Plan* (Lawrence, KS: University of Kansas, 1991), pp. 111-15; Trevor Barnes, "Democratic Deceptions: American Covert Operations in Post-War Europe," in David A. Charters and Maurice Tugwell, eds., *Deception Operations: Studies in the East-West Context* (London: Greenwood, 1990), pp. 297-324; Elizabeth and M. J. Marvick, "US Propaganda Efforts and the 1948 Election Campaign," in William Daugherty, *A Psychological Warfare Casebook* (Baltimore, MD: Johns Hopkins University Press, 1955); and Pero Mario Del, "The United States and Psychological Warfare in Italy, 1948-1955," *Journal of American History* 87, no. 4 (2000), pp. 1304-34.
23. Miller, *Taking Off the Gloves*, pp. 49-50.
24. Edward Lilly, "American Psychological Operations, 1945-1950," 21 December 1951, Eisenhower Library (hereafter EL), RG White House Office, NSC Staff Papers, 1948-1961, OCB Secretariat Series, Box 6, File #PSB, p. 6; The Charge in Italy to the Secretary of State, 28 January 1948, FRUS 3 (1948), p. 822-23; Marvick and Marvick, "US Propaganda Efforts," p. 321.
25. J. Graham, Assistant to the Personal Representative of President Truman to Pope Pius XI to the Secretary of State, 11 December 1947, FRUS 3 (1948), p. 745. The full extent of the Catholic Church's involvement in this campaign was still classified as of 2005. See Lilly, "American Psychological Operations," p. 43-44. See also Miller, *The United States in Italy*, p. 237.
26. Dunn to Secretary of State, 15 April 1948, FRUS 3 (1948), p. 875; see also Marvick and Marvick, "US Propaganda Efforts," p. 322.
27. See Robin Winks, *Cloak and Gown: Scholars and the Secret War, 1939-1961* (New Haven, CT: Yale University Press, 1987), pp. 380-81; Harry Rositke, *The CIA's Secret Operations: Espionage, Counter-Espionage and Covert Action* (New York: Readers Digest Press, 1997), p. 149; and Pisansi, *The CIA and the Marshall Plan*, pp. 111-15.
28. Gerald Miller, *A History of the Office of Policy Coordination* (Freedom of Information Request to the author).

29. Peter Grose, *Gentleman Spy: The Life of Allen Dulles* (London: Andre Deutsch, 1994), p. 285. American covert operations continued in Italy until 1976. However, there is a sizeable gap in the information available on these operations. This is despite the fact that the CIA's report on Greater Openness released in 1990 argued that the declassification of information on the Italian elections should be processed quickly. See "Declassification," *The Cold War International History Project Bulletin* 1 (Spring 1991). On American operations in Italy beyond the Truman administration, see John Ranelagh, *The Agency: The Rise and Decline of the CIA* (New York: Simon and Schuster, 1986).
30. "Department of State Briefing Memorandum," 17 December 1947, FRUS/IE, p. 647.
31. George Kennan, "Problems of Diplomatic-Military Collaboration," 7 March 1947, in Harlow and Maerz, eds., *Measures Short of War*, p. 131.
32. In his memoirs Kennan discusses his secret role in Portugal in 10 opaque lines. He writes that the operations were "usually laughable, sometimes fantastic, [and] sometimes hair raising." However, he concludes that these stories belong in "a different sort of book, if in any at all." He never clarified his role. See Kennan, *Memoirs, 1925-1950*, p. 143.
33. See Mary McAuliffe, "President Truman and the Four Directors of Central Intelligence," *The Origins and Development of the CIA in the Administration of Harry Truman, A Conference Report* (Washington, DC: Center for the Study of Intelligence, 1994), p. 7.
34. Darling, *The Central Intelligence Agency*, p. 223.
35. Kennan to Lovett, 24 February 1948, FRUS, vol. 1, Pt. 2, p. 509
36. See Memorandum, "Request from the Director CIG for State Department Policy Statements," from Eddy to Russell, 30 October 1946, FRUS/IE, pp. 432-33; and Memo Eddy to Vandenberg, 4 November 1946, FRUS/IE, p. 445.
37. Melvyn Leffler, *A Preponderance of Power: National Security, the Truman Administration and the Cold War* (Stanford, CA: Stanford University Press, 1992), p. 284.
38. "NSC 7: Position of the United States With Respect to Soviet Directed World Communists," FRUS, 1948, vol.1, Pt. 2. pp. 545-50.
39. *Ibid.*, p. 549.
40. *Ibid.*
41. Kennan made this point on his personal copy of NSC 7. See NSC 7, NACP, RG 59, PPSP, Subject File, Box 8, File Communism.
42. For JCS comments, see Forrestal to NSC, 17 April 1948, FRUS, 1948, vol. 1, Pt. 1, pp. 561-62.
43. Policy Planning Staff Minutes, NACP, RG 59, Subject File, Box 8; see also Butler to Lovett, 9 April 1948, FRUS, vol. 1, Pt. 2, pp. 560-61. See also James Lay, Memo to the President, 18 December 1952, DDEL, WHO, NSC, 48-61, Box 17, File 5F #2.
44. See Minutes of the PPS Meeting, 3 May 1948, NACP, RG 59, PPS Meeting Minutes, Box, 31, File 47/48; James Forrestal, Memorandum — "The Position of the US With Respect to Soviet Directed World Communism," 7 April 1948, NACP, RG 59, Subject File, Box 8, Communism, 1947-1948.
45. George Kennan, "The Sources of Soviet Conduct," *Foreign Affairs* (July 1947).
46. "Memorandum From the Intelligence Survey Group to Sidney Souers," 13 May 1948, FRUS/IE, p. 682.
47. See Cassidy to Dulin, 11 March 1948, FRUS/IE, p. 647.
48. Selvage, "Birth of the OPC," p. 3.
49. *Ibid.*, p. 4; and Darling, *The Central Intelligence Agency*, p. 265.

50. Unfortunately, there is no additional information on this subject. But clearly the State Department was conducting black propaganda operations independently of the CIA. See Cassidy to Darling, 27 April 1948, NACP, RG 263, Box 14, HS/HC 807 Item #18.
51. See Hillenkoetter to James Lay, 24 May 1948, NACP, RG 263, Box 14, File HS/HC 807, Item #23. See also Darling, *The Central Intelligence Agency*, p. 264.
52. Darling, *The Central Intelligence Agency*, p. 261.
53. Selvage, "Birth of the OPC," p. 3.
54. Arthur Darling, *The Central Intelligence Agency: An Instrument of Government*, NACP, RG 263, File Chapter 7, p. 40.
55. In a letter to Kennan dated 15 July 1952, Davies states that if he did not initiate at least he participated in the "drafting of the original memoranda urging the establishment of a secret operations organization." See Davies to Kennan, July 1952, George F. Kennan Papers, Mudd Library, Princeton, New Jersey, Box 29, Folder 2-A, 1952 (A-N). I would like to thank one of the anonymous reviewers for encouraging me to re-check Kennan's role in the drafting of this paper. According to the reviewer, Kennan could not have drafted the paper because he was in the hospital suffering from a serious ulcer attack. However, in his memoirs Kennan's states that he spent about two weeks at the Naval Hospital in Bethesda during the last week of March and first week of April. He then spent 10 or so days recovering further at his farm in Pennsylvania. He returned to the Policy Planning Staff on 19 April 2006. Thus, he had plenty of time to work on "The Inauguration of Political Warfare," once Davies completed the initial draft, before it was released on 3 May. See George Kennan, *Memoirs, 1925-1950*, p. 404. I welcome further discussion of this point, however. It is one that needs to be firmly resolved.
56. See George Kennan to Carleton Savage, 27 October 1947, NACP, RG 59, Policy Planning Staff papers, 1947-1953, Lot File 64D563, Subject File.
57. PPS Memorandum, "The Inauguration of Political Warfare," 4 May 1948, FRUS/IE, p. 668.
58. Apparently, this idea came from two former OSS agents, Franklin Lindsay and Charles Thayer, who had sent Kennan a confidential memorandum on the subject of *émigrés* in September. The two men were consultants for the State Department. Both would later join the CIA. See Grose, *Operation Rollback*, p. 94.
59. George Kennan, "The Inauguration of Political Warfare," 4 May 1948, FRUS/IE, pp. 670-71.
60. Grose, *Operation Rollback*, p. 98.
61. *Ibid.*
62. Lilly, "American Psychological Operations, 1945-1950," Harry S. Truman Library (hereafter cited as HSTL) RG Psychological Strategy Board (hereafter cited as PSB), Box 22, File 091.412.
63. *Ibid.*
64. Anne Karalekas, *History of the Central Intelligence Agency, Intelligence Series* (Laguna Hills, CA: Aegean Park Press, 1977).
65. This fact was recognized by Kennan in "The Inauguration of Political Warfare," FRUS/IE, p. 669.
66. Darling, *The Central Intelligence Agency*, p. 266.
67. See Gregory Mitrovich, *Undermining the Kremlin: America's Strategy to Subvert the Soviet Bloc* (Ithaca, NY: Cornell University Press, 2000), p. 32.
68. Darling Interview with Robert Blum, NACP, RG 263, Box 12, File 25.
69. Memorandum from the Interim Intelligence Survey Group to Souers, 13 May 1948, FRUS/IE, pp. 681-83.
70. Kennan to Lovett and Marshal, 19 May 1948, FRUS/IE, p. 684.
71. Kennan to Lovett, 8 June 1948, NACP, RG 59, Political and Psychological Warfare, Box 11a.

72. It is interesting to note that two plans for political warfare were considered at this meeting. However, even the name of the other one remains classified. In Darling's history we are merely told that an "alternative (word deleted)" was submitted. See Darling, NACP, RG 263, File Chapter 7, p. 49. See also Darling interview with Hillenkoetter, NACP, RG 263, Box 12, File 26.
73. While Cassidy was forced to do nothing, columnist Drew Pearson publicly exposed the plan to drop propaganda leaflets and Mickey Mouse watches over the Soviet Union. This further ensured that these operations would be put on hold indefinitely. Ironically, at the time Cassidy suggested that the CIA use Pearson and invite him to the drop. Cassidy suggested that their would be two drops, one which Pearson would cover and a second secret drop, in which different propaganda would be released. His request was denied. It is, however, worthwhile to note that when these activities finally took place in 1952 Drew Pearson was there. See Darling, "A History of the Central Intelligence Agency," NACP, File Chapter 7, p. 61.
74. It is interesting to note that Hillenkoetter never believed that there was any link between the Dulles report and the push for NSC 10/2. Darling, however, was not so sure. See Darling, NACP 263, File Chapter 7, pp. 45-46.
75. See Hillenkoetter to Souers, 5 May 1948, Hillenkoetter to Souers, 6 May 1948, Hillenkoetter to Souers, 11 May 1948, FRUS/IE pp. 674, 676, 677.
76. Hillenkoetter believed that the CIA should keep black propaganda but all other covert operations, including sabotage and physical subversion, should go to the JCS. Hillenkoetter to Souers, 6 May 1948, FRUS/IE, p. 675; Hillenkoetter to NSC, 24 May 1948, FRUS/IE, p. 278. CIA in-house historian Gerald Miller argues that Hillenkoetter at no time wanted these operations. He was facing enough problems with the day-to-day organization issues that plagued the CIA in its early days. See Gerald Miller, *A History of the Office of Policy Coordination* (Freedom of Information Request to the author), p. 29.
77. (Hillenkoetter's emphasis). Hillenkoetter to Lay, 11 May 1948, NACP, RG 263, Box 14, File HS/HC 807, Item #22.
78. Hillenkoetter to Lay, 9 June 1948, NACP, RG 263, Box 14, File HS/HC 807 item #25.
79. See Kennan to Lovett, 19 May 1948, Kennan to Lovett, 25 May 1948, Memorandum 12 Meeting of the NSC, 3 June 1948, FRUS/IE, pp. 685, 690. Apparently Senator Bridges, a Republican from New Hampshire, had promised \$50,000,000 for covert operations. Memorandum for the President, Discussion of the 11th NSC Meeting," 20 May 1948, FRUS/IE, p. 686.
80. Kennan to Lovett and Marshal, 16 June 1948, FRUS/IE, pp. 703-04.
81. "NSC 10/2: Office of Special Projects." See John Lewis Gaddis and Robert Etzold, *Containment: Documents on American Policy and Strategy* (New York: Oxford University Press, 1978), p. 125.
82. It read that each of the undersigned "acknowledges that this memorandum comprises an accurate record of the conversation and further that the views set out correspond to their conception of the manner in which the activity shall operate." See Memorandum of Conversation, August 6 (12) 1948, FRUS/IE, pp. 719-22.
83. Evan Thomas, *The Very Best Men: Four Who Dared, The Early Years of the CIA* (New York: Simon and Schuster, 1995), p. 42.
84. Memorandum of Conversation, August 6 (12), 1948, FRUS/IE, pp. 719-22. The question that arises is why did Hillenkoetter agree to this procedure? Was he so frustrated by the process to date that he did not want to have any part in it? We will never know. In a copy of Edward Lilly's *History of American Psychological Operations* located at the Eisenhower Library we are told that Hillenkoetter deliberately took himself out of the process because of the ongoing controversy with Kennan. However, this passage was later subsequently crossed out, so the record remains unclear. Lilly, *American Psychological Operations*, Dwight David Eisenhower Library,

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White House Office, NSC Staff Papers 48-61, OCB Secretariat Series, Box 6, 21 December 1951, File PSB

85. According to Warner, as events unfolded Hillenkoetter became increasingly frustrated and as a final recourse he placed OPC's unvouchered funds under a budget office under his direction. His objective was to try and control Wisner's operations by controlling his money. Unfortunately, however, despite the DD/P's initial displeasure with the tactic, "it hardly infringed" on his "freedom of action." See Michael Warner, "CIA's Office of Policy Coordination from NSC 10/2 to NSC 68," unpublished paper, Society of the Federal Government's Annual Conference, March 1948, p. 3. This draft was subsequently published as Michael Warner, "The CIA's Office of Policy Coordination: From NSC 10/2 to NSC 68," *Intelligence and Counter-Intelligence* 11, no. 2 (Summer 1998).
86. Lilly, *American Psychological Operations*, DDEL. White House Office, NSC Staff Papers 48-61, OCB Secretariat Series, Box 6, 21 December 1951, File PSB, p. 51.
87. Karalekas, *The History of Central Intelligence*, p. 47.
88. Ibid.
89. Ibid.
90. Memorandum for the DCI, Historical Background of the Functioning for the NSC 5412/2 Special Group and its Predecessors, DDEL, WHO, OSANSA, 1952-1961, NSC Series, Policy Papers, Box 10.
91. Selvage, "Birth of OPC," p. 9; Barnes, Part Two, p. 656; and Burton Hersh, *The Old Boys: The American Elite and the Origins of the CIA* (New York: Scribners, 1992), p. 291.
92. Karalekas, *The History of Central Intelligence*, p. 46.
93. Ed Applewhite quoted in Thomas, *Very Best Men*, p. 11.
94. Tom Braden quoted in Ranelagh, *The Agency*, p. 221.